REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Laid
By Hon. A. Duale, MP (Leader of Majority)
on Thursday, Sept 14, 2017
(PM)

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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF KENYATTA UNIVERSITY

FOR THE YEAR ENDED 30 JUNE 2016

KENYATTA UNIVERSITY

Annual Reports & Financial Statements

for the Year Ended

30th June 2016

Transforming Higher Education ...Enhancing Lives

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CORPORATE PHILOSOPHIES

OUR VISION

To be a dynamic, an inclusive and a competitive centre of excellence in teaching, learning and service to Humanity.

OUR MISSION

To provide quality education and training, promote scholarship, service, innovation and creativity and inculcate moral values for sustainable individual and societal development.

OUR IDENTITY

A community of scholars committed to the generation of knowledge and cultivation of wisdom for the welfare of society.

OUR PHILOSOPHY

Sensitivity and responsiveness to societal needs and the right of every person to knowledge.

I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

Kenyatta University is an international Public University based in Nairobi, Kenya. Its main campus is located 23 kilometers from the City Centre along Nairobi-Thika Super Highway. It is set on 1,105 acres of land providing a quiet and serene environment conducive to learning, research and intellectual growth. .

Kenyatta University began its long journey to the attainment of University status in 1965 when the British Government handed over the Templer Barracks to the Kenya Government. These were converted into an institution of higher learning known as Kenyatta College. Following the Act of Parliament of 1970, Kenyatta College became a constituent College of the University of Nairobi. Consequently, the name changed from Kenyatta College to Kenyatta University College. Kenyatta University College admitted its first batch of 200 students in 1972 to pursue studies leading to the award of the Bachelor of Education of the University of Nairobi.

In July, 1978, the Government transferred the faculty of Education of the University of Nairobi to Kenyatta University College Campus. As a result, the College became the only institution training teachers at both undergraduate and postgraduate levels. The University status was achieved on August 23, 1985, when the Kenyatta University Act received presidential assent making the institution a full-fledged University. The Act became operational on September 1, 1985 and the University was inaugurated on December 17, 1985.

In December 2012, the Government of Kenya brought the governance and Management of all Universities under one umbrella through the enactment of the University Act 2012, which repealed the individual public University's Acts including the Kenyatta University Act 1985. Under the new Universities Act 2012, Kenyatta University was granted Charter on 1st march 2013.

Kenyatta University has over the years established new faculties and constituent Colleges. In this pursuit, Jomo Kenyatta University College of Agriculture and Technology became a constituent College of Kenyatta University and in 1988 a full-fledged University, Jomo Kenyatta University of Agriculture and Technology (JKUAT). In 2007, Pwani University College at Kilifi was established as a Constituent College. It became Pwani University, a full-fledged University in January 2013. Machakos University College established in 2009 also became a full-fledged University in 2016 Machakos University.

The University has 19 schools, these are;

1. School of Agriculture & Enterprise Development
2. School of Hospitality and Tourism
3. School of Engineering & Technology
4. School of Economics
5. School of Applied Human Sciences

I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

Background Information continued

6. School of Humanities & Social Sciences
7. School of Environmental Studies
8. School of Education
9. School of Business
10. School of Law
11. School of Pure & Applied Sciences
12. School of Medicine
13. School of Public Health
14. School of Visual & performing Arts
15. Digital School of Virtual & Open Learning
16. Graduate School
17. School of Architecture & the Built Environment
18. School of Creative, Film & Media Studies
19. School of Security, Diplomacy & Peace Studies

The University has established campuses at;

Ruiru (2004),

Parklands (2007),

Mombasa (2007),

Nairobi City Centre (2010),

Nakuru (2010),

Nyeri (2010),

Kericho (2013) and

Daadab (2014).

In Addition to the above campuses, Kenyatta University established Open Distance and e-Learning centres' in Mombasa, Nyeri, Embu, Parklands, Nakuru, Kisumu, Kakamega, Garissa, Marsabit and Kericho..

I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(b) Principal Activities

The principal activity/mission of the University is to provide quality education and training, promote scholarship, service, innovation and creativity and inculcate moral values for sustainable individual and societal development.

(c) Key Management

The University's day to day management is under the following organs:

- Vice-Chancellor
- Deputy Vice-Chancellors
- Registrars
- Chief Finance Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 are as listed below;

No.	Designation	Name
1	Vice-Chancellor	Prof. Olive Mugenda (Retired March 2016)
2	Ag. Vice-Chancellor	Prof. Paul K. Wainaina (Appointed march 2016)
3	Deputy Vice-Chancellor (Administration)	Prof. Wangari Mwai
4	Deputy Vice-Chancellor (Academic)	Prof. John Okumu
5	Deputy Vice-Chancellor (Finance and Development)	Prof. Godfrey Mse
6	Deputy Vice-Chancellor (Research, Innovation and Outreach)	Prof. Fredrick Q. Gravenir.
7	Registrar (Administration)	Dr. Daniel Muindi
8	Registrar (Academic)	Dr. Andanje Mwisukha
9	Registrar (Finance and Development)	Dr. Nelson Karagu
10	Registrar (Research, Innovation and Outreach)	Prof. Vincent O. Onywera
11	Chief Finance Officer	Mr. Joseph I. Gitahi

(e) Fiduciary Oversight Arrangements

The governing organs of the University are:

The University Council;

The Council shall exercise prudent leadership, innovative enterprise, and good judgment in directing the University and shall always charter in the best interest of the University.

The Council shall ensure that a proper management structure is in place and make sure that the structure, functions to maintain corporate integrity, reputation and responsibility.

The Council shall monitor and evaluate the implementation of strategies, policies and management criteria and plans of the University.

The council shall review the viability and financial sustainability of the University, and shall do so at least once every year.

The Council shall ensure that the University complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

The Senate of the University;

The Senate shall have the following powers and duties:-

To satisfy itself regarding the content and academic standard of any course of study in respect of any degree, diploma, certificate or other award of the University;

To propose regulations to be made by the Council regarding the eligibility of persons for admission to degree, diploma and certificate programmes;

To propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other awards of the University;

To decide which person has attained such standard of proficiency and are otherwise fit to be granted a degree, diploma, certificate or other awards of the University;

To make regulations governing such other matters as are within its powers in accordance with the charter or the statutes.

I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(e) Fiduciary Oversight Arrangements

The University Management Board:

The University Management Board shall assist the Vice-Chancellor in;

The management of urgent day-to-day academic, administrative, research, developmental and outreach issues;

The efficient management of the human, physical, and financial resources of the University;

Coordination of University and colleges strategic and development plans;

Make proposal to Senate and Council on issues that have University-wide application;

Receive proposals from different sectors of the University for recommendation for Council consideration;

The implementation of Council and Senate approved policies;

Any other matters related to the management of the University.

I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(f) University Headquarters

Kenyatta University
Thika Road, Nairobi
P. O. Box 43844- 00100
Nairobi.

(g) University Contacts

Telephone: +254 020 8710901-19
Fax: +254 020 8711573
Telex 25483 KenUnKen
Website: http://www.ku.ac.ke

(h) University Bankers

Co-operative Bank of Kenya Ltd.
Helasie Selassie Avenue
P.O. Box 48231 – 00100
Nairobi

National Bank of Kenya Ltd.
P. O. Box 41862 – 00100
Nairobi.

Kenya Commercial Bank Ltd
P. O. Box 30081
Nairobi.

Standard Chartered Bank Ltd.
P. O. Box 64355 - 00620
Nairobi.

Equity Bank Ltd
P.O. Box 75104 – 00200
NAIROBI

(i) Independent Auditors

Auditor General
Anniversary Towers
P.O. Box 30084 - 00100
GPO, Nairobi.

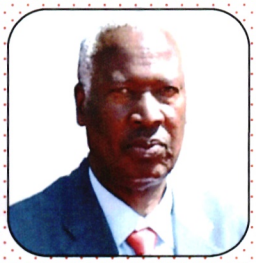
(j) Principal Legal Adviser

Lawrence Mungai and Advocates
P. O. Box 10130 - 00100
Nairobi.

II. MEMBERS OF THE UNIVERSITY COUNCIL

Chairman of the University Council

Prof. Ratemo Michieka, EBS, FKNAS.,
B.Sc., M.Ed. , Ph.D. (Rutgers Univ. USA),



Prof. Michieka (65) is the Chairman of Council Kenyatta University, having been appointed to the council on 7th February 2013. He is also Professor of Weed Science and Environment at the University of Nairobi.
Prior to his appointment he held various prominent positions including Chairman KARI, Director General NEMA, Founding Vice-Chancellor Jomo Kenyatta University of Agriculture and Technology, Served as Chairman Inter-University Council, East Africa among others
Prof. Michieka is a distinguished alumni of Rutgers University

AG. Vice-Chancellor

Prof. Paul K Wainaina Ph.D.,
B.Ed., M.A. Ed. (Nairobi), Ph.D. (Alberta)



Prof. Wainaina is the Acting Vice –Chancellor Kenyatta University, and is an ex-officio member of the University council, having been appointed as the Ag. Vice-Chancellor on 18th March 2016. He is also Professor of Philosophy of Education, Kenyatta University.
Prior to his appointment he held various position including Deputy Vice-Chancellor (Administration) Kenyatta University, Professor of Philosophy of Education, University of Namibia, Professor of Philosophy of Education, Moi University among others.
He is an alumni of University of Alberta, Canada

Member

Prof. Collete A. Suda,
M.Sc.; Ph. D. (Missuri -Columbia) FKNAS, ERS



Prof. Collete Suda is a member of Kenyatta University Council by virtue of being the Principal Secretary, State Department of Science and Technology in the Ministry of Education, Science and Technology.
Previously, she was the Secretary, Gender and Social Development, Ministry of Gender, Children and Social Development, Full Professor of Sociology, University of Nairobi, Director, Board of Common Undergraduate Studies from and Director, Institute of African studies, University of Nairobi.
.Professor Suda studied at University of Missouri, Columbus for her post graduate Degrees and her doctoral Degree in Rural Sociology. She is a Fellow of Kenya National Academy of Science (FKNAS). She has been honored with an award of the Order of the Burning Spear (EBS)

II. MEMBERS OF THE UNIVERSITY COUNCIL

Member

Dr. Kamau Thugge.
M.A. B.A. (Nairobi) B.A. (Colorado College) M.E. Ph.D. (Johns Hopkins)



Dr. Kamau Thugge (59) is a member of Kenyatta University council by virtue of being the Principal Secretary of National Treasury.

Dr. Thugge served as Treasury and Permanent Secretary of Kenya Reinsurance Corporation Ltd. He worked as a Senior Economic Advisor in the Ministry of Finance from the year 2010. He also worked at the International Monetary Fund (IMF) in various capacities for over 21 years, both in the policy making Departments and non-policy making Departments as Economist/Senior Economist and Deputy Division Chief. He is a career economist having served in various capacities in the Treasury and Central Bank.

He holds MA and BA degrees in Economics (University of Nairobi). Dr. Thugge holds a Bachelor of Arts (Economics) from Colorado Collage, USA, Master in Economics from Johns Hopkins University, USA and a Doctor of Philosophy (PhD) in Economics from Johns Hopkins University, USA.

Member

Rev. Beatrice Musila, M.A. Counselling (NIST)



Rev Musila is a member of Kenyatta University Council having been appointed on 22nd January 2013. She is the Lay Minister, Christ is the Answer Ministries (CITAM), Governing Council member; Nairobi International School of Theory (NIST), Director/ manager, Mallbros Ltd Former Woman's Counselor, Family Transformation Ministry, Counselor for Internally Displaced People (IDPS), Karura community, Counselor for Primary School Children and Primary School Teacher, at Hola, St. Michael, Kerugoya and DEB Muslim Primary School

Member

: **Dr. Violet Chesang, Ph. D. Linguistics (Egerton)**



Dr. Chesang (39) is a member of Kenyatta University Council having been appointed on 22nd January 2013. She is a Communication Consultant, Sivan Africa Group, Anti-Counterfeit Agency, Ministry of Industrialisation and Consultant Editor at Kenya Year Book Editorial Board.

She served as a Lecturer, Department of linguistics and foreign languages, Moi University, Consultant Reseacher, CDF Taskforce, Consultant Editor, KYEB and Editor, Sayare radio Station

She holds a PhD in Linguistics from Egerton University and a Master of Philosophy in Linguistics (M.Phil) from Moi University.

II. MEMBERS OF THE UNIVERSITY COUNCIL

Member

Prof. David Ngugi , Ph. D. Agronomy (Reading, UK); B.Sc. Agriculture, Hons. (Makerere U.)



Prof. Ngugi (74) is a member of Kenyatta University Council having been appointed on 22nd January 2013.He is an Agronomist/Agroforester and is currently a Private Consultant.

He has had nineteen years of lecturing in higher institutions of learning, and twelve years of international experience in planning, implementing and monitoring agroforestry research in SADC region (Malawi, Tanzania, Zambia, Zimbabwe). He has served as a consultant to diverse international organizations among them USAID, DFiD, Rockefeller Foundation and ASARECA.

He has a PhD in Agronomy from the University of Reading, UK and a B.Sc. in Agriculture (Hons.) from Makerere University, Uganda. He has widely published and serves in various Boards around the country.

