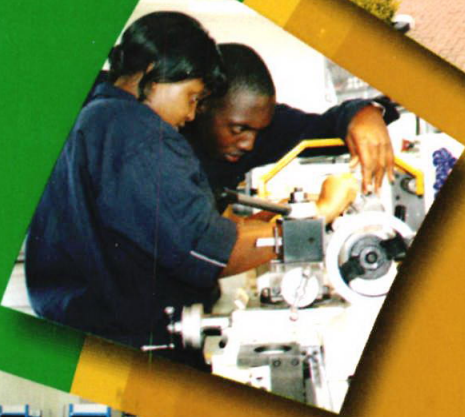
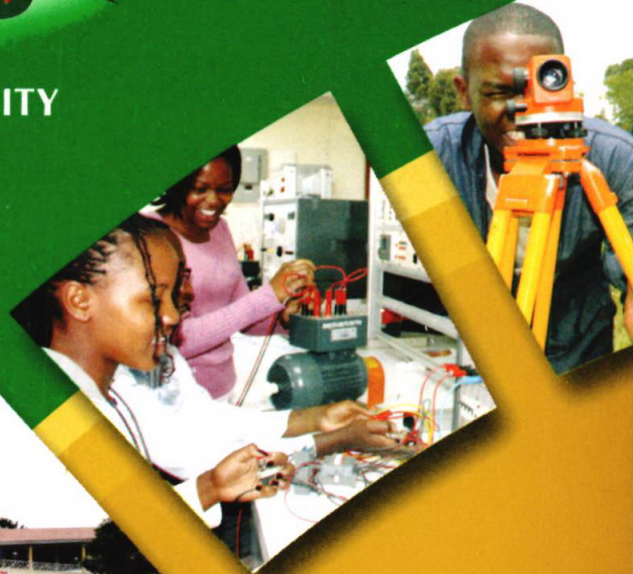




Dedan Kimathi University of Technology

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY



REPORT OF THE
AUDITOR GENERAL

ON

THE FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2013





DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

NYERI-MWEIGA ROAD
P.O. Box 657, 10100-NYERI KENYA
Telephone: (061) 2034616 / 2034046
Fax: (061) 2032060 Cell Phone: 0770 899 234, 0736 456 391
Telkom Wireless: 020-2327092 Website: www.dkut.ac.ke



Financial Statement for the Year ended 30th June 2013

DeKUT is ISO 9001:2008 Certified



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GENERAL INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Dedan Kimathi University of Technology
Along Nyeri Mweiga road
P.O. Box 657,
Nyeri.

BANKERS

- 1) Consolidated Bank Nyeri Branch
P.O. Box 935-10100,
Nyeri-Kenya.
- 2) Kenya Commercial Bank Nyeri Branch
P.O. Box 215-10100,
Nyeri-Kenya.
- 3) Standard Chartered Bank Nyeri Branch
P. O. Box 1-10100,
Nyeri-Kenya.
- 4) Equity Bank Nyeri Branch
P.O. Box 75104-10100,
Nyeri-Kenya.

AUDITORS

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

LEGAL OFFICER

Neiius Mwangi

LOCATION

Dedan Kimathi University is located six kilometers from Nyeri town along Nyeri Mweiga road.



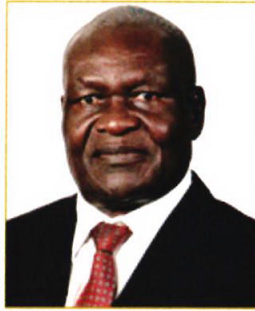
UNIVERSITY CHANCELLOR

| Name | Date of Appointment |
|-----------------------|---------------------|
| Prof. Shellemiah Keya | 12/1/2013 |

UNIVERSITY COUNCIL MEMBERS

| Current Council Members | Designation | Date of Appointment |
|-------------------------|----------------------------------------|---------------------|
| a) Dr. Dulacha Galgallo | Chairman | 12/1/2013 |
| b) Mr. Justus Mutiga | Member | 12/1/2013 |
| c) Dr. Richard Kipsang | Principal Secretary MOEST | 12/1/2013 |
| (Rep. Mr. James Kiburi | Principal Secretary MOEST) | 12/1/2013) |
| d) Dr. Kamau Thuge | Principal Secretary National Treasury | 12/1/2013 |
| (Rep. Mr. Joseph Kiarie | Principal Secretary National Treasury) | 12/1/2013) |
| e) Eng. John Kisenga | Member | 12/1/2013 |
| f) Ms. Sophia Yega | Member | 12/1/2013 |
| g) Mr. Ishard Ibrahim | Member | 12/1/2013 |
| h) Ms. Mercy Mwatua | Member | 12/1/2013 |
| i) Prof. P.N Kioni | Vice Chancellor/ Secretary to Council | 12/1/2013 |

UNIVERSITY CHANCELLOR



Prof. Shellemiah Keya
Chancellor

UNIVERSITY COUNCIL MEMBERS



Dr. Dulacha Galgallo
Chairman



Justus Mutiga
Member



Dr. Richard Kipsang
P.S. MOEST



Dr. Kamau Thuge
P.S. National Treasury



Ms. Mercy Mwatua
Member



Ishard Ibrahim
Member



Eng. John Kisenga
Member



Ms. Sophia Yega
Member



Prof. P.N Kioni
Vice Chancellor/
Secretary to Council



PRINCIPAL OFFICERS OF DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

UNIVERSITY MANAGEMENT BOARD

- | | |
|----------------------------|----------------------------------|
| 1) Prof. P. Ndirangu Kioni | Vice Chancellor |
| 2) Prof. Moses K. Gachari | Deputy Vice Chancellor (A. & F.) |
| 3) Prof. Gerald Muthakia | Deputy Vice Chancellor (A. A.) |
| 4) Prof. Paul Wambua | Deputy Vice Chancellor (RTMCL) |
| 5) Mr. Anthony Wachira | Finance Officer |
| 6) Mr. Andrew Muriuki | Ag Registrar (A. & F.) |
| 7) Mr. Paul K. Mbote | Ag. Registrar (A.A.) |
| 8) Mr. Joseph Sarisar | Ag. Registrar (RTMCL) |

DEAN AND DIRECTORS

- | | |
|-------------------------|----------------------------------|
| 1) Mr. John Kamunga | Director, Town Campus |
| 2) Prof. P. N. Muchiri | Director, Nairobi Town Campus |
| 3) Dr. James Keraita | Dean, School of Engineering |
| 4) Mr. Muriithi Kaimoe | Dean, of Students |
| 5) Mr. Sammy Kamundi | Dean, School of Computer Science |
| 6) Prof. Matthew Theuri | Dean, School of Business |
| 7) Dr. Emma Marigi | Dean, School of Science |

LIBRARIAN

- | | |
|--------------------|-----------|
| Mr. Fredrick Otike | Librarian |
|--------------------|-----------|

CORE BUSINESS OF THE UNIVERSITY

The main objective of the University is stipulated in the University Act 2012 no 42. Part II section 7 of Act provides the functions and objectives of the University which include:

- a) Provide education directly, or in collaboration with other institutions, and in so doing provide for the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
- b) Participate in scholarly work, the discovery, transmission, utilization, preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economical, social, cultural, scientific and technological development of Kenya.
- c) Offer continuing professional development courses;
- c) Determine the curriculum and its mode of delivery and to specify the admission criteria;
- e) Conduct examination for and to grant and confer such academic awards as may be provided for in the Act and the Statutes.
- f) Establish new colleges, faculties, schools, institutes, departments, other resource and administrative units and centres;
- g) Promote the general welfare of staff and students.



