



University of Eldoret

flame of knowledge and innovation



UNIVERSITY OF ELDORET **ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDING 30TH JUNE 2013

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CORPORATE INFORMATION

ESTABLISHMENT

Legal Status

University of Eldoret was established under the Universities Act, 2012 as a fully-fledged University after being awarded with a Charter on 11th February 2013 by the then President of the Republic of Kenya His Excellency Mwai Kibaki. It is the successor to Chepkoilel University College which was hitherto a Constituent College of Moi University. It is a Public University.

Registered Office

The registered office of the institution is at Chepkoilel which is the main campus of the institution. It is situated 9 kilometers from Eldoret Town along the Eldoret - Ziwa Road, off Iten Road

Bankers

1. National Bank of Kenya Ltd.
2. Kenya Commercial Bank Ltd.
3. Standard Chartered Bank Ltd.
4. Equity Bank Ltd.
5. Co-operative Bank of Kenya Ltd

Independent Auditors

Auditor General,
Kenya National Audit Office,
P. O. Box 30084-00100,
Nairobi.

VISION

To be a premier University in knowledge generation and technological innovations for sustainable development.

MISSION

To develop high quality graduates and professionals that are capable of driving change through education, training, networking, partnerships and industry linkages.

CORE VALUES

At University of Eldoret, we are committed to:

1. Leadership and responsibility;
2. Transparency and integrity;
3. Service delivery and customer satisfaction;
4. Visibility and competitiveness; and
5. Gender equity and responsiveness.

OBJECTIVES AND FUNCTIONS

1. To excel in teaching, research consultancy and outreach;
2. To acquire, maintain, preserve and organize the collection of library resources for learning;
3. To provide students with secure accommodation, adequate health services and recreational facilities for holistic development;
4. To advance in science, technology and innovation for sustainable development
5. To acquire, develop and maintain quality infrastructure for academic excellence;
6. To attract, recruit, develop and retain high quality staff of both gender;
7. To ensure revenue growth through effective management of costs and resource mobilization to facilitate meeting of financial obligations;
8. To initiate and mainstream environmentally sound management systems; and
9. To establish and strengthen networks, partnerships and linkages.

QUALITY ASSURANCE STATEMENT

University of Eldoret is committed to providing quality education and services that meet the needs of its customers and other stakeholders through quality and relevant teaching, research consultancy and outreach.

OFFICERS OF THE UNIVERSITY

CHANCELLOR

AMBASSADOR JUDY MBULA BAHEMUKA

B.A (Marygrove College-USA) M.A, PhD (Sociology) –UoN, Post Doctorate Certificate
(International Agri & Rural Devt.) – Cornell University-USA, Post Doctorate Certificate
(International Relations) Humphrey Institute – University of Minnesota (USA)

CHAIRPERSON OF COUNCIL

PROF. SARONE OLE SENA

B.Ed (Nbi), M.Phil (Cambridge, UK), Msc (McMaster, Canada), Ph.D (McGill, Canada)

VICE CHANCELLOR

PROF. TERESA A. O. AKENGA

B.Ed, Msc (KU), PhD NSW (Australia); MRSC

DEPUTY VICE CHANCELLOR (ADMINISTRATION AND FINANCE)

PROF. EZEKIEL K. KIPROP

BSc (Agric), Msc (Plant Pathology), D.Phil (Crop Protectio) - UoN

DEPUTY VICE CHANCELLOR (ACADEMIC AND STUDENT AFFAIRS)

PROF. RUTH OTUNGA

B.Ed (Nbi), M.Ed (Kenyatta), D.Phil (Moi)

FINANCE OFFICER

MR. HOSEA K. SITIENEI

CPA (K), MBA (Salford), PGDE (KU)

REGISTRAR (ADMINISTRATION)

DR. JOSEPH K. KOECH

Ph.D and M.Ed (Uni. of Albst)M.A and B.Ed (UoN)

REGISTRAR (ACADEMIC AND STUDENTS' AFFAIRS)

PROF. PAUL K. TARUS

Ph.D(Chem) M.Sc (Chem) and B.Ed
(Science) (KU)