Member

Mr. Aggrey ole Murunga, B.A; M.A. (Nairobi University)



Mr. Murunga (69) is a member of Kenyatta University Council having been appointed on 22nd January 2013. He is a successful businessman and farmer. He is a former General Manager/CEO of the Coffee Board of Kenya and also former banker with the Development Finance Bank of Kenya Ltd. Prior to this he taught Economics at the University of Nairobi for few years in the Mid 1970s upon completion of his Master degree course. He holds a Master Degree in Economics from the University of Nairobi.

Member

Ms. Flora Gado, M.Sc. Tourism Development (Surrey, UK)



Ms. Gado is a member of Kenyatta University Council having been appointed on 22nd January 2013. She is also the Director for Boni House, a Homestay/Guest House for expatriates.

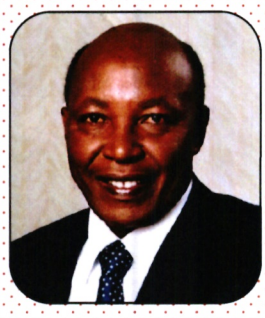
She has served as a Lecturer at Kenya Utalii College, Nairobi for about eight years.

She holds a Master of Science Degree in Tourism Development from the University of Surrey, UK.

III. CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Chancellor

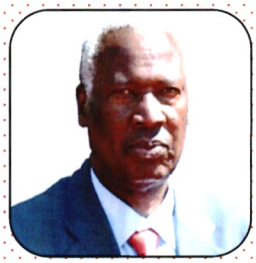
Mr. BENSON WAIREGI, E.B.S.,
B. Com. (Accounting), MBA (Nairobi), CPA (K.)



The Chancellor performs such functions and enjoy such powers, rights and privileges as provided for under section 38 of the Act and the statutes.
The Chancellor ,from time to time, gives advice to the Council which the Chancellor considers necessary for the betterment of the University.
The Chancellor have the right to take part in the formal and informal activities of the University.

Chairman of the University Council

PROF. RATEMO MICHIEKA, EBS, FKNAS.,
B.Sc., M.Ed. , Ph.D. (Rutgers Univ. USA),



The Chairperson of Council chairs Council meetings and exercise the powers and privileges as provided for in the Universities Act, Kenyatta University Charter and the Statutes.

AG. Vice – Chancellor

PROF. PAUL K. WAINAINA, Ph.D.,
B.Ed., M.A. Ed. (Nairobi), Ph.D. (Alberta)



The Vice-Chancellor is the Chief Executive Officer of the University having the following powers and function:

- Is the academic, administrative and financial head of the University;
- Have the overall responsibility for the direction, organization, administration and programmes of the University;
- Is the accounting officer of the University.

Deputy Vice-Chancellor (Administration)

PROF. WANGARI MWAI, B.Ed. (Kenyatta), M.A. (Nairobi), Ph.D. (Maseno)



The Deputy Vice-Chancellor (Administration) is responsible to the Vice-Chancellor for all administration affairs including:

- Personnel issues in the University;
- Security issues;
- Catering services;
- Staff houses and accommodation;
- Legal issues;
- Health services;
- Transport services.

III. CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Deputy Vice Chancellor (Academic)

PROF. JOHN OKUMU, B.Ed., M.Sc. (Kenyatta), Ph.D. (Leeds)



The Deputy Vice-Chancellor (Academic) is the head of the Academic Division of the University and is responsible to the Vice-Chancellor and offers leadership, direction, organisation and administration of programmes of the Division.

Deputy Vice-Chancellor (Finance & Development)

PROF. GODFREY MSE, B.Ed. (Nairobi), M.Ed., Ph.D. (Kenyatta)



The Deputy Vice-Chancellor (Finance and Development) is the head of the Finance and Development Division of the University with the following duties and functions:

- Preparation of estimates, allocation of funds, control of expenditure and financial accounting;
- Physical developments;
- Grounds and estates management;
- Procurement services.

Deputy Vice-Chancellor (Research, Innovation & Outreach)

PROF. FREDERICK. Q. GRAVENIR, M.A. Ph.D. (Prague)



The Deputy Vice-Chancellor (Research, Innovation and Outreach) duties and functions include:

- Driving the University's research agenda in line with Country's Vision;
- Encourage research culture in the University;
- Institutionalise networking, collaboration research and outreach in the University;
- Encourage innovation and handle issues to do with intellectual property rights;
- Ensure dissemination of research findings.

Registrar Administration

DR. DANIEL M. MUINDI, B.Ed. (Nairobi), M.Ed., Ph.D. (Kenyatta)



The Registrar (Administration) is the principal assistant to the Deputy Vice-Chancellor (Administration), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Administration).

III. CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Registrar Academic

DR. ANDANJE MWISUKHA, **B.Ed., M.Ed., Ph.D. (Kenyatta)**



The Registrar (Academic) is the principal assistant to the Deputy Vice-Chancellor (Academic), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Academic).

Registrar (Finance and Development)

DR. NELSON M. KARAGU **B.Sc., M.A. Ed (Idaho), Ph.D. (Nairobi)**



The Registrar (Finance and Development) is the principal assistant to the Deputy Vice-Chancellor (Finance and Development), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Finance and Development).

Registrar (Research, Innovation & Outreach)

DR. VINCENT ONYWERA, **B.Ed., M.Ed., Ph.D. (Kenyatta), ISAK 2**



The Registrar (Research, Innovation and Outreach) is the principal assistant to the Deputy Vice-Chancellor (Research, Innovation and Outreach), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Research, Innovation and Outreach).

Chief University Librarian

DR. GEORGE G. NJOROGE, **Ph.D., (Nairobi)**



The Chief University Librarian is responsible to the Vice-Chancellor and the Deputy Vice-Chancellor (Academic) for the leadership, management, organization, operation and utilization of University Library Services and maintaining high professional standards for all libraries within the University.

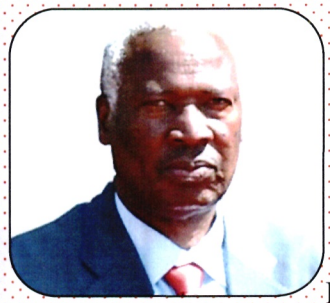
Chief Finance Officer

JOSEPH I. GITAHI, **B.Sc., M.Sc.Org,Dev.(USIU), CPA (K)**



The Chief Finance Officer is the head of Finance Department and the technical officer responsible for financial strategy and policy matters. He is responsible to the Deputy Vice-Chancellor (Finance and Development) and work closely with the Vice-Chancellor as the chief accounting officer of the University.
The Chief Finance Officer superintends and manages the finances and financial reporting obligations, and perform such other duties delegated or assigned to him by the Vice-Chancellor and Deputy Vice-Chancellor (Finance and Development).

IV. CHAIRMAN'S STATEMENT 30TH JUNE 2016



It is my Privilege to present the Annual Report and Financial Statement for the year ended 30th June 2016 for this great University.
It is my pleasure to report that the University recorded yet another year of strong performance in its effort to transform and attain world class status. The University's revenues maintained an upward trend in the recent past.

In its endeavor to provide quality education and training, the University entered into collaborations, signed MOUs (Memorandum of Understanding) and organized workshops with various stakeholders. In particular;

On 29th July 2015, Kenyatta University held a stakeholders' workshop for the upcoming School of Architecture and Spatial Planning at the Kenya School of Monetary Studies, to obtain input from the various professionals to ensure that the mounted curriculum will meet market demands.

Three scientists from Hartebeesthoek Radio Astronomy Observatory (HartRAO) visited the University on 22nd July 2015, to discuss opportunities of collaborations in radio astronomy between HartRAO and Kenyatta University

Kenyatta University and Varian have signed a Memorandum of Understanding that will see the two partners train medical personnel. This is a timely collaboration as the University looks forward to the completion of the teaching research and referral hospital.

Kenyatta University and the Ministry of Foreign Affairs and International Trade signed a Memorandum of Understanding that will provide a framework for co-operation in the field of education and training to promote human resource development for Foreign Service Officers and other officers in related government departments and the private sector.

Kenyatta University and Beijing Jiaotong University (BJTU) have signed a Memorandum of Understanding (MoU), where BJTU has agreed to support KU in development of a Railway Engineering programme in due course.

In research, Kenyatta University competitively won two grants: One from African Universities' Research Approaches Programme (AURA) and the other from the German Academic Exchange Service (DAAD).

It is worth noting that during the year 2015-2016 the University officially launched the School of Architecture and the Built Environment in a colourful ceremony held at Ruiru Campus on Monday 22nd February 2016. The University has also been fully accredited to offer Diploma and Degree programmes in Food, Nutrition and Dietetics.

IV. CHAIRMAN'S STATEMENT 30TH JUNE 2016

On infrastructure;
The University continued with the construction of teaching facilities projects such as the Teaching, Research and Referral Hospital, school of Education, the International Programmes Centre among others. The University also procured two properties in Kigali (Rwanda), in order to establish a campus.

During the year ended 30th June 2016, the University completed the following projects;

On 5th November 2015, Kenyatta University officially opened a new state-of-the-art Alumni Centre. The ultra-modern facility was officially unveiled in a colourful ceremony graced by the Mbeere South M.P and Chairman, Budget & Appropriations Committee in the National Assembly, Hon. Mutava Musyimi.

Accommodation facilities at the Mombasa Campus got a worthy boost with the opening of the state-of-the-art hostels.

On 26th January 2016, Kenyatta University officially unveiled a new Student Health Centre, Engineering Workshops as well as state-of-the-art Laboratories. The colourful ceremony was graced by the University Chancellor, Dr. Benson Wairegi who was the Chief Guest.

Kenyatta University unveiled a new state-of-the-art National Oil petrol station and Uni-City Mall on 17th February 2016. The colourful ceremony was graced by the Education Cabinet Secretary, Dr. Fred Matiang'i, University Chancellor, Dr. Benson Wairegi, My Self and representatives from National Oil Corporation, among other dignitaries.

The number of staff being accommodated within the University is set to increase following the construction of new housing units. The new units were officially opened on 14th March 2016 by the Principal Secretary in the Ministry of Land, Housing and Urban Development, Prof. Arch. Paul Maringa.

We will continue to work closely with the Government and other Collaborating partners to provide highly competitive and versatile graduates which the Country and Region need for sustainable development.

I take this opportunity to thank the Government of Kenya and all collaborating partners, both internal and external for their continued support.

Lastly I want to thank my fellow members of council, members of staff, and students for their tireless effort, team work and for achievements made in the year ended 30th June 2016.

Prof. Ratemo Michieka, EBS, FKNAS
Chairman, Kenyatta University Council

V. VICE-CHANCELLOR'S REPORT 30TH JUNE 2016



I am delighted to present the University's results for the year ended 30th June 2016. During the year under review the University remained focused on its mission to provide quality education and training, promote scholarship, service, innovation and creativity and inculcate moral values for sustainable individual and societal development.

During the year, the University put in place the necessary Internal Controls on resources to ensure that we meet the targets of revenue collection and cost control.

The University witnessed two graduation ceremonies, in the months of July 2015 and December 2015, which saw the release of over 11,845 (eleven thousand eight hundred forty five) graduands to the labour market, who are highly competitive and meet high standards of dependability.

At the Kenyatta University 39th graduation ceremony held in December 2015, Mr. Abbas Gedi Gullet (OGW, MBS) was honoured with a Doctor of Humane Letters (Honoris Causa) for his outstanding achievements in transforming the lives of thousands of people in Kenya and beyond through humanitarian support. The University also honoured Mr. Wilfred David Kiboro (EBS) with a Doctor of Business (Honoris Causa) for his outstanding achievements in leadership, governance and business.

Kenyatta University registered over 16,000 new students in the year 2015/2016 who were recently admitted to study at the Main Campus and other University Campuses.

Education, Training and Research

The University has remained focused in provision of quality education and training;

On 29th July 2015, Kenyatta University held a stakeholders' workshop for the upcoming School of Architecture and Spatial Planning at the Kenya School of Monetary Studies. The aim of the workshop was to obtain input from the various professionals to ensure that the mounted curriculum will meet market demands. The Chief Guest was the Principal Secretary, Ministry of Lands, Housing & Urban Development, Ms. Mariamu El Maawy. The existing challenges in the Kenyan context necessitated establishment of the school. Some of the challenges include emergence of sprawling urban formations in most cities that pose challenges not only to quality of dwelling spaces but the interaction and linkages of functional areas within and without such urban entities.

Three scientists from Hartebeesthoek Radio Astronomy Observatory (HartRAO) visited the University on 22nd July 2015. The purpose of the visit was to discuss opportunities of collaborations in radio astronomy between HartRAO and Kenyatta University. The team was hosted by the Deputy Vice-Chancellor (Academic) Prof. John Okumu. Radio astronomy is a new field of research in Kenya. He said that students are showing interest in radio astronomy and the collaboration will go a long way in building capacity in the department. The HartRAO has over 50 years of research experience in radio astronomy.