CHAIRMAN'S STATEMENT

The demand for higher education in the country has continued to rise prompting the University to continually review its programmes in line with the market demand. The University will continue to reposition its main brands within the context of market requirements, customer satisfaction and cost rationalization. The need to meet this objective over years has remained the central focus of the University council.

Since inception, the University growth and expansion policy continues to focus on product diversification. Our current management focuses on expansion of the University while maintaining quality in line with our vision of being a premier technological University excelling in quality training, research and technology transfer.

In line with the GOK policy, the University has increased access to higher education through additional admission of students. This in effect has led to an increase in operation costs and a need for more physical facilities. The university has continued to improve on its existing facilities and adding new ones using the already constrained resources.

Corporate Governance and Ethics

The council is responsible for the governance of the University and is accountable to the Citizens of this country for ensuring that the University complies with the Law and maintains the highest standard of corporate governance, academic standards and ethics.

The council attaches great importance to the need to conduct the activities and operations of the University with Integrity, Social fairness and transparency.

Appreciation

Finally, I want to thank the Kenya Government and other organizations for the support they have continued to offer the University. On behalf of the Council, I thank the University staff for their dedication and commitment to the University.

Dr. Dulacha Galgallo

Chairman of the University Council

VICE CHANCELLORS REPORT FOR THE YEAR ENDED 30TH JUNE 2013

I have the pleasure to present the annual report and accounts for Dedan Kimathi University for the year ended 30th June, 2013

1. FINANCES:

The University started the year with a cash balance of Kshs. 18,713,797 and was allocated Kshs. 461,065,207 by the Government during the year under review. The University managed to collect Kshs. 441,257,771 in tuition and other charges and Kshs. 29,117,645 from the small income generating activities it is trying to establish. In total therefore, the University had Kshs. 931,440,623 at its disposal during the year for its recurrent expenditures.

The University was allocated Kshs. 134,617,563 by the Government for its capital projects during the year.

2. ACADEMIC PROGRAMMES:

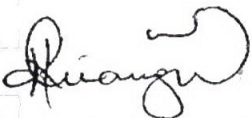
During the year under review, the University has embarked developing a number of academic programmes including PHD, Masters, Bachelor's, diplomas and Certificate Courses. The University has also embarked on an intensive marketing programme to increase the student's population.

CONCLUSION:

I would like to take this opportunity to thank Council for the support it has been giving to the Management Board and for its visionary direction in the development of this new institution of higher learning.

I would also like to thank the Government for its support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by a University of Technology. Also for awarding charter to the university.

Last but not least, I would like to thank staff and students for their continued cooperation in this difficult task of building a new University of Technology. And look forward to their cooperation and enthusiastic participation in the future development of the University.



Prof. P. N. Kioni Ph.D, R.Eng
Vice Chancellor.



STATEMENT OF THE COUNCIL MEMBERS RESPONSIBILITIES

On the Financial Statements for the year ended 30th June 2013

The Dedan Kimathi University of Technology order No 42 of 2012 of the universities act requires University Council to prepare statements for each financial year, which give a true and fair view of the state of affairs of the University at the end of the financial year and its operating results for that year. It also requires the council to ensure that the University keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. The University Council is also responsible for safeguarding the Assets of the University.

The University accepts the responsibility for the financial statement, which has been prepared using appropriated accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Accounting Standards. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University at 30th June 2013 and of its operating results. The University Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate systems of Internal Financial Control.

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

This statement is approved by the University Council and is signed on its behalf by:

Signed by:

Chairman of the Council

Vice Chancellor DeKUT

AUDITORS REPORT



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2013
REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Dedan Kimathi University of Technology set out on pages 13 to 31 which comprise the statement of financial position as at 30 June 2013 and the statement of comprehensive income, the statement of changes in accumulated funds and reserves, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes in accordance with the Provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public 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.

The Council Members' Responsibility for the Financial Statements

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

The Council 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 the financial statements based on the audit and report in accordance with the Provision of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with the provisions of Article 229 (7) of the Constitution of Kenya. 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 University'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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2013, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Dedan Kimathi University of Technology Act 2012.

Edward R.O. Ouko, CBS

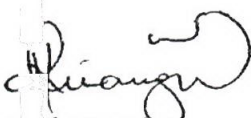
AUDITOR -GENERAL

Nairobi

19 September 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

| | | Main University KSHS | University Farm KSHS | 2012/2013 Consolidated KSHS | 2011/2012 KSHS |
|-------------------------------------------------------|----|----------------------------|----------------------------|-----------------------------------|----------------------|
| NON-CURRENT ASSETS | | | | | |
| Property Plant and Equipments | 2 | 1,939,174,133 | - | 1,939,174,133 | 1,757,946,256 |
| Investments | 4 | - | 1,301,770 | 1,301,770 | 1,301,770 |
| Biological assets | 5 | - | 8,246,150 | 8,246,150 | 7,211,150 |
| | | 1,939,174,133 | 9,547,920 | 1,948,722,053 | 1,766,459,176 |
| CURRENT ASSETS | | | | | |
| Inventories | 6 | - | 8,418,614 | 8,418,614 | 2,520,999 |
| Trade and other receivables | 7 | 200,568,166 | 5,408,622 | 163,512,808 | 151,468,081 |
| Cash & Bank Balances | 8 | 30,352,594 | 32,959 | 30,385,553 | 18,713,797 |
| | | 230,920,759 | 13,860,195 | 202,316,974 | 172,702,877 |
| TOTAL ASSETS | | 2,170,094,892 | 23,408,115 | 2,151,039,027 | 1,939,162,053 |
| FUNDS , RESERVES AND LIABILITIES | | | | | |
| FUNDS | | | | | |
| Capital fund | 9 | 1,071,548,204 | (9,990,246) | 1,061,557,958 | 926,940,395.00 |
| Reserve fund | 10 | 272,128,353 | (6,295,064) | 265,833,289 | 241,460,641.60 |
| Evaluation reserve | 11 | 588,962,938 | - | 588,962,938 | 588,962,938.00 |
| Research grants | 12 | 3,868,086 | - | 3,868,086 | - |
| | | 1,936,507,581 | (16,285,310) | 1,920,222,271 | 1,757,363,975 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 13 | 174,536,114 | 39,693,425 | 171,765,560 | 181,798,079 |
| Bank overdraft | 14 | 59,051,197 | - | 59,051,197 | - |
| | | 233,587,311 | 39,693,425 | 230,816,757 | 181,798,079 |
| TOTAL FUNDS , RESERVES AND LIABILITIES | | 2,170,094,892 | 23,408,115 | 2,151,039,027 | 1,939,162,054 |