LEGAL OFFICER

Ms. Joyce J. Maina

LLB (Nbi) Dip. Law (KSL)

MEMBERS OF UNIVERSITY COUNCIL

Prof. Sarone Ole Sena,

B.Ed (Nbi), M.Phil (Cambridge, UK),
Msc (McMaster, Canada), Ph.D (McGill, Canada)

CHAIRMAN

Prof. Teresa A. O. Akenga

MRSC
B.Ed, Msc (KU), PhD NSW (Australia);

VICE CHANCELLOR

Prof. Korwa Gombe Adar

Bsc, Msc (Indiana State University
USA) M. A, PhD (South Carolina,(USA)

VICE CHAIRMAN

Mr. Donald Buigut Kimutai

B. A, B. Phil (Nbi), M. A (York), MBS, EBS

Engineer Peter Njagi Njeru

Dr. Jane Musangi Mutua

Mrs. Alice Kemunto Mayaka

Principal Secretary

Ministry of Higher Education, Science &
Technology
(Alternate-Mr. Archer Arina)

Principal Secretary

The National Treasury
(Alternate-Mr. David M. Mutua)

UNIVERSITY MANAGEMENT BOARD

VICE-CHANCELLOR

Prof. Teresa A. O. Akenga

B.Ed, Msc (KU), PhD NSW (Australia); MRSC

DEPUTY-VICE CHANCELLOR (ADMINISTRATION AND FINANCE)

Prof. Ezekiel K. Kiprop

BSc (Agric), Msc (Plant Pathology), D.Phil (Crop Protectio) - UoN

DEPUTY-VICE CHANCELLOR (ACADEMIC AND STUDENT AFFAIRS)

Prof. Ruth Otunga

B.Ed (Nbi), M.Ed (Kenyatta), D.Phil (Moi)

FINANCE OFFICER

Mr. Hosea K. Sitienei

CPA (K), MBA (Salford), PGDE (KU)

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(Science) (KU)

LEGAL OFFICER

Ms. Joyce J. Maina

LLB (Nbi) Dip. Law (KSL)

REPORT OF THE CHAIRMAN

I am delighted to present this financial report for the year ended 30th June, 2013.

During the second half of the financial year, the institution was elevated into a fully fledged university following the award of its own charter by the then president H.E. Mwai Kibaki on 11th February 2013. On behalf of the chancellor, the Council, Management, staff and students, I wish to sincerely thank the Government for upgrading the institution into a University. In the same vein; I also wish to thank the government for appointing a career Diplomat and Academic of International repute as the Chancellor and the council of the University under my Chairmanship.

As a team we undertake and commit ourselves to provide unparalleled leadership to this institution so that the aspirations of the Government in elevating this institution may be attained. Being a young institution, the University needs a lot of financial and material support from the Government and other stakeholders at this critical period in its history in order to realize its academic and physical development aspirations.

Indeed, University has come into being at an opportune time when the demand for higher education in this country is way above the existing placement opportunities. It is believed that the number of students qualifying to join Universities has been increasing tremendously in recent years mainly because of the free primary education and the highly subsidized secondary school education programs introduced by the Government during the last decade in order to expand basic education opportunities to all Kenyan children.

The increasing appetite for higher education by the Kenyan people demands that the university has to expand and improve all the requisite physical facilities and infrastructure in order to cater for the growth in student and staff population. Bearing this in mind, the University would continue to appeal to the Government, the donors, stakeholders and other well wishers for support towards the realization of these aspirations..

I take this opportunity once again to thank the Government for the support extended to University during the year under review. I also appreciate our donors and other stakeholders who chose to partner with us in different ways during this year. The unwavering support, patience and understanding exhibited by our staff and students during our transition phase with the many challenges along the way is highly appreciated by Council. Similarly the immense contributions and support I received from the former members of council is invaluable and highly appreciated. I also thank the chancellor for her robust academic leadership and motherly guidance to the university during the year. The passion and positive attitude we all exhibited during the year gives us hope and courage that we are all ready and prepared to face the future with confidence as we look forward to another successful year.