V. VICE-CHANCELLOR'S REPORT 30TH JUNE 2016

Kenyatta University and Varian have signed a Memorandum of Understanding that will see the two partners train medical personnel. Varian's Oncology Systems business is a world leader in the manufacture of medical devices and software for treating cancer and other medical conditions. Their target areas include; radiotherapy, radio surgery, proton therapy, and brachytherapy. Varian systems product line includes linear accelerators, simulators, after loaders, and a broad range of accessories and interconnected software tools for planning, verifying, and delivering cutting edge treatments in the fight against cancer and other diseases. They partner with physicians, scientists, and researchers around the world to offer the most advanced and cost-effective treatment technologies available. This is a great honour for Kenyatta University to be chosen for the training. It is a timely collaboration as the University looks forward to the completion of the teaching research and referral hospital

Kenyatta University and the Ministry of Foreign Affairs and International Trade signed a Memorandum of Understanding that will provide a framework for co-operation in the field of education and training to promote human resource development for Foreign Service Officers and other officers in related government departments and the private sector. The training will focus on foreign languages, communication skills, international relations, diplomatic studies and cultural studies. The co-operation will include joint workshops and seminars, basic and specialized courses among other areas of mutual interest between the Ministry and Kenyatta University. Signing of the MoU is the culmination of discussions that had been going on for two years. We are indeed glad that we are finally signing the MoU. We will work to ensure that the objectives in the MoU are achieved. Kenyatta University has the expertise, facilities and capacity to implement the objectives of the MoU.

Kenyatta University has been fully accredited to offer Diploma and Degree programmes in Food, Nutrition and Dietetics. The University was awarded the full licence by the Kenya Nutritionists and Dieticians Institute (KNDI) on Thursday, 19th November, 2015. The full licensing was preceded by a thorough inspection and audit of the available teaching-learning resources and other mandatory standards for offering academic programmes in the areas of nutrition and dietetics by a team of professional inspectors from KNDI.

Kenyatta University officially launched the School of Architecture and the Built Environment in a colourful ceremony held at Ruiru Campus on Monday 22nd February 2016. The Chief Guest was Prof. Muhammad A. Swazuri, Chairman, National Land Commission. The event drew participants from various Government and private sector agencies in the architectural and spatial planning industry. The launch of the School of Architecture and the Built Environment is part of the University's response to the increasing challenges affecting the rapid urbanization process in the country. With continued lack of quality dwelling spaces and services for most urban residents, there is need for proper urban management practices. To entrench these practices, a need for qualified manpower with requisite expertise on wise use and management of land resources in urban, sub-urban and rural areas is paramount. This is besides reducing the carbon footprint in the urbanization process. The demand for well trained professionals in the building sciences is very high not only in Kenya but the region as well. For existing schools of Architecture in public and private institutions in Kenya, the demand for professionals has hardly been met.

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Kenyatta University and Beijing Jiaotong University (BJTU) have signed a Memorandum of Understanding (MoU). This was done during a courtesy call made recently by the President of Beijing Jiaotong University (BJTU), Prof. Ning Bin. BJTU is one of the leading universities globally in the area of Railway Engineering. It is currently training the initial crop of railway engineers for maintenance upcoming Standard Guage Railway (SGR). BJTU agreed to support KU in development of a Railway Engineering programme in due course.

Kenyatta University is proud to be associated with Iowa State University (ISU). The collaboration between the two institutions has been hailed as one of the most vibrant and beneficial to Kenyatta University. This follows the notable contribution the School of Engineering and Technology has received from Iowa State University. The School of Engineering has received donations of high quality and rare books on Engineering from Iowa State University. Kenyatta University will continue to play its part to ensure that the collaboration grows stronger. Iowa State University played a key role during the negotiations towards accreditation of the programmes in the School of Engineering. Kenyatta University will do what it takes to ensure that collaboration is strong and moves on well.

Kenyatta University competitively won two grants: One from African Universities' Research Approaches Programme (AURA) and the other from the German Academic Exchange Service (DAAD). The African Universities' Research Approaches (AURA) Programme awarded Kenyatta University opportunity to become a phase one partner, among the four universities in Sub-Saharan Africa to implement people-centred innovations that will bring about economic prosperity as well as democratic and responsive governance in Africa by enhancement of the research and teaching practices. The programme is led by the Institute of Development Studies (IDS) in partnership with the Information Training and Outreach Centre for Africa (ITOCA) and Loughborough University. The German Academic Exchange Service (DAAD) awarded Kenyatta University In-Country/In-Region Programme 8 Masters Scholarships and 7 PhD Scholarships for 2015 intake, eligible in Renewable Energy Technology, Biotechnology and Environmental Planning and Management. This is in addition to 8 M.Sc. in Integrated Watershed Management scholarships in the School of Humanities and Social Sciences, Department of Geography.

On infrastructure;

To facilitate increased access to University education to Kenyans, the University planned for and embarked on projects to increase and diversify programmes. During the year under review the following projects were ongoing International Programmers Centre, School of Education, Teaching, Research and Referral Hospital, Alumni Building, health unit extension and improvement of other facilities in order to prepare for increasing enrollment.

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On 5th November 2015, Kenyatta University officially opened a new state-of-the-art Alumni Centre. The ultra-modern facility was officially unveiled in a colourful ceremony graced by the Mbeere South M.P and Chairman, Budget & Appropriations Committee in the National Assembly, Hon. Mutava Musyimi. The ceremony was a realization of a dream mooted seven (7) years ago to have a home for alumni members. As I outline the role of alumni associations in driving the success of reputable universities, the Kenyan and wider African context reflects an untapped potential in participation of alumni associations in contributing to overall University growth.

Accommodation facilities at the Mombasa Campus got a worthy boost with the opening of the state-of-the-art hostels. The construction of the hostels is in line with the University's Strategic Plan of increasing access to higher education as well as improving the welfare of students. The hostels will enable the students to access other learning facilities with ease and also ensure their security. It is pleasing to see the completion of the key facility which will lead to the creation of a conducive learning environment for Mombasa Campus students. Students are encouraged to make use of the facility responsibly as the University strives to improve the conditions of learning in all its Campuses.

On 26th January 2016, Kenyatta University officially unveiled a new Student Health Centre, Engineering Workshops as well as state-of-the-art Laboratories. The colourful ceremony was graced by the University Chancellor, Dr. Benson Wairegi who was the Chief Guest. Other guests included members of the University Council, Management, Directors, Senate, faculty members, students and representatives from the industry. The newly unveiled Student Health Centre shall provide adequate space and facilities to handle students' health matters. The facility features a spacious reception area with a triage, observation rooms, medical services and emergency rooms for acute illnesses. The facility also features laboratories for pathological investigations to enable doctors and clinicians work more efficiently. Some of the laboratory departments include Haematology, Microbiology, Parasitology, Biochemistry and Cytology. In addition, the facility houses centralized offices for medical and administrative staff.
The newly opened state-of-the-art Civil Engineering Workshops and Laboratories underscore the University's objective of transforming facilities for global standards of teaching and research.

Kenyatta University unveiled a new state-of-the-art National Oil petrol station and Uni-City Mall on 17th February 2016. The colourful ceremony was graced by the Education Cabinet Secretary, Dr. Fred Matiang'i, University Chancellor, Dr. Benson Wairegi, Chairman of Council Prof. Ratemo Michieka and representatives from National Oil Corporation, among other dignitaries. The unveiling of the two facilities was in line with the University's approach to have a third revenue stream besides funding from the Government and tuition fees paid by students.

The number of staff being accommodated within the University is set to increase following the construction of new housing units. The 60 one bedroom units will be allocated mostly to support staff especially those who work in the critical areas and those who work late in the evening. These will include those who work in the Library, Security, Health Unit, drivers and those in the Directorate of Accomodation Services, among others. The new units were officially opened on 14th March 2016 by the Principal Secretary in the Ministry of Land, Housing and Urban Development, Prof. Arch. Paul Maringa. The construction of the new units was in line with University's wider goal to provide incentives to its members and improve the welfare of its staff. It is expected that the members of staff will enjoy the benefit of living at close proximity to their work place and thus improve their productivity.

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On 17th March 2016, Kenyatta University officially unveiled the newly constructed College of Education and Lifelong Learning Complex. The event was presided over by the Chairperson, Public Service Commission, Prof. Margaret Kobia. Education is a key hallmark of Kenyatta University fame as the fountain of education degrees since its inception as a constituent college in 1970. The new College of Education Complex is a five-storied complex housing the College of Education. It features passenger lifts and ramps for increased accessibility. From a design perspective, the new complex has a central courtyard that enhances ease of interaction. The two wings of the complex house departmental offices under the college. Besides departmental offices, the complex houses a College Principal's wing, Dean's wing, Digital School wing, seminar rooms for postgraduate teaching, lecture rooms, education resource rooms and library. In addition, it has lecturers' offices and graduate students' offices.

Kenyatta University officially unveiled a new Centre for International Programmes Complex at the Main Campus on 8th March 2016. The Chief Guest was H.E. Mr. John Moreti, Botswana High Commissioner to Kenya. The colourful event drew participation from ambassadors and consular representatives from various African Countries including Ethiopia, Malawi, Angola, Liberia, Sudan, Nigeria, Botswana and South Sudan. The opening of the new Centre for International Programmes and Collaborations is evidence of Kenyatta University's commitment to providing globally competitive facilities to support learning and research. The decision to set it up was borne out of a desire to have a home for international students and faculty. This is in line with the University's internationalization agenda as part of the Strategic Plan. The newly opened Centre for International Programmes Complex at Kenyatta University is the home for the Centre for International Programmes and Collaborations. It shall serve to aid in forging closer links with academic institutions locally and internationally while enhancing mobility of staff and students through programme exchanges and capacity development. The new home for international students provides resource rooms, exhibition room, computer labs, seminar rooms, directorate offices, ample spaces for visiting professors, a registry, accommodation suites, cafeteria, gymnasium and laundry room.

Staff Training

Members of the University Management Board, Deans of Schools and Directors of campuses attended an awareness training conducted at the University by officers from the Directorate of National Cohesion and National Values. This is in line with the University's commitment to the 2015/2016 University Performance Contract with the Government of Kenya by mainstreaming National Cohesion and National Values in the University's programmes and activities. The sensitization training took place on 6th June 2016 at Kenyatta University Conference Centre. The training will not only help the University achieve its performance contract targets but also strengthen the mechanisms already in place towards main streaming National Cohesion and National Values in its programmes and activities.

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Other Activities;

Barack Obama, the 44th president of the United States of America, visited KU on Sunday 26th July 2015. The second oldest university in Kenya, strategically located on Kenya's first ever super highway, is the inaugural home of YALI (Young African Leasers Initiative). Barack Obama came to KU to open the YALI centre, hosted in the Chandaria Business Innovation and Incubation Centre (CBIIC). The YALI centre currently hosted by KU is the hub for East and Central Africa. During his visit, Barack Obama met and held discussions with YALI members spearheading various civil society initiatives. The visit was President Obama's first to his ancestral homeland since becoming president of the USA. The YALI Regional Centre, the brain child of President Obama, is a welcome addition to the many progressive initiatives that the University is pursuing to empower youth for individual and societal transformation

The newly elected Kenyatta University Student's Association (KUSA) Executive officials were sworn in on 30th October 2015 at the institutions amphitheatre. The auspicious occasion filled with pomp and colour was graced by the former Vice-Chancellor, Prof. Olive Mugenda, members of Management, Deans, Directors and Students who turned out in large numbers to witness the swearing in of their elected leaders. During the ceremony, the elected KUSA leadership swore to adhere to the KUSA Constitution and University policies.

On 7th October 2015, Kenyatta University @30 celebrations were officially opened in a colourful ceremony held at the Bishop Square, Main Campus. The Chief Guest was the Chairman, Nation Media Group, Mr. Wilfred Kiboro. The historic celebrations featured diverse activities and entertainment as well as cultural exhibitions under the theme; 'Embracing Culture in a Digital Age' The opening ceremony was characterized by eclectic performances from various troupes from across the national divide and beyond. A key feature of the day's performances was rich socio-cultural diversity showcased.

On October 29th 2015, Kenyatta University held a successful security drill at the Main Campus. The drill was the culmination of security sensitization awareness and training in collaboration with the disciplined forces. The joint drills brought together members of the University community and disciplined forces in simulated performances on different security situations. The drills involved various security scenarios including explosives and armed attacks. Since May 2015, Kenyatta University has continued to put in place measures to enhance security through training and awareness. During the period, various members of the University community have been trained on security including the Management Board, Deans, Directors, departmental chairs, security personnel, staff and students.

To remain prepared at all times in case of fire tragedy within the University, Kenyatta University has acquired a 17,320 tare weight fire engine. The fire engine is specially designed to transport fire fighters to the scene and also to carry tools and equipment needed by the fire fighters. The new engine was unveiled by the former Vice-Chancellor, Prof. Olive Mugenda, in an event graced by the University Management, staff and students. The high lift fire pump nozzle is able to manage fires up to the fifth floor of a storied building. The University found it necessary to prepare for any fire outbreaks within the University and its environs.

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In an effort to continually provide holistic funeral services and comfort to the bereaved in a flexible manner shaped by community needs for efficient, all –inclusive and value added services, the Kenyatta University Funeral Home acquired a new fully equipped hearse. It is envisioned that this, among other improvements at the funeral home, will enhance her hospitality and customer service unit for clients seeking serenity, comfort, private and prioritised services in line with industry standards.

Kenyatta University community bid farewell to former Vice-Chancellor, Prof. Olive Mugenda in separate ceremonies organised by students, staff and the University Council. Prof. Mugenda was celebrated and hailed for the tremendous growth witnessed during her ten year tenure at the helm of the University. It was a time to look back and take stock of the great strides that Kenyatta University had made during the last ten years under the strategic and transformative leadership of Prof. Olive Mugenda.
Kenyatta University will always have a place for her in its history. We are proud of her and we shall always treasure the wonderful achievements made in this institution and the indelible mark she have left in the lives of many of us.