Prof. P.N. Kioni
Vice Chancellor



Anthony Wachira
Finance Officer



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

| INCOME | NOTE | Main University KSHS | University Farm KSHS | Consolidated 2012/2013 KSHS | 2011/2012 KSHS |
|--------------------------------|-------------|-----------------------------|-----------------------------|------------------------------------|--------------------------|
| Ministry grant - Recurrent | 15 | 397,165,207 | - | 397,165,207 | 357,165,207 |
| Special grant | 15 | 63,900,000 | - | 63,900,000 | |
| Tuition & other fees | 16 | 441,257,771 | - | 441,257,771 | 335,162,200 |
| Other income | 17 | 29,117,645 | - | 29,117,645 | 32,685,931 |
| Farm income | | - | <u>5,270,518</u> | - | - |
| TOTAL | | 931,440,623 | 5,270,518 | 931,440,623 | 725,013,338 |
| <u>LESS EXPENDITURE</u> | | | | | |
| Personnel cost | 18 | 605,100,699 | - | 605,100,699 | 441,484,760 |
| Central services | 19 | 154,550,630 | - | 154,550,630 | 143,168,672 |
| Council allowance | 20 | 7,027,680 | - | 7,027,680 | 4,953,160 |
| Maintenance cost | 21 | 21,918,855 | - | 21,918,855 | 23,975,600 |
| Student welfare | 22 | 5,403,047 | - | 5,403,047 | 7,329,518 |
| Academic costs | 23 | 39,601,302 | - | 39,601,302 | 23,409,000 |
| Administrative cost | 24 | <u>19,152,437</u> | - | <u>19,152,437</u> | <u>17,513,300</u> |
| Farm expenses | | | | | |
| Cost of sales | Page 14 | - | 5,097,191 | - | - |
| Cattle overhead | | - | 1,265,659 | - | - |
| Overhead expenses | | - | <u>2,702,767</u> | - | - |
| EXPENDITURE | | 852,754,650 | 9,065,617 | 852,754,651 | 661,834,210 |
| Add provision for depreciation | 2 | 49,768,226 | - | 49,768,226 | 39,677,155 |
| Add provision for Audit Fee | 13 | <u>750,000</u> | - | <u>750,000</u> | <u>750,000</u> |
| TOTAL EXPENDITURE | | 903,272,876 | 9,065,617 | 903,272,877 | 702,261,365 |
| Surplus/deficit for the year | | 28,167,747 | - | 28,167,747 | 22,751,980 |
| Farm loss | | - | (3,795,099) | - | - |
| Share of farm loss | | - | - | <u>(3,795,099)</u> | <u>(2,499,965)</u> |
| SURPLUS | | <u>28,167,747</u> | <u>(3,795,099)</u> | <u>24,372,648</u> | <u>20,252,015</u> |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

| | <u>2012/2013</u> | <u>2011/2012</u> |
|----------------------------------------------|----------------------------|--------------------------|
| | <u>KSHS</u> | <u>KSHS</u> |
| University Surplus for the period | 24,372,647 | 20,252,015 |
| Adjustment for: | | |
| Gain on disposal | - | 885,875 |
| Restated balance | (21,716,727) | |
| Depreciation | <u>49,768,226</u> | <u>39,677,155</u> |
| | 52,424,146 | 60,815,045 |
| Change in working capital | | |
| Increase/(decrease) in inventories | (5,897,615) | 512,060 |
| Increase/(decrease) in receivables | (12,044,727) | (35,308,424) |
| Increase/(decrease) in payables | 11,684,208 | 54,151,902 |
| Increase/(decrease) in Grants | <u>3,868,086</u> | <u>-</u> |
| Net cash generated from operating activities | (2,390,048) | 19,355,538 |
| Cash flow from investing activities | | |
| Purchase of Machinery | - | (2,316,280) |
| Purchase of motor vehicles | (16,903,700) | (6,250,300) |
| Motor vehicle disposal | - | 2,657,625 |
| Purchase of computers | (6,320,016) | (9,831,229) |
| Purchase of tractor | (3,882,572) | |
| Purchase of furnitures | (21,579,822) | (19,895,720) |
| Work in progress | (182,309,993) | (329,877,518) |
| Biological assets | <u>(1,035,000)</u> | <u>(903,550)</u> |
| Net cash used in investing activities | (232,031,103) | (366,416,972) |
| Cash flow from financing activities | | |
| Capital fund | <u>134,617,563</u> | <u>310,000,000</u> |
| | 134,617,563 | 310,000,000 |
| Net change in cash and cash equivalent | (47,379,442) | 23,753,611 |
| Opening cash and cash equivalent | <u>18,713,797</u> | <u>(5,039,814)</u> |
| Closing cash and cash equivalent | <u>(28,665,645)</u> | <u>18,713,797</u> |

STATEMENT OF CHANGES IN ACCUMULATED FUNDS & RESERVES FOR THE YEAR ENDED 30 JUNE 2013

| | ACCUMULATED | | REVALUATION | | RESERVE | | TOTAL | CONSOLIDATED | |
|-------------------------|----------------------|--------------------|--------------------|----------|--------------------|--------------------|----------------------|---------------------|----------------------|
| | FUND | | RESERVE | | FUND | | | | |
| | University | Farm | University | Farm | University | Farm | | | University |
| Balance as at 30/6/2011 | 626,930,641 | 11,726,481 | 588,962,938 | - | 221,208,627 | - | 1,437,102,206 | 11,726,481 | 1,448,828,687 |
| Additions in the year | 310,000,000 | - | - | - | - | - | 310,000,000 | - | 310,000,000 |
| surplus/deficit | - | - | - | - | 22,751,980 | (2,499,965) | 22,751,980 | (2,499,965) | 20,252,015 |
| As at 30/06/2012 | 936,930,641 | 11,726,481 | 588,962,938 | - | 243,960,607 | (2,499,965) | 1,769,854,186 | 9,226,516 | 1,779,080,702 |
| Restated balance | <u>936,930,641</u> | <u>(9,990,246)</u> | <u>588,962,938</u> | <u>-</u> | <u>243,960,607</u> | <u>(2,499,965)</u> | <u>1,769,854,186</u> | <u>(12,490,211)</u> | <u>1,757,363,975</u> |
| Balance as at 30/6/2012 | 936,930,641 | (9,990,246) | 588,962,938 | - | 243,960,607 | (2,499,965) | 1,769,854,186 | (12,490,211) | 1,757,363,975 |
| Additions in the year | 134,617,563 | - | - | - | - | - | 134,617,563 | - | 134,617,563 |
| surplus/deficit | - | - | - | - | 28,167,746 | (3,795,099) | 28,167,746 | (3,795,099) | 24,372,647 |
| As at 30/06/2013 | <u>1,071,548,204</u> | <u>(9,990,246)</u> | <u>588,962,938</u> | <u>-</u> | <u>272,128,353</u> | <u>(6,295,064)</u> | <u>1,932,639,495</u> | <u>(16,285,310)</u> | <u>1,916,354,185</u> |

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING POLICIES

The Financial statements have been prepared in accordance with international Financial reporting Standards. The principal accounting policies adopted are as follows:-

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention

b) Revenue and Expenditure recognition

Revenue and expenditure have been accounted for using the accrual concept of accounting. Income is recognized in the period in which it is earned while expenditure is recognized when it is incurred. The revenue recognition is as follows:

i. Government Grants

Government grants are recognized as income in the period when received. Government grant is recognized only when there is a reasonable assurance that the entity will comply with any condition attached to the grant and that the grant will be received

ii. Tuition and Fees

Revenue from tuition and fees are recognized prorata over the relevant period. The entity applies accrual concept in relation to tuition and fees receivable in a particular

iii. Other incomes

Grants and donations in form of research grants and donations are recognized as income in the period it is received. The entity does not accrue un-received grants and donations unless there is a reasonable assurance to receive the funds. Income from collaborations is treated the same way tuition and fees are treated.

c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less any recognized impairment loss. Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during the estimated useful life, using reducing balance method. Assets acquired during the year will attract a full year depreciation while assets disposed during the year will not be charged the depreciation.