PROF. SARONE OLE SENA
CHAIRMAN OF COUNCIL

25/3/14

DATE:

REPORT OF THE VICE-CHANCELLOR

The financial year ended 30 June, 2013 has been a very unique one because it is during the year that the institution transited fully from being a Constituent College of Moi University into a Chartered University.

It is also during this period under review that I was appointed to serve as the vice-chancellor of the university. I therefore take this opportunity to thank the council, the chancellor and the Government for this privileged appointment.

As a university the institution is well placed to provide cutting-edge knowledge to its graduates that will enable them to contribute towards the attainment of our country's vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

Following my appointment and with the guidance of council, we worked hard in setting up structures and policies aimed at guiding the institution in the strategic direction. Under my leadership, the University management board was also in the forefront in ensuring that financial resources are utilized efficiently and effectively for optimum output. Despite the many challenges brought about by serious under-funding, the university nevertheless continued to discharge its mandate of teaching, research and outreach successfully with top notch scholars in various fields of expertise and being graduated.

The main source of funding to the university during this period under review was the Exchequer with the contribution of a total of Kshs.928 million for recurrent expenditure purpose. Internally generated revenue at Kshs.528.8 million received during the year in terms of fees paid by both the Government Sponsored (GSSP) and privately sponsored students (PSSP) was the second major source of funding. In addition, the university received a sum of Kshs.44.6 million from other commercial activities (IGA); Kshs.49.5 million from various donors towards academic research activities and programs; and KShs 107.3 million from other students levies. In a nutshell, the university recorded an aggregate sum of Kshs.1.658 billion during the year.

With a recurrent expenditure of KShs 1.651 billion, the university closed the year with a surplus of Kshs.7.037 million.

Under the capital development Exchequer allocations, the university received a total of Kshs.119.85 million for physical and infrastructure development during the year. The amount was expended in the on-going capital projects namely; Library complex, Hotel & Hospitality Lab project, 8 number of Lecture Halls project and the School of Education complex. I wish to report that the construction works on these projects progressed well during the year and that all of them are expected to be completed in the 2013/2014 financial year.

University of Eldoret being a new institution desires to enhance its visibility, performance, and competitiveness in the higher education sector in the face of stiff competition. To do so, however it requires a lot of support from the Government and other well wishers in these initial years of operations in terms of funding, material support and other contributions in kind hence we shall continue to appeal for such support for several years to come.

On behalf of the University Management Board, I take this opportunity to thank the Government for its equivocal support during the year under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chancellor and Council as well as the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.



Sign _____
PROF. TERESA A.O AKENGA
VICE-CHANCELLOR

25/3/14

Date

COUNCIL MEMBERS' RESPONSIBILITIES

Council is required to prepare financial statements for each financial year which give a true and fair view of the financial affairs of the University as at the end of the financial year and of its surplus or deficit for that year. Council is also required to ensure that the University maintains proper books of accounts and accounting records which disclose, with reasonable accuracy, the financial position of the University.

Council accepts the responsibility for these financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Exchequer and Audit Act (2003).

Council is of the opinion that the financial statements so prepared give a true and fair view of the state of the financial position of the University as at 30th June 2013 and of its deficit for the year then ended. Council further accepts responsibility for the maintenance of proper accounting records that may be relied on in the preparation of the financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of Council to indicate that the University will not remain in a going concern for at least the next period of 12 months from the date of this statement.



Signed: _____
CHAIRMAN OF COUNCIL

DATE: 26/03/14



Signed: _____
VICE-CHANCELLOR

DATE: 25/3/14

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
UNIVERSITY OF ELDORET
FOR THE YEAR ENDED
30 JUNE 2013**

REPUBLIC OF KENYA

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E-Mail: oug@ouk.ac.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF ELDORET FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of University of Eldoret set out on pages 12 to 24, which comprise the statement of financial position as at June 30, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Going Concern

As at 30 June 2013 the current liabilities of Kshs.325,534,109 exceeded current assets balance of Kshs.274,293,647 by Kshs.51,240,462. As at the same date the University had accumulated deficit of Kshs.5,740,317. The University is therefore technically insolvent and may face problems in settling liabilities as and when they fall due. However, the financial statements have been prepared on a going-concern basis on the strength of continued support of the Government and creditors.