The management of the National Oil Petrol Station at the Uni-City Mall was officially handed over to Kenyatta University in a colourful ceremony held at the station on 8th April 2016. Kenyatta University has the requisite capacity to achieve the desired objectives of the station by providing quality services. The handing over was the culmination of a journey that started when National Oil Corporation of Kenya entered into an agreement with Kenyatta University to develop the petrol station. I express gratitude for the partnership and pledge that Kenyatta University will play its role to ensure the two institutions mutually benefit from the venture. Necessary systems have been put in place to ensure uninterrupted operations at the petrol station.

Appreciation

In conclusion, I take this opportunity to convey my appreciation and gratitude to the University Council, Management and all members of staff for their commitment to work and their timeliness and splendid effort that have seen Kenyatta University move towards its goal of becoming a world -class University.

Finally, I would like to thank the Government, Local and International Donors, Suppliers and Service providers for their trust, guidance and continued co-operation.

Prof. Paul K. Wainaina, Ph.D.
AG. VICE-CHANCELLOR

VI. CORPORATE GOVERNANCE STATEMENT

Introduction

The statement outlines the key aspects of the University's corporate governance framework. Corporate governance is the process by which the University is directed, controlled and held to account. It provides the structure through which the strategic objectives of the University are set, and the means of attaining them as well as monitoring performance. Corporate Governance dictates the engagement between the University Council, Senate, Management Board, Regulators and all Stakeholders.

The University in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission, and core values for sustainability of the University.

The governing organs of the University are:

(i) The University Council;
(ii) The Senate of the University;
(iii) The University Management Board.

(i) The University Council

Council Charter

The Council is guided by the Council Charter which defines the governance guidelines within which the Council exists and operates. It clearly states the respective roles, responsibilities and authorities of the Council and its Committees.

Council Appointment and Composition

In accordance with the Universities Act No. 42 of 2012, clause 36(1) the Council consists of nine persons appointed by the Cabinet Secretary for a period of three years and are eligible for re-appointment for a further one term as follows:

- The Chairperson
- Principal Secretary Ministry of Education
- Principal Secretary the Ministry of Finance, The National Treasury
- Five members appointed by the Cabinet Secretary
- The Vice-Chancellor who is an ex-officio member of the Council.

The University Charter (Clause17) requires that the members of the Council at the first meeting after their appointment determine by lot which of their number shall vacate office after a period of three and four years respectively.

Council Diversity

The Council members possess a broad range of skills, expertise, experience and knowledge essential to undertake the University's mandate. The areas of expertise of the current Council members include science and environment, education, sociology, economics, counseling, communication, Agronomy, banking and tourism among others. The Council biographies appear on pages 9 to 11 of this Annual Report.

The University endeavors to and remains compliant with the one third (1/3) gender balance.

Separation of Powers and Duties

The Chairman of Council's responsibilities include the operation, leadership and governance of the Council, ensuring its effectiveness and setting its agenda. The Vice-Chancellor's role and responsibilities include the day-to-day management of the University's business and overseeing the implementation of strategies and policies approved by the Council. This is clearly stipulated in the University Statutes.

VI. CORPORATE GOVERNANCE STATEMENT

Powers and Functions of the Council

The powers and functions of the Council include:

- To make new or additional Statutes, alter, amend or revoke existing Statutes in consultation with the Senate;
- To establish such standing or other committees with membership and with such terms of reference as it may deem fit;
- To make regulations in accordance with the Charter for any purpose in respect of which regulations may be made, provided that no regulations shall be made until Senate has had an opportunity of reporting thereon;
- To provide the land, building, premises, furniture and equipment, including specialized scientific equipments, vehicles, machinery, facilities and other means required for carrying out the work of the University;
- To determine method of recruitment, appointment and promotion of all staff of the University;
- To make the appointments authorized by the Charter and the Statutes and to determine the terms and conditions of service for all staff of the University;
- To provide for the welfare of every person in the employment of the University;
- To establish, confirm, abolish or hold in suspense any professorship, lectureship or other academic, as well as other senior administrative posts in consultation with the Senate;
- To confer, after report from Senate, the title of Professor Emeritus, Adjunct Professor, Adjunct Faculty and other senior staff;
- To receive, consider and approve from University Management Board estimates of expenditure required to carry out the work of the University and to provide the requisite in so far as the estimates are approved and accepted by the Council;
- To provide control and regulate the finances of the University as the Council may provide in the Statutes or Regulations from time to time;
- To control, manage and regulate accounts, investment property and all the business affairs of the University and for that purpose appoint bankers, auditors, lawyers or any other agent as the Council may deem necessary from time to time;
- To promote and make financial provisions and facilities for research within the University;
- To determine, after considering the recommendations of Senate, all fees payable to the University;
- To invest any moneys belonging to the University including any unapplied income, in such stocks, funds, fully paid shares or securities as Council may from time to time think fit, in accordance with the general law for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rent and subject to the Charter with the power of varying such investment from time to time by sale or re–investment or otherwise;
- To sell, buy, exchange, lease, grants or take on lease moveable and immovable property on behalf of the University, pursuant to section 17 of the Charter;

- To borrow money on behalf of the University, and for that purpose and subject to the Charter, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon moveable property or otherwise as the Council may deem fit;
- To enter into, vary, carry out or terminate contracts on behalf of the University;
- To select a Seal, Arms and Mace for the University and to have the sole custody and use of the Seal;
- To provide by Statutes for the creation of new Colleges, Campuses, Schools, Departments, Directorates, Institutes, Centres or other bodies of learning and research in the University and for the abolition from time to time of any such bodies, and to approve the establishment, abolition or sub-division of any such bodies on the recommendation of Senate;
- To institute, on the recommendation of Senate, donors' fellowships, studentships, exhibitions, bursaries, prizes and other aids to study and research where appropriate and upon conditions acceptable to the Council;
- To determine the terms and conditions upon which Internal and External Examiners shall be appointed by the Senate;
- To consider and give effect to reports from Senate on those matters upon which Senate is authorized or required to make by the Statute;
- To exercise powers of removal from office for good cause of any officer or staff member and other disciplinary controls in the University;
- May empower any of its committee to act jointly with any committee appointed by the Senate, provided that the Council shall not delegate to the Chairperson or to a committee the powers to approve without further reference to the Council the annual Estimates of Expenditure;
- May refer any financial matters affecting the academic policy of the University to the Senate for advice;
- Shall determine the method and condition of appointment and promotion, terms of service and remuneration of all staff of the University;
- Shall authorize or control the establishment and disestablishment of Campuses, Colleges, Schools, Departments, Directorates, Institutes, Bureau, Units and Centres;
- Shall authorize or control the establishment and disestablishment of academic, library, administrative, technical, secretarial and all other posts in the University necessary for the proper functioning of the University;
- Shall control the appointment of any other persons working for the University, pay honoraria, fees and other remuneration as the Council may determine from time to time.

Meetings of the Council

While the Council is responsible for its agenda, it is the responsibility of the Chairman and the Council Secretariat working closely with the Vice-Chancellor, to come up with the Annual Council Work Plan and Agenda for the Council meetings.

The Council Work Plan together with the calendar of meetings for the financial year 2015/2016 was fixed in advance and provided to all Council members. The agenda and supporting papers were distributed in advance of all members of the Council and its Committee's.

VI. CORPORATE GOVERNANCE STATEMENT

Unless the Council otherwise determines, meetings of the Council are held at least four times in each calendar year at such a place and time as the Chairperson may determine.

At all meetings of the Council, a quorum is the nearest whole number above half the membership of the Council.
Where consensus is not achieved, decisions of the Council may be by a simple majority vote of those present and voting.

The Chairperson may at any time call a meeting of the Council within twenty eight (28) days of receiving request for that purpose addressed to him and signed by at least a half of the membership of Council.

Councils' Effectiveness
In order to ensure that the Council members are effective in their contribution to the management of the University, it is important that they develop good understanding of the University and its operations.

Council members undergo regular training to enable them to fulfill their responsibilities. In the year 2015/2016 the University conducted induction from 19th to 21st November 2015.
The University has also developed a comprehensive induction program and inducts all new board members.

Evaluation

The Council has put in place evaluation system to ensure that the Council achieves their objective. In the year under review, an evaluation of the Council, its Committees and the University as a whole was done in the month of November 2015. The results of the evaluation are utilized to identify training need of the Council and the employees of the University.

Council Committees

The University has a total of eight committees whose chairperson reports to the main Council and assists in executing the mandate of the Council and by extension, the University.

I. Finance, Building and Development Committee:

Membership

- Council Member - Chairperson
- Vice-Chancellor
- Principal Secretary Ministry of Education
- Principal Secretary, Ministry of Finance & National Treasury
- One Council Member
- Principal Secretary, Ministry for Works, Housing & physical Planning

VI. CORPORATE GOVERNANCE STATEMENT

Terms of Reference

- To receive, consider and submit the proposed budget estimates from the relevant sectors for approval by Council.
- To control the banking and investment operations of the Council and to make provision for the examination of all the bills and accounts and for the discharge of liabilities incurred by the University.
- To control all the expenditure of the University under approved Annual Estimates.
- To receive and consider all requests for authorization of expenditure more than the approved Annual Estimate and make recommendation to Council.
- To prepare University Development Plan for an approved period and submit to Council
- To consider and propose fees and other rates of the Council.
- To keep under review approved development programmes and to ascertain that the objectives of the University are being achieved and to make recommendations thereon to Council.
- To report to Council all matters related to finance and development.
- To ensure that accurate records are kept on the establishments in the University.
- To exercise such powers as the Council may from time to time delegate to the Committee

II. Terms and Conditions of Service Committee

Membership

- Council Member - Chairperson
- One Council Member
- Vice-Chancellor
- Principal Secretary Ministry of Education
- Principal Secretary Ministry of Finance & National Treasury

Terms of Reference

- To determine and review terms and conditions of service of all staff in the University

- To considerations of service of all staff in the University.
- To consider proposals of terms and conditions of service made by staff union through the University Management Board.

III. Appointment and Promotion for Associate Professors, Professors and Equivalent Grades Committee

Membership

- Chairman of Council – Chairperson
- One Council Member
- Vice-Chancellor

Terms of Reference

- The Committee is responsible to the Council for the appointments and promotions of Associates Professors, Professors and Equivalent grades as may be determined by the Council.

IV. Disciplinary Board for Staff Committee

Disciplinary Board for Senior Staff (Grades A-F, Graduate Assistants to Professor and Equivalent Grades)

Membership

- Vice-Chancellor - Chairperson
- One Member of Council

Terms of Reference

- The committee is responsible to the Council for the discipline, suspension and removal from service of all senior staff (Grades A-F, Graduate Assistants to professor and equivalent grades) as may be determined by the Council.

V. Staff Appeals Board Committee

Membership

- Chairman of Council - Chairperson
- Vice-Chancellor
- Two Members of Council

Terms of Reference

- To consider and determine appeals from individual members of staff against decisions in relation to their discipline from both the junior and the senior Board of discipline.

VI. Honorary Degrees Committee

Membership

- Vice-Chancellor - Chairperson
- Chairperson of Council
- One Member of Council

Terms of Reference

- To receive and consider nomination from the various Boards of Schools and Institutes for the award (s) of honorary degree and fellowships.
- To recommend to the Senate persons deemed fit for the award of honorary degrees.

VII. Sealing Committee

Membership

- Chairperson of Council - Chairperson
- Vice-Chancellor
- One Member of Council

Terms of Reference

- To receive, verify and seal certificates before they are issued to graduands.

VIII. Audit Committee

Membership

- One Member of Council - Chairperson
- Vice-Chancellor
- Principal Secretary Ministry of Education
- Principal Secretary Ministry of Finance & National Treasury
- One Member of Council

Terms of Reference

- Evaluating adequacy of management procedure with regard to issues relating to risk management, control and governance
- Reviewing and approving the audit charter where applicable and internal audit annual work plan.
- Reviewing internal and external audit finding and recommendations and proposing corrective and preventive action where necessary.
- Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- Initiating special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer/Chief Executive Officer.

VI. CORPORATE GOVERNANCE STATEMENT

Council Remuneration

The University Non-Executive Council Members are paid a sitting allowance for every meeting attended. They are not eligible for pension scheme membership. However the Chancellor and the Chairman of Council receives a honoraria on a monthly basis as indicated in Note 10 of the Financial Statements.
Council allowances are based on approved rates and guidance provided in Government Circulars

Conflict of Interest

The Council members are obligated to fully disclose to the Council any real or potential conflict of interest, which comes to any Council member's attention, whether direct or indirect. At any meeting the Council members are expected to make a declaration of any interest they may have in the business under discussion. In the financial year under review, there were no transactions with any of the Council members or their related parties.

Code of Conduct and Ethics

The University has a code of conduct and ethics policy that binds the Council members, management and employees. When joining the University, every employee is provided with a copy of the code of conduct and ethics policy and must commit to abide by its requirements as part of the employment contract with the University.

Whistle Blowing Policy

This is provided for in Kenyatta University Anti-Corruption Policy Clause 17. Which states that the University undertakes to protect the identity of persons making corruption disclosures and the information provide therein shall be handled in utmost confidentiality.
Allegations that are false and made with malicious intent are discouraged. Where such malicious or allegations are discovered, the person who made the allegation shall be subjected to disciplinary action.