The annual rates used are as follows:-

| | |
|------------------------|-------|
| Buildings | 2% |
| Tractor | 37.5% |
| Motor Vehicles | 25% |
| Computer & Accessories | 30% |
| Plant and machinery | 12.5% |
| Furniture and fittings | 12.5% |
| Equipments | 12.5% |

d) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include direct materials and where applicable direct labour and those direct overheads that have been incurred to bring the inventories to their present location and condition. Costs of issues are calculated using 'First in First Out' (FIFO) method. Net realizable value represents the estimated selling price less any estimated cost of disposal.

e) Receivables

Receivables are recognized at their nominal value as reduced by appropriate allowances

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (Cont:...)****f) Retirement Benefit Costs**

The University operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University College. The University College also contributes to the National Social Security Fund (NSSF). Contributions to this fund are determined by the local statutes.

The contributions made to the above schemes by the University are charged to the income statement during the year in which they relate

g) Biological Assets

Biological assets are measured on initial recognition at balance sheet date and its fair values less the estimated point of sales costs as per IAS(41)

h) Research and Development

Research and development expenditure is charged to income statement in the year it is incurred

i) Cash and Cash Equivalents

These are defined as cash on hand, bank balances, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and are not subject to any risks and changes in value.

For the purposes of the cash flow statement, cash and cash equivalent consist of cash, bank balances and short term investments.

j) Interest on overdraft

Interest on overdraft has been charged as expenses in the year they have been incurred. The policy is to accrue all un-paid interest relating to the year under review.

k) Tax Exemption

The University by virtue of being a Public University and classified under the Public Benefit Organizations (PBOs) have been exempted from income tax. PBOs are exempted from income tax on income received from the activities of the organization, if the income is wholly used to support the public benefit purposes for which the organization was established and in this case to advance education by Public Universities.

l) Basis of Consolidation

The consolidated financial statement comprises the financial statements of the university and subsidiary (Farm) as at 30th June 2013. The farm is a subsidiary of the university, 100% owned by the university. Subsidiary is fully consolidated from the date of acquisition being the date on which the university obtains control and continue to be consolidated until the date when such control ceases. The financial statement of the subsidiary is prepared for the same reporting period as the parent entity using consistent accounting policies. All intra group balances, transactions, unrealized gains or losses resulting from intra group transactions are eliminated in full according to IFRS (10)

m) Foreign transactions

Transactions during the year in foreign currency are converted into Kenya shillings as the rate ruling on the transaction date.

n) Restated balances

The comparatives balances have been restated retrospectively as far as it was practicable to reflect the accumulated debt of kshs 21,716,727 owed by the farm relating to several past years in accordance with IAS 8.

The debt had been recognized in the university accounts but omitted in the farm accounts.

MOVEMENT OF FIXED ASSET AS AT 30 JUNE 2013



PROPERTY, PLANT & EQUIPMENTS

Note 2

| | <u>LAND</u> | <u>BUILDING</u> | <u>MOTOR VEHICLES</u> | <u>COMPUTER & ACCESSORIES</u> | <u>PLANT & MACHINERY</u> | <u>TRACTOR</u> | <u>FURNITURE & EQUIPMENTS</u> | <u>WORK IN PROGRESS</u> | <u>TOTAL</u> |
|--------------------------------|--------------------|--------------------|---------------------------|---------------------------------------|----------------------------------|------------------|---------------------------------------|-----------------------------|----------------------|
| | NIL | 2% | 25% | 30% | 12.5% | 37.5% | 12.5% | NOTE 3 | |
| VALUATION AS AT 30/6/2012 | 435,000,000 | 145,000,000 | 52,217,493 | 59,747,507 | 24,120,766 | 5,000,000 | 147,934,031 | 1,015,955,842 | 1,884,975,639 |
| ADDITIONS IN THE PERIOD | - | 376,363,726 | 16,903,700 | 6,320,016 | - | 3,882,572 | 21,579,822 | 182,309,993 | 607,359,829 |
| TRANSFERS | - | - | - | - | - | - | - | (376,363,726) | (376,363,726) |
| AS AT 30/6/2013 | <u>435,000,000</u> | <u>521,363,726</u> | <u>69,121,193</u> | <u>66,067,523</u> | <u>24,120,766</u> | <u>8,882,572</u> | <u>169,513,853</u> | <u>821,902,109</u> | <u>2,115,971,742</u> |
| DEPRECIATION | | | | | | | | | |
| AS AT 30/6/2012 | - | 12,319,407 | 31,738,595 | 32,260,953 | 9,032,225 | 3,944,138 | 36,848,190 | - | 126,143,508 |
| CHARGE FOR THE PERIOD | - | <u>10,180,886</u> | <u>9,124,181</u> | <u>10,141,971</u> | <u>1,886,068</u> | <u>1,851,913</u> | <u>16,583,208</u> | - | <u>49,768,226</u> |
| AS AT 30/6/2013 | - | 22,500,293 | 40,862,776 | 42,402,924 | 10,918,293 | 5,796,051 | 53,431,398 | - | 175,911,734 |
| Net Book Value AS AT 30-6-2013 | <u>435,000,000</u> | <u>498,863,433</u> | <u>27,372,543</u> | <u>23,664,599</u> | <u>13,202,473</u> | <u>3,086,521</u> | <u>116,082,456</u> | <u>821,902,109</u> | <u>1,939,174,133</u> |
| Net Book Value AS AT 30-6-2012 | <u>435,000,000</u> | <u>132,680,593</u> | <u>19,593,024</u> | <u>27,486,554</u> | <u>15,088,541</u> | <u>1,055,862</u> | <u>111,085,841</u> | <u>1,015,955,842</u> | <u>1,757,946,256</u> |



NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

| 3 WORK-IN-PROGRESS | BAL B/F | ADDITIONS | TRANSFERS | TOTAL |
|---------------------------|----------------------|--------------------|----------------------|-----------------------|
| Resource centre I | 198,069,120 | | (198,069,120) | - |
| Resource centre II | 163,979,149 | 4,379,208 | | 168,358,357.00 |
| Workshops | 175,191,919 | 3,102,687 | (178,294,606) | - |
| Oxidation ponds | 35,512,914 | | | 35,512,914.00 |
| Trunk sewer | 34,065,618 | | | 34,065,618.00 |
| Hostels | 31,885,124 | | | 31,885,124.00 |
| Academic Block P1 | 161,012,708 | 95,494,725 | | 256,507,433.00 |
| Sports field | 15,942,008 | 387,579 | | 16,329,586.85 |
| Conservancy | 6,208,411 | | | 6,208,411.00 |
| Dining Hall | 132,581,742 | 46,705,379 | | 179,287,121.00 |
| Covered Walkway | 5,812,464 | | | 5,812,464.00 |
| Fibre Optic | 2,445,645 | | | 2,445,645.00 |
| link Road | 50,564,625 | 32,240,415 | | 82,805,040.00 |
| Farm projects | 2,684,395 | - | - | 2,684,395.00 |
| Bal c/d | <u>1,015,955,842</u> | <u>182,309,993</u> | <u>(376,363,726)</u> | <u>821,902,108.85</u> |

| | Main University KSHS 2012/2013 | University Farm KSHS 2012/2013 | Consolidated KSHS 2012/2013 | KSHS 2011/2012 |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|--------------------------------------------|---------------------------|
| 4 INVESTMENT | | | | |
| i) One (1) ordinary shares of Ksh 20.00 in Kenya Farmers Association | - | 20 | 20 | 20 |
| ii) 130175 redeemable ordinary shares of ksh 10.00 each with Kenya Planters Co-operative Union Ltd. | - | 1,301,750 | 1,301,750 | 1,301,750 |
| | - | <u>1,301,770</u> | <u>1,301,770</u> | <u>1,301,770</u> |