2. Non handing over of Assets and Liabilities by Moi University

As reported in the previous year, the statement of financial position as at 30 June 2013 excludes assets and liabilities both of undetermined value that were to be handed over by Moi University as per legal notice No.125 of 13 August 2010 creating the University. Consequently, it is therefore not possible to confirm that the statement of financial position as at 30 June 2013 is fairly stated.

3. Excessive Overdraft

The financial statements as at 30 June 2013 shows bank overdraft of Kshs.165,175,314.00. However, the University Council only approved an overdraft limit of Kshs.162,000,000.00 on 2 April 2012 resulting excess leverage of Kshs.3,175,314.00.


Qualified Opinion

In my opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements present fairly all material respects the financial position of the University of Eldoret as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard and comply with the University of Eldoret Act, 2012.

Report on Other Legal and Regulatory Requirements

As required by the Public Audit Act 2003 Section 15, I report to you, based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and benefit were necessary for the purpose of audit;
- ii. In my opinion, proper books of account have been kept by the Company, so far as appears from examination of those books; and
- iii. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

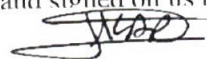
Nairobi

15 September 2014

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

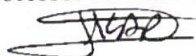
	NOTE	2013 Kshs.	2012 Kshs.
ASSETS			
NON- CURRENT ASSETS			
Property, Plant and Equipment	1(c) & 2	178,877,386	54,633,366
Biological Assets	1(d) & 4	14,090,593	
		192,967,979	54,633,366
CURRENT ASSETS			
Inventory and stores	1 (e) & 3	23,347,898	37,218,972
Trade and other receivables	1 (k) & 5	206,534,085	121,364,973
Cash and Bank Balances	1 (j) & 6	44,411,664	58,282,277
		274,293,647	216,866,222
TOTAL ASSETS		467,261,626	271,499,588
CAPITAL RESERVES AND LIABILITIES			
Capital Reserves	7	147,467,834	27,610,022
Income & Expenditure account		(5,740,317)	(12,777,423)
		141,727,517	14,832,599
CURRENT LIABILITIES			
Trade and other payables	1 (l) & 8	159,508,795	256,166,989
Bank Overdraft	9	165,175,314	
Provisions	10	850,000	500,000
		325,534,109	256,666,989
TOTAL CAPITAL RESERVES AND LIABILITIES		467,261,626	271,499,588

The financial statements were approved by the University Council on ----- 2013
and signed on its behalf by:



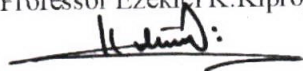
..... **Vice Chancellor**

Professor Teresa A. O. Akeng'a - B. Ed, Msc (KU) MRSC, PhD (University of South Wales-Australia)



..... **Deputy Vice Chancellor (Administration & Finance)**

Professor Ezekiel K. Kiprop - B.Sc(Agric), Msc (Plant Pathology) PhD (Crop Protection) - UoN



..... **Finance Officer**

CPA - Hosea K. Sitienei, PGDE, MBA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2013

INCOME	NOTE	2013 Kshs.	2012 Kshs.
Exchequer grants	1(b) & 11	928,000,000	502,000,000
Tuition fees	1(b) & 12	528,806,034	512,118,000
IGA Income	1(b) & 13	44,687,855	43,845,783
Research Funds		49,548,139	118,538,161
Other Tuition related Income	1(b) & 14	107,308,035	108,599,685
		1,658,350,063	1,285,101,628
EXPENDITURE			
Employment Expenses	15	1,165,398,399	900,819,416
Administration and Central services	16	392,874,105	351,038,173
Marketing Expenses	17	42,482,487	25,879,596
Board Expenses	18	21,347,960	18,995,374
Establishment Expenses	19	740,560	67,410
Finance Expenses	20	28,469,445	1,079,083
TOTAL EXPENDITURE		1,651,312,957	1,297,879,052
DEFICIT FOR THE YEAR		7,037,106	(12,777,423)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2013