Risk Management and Internal Controls

The University Council is responsible for the University system of risk management and internal control, which is designed to identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/curb the risk.
The Council has delegated responsibility for the ongoing monitoring of the effectiveness of this system to the Audit Committee. Details in relation to the Audit Committee's work in this regard are set out in the University Statutes.
The Vice-Chancellor is responsible for implementing the system, including a system of internal controls and audits, to identify and manage risks that are material to the University. Independent review of the risk management framework is carried out through the University Internal Audit function that carries out risk based internal audit on regular basis.
The University has an in-house legal officer and has appointed advocates to advice on litigation risks.
The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The University Council through its Audit

VI. CORPORATE GOVERNANCE STATEMENT

Committee receives regular reports during the year on internal controls and risks.

The University's Key Risks include;

1. Strategic/Commercial Risks
2. Economical/Financial/Market Risks
3. Legal and Regulatory Risks
4. Organization/Management/Human Factor Risks
5. Political Risks
6. Environmental Risks
7. Technical/Operational/Infrastructure Risks

Compliance

The Council operates in a manner reflecting the University's values and in accordance with the Corporate Guidance, the University Act, University Charter, University Statutes, Council Charter, Mwongozo and all other applicable regulations.

The Council is committed to ensuring that it complies with all applicable laws and regulations

Governance Audit

The University participated in the Champions of Governance Award and took the first position in the Education Institutions' category during the champions of Governance Awards Gala night organized by the Institute of Certified Public Secretaries of Kenya.

Stakeholders

Stakeholders may be categorized, on the basis of location, into internal and external. Internal stakeholders include those inside an organization . These include students and employees. On the other hand, external stakeholders are based outside the organization, but have implications for survival of the organization. These include customers, suppliers, government agencies, development partners, local communities, alumni, external examiners and trade unions.

Going Concern

The Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Conclusion

The Council recognizes that practices and procedures can always be improved. Accordingly, the corporate governance framework of the University is kept under review to take account of changing standards and regulations.

VI. CORPORATE GOVERNANCE STATEMENT

Number of Council Meetings held during the year 2015/2016

S/No	Type of Meeting	Number of Meetings
1	Full Council	4
2	Terms and Conditions of Service Committee	3
3	Audit Committee	1
4	Finance, Building and Development Committee	3
5	Sealing Committee	3
	Total	**14**

(ii) The Senate of the University

Membership

The membership of the Senate shall be:-

- The Vice-Chancellor, who shall be the Chairperson;
- The Deputy Vice-Chancellors;
- The Principals of each Constituent College;
- The Principals of each College within the University;
- Registrars;
- Executive Deans;
- Directors of Campuses;
- Chairpersons of Departments;
- One Professor representing each College;
- The Chief University Librarian;
- The Chief Finance Officer;
- Director of Student Affairs;
- Director Information, Communication and Technology Services (ICT);
- Two members elected by the students' organization, who shall be entitled to attend
- deliberations of the Senate on matters which are considered by the Chairperson of the Senate to be confidential of which relate to examinations, the general discipline of students, and other related matters; and
- Such other member as Council may determine in accordance with the Statute

The Deputy Vice-Chancellor is in charge of Academic affairs shall be secretary to the senate.

VI CORPORATE GOVERNANCE STATEMENT

The Senate shall have the following powers and duties:-

1) To satisfy itself regarding the content and academic standard of any course of study in respect to any degree, diploma, certificate or other award of the University;
2) To propose regulations to be made by the Council regarding the eligibility of persons for admission to degree, diploma and certificate programmes;
3) To propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma , certificate or other awards of the University;
4) To decide which person has attained such standard of proficiency and are otherwise fit to be granted a degree, diploma, certificate or other awards of the University;
5) To make regulations governing such other matters as are within its powers in accordance with this Charter or the Statutes.

The Senate may, subject to the Act, the Charter, Statutes and Regulations, establish committees consisting of such members of the Senate or any other persons as it may deem fit and may delegate any of its powers or duties to the Chairperson or any of its committee (s).

(iii) The University Management Board

Members of the University Management Board shall be;

- The Vice-chancellor, who shall be the Chairperson;
- The Deputy Vice-Chancellors;
- Registrars;
- Chief Finance Officer
- Chief Legal Officer
- Such other member of senior management as the Council may determine and as provided for in the statutes.

The University Management Board shall assist the Vice-Chancellor in;

1) The Management of urgent day-to-day academic, administrative, research, development and outreach issues;
2) The efficient management of the human, physical, and financial resources of the University;
3) Coordination of University and colleges strategic and development plans;
4) Make proposals to Senate and Council on issues that have University-wide application;
5) Receive proposals from different sectors of the University for recommendation for Council consideration;
6) The implementation of Council and Senate approved policies;
7) Any other matters related to the management of the University.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kenyatta University is committed to being a responsible organization, both in how she works with students and staff but also in terms of how she contributes to the wider community and the world around us.

Service to humanity is one of the major components of Kenyatta University Mission. To assist in accomplishing its mission, Kenyatta University initiated a Directorate of Community Outreach and Extension Programmes (COEP) in August 2007.

The Main objective of COEP is to facilitate Kenyatta University Community to reach out and touch the lives of Kenyan by extending knowledge, skills, information and other resources that would help to improve the quality of individual, families and community life. The Directorate of COEP further helps communities identify, mobilize and utilize the resources available to them for their own development.

Kenyatta University has a wide range of abilities as a result of diverse areas of training and experiences, COEP gives everybody in the University, both staff members and the students an opportunity to reach out and extend their services to the communities in any part of this nation and beyond based on the identified needs. This is a gesture of Kenyatta University giving back to the Kenyan society within which the University exists.

Major Programmes under COEP include:

1. Students' Community Service Programme

- Facilitate students in community service project, extended services to communities of their choice
- Conduct training seminars for students going for community service projects
- Co-ordinate field supervision for students in community service projects
- Analyse students' field report, for impact assessment and further intervention.

2. Development of Community based Project proposals by Kenyatta University Departments/ Units

- Conduct baseline survey to determine community needs,
- Develop fundable community-based project proposals,
- Establish links with relevant collaborators,
- Implementing, monitoring and evaluation of community projects,
- Compile and disseminate project reports,
- Follow up for impact assessment and determine further intervention.

3. Train underprivileged youths in Trade Skills to empower them for employment

- Developing training programmes for disadvantaged youths,
- Recruit and admit the youth to the appropriate programmes,

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

- Impact the youth with employable knowledge and skills,
- Prepare the trained youth for the Government trade tests.

4. University Response to National Crisis

- Collect materials and financial donations from Kenyatta University community and other willing donors,
- Supply the donations to the people in need.

In the past, the directorate in partnership with clubs/departments/religious movements has organized and undertaken response to National Crises initiatives as well as mentoring visits, offering free medical camps, environmental conservation activities at schools, children's homes and at village level. Notably:

1. In the month of October 2015, the directorate mounted a one day medical camp in Maragua Murang'a County and treated 500 patients (both adult and children). This was in partnership with the School of Medicine, Directorate of Health Services and Career Development and Placement, department of Psychology, Physical and Health Education, Nutrition and Dietetics and Environmental Education. External partners included Ahadi Kenya, Kenya Women and Children Wellness Centre, Family Option (Thika), Save our Souls (Buruburu), Aids Health Foundation, Maragua Rural Hospital, Lions Eyes Clinic, Murang'a County Aids and STI Coordinating Office and various Pharmaceutical Companies.
2. COEP with the support of the Vice Chancellor, mobilized donations from the University community in form of food, clothing, firewood and blankets that were given to survivors of Huruma Building Tragedy on 10th May 2016.
3. The Directorate in partnership with Teachers Environmental Rescue (TER) organized Cleanup activities at Ruiru Market on 13th May 2015. This involved sweeping and collecting garbage in the market, clearing blocked ditches as well as environmental education to the public.
4. COEP members of staff joined a mission organized by KU Christian Movement at Samburu (ole Sipi, Ol Donyo and wasin) on 21st April 2016. Visiting poor families and mentoring children were some of the mission's activities. COEP gave donations in the form of food, clothes and personal items to the resident children.
5. In the month of February 2016, COEP in collaboration with KU SDA church organized a free Medical camp at Kiwanja Chief's camp. 106 students and staff from the directorate of University Health Services, Directorate of wellness, School of Medicine, Department of Psychology, Aids Control Unit, Registrars from Kiambu Hospital participated in the camp where 500 residents from Kiwanja benefited from the camp.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kenyatta University in her effort to improve access to Higher Education for Orphans and Vulnerable Students (OVS) established the Financial Aid Office (FAO) with the mandate to mobilize funds for scholarships in February 2009. The initiative of the Vice-Chancellor is in line with the Kenyatta University (KU) philosophy statement; being, "sensitive and responsive to societal needs and the right of every person to knowledge", and lays emphasis on the societal development of an individual.

The Objectives of the Financial Aid Office are:

- To empower orphans and vulnerable students by enabling them acquire higher education through financial support
- To establish deliberate methods of empowering women in acquisition of higher education so that they can become role models for other women in society
- To support the education of the disabled so as to make them self-reliant and useful members of society
- To continuously seek for sources of funding as a means of establishing a sustainable OVS Fund.

In the year ended 30th June 2016;

The Financial Aid Office advertised for 100 OVS Scholarship on 17th June 2015 and this attracted 408 applicants. The categories advertised were;

1. OVS-HELB scholarship for new students
2. Sports scholarship for those talented in sports
3. Performing Art Scholarship for those talented in Theatre Art, Fine Art and Music
4. Scholarship for Continuing Students.

Following a strict criteria, the scholarships were awarded as follows;

SN	SCHOLARSHIP TYPE	NUMBER AWARDED
1	OVS-HELB Scholarship	72
2	Sports Scholarship	6
3	Performing Art Scholarship	5
4	Scholarship for Continuing Students	30
	Total	113

VIII. STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES FOR THE YEAR ENDED 30TH JUNE 2016

Section 81 of the Public Finance Management Act, 2012, section 15 of the State corporation Act and section 47 of the University Act, 2012, require that the Council prepares financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University and is responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the manner required by the University Act, 2012 and Kenyatta University Charter. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2016, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the 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.

Approval of the financial statements

The University's financial statements were approved by the Board and signed on its behalf by:

Prof. Paul K. Wainaina, Ph.D.
AG. VICE-CHANCELLOR

Prof. Ratemo Michieka, EBS, FKNAS
CHAIRMAN OF COUNCIL

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenyatta University set out on pages 42 to 78, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with provisions of Article 229 of the Constitution Kenya and Section 35 of the Public Audit Act, 2015. 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 Public Sector Accounting Standards (Accrual Basis) and for such internal control 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 47 of the Public Audit Act, 2015.

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 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. 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 misstatements.

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 judgement, 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 circumstance, 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 management, 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

The current liabilities of Kshs.1,904,966,408 as at 30 June 2016 exceed the current assets of Kshs.571,529,518 resulting to a negative working capital balance of Kshs.1,333,436,890 which indicates that the University may be unable to meet its financial obligations as and when they fall due. The University is therefore technically insolvent and the financial statements have been prepared on a going-concern basis only on the assumption that it will continue to receive financial support from the Government, creditors and donors.

2. Property Plant and Equipment

2.1 Encroached Land by Squatters

As similarly reported in the previous year, the property, plant and equipment balance of Kshs.18,491,900,965 reflected in the statement of financial position as at 30 June 2016 includes land registration No.11026/2 measuring 445.17 hectares on which the main campus of the University is built. Included in the 445.17 hectares is a portion of land measuring 12.472 hectares valued at Kshs.123,281,555 that has been illegally encroached upon by squatters. Although the University has filed a case in a Court against the encroachers, the matter has not been determined and the squatters continue to erect buildings on the land.

2.2 Land without Ownership Documents

The property, plant and equipment balance of Kshs.18,491,900,965 further includes land valued at Kshs.880,000 acquired from Lagdera Constituency Development Fund in Garissa County. However, ownership documents for the land were not availed for audit verification and as a result, it has not been possible to confirm that the land is owned by the University.

2.3 Land Originally Excised from Public Road Reserve

In addition, the property, plant and equipment balance of Kshs.18,491,900,965 includes a piece of land LR No NKU-Block 9/108 in Nakuru Town measuring approximately 0.0231 hectares or 0.0570 acres and valued at Kshs.2,018,237 issued with a certificate of lease dated 2 November 2009 for lease period of 99 years. However, information available indicates that the land was originally excised

from a public road reserve measuring 10m x 32.93m previously separating plot numbers 86 and 87 leaving a narrow lane of three (3) meters. As similarly reported in the previous year, the matter was reported to the Nakuru County Government which in turn requested the National Land Commission to conduct investigations to establish the circumstances under which the road was excised and allocated to an individual who subsequently sold the same to the University.

In the circumstances, it has not been possible to confirm ownership by the University of the three portions of land valued at Kshs.126,179,792 as at 30 June 2016.