Kenya planters co-operative union Limited is under receivership

| 5 BIOLOGICAL ASSETS | Main University | University Farm | Consolidated 2012/2013 | 2011/2012 |
|----------------------------------------|----------------------------|----------------------------|-----------------------------------|------------------|
| i) <u>Livestock</u> | - | 2,826,000 | 2,826,000 | 1,791,000 |
| ii) <u>Coffee trees</u> | | | | |
| Number of Coffee trees 108,403 @ 50.00 | - | 5,420,150 | 5,420,150 | 5,420,150 |
| Total | - | <u>8,246,150</u> | <u>8,246,150</u> | <u>7,211,150</u> |

This was at net realisable value



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (Cont:...)

| | Main University | University Farm | Consolidated 2012/2013 | 2011/2012 |
|---------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------------|---------------------------|
| 6 INVENTORY | | | | |
| Farm stocks | - | 8,418,614 | 8,418,614 | 2,520,999 |
| NB. Stationeries are expensed as they are purchased hence no stock at the end of the year. | | | | |
| 7 TRADE AND OTHER RECEIVABLES | | | | |
| Student debtors | 76,765,885 | - | 76,765,885 | 36,248,239 |
| K.P.L.C. deposits | 2,028,350 | - | 2,028,350 | 2,028,350 |
| Sundry debtors | 1,117,822 | 5,408,622 | 1,117,822 | 197,500 |
| Farm debtors (coffee sales) | - | 138,104 | 138,104 | 249,334 |
| Staff Council Sitting allowance recoveries | - | - | - | 260,000 |
| Staff debtors | 2,930,496 | - | 2,930,496 | 6,242,399 |
| Prepayment | - | - | - | 5,145,169 |
| Interest on farm investment | 3,655,891 | - | - | - |
| Investment on KUCT farm | 33,537,571 | - | - | 21,716,727 |
| MOHEST | 77,546,987 | - | 77,546,987 | 76,395,199 |
| V.A.T. arrears | <u>2,985,164</u> | - | <u>2,985,164</u> | <u>2,985,164</u> |
| Totals | <u>200,568,166</u> | <u>5,408,622</u> | <u>163,512,809</u> | <u>151,468,081</u> |
| 8 CASH AND BANK BALANCE | | | | |
| Standard chartered bank | Main University KSHS | University Farm KSHS | Consolidated 2012/2013 KSHS | 2011/2012 KSHS |
| Nyeri town campus A/C 0102045131200 | 5,211,666 | | 5,211,666 | 3,508,023 |
| Premium investment A/C 0102045131201 | - | | - | 3,157,496 |
| KUCT Farm Operating A/C 0102045131202 | 658,790 | | 658,790 | 926,124 |
| KUCT Fee collection A/C 0102045131203 | 4,465,517 | | 4,465,517 | 733,250 |
| Consolidated bank | | | | |
| KUCT Payment main A/C 0120025172900 | - | | - | 3,741,830 |
| KUCT Fee collection A/C 0120025172901 | 17,160,277 | | 17,160,277 | 5,171,797 |
| KUCT Bursary A/C 0120325312600 | 1,053,712 | | 1,053,712 | 971,212 |
| KUCT Economic Stimulus 0130225373700 | 343,176 | | 343,176 | 335,928 |
| Kenya Commercial Bank | | | | |
| KUCT Fee collection A/C 1121318274 | 406,232 | | 406,232 | 62,866 |
| Equity bank | | | | |
| KUCT Fee collection A/C 1150297300480 | 886,677 | | 886,677 | 92,112 |
| Cash balances | <u>166,547</u> | <u>32,959</u> | <u>199,506</u> | <u>13,159</u> |
| Total balance | <u>30,352,594</u> | <u>32,959</u> | <u>30,385,553</u> | <u>18,713,797</u> |

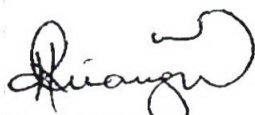


NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (Cont:...)

| | Main University | University Farm | Consolidated 2012/2013 | 2011/2012 |
|-----------------------------------------------------------------------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| 9 CAPITAL FUND | | | | |
| Bal as at 1/7/2012 | 936,930,641 | (9,990,246) | 926,940,395 | 626,930,641 |
| Development fund | 134,617,563 | - | 134,617,563 | 310,000,000 |
| Farm | - | - | - | (9,990,246) |
| | <u>1,071,548,204</u> | <u>(9,990,246)</u> | <u>1,061,557,958</u> | <u>926,940,395</u> |
| 10 RESERVE FUND | | | | |
| Bal as at 1/7/2012 | 243,960,607 | (2,499,965) | 241,460,642 | 221,208,627 |
| University Surplus for the period | <u>28,167,746</u> | <u>(3,795,099)</u> | <u>24,372,647</u> | <u>20,252,015</u> |
| | <u>272,128,353</u> | <u>(6,295,064)</u> | <u>265,833,289</u> | <u>241,460,642</u> |
| 11 REVALUATION ACCOUNTS | | | | |
| Bal as at 1/7/2012 | <u>588,962,938</u> | - | <u>588,962,938</u> | <u>588,962,938</u> |
| | <u>588,962,938</u> | <u>-</u> | <u>588,962,938</u> | <u>588,962,938</u> |
| 12 RESEARCH GRANTS | | | | |
| CIDA (College of rockies) | 1,510,262 | - | 1,510,262 | |
| UNDP | 1,754,478 | - | 1,754,478 | |
| HSU(Sponsored programs foundation) | 373,346 | - | 373,346 | |
| TOWA | - | - | - | |
| Tea project | <u>230,000</u> | - | <u>230,000</u> | |
| | <u>3,868,086</u> | <u>-</u> | <u>3,868,086</u> | |
| 13 TRADE AND OTHER PAYABLES | | | | |
| Student creditors | 6,300,612 | - | 6,300,612 | 15,915,027 |
| Trade Creditors | 147,959,836 | 36,037,534 | 150,459,801 | 139,748,795 |
| Interest on investment | - | 3,655,891 | - | - |
| Farm creditors | 5,270,519 | - | - | - |
| Research fund | - | - | - | 3,902,652 |
| Provision for audit fees | 750,000 | - | 750,000 | 750,000 |
| Capital Development Retention Funds | <u>14,255,147</u> | - | <u>14,255,147</u> | <u>21,481,605</u> |
| Total | <u>174,536,114</u> | <u>39,693,425</u> | <u>171,765,560</u> | <u>181,798,079</u> |
| NB. The retention money amount is accumulated figure since the projects started. | | | | |
| 14 BANK OVERDRAFT | | | | |
| KUCT Payment main A/C | 58,374,166 | - | 58,374,166 | - |
| Premium investment A/C | <u>677,031</u> | - | <u>677,031</u> | - |
| | <u>59,051,197</u> | <u>-</u> | <u>59,051,197</u> | <u>-</u> |