	2013 Kshs	2012 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/Deficit for the year	7,037,106	(12,777,423)
Adjustments for :-		
Depreciation	10,138,665	6,489,578
	<u>17,175,771</u>	<u>(6,287,845)</u>
CHANGES IN WORKING CAPITAL		
Changes in Inventories	13,871,074	(37,218,972)
Changes in Accounts Receivable	(85,169,112)	(131,486,332)
Changes in Accounts Payable	68,867,120	256,166,989
	<u>(2,430,917)</u>	
Net Inflows/Outflows from Operating Activities	<u>14,744,853</u>	<u>87,461,685</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Non-currents assets	(148,473,278)	(61,122,944)
Net cash flows from investing activities	<u>(148,473,278)</u>	<u>(61,122,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES	119,857,812	38,231,381
Net cash flows from financing activities	<u>119,857,812</u>	
Net increase in cash and cash equivalents	<u>(13,870,613)</u>	<u>58,282,277</u>
Cash and cash equivalents at the beginning of the year	58,282,277	
Cash and cash equivalents at the end of the year	<u>44,411,664</u>	<u>58,282,277</u>

STATEMENT OF CHANGES IN EQUITY

22. a) ACCUMULATED FUND FOR THE YEAR ENDED 30TH JUNE 2013

	Capital Funds Kshs	Revenue Reserves Kshs	Totals Kshs
Changes in Equity in 2012			
As at 1 July 2012	(10,621,359)	-	(10,621,359)
Capital Grants	38,231,381	-	38,231,381
Surplus/(Deficit) for the Year	-	(12,777,423)	(12,777,423)
As at 30 June 2012	27,610,022	(12,777,423)	14,832,599
As at July 2012	27,610,022	(12,777,423)	14,832,599
Changes in Equity in 2013			
Surplus for the year	-	7,037,106	7,037,106
Capital Grants	119,857,812	-	119,857,812
As at 30th June 2013	147,467,834	(5,740,317)	141,727,517

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**1. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation and form of presentation**

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements are prepared on the historical cost basis of accounting modified by the revaluation of certain assets. The financial statements are presented in Kenya Shillings (Kshs).

(b) Revenue recognition

Income from students is recognized as it accrues unless collectability is in doubt. Interest income is accrued on a time proportion basis while Exchequer grants and other grants from the government are recognized as income in the period in which they relate.

(c) Fixed assets and depreciation

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates of assets in use are as follows:-

<u>Assets</u>	<u>Rate (p.a)</u>
a. Buildings	2%
b. Furniture, plant and equipment	12.5%
c. Motor vehicles	25%
d. Computers	33.3%

Freehold land is not depreciated as it is deemed to have an infinite life.

(d) **Biological Assets**

As at 30th June 2013, the University had several biological assets which included cattle (livestock), pigs, maize and wheat among others.

(e) **Stocks**

Stocks are valued at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of operations, including direct material costs, labour and production overheads wherever necessary. Net realizable value is the price at which the stock can be realized in the normal course of operations after allowing for the costs of realization and where appropriate the cost of conversion from its existing state to a realizable condition. Provision is made for obsolete, slow moving and defective stocks.

(f) **Retirement Benefit Costs**

The University does not operate a separate pension scheme for eligible employees since the employees are still members of the Moi University Pension Scheme.

The assets of Moi University Pension Scheme are held in a separate trustee administered fund that is funded jointly by Moi University, the University and the employees. The University also contributes statutory contributions to the National Social Security Fund (NSSF). Contribution rates are determined by local statutes. The University's contributions to the above schemes are charged to the income and expenditure account in the year to which they relate.

(g) **Bad and doubtful debts**

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover have been taken without success. A provision of 5% has been made on students' debtors.

(h) Provisions

Provisions are recognized when the University has a present obligation (legal or contingent) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(i) Research and Development Costs

Research and development expenditure is charged to the Income and Expenditure Account in the year in which it is incurred.

(j) Cash and Cash Equivalent

Cash and cash equivalents are defined as cash in hand, bank balances, demand deposits, short term deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances.

(k) Trade and Other Receivables

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated doubtful debts.

(l) Trade and Other Payables

Trade and other payables are stated at their nominal value.