3. Receivables from Non-exchange Transactions

As similarly reported in the previous year, the receivables from non-exchange transactions balance of Kshs.127,919,128 reflected in the statement of financial position as at 30 June 2016 includes imprest control balance of Kshs.21,837,201 as analyzed under Note 17 to the financial statements, out of which imprest of Kshs.9,089,087 has been outstanding for over one year. Further, the balance of Kshs.127,919,128 also includes an amount of Kshs.6,624,592 in respect of staff debts out of which Kshs.1,421,445 relates to car loans due from four (4) officers who have since left the University which have been outstanding for a long period of time. The loans were issued by National Bank of Kenya and guaranteed by the University but the staff defaulted in repayment after they left the University. The bank however recovered the amounts owed together with accrued interest from the fixed deposit account of the University. It is not clear how the vehicle log books were released to the ex-staff and how the ex-employees were cleared by management before the University had fully recovered the outstanding loans from them. In the circumstances, it has not been possible to confirm recoverability of the whole of the receivables from non-exchange transactions totalling to Kshs.10,510,532 as at 30 June 2016.

Qualified Opinion

In my opinion, except for the effect of matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of Kenyatta University as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 of the Laws of Kenya.

Other Matter

Non-compliance with National Cohesion and Integration Act, 2008

Chapter Seven of the National Cohesion and Integration Act, 2008 states that all Public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff. Further, no public establishment shall have more than one third of its staff from the same ethnic community. However, a review of the University staff data revealed that one ethnic community accounted for 37% of the senate and 45% of the University senior management. Further, the same ethnic

community accounted for 38% of academic staff and 39% of non-teaching staff. It was also observed that out of 49 teaching staff and 72 non-teaching staff recruited during the year, 24.5% and 27.8% respectively were from the said ethnic community, and as a result, the University failed to improve staff ethnic balance during the year under review. The University management has therefore breached the law on diversity in staffing of public establishments.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

07 August 2017

KENYATTA UNIVERSITY
X. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	NOTES	2016 Kshs.	2015 Kshs.
ASSETS			
CURRENT ASSETS			
Cash and Bank Balances	16	81,692,218	390,496,965
Receivables from exchange transactions	17a	146,051,441	34,029,741
Receivables from non-exchange transactions	17b	127,919,128	405,984,228
Inventories	18	89,363,092	61,848,218
Investments	19	126,503,640	26,524,647
		571,529,518	**918,883,799**
NON - CURRENT ASSETS			
Property, Plant and Equipments	20	18,491,900,965	12,164,763,086
		18,491,900,965	12,164,763,086
TOTAL ASSETS		**19,063,430,484**	**13,083,646,885**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	21a	1,026,118,320	636,972,756
Refundable deposits from customers	21b	83,698,000	100,820,000
Payment received in advance	21c	32,249,743	35,794,776
Current portion of borrowings	21d	762,900,344	72,403,799
		1,904,966,408	**845,991,330**
NON-CURRENT LIABILITIES			
Borrowings	22a	1,112,497,610	806,926,478
Deferred Income	22b	23,500,000	24,000,000
		1,135,997,610	**830,926,478**
Total Liabilities		**3,040,964,018**	**1,676,917,808**
NET ASSETS		**16,022,466,466**	**11,406,729,077**
Accumulated Surplus	23	8,677,709,775	8,584,546,717
Revaluation Reserve	23	4,394,045,564	28,721,234
Capital Fund	23	2,950,711,126	2,793,461,126
TOTAL NET ASSETS AND LIABILITIES		**16,022,466,466**	**11,406,729,077**

The Financial Statements set out on pages 42 to 78 were signed on behalf of the University council members by:

Prof. Paul K. Wainaina, Ph.D.
Ag. Vice Chancellor
Date.....21/07/2017.....

Prof.Ratemo Michieka, EBS,FKNAS.,
Chairman of Council
Date.....21/07/2017.

KENYATTA UNIVERSITY
IX. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 Kshs.	2015 Kshs.
Revenue From Non-Exchange Transactions			
Government Grant	4	3,128,934,681	3,185,791,190
		3,128,934,681	**3,185,791,190**
Revenue From Exchange Transactions			
Tuition & Other Fees	5	6,104,228,062	5,444,777,689
Income Generating Activities	6	67,078,348	125,928,551
		6,171,306,410	**5,570,706,240**
Other Incomes	7	295,221,111	426,486,470
Total Revenue		**9,595,462,202**	**9,182,983,900**
Expenses			
Telephone, Electricity and Water	8	302,137,967	278,126,679
Personal Emoluments	9	5,682,895,658	5,462,780,328
Council Expenses	10	15,244,276	7,953,547
Depreciation	11	492,070,809	416,510,004
Repairs and Maintenance	12	518,718,100	371,023,814
Contracted Professional Services	13	79,307,446	66,916,751
Operation Expenses	14	2,231,553,808	1,748,609,228
Finance Cost	15	180,371,079	82,077,448
Total Expenses		**9,502,299,143**	**8,433,997,799**
SURPLUS FOR THE PERIOD		**93,163,059**	**748,986,101**

KENYATTA UNIVERSITY
XI. STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30TH JUNE, 2016

Cash flow from operating expenses	NOTES	2016 Kshs.	2015 Kshs.
Surplus for the period		93,163,059	748,986,101
Non-Cash Movement			
Depreciation	11	492,070,809	416,510,004
Bad & Doubtful Debts	14	(18,449,267)	3,962,510
Bank Loan Interest	15	180,371,079	82,077,448
Interest Received	7	(6,586,694)	(10,784,682)
Amortisation of Deferred Income	7	(500,000)	(500,000)
		740,068,986	**1,240,251,380**
Increase in Inventories	18	(27,514,874)	(2,110,288)
Decrease in Debtors & Receivables	17	184,492,666	(39,625,103)
Increase in Trade & Other Payables	21	368,478,532	(206,948,721)
CashFlow From Operating Activities		**525,456,324**	**(248,684,112)**
Net Cash from Operating Activities		**1,265,525,311**	**991,567,268**
Cash Flows From Investing Activities			
Property, Plant and Equipment	20	(2,443,884,358)	(2,223,626,709)
Interest Income Received	7	6,586,694	10,784,682
Net Cash Flow From Investing Activities		**(2,437,297,665)**	**(2,212,842,027)**
Cash Flow From Financing Activities			
Bank Loan Repaid	22a	(109,428,868)	(97,012,105)
Co-operative Bank Loan Received	22a	415,000,000	405,000,000
Bank Loan Interest Paid	15	(180,371,079)	(82,077,448)
Capital Grants (GOK)	23	147,250,000	548,500,000
Net Cash Flow used in Financing Activities		**272,450,053**	**774,410,447**
Net Increase in Cash & Cash Equivalents		**(899,322,301)**	**(446,864,311)**
Net Cash & Cash Equivalents - Brought Forward		344,617,814	791,482,125
Cash and Cash Equivalent as at 30th June 2014		**(554,704,487)**	**344,617,814**
Analysis of Cash & Cash Equivalents			
Cash and Bank Balances	16	81,692,218	390,496,965
Short Term Deposits	19	126,503,640	26,524,647
Current portion of borrowings	21d	(762,900,344)	(72,403,799)
		(554,704,487)	**344,617,814**

KENYATTA UNIVERSITY
XII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2016

	Revaluation Reserve	Accumulated Surplus	Capital Fund	Total
Balance as at 30th June 2014	28,721,234	7,835,560,616	2,244,961,126.00	10,109,242,976
Government Grants			548,500,000	548,500,000
Surplus for the period		748,986,101		
Balance as at 30th June 2015	**28,721,234**	**8,584,546,717**	**2,793,461,126**	**11,406,729,077**
Government Grants			157,250,000	157,250,000
Surplus for the period		93,163,059		93,163,059
Revaluation Reserves	4,365,324,330			4,365,324,330
Balance as at 30th June 2016	**4,394,045,564**	**8,677,709,776**	**2,950,711,126**	**16,022,466,466**

Note: Capital Funds are grants received from the government for development projects.

KENYATTA UNIVERSITY

XIII. STATEMENT OF COMPARISION OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2016

	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	Percentage Difference	Explanation for Material Difference between Budget and Actual Performance
Revenue	**2015-2016**	**2015-2016**	**2015-2016**	**2015-2016**	**2015-2016**		
Government Grant	3,185,791,190	-	3,185,791,190	3,128,934,681	(56,856,509)	(1.78)	In the year 2015/2016, the government adjusted its grants downwards by Kshs 56,856,509. This affected the performance of the University as we were not able to meet some of our budgetted expenditures.
Tuition & Other Fees	7,359,368,768	-	7,359,368,768	6,104,228,062	(1,255,140,706)	(17.06)	The University planned for a tri-semester which did not meet the anticipated number of students thus failure to attain its budgetted revenue in tuition fees.
Other Income (IGAs)	462,566,508	-	462,566,508	362,299,459	(100,267,049)	(21.68)	The University did not attain the anticipated number of tourists at the North Coast Beach Hotel and the Kenyatta Universiry Conference Centre thus reduction in revenue from IGAs.
Total Income	**11,007,726,466**	**-**	**11,007,726,466**	**9,595,462,202**	**(1,412,264,264)**		
Expenses							
Telephone, Electricity and	325,919,795	-	325,919,795	302,137,967	23,781,828	7.30	
Personal Emoluments	5,633,963,690	(483,630,000)	5,150,333,690	5,682,895,658	(532,561,968)	(10.34)	The over expenditure on personal emoluments was due to the programmed third semester that did not attain the anticipated revenues, but commitments in terms of employment of part-time lecturers had already been done.
Council Allowances	15,300,000	-	15,300,000	15,244,276	55,724	0.36	
Depreciation		-		492,070,809			

XIII. STATEMENT OF COMPARISION OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2016 CONTINUED

	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	Percentage Difference	Explanation for Material Difference between Budget and Actual Performance
	2015-2016	**2015-2016**	**2015-2016**	**2015-2016**	**2015-2016**		
Repairs and Maintenance	549,857,087	-	549,857,087.35	518,718,100	31,138,987	5.66	
Contracted Professional	82,290,608	-	82,290,608	79,307,446	2,983,162	3.63	
Operation Expenses	2,490,112,530	(258,830,000)	2,231,282,530	2,231,553,808	(271,278)	(0.01)	
Finance Cost	187,155,765	-	187,155,765	180,371,079	6,784,686	3.63	
Total Expenditure	**8,197,404,514**	**(742,460,000)**	**8,542,139,476**	**9,502,299,143**	**(468,088,858)**		
Surplus for the period	**2,810,321,952**	**742,460,000**	**2,465,586,990**	**93,163,059**			

There was a general increase in the expenditures due to the programmed third semester that did not attain the anticipated number of students, yet the University had already committed the expenditures with regard to the same.

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

NOTE 1: Statement of compliance and basis of preparation

The University's financial statements have been prepared in accordance with and comply with the Accrual Basis of Accounting method under the International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

NOTE 2: Summary of significant accounting policies

a) Revenue Recognition

i) Revenue from non-exchange transaction

These are revenues received by the University from the Government for recurrent expenditures. The University recognises revenue from non-exchange transaction on accrual basis.

ii) Revenue from exchange transaction

The University recognises revenue from exchange transaction on accrual basis. This is done when the students register and the amount of revenue can be reliably measured and it's probable that the economic benefit associated with the transaction will flow to the University.

b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

Furniture and Equipments	-	10%
Motor Vehicles	-	25%
Academic Gown	-	5%
Buildings	-	2%
Computers	-	30%
Patent & Rights	-	20%

In the year 2016, the University bought a parcels of land in Rwanda (Kigali) at Kshs 47,740,669.50.

The University Revalued its main campus land to Kshs 4,400,356,800.00

The University recognized donated Mavoko land at Kshs 10,000,000.00

d) Intangible assets

Intangible assets such as patent rights acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

e) Research and development costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset

- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset such as buildings, the asset is carried at cost less any accumulated amortization. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

f) Financial Instruments

Investments

Investments (Fixed Deposits) are recognized at their initial cost add interest earned. The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated.

Receivables

Receivables from exchange transactions (Fees) are recognized when students register with the University. Receivables from non-exchange (other debtors) transactions are recognized when an invoice is raised or at a time when the debt is determinable.

g) Financial Liabilities

Loans and Borrowing

Loans are recognized at initial cost plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost incurred in bringing the product to its present location and condition is included in the cost of inventories. Inventories are recognized as expenses when deployed for utilization or consumption in the ordinary course of operations of the University.

The cost of library books is expensed in statement of Financial Performance in the year that such cost arises.

As at 30th June 2016, the University did a stock take and the stock taking figures were incorporated in the Financial Statement.

h) Employee Benefits

The University operates a defined contribution benefit scheme, Kenyatta University Pensions Fund for its employees who are on permanent employment. Defined contribution plans are post employment benefit plans under which an University pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The University contributed Kshs 360,384,331.00 in the year 2016, Kshs 320,215,415.00 in the year 2015, and Kshs 350,564,579.49 in the year 2014 towards the pension scheme.

i) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

j) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowing costs have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

The University had an outstanding balance on long term borrowings of Kshs 1,112,497,610.00 (being KShs 292,497,610.00 balance from Equity Bank borrowed in the year 2010 and KShs 820,000,000.00 from Co-operative Bank borrowed in the year 2015) as at 30th June 2016. The total interest for the year was KShs 180,371,079.00 recognised as expenditure in the statement of financial performance.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents include short term deposits, cash on hand and cash at bank at the end of the financial year.