**UNIVERSITY STATEMENT OF FINANCIAL POSITION AS AT 30TH
JUNE 2013**

| | <u>NOTE</u> | <u>2012/2013</u> <u>KSHS</u> | <u>2011/2012</u> <u>KSHS</u> |
|------------------------------------------------|-------------|---------------------------------|---------------------------------|
| <u>NON-CURRENT ASSETS</u> | | | |
| Property Plant and Equipments | 2 | <u>1,939,174,133</u> | <u>1,757,946,256</u> |
| | | 1,939,174,133 | 1,757,946,256 |
| <u>CURRENT ASSETS</u> | | | |
| Trade and other receivables | 7 | 200,568,166 | 153,288,643 |
| Cash & Bank Balances | 8 | <u>30,352,594</u> | <u>18,700,638</u> |
| | | 230,920,759 | 171,989,281 |
| TOTAL ASSETS | | <u>2,170,094,892</u> | <u>1,929,935,537</u> |
| <u>FUNDS , RESERVES AND LIABILITIES</u> | | | |
| <u>FUNDS</u> | | | |
| Capital fund | 9 | 1,071,548,204 | 936,930,641 |
| Reserve fund | 10 | 272,128,353 | 243,960,606 |
| Revaluation reserve | 11 | 588,962,938 | 588,962,938 |
| Research grants | 12 | <u>3,868,086</u> | - |
| | | 1,936,507,581 | 1,769,854,185 |
| <u>CURRENT LIABILITIES</u> | | | |
| Trade and other payables | 13 | 174,536,114 | 160,081,352 |
| Bank overdraft | 14 | <u>59,051,197</u> | - |
| | | 233,587,311 | 160,081,352 |
| TOTAL FUNDS , RESERVES AND LIABILITIES | | <u>2,170,094,892</u> | <u>1,929,935,537</u> |


Prof. P.N. Kioni
Vice Chancellor


Anthony Wachira
& Finance Officer



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (Cont:...)

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-----------------------------------------|--------------------|--------------------|
| <u>INCOME</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| | <u>KSHS</u> | <u>KSHS</u> |
| 15 <u>CAPITATION GRANT</u> | | |
| Ministry grant - Recurrent | 397,165,207 | 357,165,207 |
| Special grant | <u>63,900,000</u> | - |
| | 461,065,207 | 357,165,207 |
| 16 <u>TUITION AND OTHER FEES</u> | | |
| Tuition and other fees | <u>441,257,771</u> | <u>335,162,203</u> |
| | 441,257,771 | 335,162,203 |
| 17 <u>OTHER INCOMES</u> | | |
| Sale of admission forms | 353,688 | 369,828 |
| Sale of tenders forms | 1,613,000 | 1,592,300 |
| Rent | 715,200 | 557,400 |
| Miscellaneous income | 672,825 | 3,872,636 |
| Research Grants | 3,520,069 | 4,376,852 |
| Gain on disposal | - | 885,875 |
| Interest on KUCT farm investment | 3,655,891 | 2,069,896 |
| Kitchen sales | <u>18,586,972</u> | <u>18,961,144</u> |
| TOTAL INCOME | 29,117,645 | 32,685,931 |
| 18 <u>PERSONNEL COSTS</u> | | |
| Basic Salaries | 209,343,027 | 144,039,733 |
| Casual workers | 26,913,942 | 26,996,534 |
| Part time teaching | 113,535,421 | 76,319,218 |
| Gratuity and pension | 24,473,552 | 24,842,634 |
| House to Office allowance | 26,503,541 | 24,060,725 |
| Other personal allowances | 52,224,406 | 33,078,943 |
| Group life (pension) insurance | 1,823,560 | 228,386 |
| House allowances | 148,162,122 | 110,347,441 |
| Leave allowance | <u>2,121,128</u> | <u>1,571,153</u> |
| | 605,100,699 | 441,484,767 |



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (Cont:...)

19 CENTRAL SERVICES

| | | |
|-------------------------------------|--------------------|--------------------|
| Electricity expenses | 11,877,898 | 12,695,785 |
| Water expenses | 7,690,664 | 6,007,348 |
| Misc. other charges | 459,100 | 542,518 |
| Vehicle licenses & insurance | 4,440,627 | 3,740,159 |
| Insurance premiums | 943,625 | 939,602 |
| Vehicle fuel and oil | 9,338,613 | 10,292,272 |
| Publishing & Printing | 4,665,961 | 2,870,029 |
| Advertising and Publicity | 8,639,399 | 12,361,944 |
| Marketing Expenses | 1,666,781 | - |
| Telephone expenses | 2,115,737 | 1,884,124 |
| Postal expenses | 834,885 | 572,675 |
| Bank charges/ interest | 3,617,593 | 1,798,646 |
| Purchase of uniforms | 757,090 | 663,491 |
| Conferences and seminars | 4,782,892 | 3,425,907 |
| Public celebrations/Demise | 445,550 | 1,514,405 |
| Purchase of Drugs | 3,254,121 | - |
| Medical expenses | 13,969,998 | 12,970,372 |
| Optical and Dental | 680,058 | - |
| University Public Functions | 532,400 | 1,410,125 |
| Contracted professional services | 2,157,163 | 2,103,676 |
| Catering | 18,877,886 | 21,706,690 |
| Utensils and Crockery | 90,020 | - |
| Cleaning materials | 1,804,263 | 2,313,746 |
| Hygiene services | 521,340 | - |
| Fumigation Services | 299,620 | - |
| Internet services | 6,874,222 | - |
| Set up of ICT infrastructure | 1,108,919 | 12,703,556 |
| External travelling | 2,100,727 | 3,731,282 |
| Gas and fuel | 721,821 | 214,516 |
| Training expenses | 8,109,249 | 3,122,793 |
| Subscription to professional bodies | 533,626 | 206,095 |
| Security services | 6,016,602 | 3,676,550 |
| Book shop expenses | 52,789 | 100,000 |
| Booked meals | 1,837,220 | 2,312,920 |
| Maisha Project | 2,520,069 | - |
| Towa Project | 1,632,150 | - |
| Nyeri Town campus Expenses | 7,956,003 | 8,112,481 |
| Nairobi Campus Expenses | 8,001,989 | 3,882,827 |
| Performance Contract | 136,017 | 563,860 |
| Show and Exhibitions Expenses | 1,105,710 | 3,176,190 |
| Linkages | 111,636 | 35,500 |
| Newspapers | <u>1,268,595</u> | <u>1,516,588</u> |
| | 154,550,630 | 143,168,672 |



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (Cont:...)