(m) Government Grants

Government grants are recognized when there is reasonable assurance that the University will comply with conditions attached to them and that the grants will be received. The grants are recognized as income in the period to which they relate and presented as a credit in the Income and Expenditure Account separately.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
Depreciation Rate		2%		12.50%	33.30%	12.50%	25%	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs.
As at 1st July,2012			30,462,008	13,680,354	6,438,410		10,542,172	61,122,944
Additions			119,857,812	1,974,750	8,814,798	3,735,325		134,382,685
Transfer to Buildings								
Revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 30 June,2013	-	-	150,319,820	15,655,104	15,253,208	3,735,325	10,542,172	195,505,629
DEPRECIATION								
Balance as at 1 July,2012	-	-	-	1,710,044	2,143,991	-	2,635,543	6,489,578
Disposals	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	1,956,888	5,079,318	466,916	2,635,543	10,138,665
Balance as at 30 June,2013	-	-	-	3,666,932	7,223,309	466,916	5,271,086	16,628,243
NET BOOK VALUE								
As at 30 June,2013	-	-	150,319,820	11,988,172	8,029,899	3,268,409	5,271,086	178,877,386
As at 30 June,2012	-	-	30,462,008	11,970,310	4,294,419	-	7,906,629	54,633,366

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012
	Kshs.	Kshs.
3. INVENTORIES AND STORES		
Lab chemicals	15,758,638	8,864,572
Games materials	206,630	83,000
Loose Tools & Spares	222,067	1,965,000
Bookshop books	1,207,656	1,389,000
Dry food	494,388	19,489,000
Clinical drugs	475,158	654,000
Consumables	510,306	2,097,800
Building materials	4,473,056	2,676,600
	23,347,898	37,218,972
	2013	2012
	Kshs.	Kshs.
4. BIOLOGICAL ASSETS		
Maize in Field	2,787,993	-
Wheat in Field	1,484,100	-
Fodder in field (Lucerne)	30,000	-
Fodder in field (Boma Rhodes)	1,300,000	-
Dairy livestock	7,784,500	-
Pigs	282,000	-
Poultry	358,850	-
Trees (Mature and Seedlings)	63,150	-
	14,090,593	-
	2013	2012
	Kshs.	Kshs.
5. TRADE AND OTHER RECEIVABLES		
Amounts falling due within one year:-		
Prepaid Insurance	1,358,844	-
Bookshop debtors	-	456,164
Guest House debtors	-	462,390
Farm debtors	-	269,152
Student fees debtors	185,638,302	90,953,613
Staff Imprests	28,597,276	39,345,013
	215,594,422	131,486,332
	9,060,337	10,121,359
Less Provision for doubtful debt @ 5%	206,534,085	121,364,973

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012
	Kshs.	Kshs.
6. CASH AND BANK BALANCES		
NBK-(Capital Development)	3,882,305	16,600,936
CO-OP (Farm)	32,523	851,812
Standard Chartered Bank -(Research)	12,598,506	11,306,402
KCB-(Fees Collection)	6,602,216	3,196,487
KCB- (VLIR Project)	-	-
CO-OP (Fees Collection)	7,301,541	2,706,849
CO-OP (Canadian Dollar)	3,177,435	-
EQUITY - (Fees Collection)	10,643,292	6,121,881
KCB- (Research)	-	2,368,045
NBK-(COMA)	-	2,223,120
CASH	173,846	-
	44,411,664	58,282,277
7. RESERVES		
	2013	2012
	Kshs.	Kshs.
Capital Reserve	147,467,834	27,610,022
Revenue Reserve	(5,740,317)	(12,777,423)
ACCUMULATED FUND	141,727,517	14,832,599
<p>These reserves represent the adjusted value of donated assets and capital receipts from the exchequer net of earnings from operations.</p>		
8. TRADE AND OTHER PAYABLES		
	2013	2012
	Kshs.	Kshs.
Amounts falling due within one year:-		
Trade Creditors	70,460,501	75,538,760
HELB Loan Refunds	-	4,137,356
Staff Medical Claims	1,059,843	-
Part Time Lecturers	28,774,750	2,949,280
Caution Money	3,534,443	2,447,350
Accrued Statutory & Other deductions	31,101,518	156,586,519
Prepaid Fees	12,591,959	14,507,724
Projects Retention Money	11,985,781	-
	159,508,795	256,166,989
9. DEBIT BANK BALANCES		
	2013	2012
	Kshs.	Kshs.
KCB-VLIR Research A/C	312,341	-
NBK Main A/C - Overdraft facility	164,862,973	-
	165,175,314	-