In the year 2015-2016, the University had KShs (554,704,488.00) in cash and cash equivalent compared to KShs 344,617,814.00 in the year 2014-2015.

l) Provision on bad and doubtful debts

The University provides for bad and doubtful debts at the rate of 10% of the value of debtors at the end of the financial year. The amount recognized as an expense in the statement of performance is the difference between last years provision (2015) and this years provision (2016).

	2016	2015
Receivables	304,411,743	488,904,410
Provision for Bad debts @ 10%	30,441,174	48,890,441

Amount recognized in the Statement of performance 2016 is Kshs 18,449,267



m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

n) Related Parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. The National Government, Council Members, Members of Management Board and Members of the Senate are regarded as related parties.

By the end of the year 2016, the National government had remitted all recurrent and development grants.
The Council expenses in terms of honoraria, sitting allowances and other expenses are indicated in note 9 of the financial statement.

NOTE 3: Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and changes in market prices. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is extended to students and customers with an established credit history.

(i) Credit risk

The University's financial risk management objectives and policies are detailed below:
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management by providing for bad and doubtful debts at the rate of 10%.
The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings.



The amount that best represent the University's maximum exposure to credit risk is made up as follows

University	**Fully performing**	**Past due**	**Impaired**	**Total**
At 30 June 2016	**Sh**	**Sh**	**Sh**	**Sh**
Receivables From Exchange Transactions	146,051,441			146,051,441
Receivables From Non-Exchange Transactions		128,369,128	29,991,174	158,360,302
Investments with Financial Institutions	126,503,640			126,503,640
Bank balances	81,692,218			81,692,218
	354,247,299	128,369,128	29,991,174	512,607,601
At 30 June 2015				
Receivables From Exchange Transactions	34,029,741	-	-	34,029,741
Receivables From Non-Exchange Transactions	-	405,984,228	48,890,441	454,874,669
Investments with Financial Institutions	26,524,647	-	-	26,524,647
Bank balances	390,496,965	-	-	390,496,965
	417,021,612	440,013,969	48,890,441	905,926,022

The University's policy is payment on registration and thus students' receivables are categorised as either past due or impaired.

Past due amounts are those beyond the maximum established credit period of 30 days and represent slow but paying students. These receivables continue to be serviced even though this is not done on the contractual dates. The Students Finance Section is actively following these debts.

The overdue and impaired debt arises mainly from the students who have taken academic leave and the ones who have dropped out of school. These students have not completed their courses and the debt is payable whenever the student comes back to continue with studies. This debt has been fully provided for.

Concentration risk

Concentration risk is the risk posed to the University by any single or group of exposures which have the potential to produce losses large enough to threaten the ability of the University to continue operating as a going concern

The student receivables wholly relate to balances due from students, that are unrelated, and do not have the potential to produce large losses thus there is no concentration risk.

(ii) Liquidity risk management

Liquidity risk is the risk that the University may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Ultimate responsibility for liquidity risk management rests with the University management board, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Prudent liquidity risk management includes maintaining sufficient cash to meet the University's obligations. Senior management reviews the cash forecasts monthly and determines the University's cash requirement.

The table below analyses the University's financial liabilities into relevant maturity based on the remaining period at the end of reporting period to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

University	Less than 1 month Sh	Between 1-3 months Sh	Over 5 months Sh	Total Sh
At 30 June 2016				
Current Portion of borrowings	762,900,344			762,900,344
Payment Received in advance		32,249,743		32,249,743
Borrowings	9,802,084	29,406,252	1,073,289,274	1,112,497,610
Trade and other Payables	1,026,118,320			1,026,118,320
Refundable Deposits			83,698,000	83,698,000
	1,798,820,748	61655995	1,156,987,274	3,017,464,017
At 30 June 2015				
Current Portion of borrowings	72,403,799	-	-	72,403,799
Payment Received in advance	-	35,794,776	-	35,794,776
Borrowings	-	-	806,926,478	806,926,478
Trade and other Payables	636,972,756	-	-	636,972,756
Refundable Deposits	-	-	100,820,000	100,820,000
	709,376,555	35,794,776	907,746,478	1,652,917,809

Market risk

Market risk is the possibility for the University to experience losses due to factors that affect the overall performance of the financial markets in which she is involved. Market risk, also called "systematic risk," cannot be eliminated through diversification, though it can be hedged against.

There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Foreign exchange risk

The University is exposed to foreign exchange risk because it has revenues and expenses denominated in foreign currency, primarily the US dollar. It also arises from exchange rate differences between when the currency is received from sponsors and when it is recognised in the books of accounts. The University also has various bank accounts denominated in other currencies other than the Kenya Shillings that is the Dollar, Euro and Pound.

Foreign currency denominated financial instruments solely consists of bank balances.

The carrying amounts of the University's foreign currency denominated bank balances at the balance sheet date are as follows:

At 30 June 2016

	KSH	USD	EURO	GBP	Total
	Sh	Sh	Sh	Sh	Sh
Bank balances	-699,669,137	11,447,578	3,045,013	3,968,420	-681,208,126

At 30 June 2015

Bank balances	322,209,041	23,412,555	25,218,447	19,656,922	390,496,965

The University manages foreign exchange risk arising from future commercial transactions and recognised assets and liabilities by projecting for expected cash proceeds and matching the same with expected payments.

Cash flow and fair value interest rate risk

The University holds interest bearing assets in form of fixed and call deposits. The University also has borrowings in the form of loans.

Management closely monitors the interest rate trends to minimise the adverse potential impact of interest rate changes. This risk is well managed given that management is in regular contact with the lenders in a bid to obtain the best available rates. The management do not foresee huge fluctuations in interest rates in the foreseeable future.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the University takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Fair value of financial assets and liabilities

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

This note provides information about how the University determines fair values of various financial assets and liabilities.

Fair value of the University's financial assets and liabilities that are measured at fair value on a recurrent basis

Some of the University's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Financial assets/ liabilities	Fair value as at		Fair value hierar-chy	Valuation technique(s) and key in-puts	Significant unobserv-able inputs	Relationshipof unobservable inputs to fair Value
	30/06/16 Sh	30/06/15 Sh				
Prop-erty,Plant and Equip-ments	18,491,900,965	12,164,763,086	Level 3	Observable Inputs	N/A	N/A

There were no transfers between levels 1, 2 and 3 in the period (2016). There were no financial assets or financial liabilities measured at fair value on level 1 and 2 fair value measurement.

The University Council consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

CAPITAL RISK MANAGEMENT POLICIES

The University manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the University consists of a bank loan disclosed under note 24, capital fund, Reserves and Revaluation Reserves.

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

The University's overall strategy remains unchanged from 2015.

Gearing ratio

	2016 Sh	2015 Sh
Capital and reserves		
Accumulated Surplus	8,677,709,775	8,584,546,717
Revaluation reserve	4,394,045,564	28,721,234
Capital Fund	2,950,711,126	2,793,461,126
Capital and reserves	16,022,466,466	11,406,729,077
Total borrowings (note 24)	1,112,497,610	806,926,478
Cash and cash equivalents	554,704,487	(344,617,814)
Net borrowings	1,667,202,097	462,308,664
Net debt to equity ratio	10.4%	4%

NOTE 4: Government Grants

		2016 Kshs.	2015 Kshs.
A10001	Recurrent Grants	3,128,934,681	3,185,791,190
		3,128,934,681	**3,185,791,190**

NOTE 5: Tuition Fees

		2016 Kshs.	2015 Kshs.
A20001	Tuition Fees JAB	672,852,400	638,033,863
A20002	Tuition Fees SSP	3,168,582,813	2,693,078,910
A20003	Tuition Fees ICE	727,291,500	715,353,170
A20005	Tuition Fees Open Learning	407,088,500	377,732,091
A20007	Activity Fees	65,533,000	62,694,000
A20008	Examination Fees	278,563,000	245,307,150
A20009	Library Fees	53,112,997	45,714,505
A20010	Registration Fees	73,748,500	69,275,500
A20011	Identity Card	19,875,716	16,964,100
A20012	Medical Fees	120,952,000	101,971,000
A20013	Material Development Fee	167,928,000	165,757,400
A20015	Accomondation Fees JAB	75,207,000	74,316,000
A20016	Accommodation Fees SSP	15,785,400	15,664,500
A20017	Accommodation Fees I.C.E.	21,471,500	21,217,500
A20025	Tuition Fee - Chinese Language	23,205,736	9,116,000
A20026	Computer Fees	213,030,000	192,582,000
		6,104,228,062	**5,444,777,689**

NOTE 6: IGA

		2016 Kshs.	2015 Kshs.
	IGA Income		
A20020	Regional Centre for Capacity Development	76,511,470	38,961,250
A30020	KU Service Station	36,195,272	
A30003-A30013	Catering	163,072,426	152,061,819
A30004-A30009	Cyber Café	30,250,526	33,851,261
A30003-A30017	KU Conference Centre	41,273,489	70,962,308
A30004-A40028	KU Funeral Home	60,123,654	47,863,751
A30003-A30017	North Coast Beach Hotel	61,185,796	128,789,299
A20021-A30016	Other IGAs	23,570,622	17,886,730
		492,183,255	**490,376,418**
	IGA Expenditure		
K19001-K19019	Regional Centre for Capacity Development	1,324,522	592,548
K19001-K19180	KU Service Station	29,158,760	
K19001-K19525	Catering	245,543,390	187,880,471
K19001-K19039	Cyber Café	21,855,018	24,122,617
K19001-K19019	KU Conference Centre	15,629,990	26,912,772
K19001-K19018	KU Funeral Home	6,910,189	4,407,913
K19001-J18011	North Coast Beach Hotel	103,753,506	119,668,787
K19001-K19019	Other IGAs	929,531	862,759
		425,104,907	**364,447,868**
	Surplus	**67,078,348**	**125,928,551**

	NOTE 7 : Other Income	2016 Kshs.	2015 Kshs.
A20022	Consultancy & other Prof. Services	133,232	3,899,000
A20029	Ku Shuttle Transport Income		4,150
A20030	KU Radio Service Income		240,000
A20031	Affiliation Fees	70,589	41,798
A20034	Chandaria BIIC Income		400,000
A30012	Conferences & Seminars fees	4,296,163	1,865,041
A30014	Sale of Petrol		3,880,339
A30019	Hire of Hall & Conference Facilities		974,400
A40001	Convocation Fees	43,386,500	30,132,000
A40002	Hire of Gowns	623,240	560,950
A40005	Tack Shop		19,700
A40007	Surcharge & Fines	429,840	
A40008	Donations	549,600	964,000
A40009	Commission	6,807,697	6,945,536
A40011	Forex Gain	1,602,114	8,088,276
A40012	Interest Income	6,586,694	10,784,682
A40013	Sale Of Application Forms	47,894,674	45,136,725
A40014	Miscellaneous Income	68,558,566	30,686,371
A40015	Rent/Lease income	37,715,940	210,098,118
A40016	Health Unit	28,250	400,894
A40017	Sale Of Obsolete Items	581,980	1,232,449
A40018	Security Staff Charge	831,600	846,700
A40020	Dustbin Staff Charge	2,742	3,164
A40027	Sale of Tender Documents	602,259	2,336,522
A40028	University Bookshop Income	10,576,683	13,829,893
A40029	Culture week Income	44,500	67,325
A40030	Administrative Research Fees	15,910,661	16,759,762
A40034	Un Women Leadership Centre	6,523,332	35,739,036
A40036	Income Ethics Review Board	353,825	
A40038	Library Fines	1,740,510	
A40039	Recreation Centre Income		49,640
A40040	Amortisation of Deferred Income	500,000	500,000
A40044	YALI Income	38,869,920	
		295,221,111	**426,486,470**

NOTE 8: Telephone,Electricity and Water Expenses

		2016 Kshs.	2015 Kshs.
K19133	Telephone And Postage	21,819,611	16,151,843
K19134	Electricity Expenses	190,505,858	179,221,428
K19136	Water Reticulation & Sewerage	89,812,498	82,753,408
		302,137,967	**278,126,679**

NOTE 9: Personal Emoluments

		2016 Kshs.	2015 Kshs.
J18001	Basic Pay	2,020,815,014	2,219,183,864
J18002	House Allowance	1,152,768,489	1,098,309,447
J18003	Entertainment Allowance	14,311,353	15,562,099
J18004	Headship/Directorship Allowance	109,434,578	89,456,896
J18005	Responsibility	61,719,121	67,429,266
J18006	Car Allowance	8,265,440	9,293,720
J18007	Domestic Servant Allowance Office	3,334,270	2,748,790
J18008	Commuting & Bus fare	318,997,320	329,232,578
J18009	Leave Travelling Allowance	39,028,018	44,638,469
J18010	Gratuity	162,988,474	146,009,702
J18011	Wages	508,398,604	481,751,763
J18012	Part Time Teaching	662,349,274	462,336,055
J18013	Bonus	33,912,006	
J18014	Passage & Baggage	1,061,719	2,522,063
J18016	NSSF Employer Contributions	2,615,900	2,412,720
J18017	Telephone Allowance	22,907,703	22,362,475
J18018	Book & Computer Allowance	14,467,000	13,622,750
J18019	Exam Coordination Allowance	29,040,955	21,797,531
J18020	Acting Allowance	3,743,257	8,656,867
J18021	Electricity & water Allowance	376,500	
J18022	Overtime	58,092,734	53,698,131
J18023	Pensions Employer Contribution	360,384,331	320,215,415
J18024	Health Risk Allowance	10,524,821	11,093,409
J18025	Special Readers Allowance Special Education	540,000	813,863
J18026	Terminal Benefits	18,974,601	8,289,892
J18029	Emergency Call Allowance	12,090,000	11,576,000
J18030	Extraneous Allowance	51,754,177	19,766,563
		5,682,895,658	**5,462,780,328**