| | <u>2012/2013</u> | <u>2011/2012</u> |
|----------------------------------|-------------------|-------------------|
| | <u>ACTUAL</u> | <u>ACTUAL</u> |
| | <u>KSHS</u> | <u>KSHS</u> |
| 20 COUNCIL ALLOWANCE | | |
| Chancellor/Chairman Allowance | 1,198,232 | 715,644 |
| Sitting Allowance | 3,841,227 | 2,540,000 |
| Travelling & Accommodation | <u>1,988,221</u> | <u>1,697,524</u> |
| | 7,027,680 | 4,953,168 |
| 21 MAINTENANCE COSTS | | |
| Maintenance Vehicle | 3,947,346 | 5,079,910 |
| Maintenance of equipment | 4,594,764 | 4,469,695 |
| Maintenance Water and sewerage | 105,970 | - |
| Maintenance of Buildings | 9,513,005 | 12,097,855 |
| Maintenance of roads/grounds | 1,704,591 | 1,895,640 |
| Maintenance of computers/printer | <u>2,053,180</u> | <u>432,546</u> |
| | 21,918,855 | 23,975,646 |
| 22 STUDENTS WELFARE | | |
| Inter university games | 928,640 | 1,798,920 |
| Sports and Games | 1,213,565 | - |
| Students insurance | - | 192,937 |
| Travelling and accommodation | - | 1,214,330 |
| Student stationery | - | 425,680 |
| Student bursary | - | 983,600 |
| Counselling expenses | 1,521,135 | 182,500 |
| Entertainment | 516,762 | 789,921 |
| Kimathi students union allow | 769,225 | 787,180 |
| Sports equipments | <u>453,720</u> | <u>954,450</u> |
| | 5,403,047 | 7,329,518 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (Cont:...)

23 **ACADEMIC COSTS**

| | | |
|----------------------------------|-------------------|-------------------|
| External examination | 5,841,192 | 2,148,108 |
| Examination materials | 1,012,100 | - |
| Attachment expenses | 668,200 | 595,262 |
| Traveling and accommodation | 2,435,553 | 4,358,398 |
| Payment of use of lab | 1,257,236 | 1,846,420 |
| Library | 7,212,411 | 1,823,466 |
| Outreach programs | 17,050 | 6,000 |
| Field courses | 446,920 | 99,000 |
| Coffee Centre Expenses | 417,400 | - |
| Graduation | 3,342,250 | 2,229,641 |
| Teaching materials | 5,801,722 | 4,740,094 |
| Research, production & extension | 2,487,724 | 3,017,010 |
| JAB admission expenses | 90,450 | 106,950 |
| Conservancy Expenses | 417,390 | - |
| Work-study | 521,823 | 276,899 |
| Purchase of software | 4,821,172 | - |
| Hire of teaching facilities | 675,000 | - |
| ITPS | - | 1,107,200 |
| Purchase of Gowns | 1,527,840 | - |
| Launch of MBA & PHD Programmes | 68,000 | 1,750 |
| Curriculum Development | <u>539,870</u> | <u>1,052,891</u> |
| | 39,601,302 | 23,409,089 |

24 **ADMINISTRATIVE COSTS**

| | | |
|-----------------------------------|-------------------|-------------------|
| Travelling and accommodation | 2,807,912 | 3,524,694 |
| Staff Welfare | 2,060,547 | - |
| Staff Entertainment | 50,600 | 471,010 |
| Guest house Expenses | 485,008 | - |
| Charter Expenses | 3,340,100 | - |
| Corporate social responsibilities | 886,795 | - |
| Alumini Assosiation | - | 150,750 |
| Recrutment expenses | 33,235 | 124,000 |
| ISO Expenses | - | 133,980 |
| Stationery and stores | <u>9,488,240</u> | <u>13,108,912</u> |
| | 19,152,437 | 17,513,346 |



FARM STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

| | <u>NOTE</u> | <u>2012/2013</u> <u>KSHS</u> | <u>2011/2012</u> <u>KSH</u> |
|------------------------------------------------|-------------|---------------------------------|--------------------------------|
| <u>NON-CURRENT ASSETS</u> | | | |
| Investments | 4 | 1,301,770 | 1,301,770 |
| Biological assets | 5 | <u>8,246,150</u> | <u>7,211,150</u> |
| | | 9,547,920 | 8,512,920 |
| <u>CURRENT ASSETS</u> | | | |
| Inventories | 6 | 8,418,614 | 2,520,999 |
| Trade and other receivables | 7 | 5,408,622 | 249,330 |
| Cash & Bank Balances | 8 | <u>32,959</u> | <u>13,159</u> |
| | | 13,860,195 | 2,783,490 |
| TOTAL ASSETS | | <u>23,408,115</u> | <u>11,296,410</u> |
| <u>FUNDS , RESERVES AND LIABILITIES</u> | | | |
| <u>FUNDS</u> | | | |
| Capital fund | 9 | (9,990,246) | (9,990,246) |
| Reserve fund | 10 | <u>(6,295,064)</u> | <u>(2,499,965)</u> |
| | | (16,285,310) | (12,490,211) |
| <u>CURRENT LIABILITIES</u> | | | |
| Trade and other payables | 13 | 36,037,534 | 21,716,727 |
| Interest on investment | 13 | <u>3,655,891</u> | <u>2,069,890</u> |
| | | 39,693,425 | 23,786,623 |
| TOTAL FUNDS , RESERVES AND LIABILITIES | | <u>23,408,115</u> | <u>11,296,412</u> |

Prof. P.N. Kioni
Vice Chancellor

Anthony Wachira
& Finance Officer

FARM TRADING ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2013

| | | <u>2012/2013</u> | <u>2011/2012</u> |
|------------------------|-------------|---------------------------|---------------------------|
| | <u>NOTE</u> | <u>KSHS</u> | <u>KSHS</u> |
| Gross sales income | 25 | <u>5,270,518</u> | <u>17,346,998</u> |
| | | 5,270,518 | 17,346,998 |
| LESS COST OF SALES | | | |
| Stock 1/7/2012 | | 2,520,999 | 3,033,059 |
| Add | | | |
| Labour costs | 26 | 8,219,161 | 15,163,071 |
| Direct materials | 27 | <u>2,775,645</u> | <u>773,243</u> |
| | | 13,515,805 | 18,969,373 |
| Less stock 30/6/2013 | 6 | 8,418,614 | 2,520,999 |
| Cost of sales | | <u>5,097,191</u> | <u>16,448,374</u> |
| Gross profit/ Loss | | 173,327 | 898,624 |
| Less cattle overhead | 28 | 1,265,659 | 1,314,450 |
| Less overhead expenses | 29 | <u>2,702,767</u> | <u>2,084,139</u> |
| Net farm profit/ Loss | | <u>(3,795,099)</u> | <u>(2,499,965)</u> |



NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

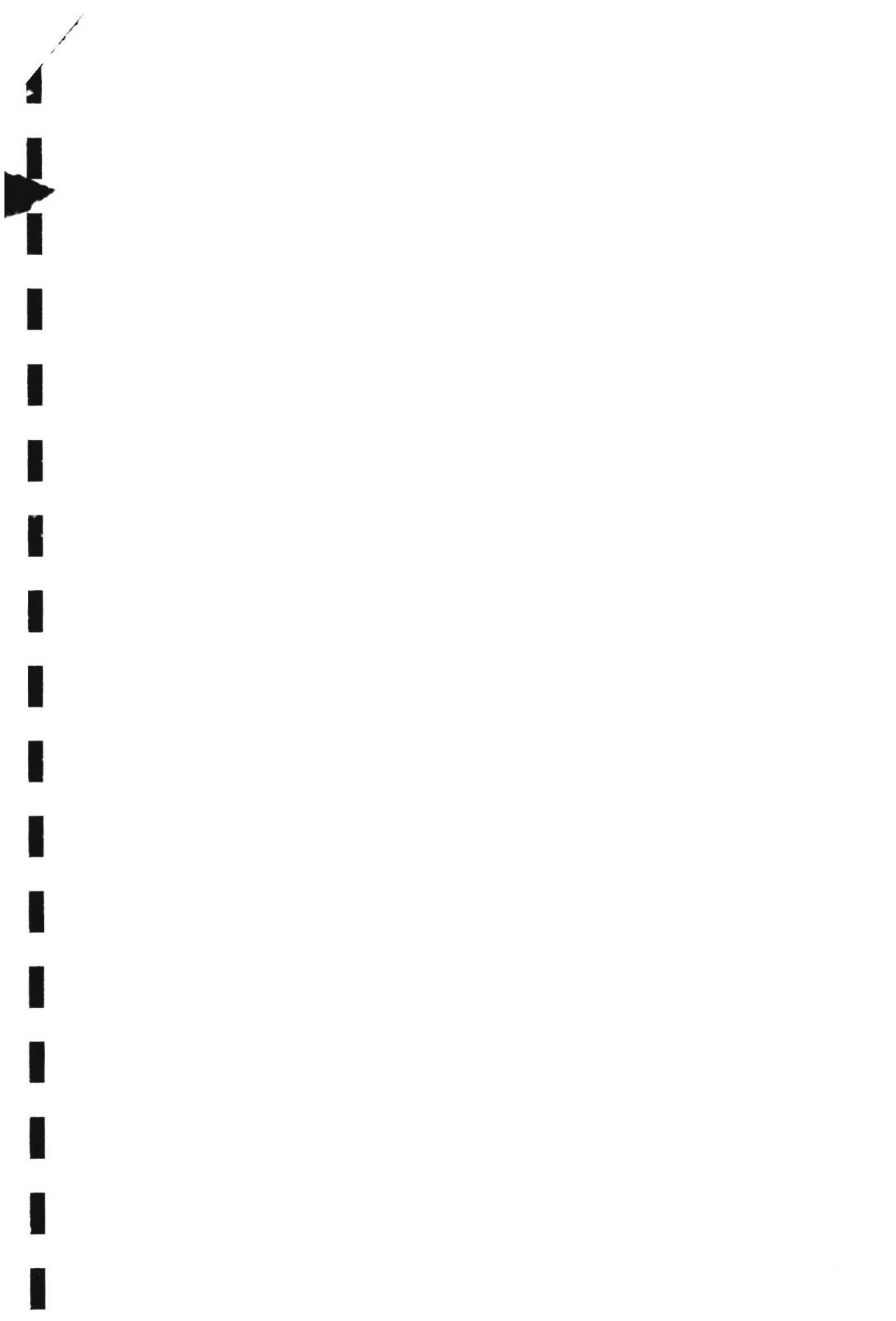
FARM ACCOUNTS

| NOTE | | <u>2012/2013</u> | <u>2011/2012</u> |
|------|---------------------------|------------------------------|------------------------------|
| | | <u>ACTUAL</u> <u>KSHS</u> | <u>ACTUAL</u> <u>KSHS</u> |
| 25 | <u>Revenue</u> | | |
| | Coffee | 1,688,737 | 14,395,151 |
| | Milk | 1,354,953 | 823,932 |
| | Horticulture | 1,524,595 | 1,290,965 |
| | Livestock Sales | <u>702,233</u> | <u>836,950</u> |
| | | 5,270,518 | 17,346,998 |
| | <u>Expenditure</u> | | |
| 26 | <u>LABOUR</u> | | |
| | Administration Salaries | 564,612 | 2,905,142 |
| | Wages | 1,285,686 | 2,619,186 |
| | Supervision | 896,395 | 1,049,935 |
| | Security | 3,000 | 231,617 |
| | Bush Clearing | 294,480 | 408,125 |
| | Pruning | 686,101 | 1,712,109 |
| | Weed Control | 652,440 | 670,760 |
| | Coffee Picking | 1,222,635 | 1,753,760 |
| | Factory Drying | 337,840 | 933,258 |
| | Roads Maintenance | 176,660 | - |
| | Maintenance Machinery | 514,769 | 259,164 |
| | Buildings Maintenance | 727,773 | 341,688 |
| | Leave And Related Offs | - | - |
| | Infilling | 244,950 | 366,000 |
| | Fertilizers | 64,800 | 387,750 |
| | Pests & Diseases | 126,840 | 3,970 |
| | Tree Counting | - | - |
| | Nursery establishment | 347,080 | 107,000 |
| | Watering seeds | - | - |
| | Fodder Establishment | - | 168,750 |
| | Irrigation | 38,560 | 11,000 |
| | Mulching | 34,540 | 22,413 |
| | Wash erosion basin | - | 66,132 |
| | House Allowance | <u>-</u> | <u>1,145,312</u> |
| | | 8,219,161 | 15,163,071 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (Cont:...)

FARM ACCOUNTS

| | <u>2012/2013</u> | <u>2011/2012</u> |
|------------------------------------|-------------------------|-------------------------|
| | <u>ACTUAL</u> | <u>ACTUAL</u> |
| | <u>KSHS</u> | <u>KSHS</u> |
| 27 <u>Direct Materials</u> | | |
| Fertilizers/manure | 1,147,800 | - |
| Dursban/Alfatox | 281,780 | - |
| Coffee Nylex | 41,250 | 430,500 |
| Seeds | 498,663 | 341,603 |
| Spray suits | 268,347 | 740 |
| Fastac | 25,780 | - |
| Touch down | <u>512,025</u> | <u>400</u> |
| | 2,775,645 | 773,243 |
| 28 <u>Cattle Overhead</u> | | |
| Food Supplies | 1,127,972 | 752,115 |
| Treatment | 107,712 | 91,448 |
| A I Services | 22,000 | 2,000 |
| Dip / Acaricide | 7,975 | - |
| Supervision | <u>-</u> | <u>468,887</u> |
| | 1,265,659 | 1,314,450 |
| 29 <u>Overhead Expenses</u> | | |
| Maintenance Buildings | 424,681 | - |
| Maintenance Machinery | 683,802 | - |
| Electricity Irrigation | 288,000 | 22,752 |
| Factory Electricity | 200,040 | 154,931 |
| Hired Transport | 25,700 | 246,000 |
| Fuels,Diesel,Oils& Gas | 424,176 | - |
| Advisory Services - T F M | - | 70,419 |
| Travelling &Subsistence Allowance | 408,680 | 167,532 |
| Coffee picking expenses | 5,410 | - |
| Medical | - | 77,049 |
| Stationery And Printing | 45,822 | 250,545 |
| Licenses/legal fee | 1,000 | 39,086 |
| Bank Charges | - | 13,493 |
| Internet connections | 15,500 | - |
| Telephone and postage | 15,100 | 13,420 |
| Service gratuity | - | 890,400 |
| Staff entertainment | 84,706 | 23,312 |
| Seminar / Workshop | <u>80,150</u> | <u>115,200</u> |
| Total Overhead | <u>2,702,767</u> | <u>2,084,139</u> |



DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
Nyeri – Mweiga Road
P.O. Box 657, 10100 – Nyeri, Kenya
Telephone: (061) 2034616/2034046,
Fax: (061) 2032060 • Cell: 0723 366 363, 0736 456 391
Telkom Wireless: 020-2301048 • Email: info@dkut.ac.ke
Website: www.dkut.ac.ke