The bank overdraft was secured with the approval from Council and the concurrence of the parent Ministry and the National Treasury

NOTES TO THE FINANCIAL STATEMENTS (continued)

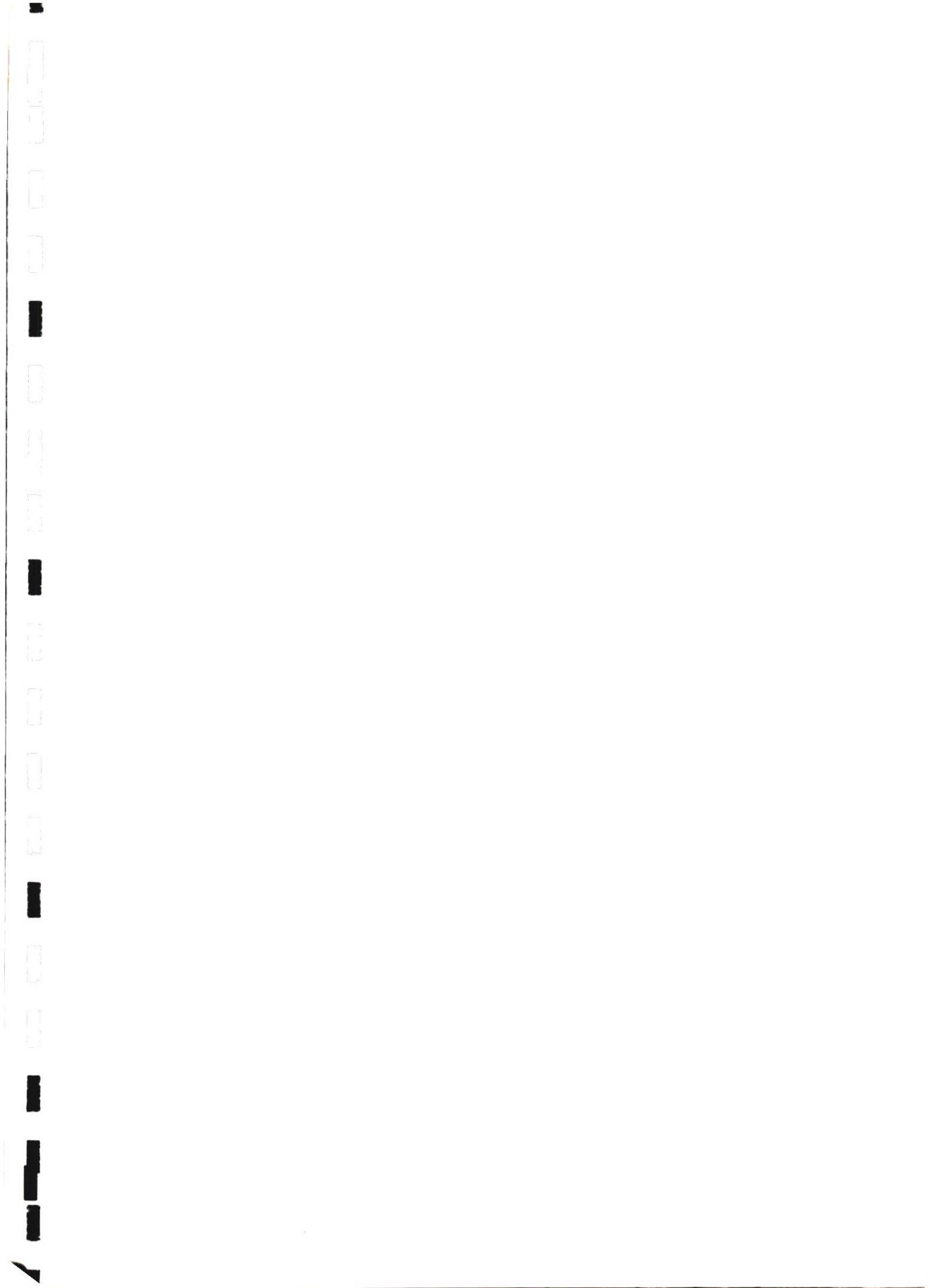
	2013	2012
	Kshs.	Kshs.
10. PROVISIONS		
Provision for audit fees	850,000	500,000
Provision for doubtful debts		
	850,000	500,000
	2013	2012
	Kshs.	Kshs.
11. EXCHEQUER GRANTS (RECURRENT)		
July	63,500,000	41,833,333
August	63,500,000	41,833,333
September	63,500,000	41,833,333
October	63,500,000	41,833,333
November	229,500,000	41,833,333
December	63,500,000	41,833,333
January	63,500,000	41,833,333
February	63,500,000	41,833,333
March	63,500,000	41,833,333
April	63,500,000	41,833,333
May	63,500,000	41,833,333
June	63,500,000	41,833,333
TOTAL	928,000,000	502,000,000
	2013	2012
	Kshs.	Kshs.
12. TUITION INCOME		
School of Agric & Biotechnology	66,478,838	67,373,130
School of Business & Mgt Scie	56,887,196	38,253,312
School of Natural Resources Management	37,198,223	36,866,322
School of Education	169,914,848	151,368,500
School of Science	164,477,732	184,780,236
School of Engineering	6,672,668	4,026,500
School of Environmental Studies	27,176,530	29,450,000
TOTAL	528,806,034	512,118,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012
	Kshs	Kshs
16. ADMINISTRATION AND CENTRAL SERVICES EXPENSES		
Medical Expenses	38,052,642	16,943,740
Travelling & Accommodation Expenses	9,931,876	7,765,003
External Examiners	2,259,102	1,529,671
Communication Expenses	7,484,794	5,744,615
Public Celebrations & Staff Welfare	4,361,934	1,450,295
Electricity, Water & Conservancy	60,658,540	86,541,986
Official Entertainment	727,345	1,338,386
Committees, Conference & Seminars Expenses	5,243,389	3,646,229
Graduation Expenses	4,078,796	5,526,209
Legal Expenses	58,000	292,703
Rent & Rates	11,389,754	7,887,991
Repairs & Maintenance Expenses	16,986,577	11,023,830
Insurance Expenses	11,940,893	9,698,017
Contingent Liabilities	16,600,821	5,825,369
Library Expenses	544,731	674,511
UoE Students Organization Activities	807,000	2,571,625
Staff Development	1,836,981	533,498
Supervision	8,836,749	7,582,314
Management Information System	1,132,352	394,000
ISO & Performance Contracting Expenses	2,025,284	1,152,652
Provision for Depreciation	10,138,665	6,489,578
Provision for doubtful debts	9,060,337	-
Other IGU Expenses	27,899,166	5,207,700
Students Welfare & Sports Activities	7,162,957	4,452,463
Uniforms & Clothing	2,254,514	1,490,091
Purchase of Stationeries	15,583,238	15,146,187
Motor Vehicle Expenses	5,488,531	3,893,451
Research Expenses	67,446,036	107,245,828
Cleaning Materials, Detergents	635,260	908,900
Farm Expenses	16,796,805	10,632,217
Teaching Practice/Field Trips	24,094,141	16,673,343
	392,874,105	351,038,173

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012
	Kshs	Kshs
17. MARKETING EXPENSES		
Publishing and printing	2,961,153	1,376,197
Advertising & Publicity	28,505,194	16,069,562
University Outreach	5,025,118	2,981,165
Show & Agribusiness Expenses	5,991,023	5,452,672
	42,482,487	25,879,596
18. BOARD EXPENSES		
Council Expenses	21,347,960	18,995,374
	21,347,960	18,995,374
19. ESTABLISHMENT EXPENSES		
Recruitment/Training Expenses	740,560	67,410
	740,560	67,410
20. FINANCE EXPENSES		
Bank Charges	28,469,445	1,079,083
	28,469,445	1,079,083





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