KENYATTA UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2016 (Continued)

NOTE 10: Council Expenses

		2016 Kshs.	2015 Kshs.
J18027	Sitting Allowance	8,480,000	3,640,000
J18001	Honoraria	2,160,000	2,340,000
K19139	Other Expenses	4,604,276	1,973,547
		15,244,276	**7,953,547**

KENYATTA UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2016 (Continued)

NOTE 11: Depreciation

		2016 Kshs.	2015 Kshs.
K20152	Depreciation Of Buildings	199,161,774	193,818,689
K20153	Depreciation Of Motor Vehicles	37,337,957	29,964,097
K20156	Depreciation Of Computer Hardware	80,773,296	61,894,536
K20158	Depreciation Of Furniture & Fittings	174,237,444	130,505,093
K20159	Depreciation Of Academic Gowns	560,339	327,589
		492,070,809	**416,510,004**

KENYATTA UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2016 (Continued)

NOTE 12: Repairs and Maintenance

		2016 Kshs.	2015 Kshs.
K19013	Maintenance of Clinical Equipment		11,660
K19157	Maintenance of Furniture & Equipment	45,032,586	44,039,771
K19158	Maintenance of Swimming Pool	1,455,440	1,111,895
K19159	Maintenance of Motor Vehicle	5,980,381	5,547,634
K19160	Minor Works & Alterations	317,643,703	247,393,705
K19161	Maintenance Of Hostels	6,468,015	7,596,517
K19162	Maintenance Of Residential Quarters	392,826	576,658
K19163	Maintenance Of Grounds & Roads Main Campus	18,979,936	11,791,250
K19164	Maintenance Of Building & Stations Main Campus	119,325,294	49,770,384
K19166	Repainting of University Building	2,490,084	423,539
K19167	Maintenance of Parklands Campus	263,930	
K19168	Maintenance Mombasa Campus	70,755	
K19169	Maintenance Kitui Campus	70,250	2,760,800
K19230	Sports Ground Maintenance -Exercise & Sports Science	544,900	
		518,718,100	**371,023,814**

KENYATTA UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2016 (Continued)

NOTE 13: Contracted Professional Services

		2016 Kshs.	2015 Kshs.
K19152	Audit Fees	2,180,000	1,740,000
K19153	Professional Contracted Services	77,127,446	65,176,751
		79,307,446	**66,916,751**

NOTE 14: Operations Expenses

		2016 Kshs.	2015 Kshs.
K19001	Stationery	53,132,221	87,300,141
K19002	Staff Uniforms	8,253,860	10,209,860
K19003	Photocopying & Printing	33,835,264	37,644,051
K19004	Cleaning Materials	18,432,321	12,731,520
K19005	Office Tea Expenses Office	4,915,333	4,587,302
K19006	Departmental Meetings	21,471,034	23,574,527
K19007	Other Office Consumables Office	64,011,764	32,311,595
K19008	General Office Equipment Office	94,652,069	19,474,888
K19009	Teaching Materials/Chemicals	29,982,687	24,065,912
K19010	Field Courses	30,344,755	37,309,155
K19011	Laboratory Glassware	1,668,492	3,316,622
K19012	Tools & Apparatus	60,545,426	11,717,406
K19015	Animal Feeds Sciences	620,622	628,015
K19017	Food Purchases	157,442	150,651
K19018	Travelling & Accommodation	51,179,951	41,209,846
K19019	Fuel & Gases	2,352,346	2,106,667
K19020	Purchase of Bicycle	127,500	170,310
K19022	Child Care		16,615
K19023	Regional Expenses Open Learning	109,250,826	56,091,577
K19024	Writing Vetting & Production Of Modules Open Learning	554,200	9,376,210
K19025	Rent for Regional Centres Open Learning	11,591,861	19,130,522
K19027	Examination Stationery	24,889,181	21,991,234
K19028	Research and Travel Grants	4,679,429	6,546,131
K19121	Advertising and Publicity	201,067,508	232,757,022
K19122	Inaugural & Public Lectures	83,840	244,200
K19123	Newspapers Magazines & Publications	7,573,440	6,304,650
K19125	Journals and Periodicals	334,538	2,147,098
K19126	Culture Week Expenses	7,096,718	4,836,871
K19127	Drugs Health Unit	40,845,902	34,361,521
K19128	Drugs Nairobi Hospital	16,894,451	14,068,837
K19129	Medical Reimbursement	11,996,391	10,428,925
K19130	Medical Insurance Inpatient Grades A and above	77,687,592	78,059,832
K19131	Hospitalisation Grades I IV	302,550	222,200
K19132	Medical Referrals	21,389,968	23,019,702
K19135	Sanitary Services	5,510,936	6,475,017
K19137	Land Rent & Rates	50,830,328	1,969,331
K19138	Fumigation	6,651,074	6,228,592
		1,074,913,819	**882,784,555**

NOTE 14: Operations Expenses

		2016 Kshs.	2015 Kshs.
K19140	Public Celebrations	14,467,505	12,653,958
K19141	Bursary		4,948,381
K19142	Graduation Expenses	18,184,722	21,475,577
K19143	External Examiners Expenses	4,370,057	4,101,559
K19145	Staff Development & Training	4,237,468	2,934,984
K19146	Funeral Expenses	2,493,011	2,976,505
K19147	Insurance Premiums	55,272,940	15,869,353
K19148	Bank Charges	96,633,960	24,616,046
K19151	Provision for Bad & Doubtful Debts	(18,449,267)	3,962,510
K19154	Ex gratia Payments	4,417,499	2,034,405
K19155	Fees Commission Awards & Honoraria	19,123,298	7,466,797
K19156	Rental/Hire Of Premises Expenses	19,851,960	21,491,260
K19171	Medical Expenses Students	2,922,333	215,667
K19176	Contracted Cleaning Services	38,418,722	22,247,802
K19200	Computerisation & Networking	146,021,053	87,348,662
K19201	Motor Vehicle Fuel	34,947,619	38,798,902
K19202	Archive & Photography		10,500
K19204	Senate Affairs	569,125	496,101
K19205	Research Grants Office		3,000
K19207	Games & Tournament Other Campuses	1,933,780	1,480,109
K19208	Games & Tournaments Main Campus	13,121,706	11,877,948
K19209	E. A. University Games		1,526,832
K19210	Vice Chancellor's Committees	11,349,138	14,755,263
K19214	Foreign Exchange Loss	5,070,188	5,273,378
K19215	ISO Certification	2,062,417	1,755,505
K19216	Management Board Expenses	1,722,993	2,130,215
K19217	Hire Of Security	93,455,615	52,498,962
K19218	Hire of Sport Facilities	442,500	
K19219	Clearing & Forwarding	13,155,801	32,706,831
K19220	Performance Contract	1,850,745	1,197,441
		587,646,889	**398,854,451**

NOTE 14: Operations Expenses

		2016 Kshs.	2015 Kshs.
K19221	Board Room Supplies	102,963	922,690
K19222	Internet Connectivity	120,932,274	59,561,634
K19223	Sports Uniform	17,880	1,414,894
K19224	Lights & Electrical Accessories	9,020	
K19225	Career Week	1,985,630	3,448,350
K19226	Library Journals	3,259,780	348,180
K19227	Interuniversity Games	5,067,150	1,949,265
K19233	Academic Dress	14,102,775	3,295,514
K19234	Grant Office Expenses		38,000
K19236	Professional Boards Registration	200,000	799,156
K19237	Mentoring Activities	601,350	2,797,855
K19238	KU Disability Service Office		530,720
K19239	Hire of Tents	5,113,295	649,590
K19240	Students Shuttle Services	375,950	
K19242	KU US Foundation	2,495,508	391,764
K19243	Next Generation of Academic Researchers		30,000
K19244	PhD Fast Tracking Fund		154,280
K19246	Invigilation Expenses	11,425,270	7,830,060
K19247	Centre of Capacity Training Expenses	11,179,345	1,551,975
K19500	Conference Seminars & Workshops	10,944,308	7,978,785
K19501	External Travel & Accommodation	53,458,782	27,798,297
K19502	Local Passage & Baggage	7,191,559	4,705,045
K19503	Subscriptions	32,030,536	37,225,745
K19505	Postgraduate Stipend Expenses	13,390,331	3,569,809
K19506	Vc's Research Grants	13,824,277	4,403,345
K19507	Admission Expenses	7,847,877	13,461,920
K19508	Teaching Practice	32,785,795	37,705,283
K19509	Library Books & Journals	20,670,321	13,358,681
K19511	Library Bindery & Stationery	843,650	1,133,810
K19512	Student Amenities	4,518,393	4,276,305
K19513	Practicum	21,095,513	18,992,551
K19517	Research Proposal &Development Main Campus	2,571,500	
K19518	University Staff Student Education Support		750,102
K19519	Peer Counselling	8,850	170,530
K19520	Printing University Magazines	14,450,690	22,214,315
		412,500,572	**283,458,447**

NOTE 14: Operations Expenses

		2016 Kshs.	2015 Kshs.
K19521	Community Outreach Expenses	121,725	331,500
K19526	Summer Programme	4,910,380	549,725
K19527	Confucius Institute Chinese Expenditure	10,830,411	
K19530	Kenya Military Collaboration	10,238,453	15,774,651
K19532	Short term courses /training	4,553,542	5,783,020
K19535	VAT/Tax Payment		629,035
K19537	Wellness Centre Conferences and Seminars	270,095	102,200
K19540	KU Equity Bank Annual Conference	12,829,710	
K19541	KU Souvenir Shop	111,940	
K19542	Incubation Centre Mentoring Activities	426,300	894,340
K19544	Daadab Campus Establishment		1,566,000
K19545	Honours Day Awards & Celebrations	748,220	207,000
K19546	AIDS/HIV Awareness Activities	432,835	537,020
K19548	Un Women Leadership Centre	12,475,917	13,006,812
K19550	Kenya Police Memorandum Exps		85,000
K19552	Students Work Study Program	5,727,734	4,668,012
K19553	Establishment of Dairy Farm	28,661,354	9,844,911
K19554	Alumni Reunion Expenses	34,000	
K19555	Operationalization Committee	22,931,007	1,970,956
K19556	Rellocation and Upgrading of Power	2,313,711	58,238,478
K19557	Software Licences	36,653,570	30,828,335
K19558	KU Corporate Social Responsibility	320,000	900,000
K19559	KU Smart Cards	762,700	37,594,779
K19560	Court Awards and Penalties	1,000,000	
K19561	Consultancy Services Unit Training Expenses	138,925	
		156,492,527	**183,511,775**
		2,231,553,808	**1,748,609,228**

KENYATTA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2016 (Continued)

	NOTE 15: Finance Cost	2016 Kshs.	2015 Kshs.
K19173	Bank Loan Interest	180,371,079	82,077,448
		180,371,079	**82,077,448**

	NOTE 16: Cash and Bank Balances	2016 Kshs.	2015 Kshs.
F15003	Equity Bank - TOWA Project	427	1,353,357
F15005	Equity - North Coast Beach Hotel	3,076,553	2,630,175
F15006	Equity Community Outreach	504,927	78,308
F15010	NBK Fees A/C No. 0359150801	3,573,768	1,534,559
F15011	Std Fees Collection A/C No. 2018814400	2,363,899	1,456,408
F15012	Std Dollar A/C No. 8702018780000	10,810,854	22,087,671
F15014	NBK Tuition A/C No. 0359150800	8,573,516	1,291,776
F15015	NBK Research A/C No. 2110781300	15,884,997	14,002,882
F15016	NBK Aicad A/C No. 2110781400	5,750,192	5,751,193
F15017	NBK Harambee A/C 0310891603 (Capitation)	-	317,639
F15018	KCB AVU	3,873,838	3,251,228
F15019	Co op Fees Collection A/C No. 0112962461400	9,718,424	266,739,592
F15020	Std Pound A/C No. 2802018780000	3,968,420	19,656,922
F15021	Cash In Hand	252,167	307,857
F15022	Equity Fees Collection A/C No. 0290518859	-	997,723
F15025	KCB Fees Collection A/C No. 099 250 640 601	1,806,768	2,428,773
F15026	Standard Chartered Euro A/c 9302018780000	2,956,832	25,131,540
F15027	Equity - NCBH Dollar	25,093	1,324,884
F15028	Equity - NCBH Euro	88,181	86,907
F15031	KU Shuttle Bank A/c No. 1130296769655	329,216	81,926
F15032	Equity KU Meals Bank A/c No. 1130296626107	49,269	24,264
F15033	Equity KU Application Bank A/c No. 1130296626073	2,411,752	292,982
F15034	Equity KU Rental Income A/c No. 113029701357	519,306	62,412
F15035	Equity Bank Referral Hosp. A/c 1130298198	46,002	46,002
F15036	NIC Bank A/c 1 200 008253	420,134	414,354
F15037	Equity Bank A/c 1130199002464	-	6,281,295
F15038	Equity Bank City Enterprises A/C 1130299385909	670,958	2,066,653
F15039	Equity Bank Rec Centre A/C 1130299618873	210,840	193,225
F15040	Family Bank Collection A/C 04500023316	2,144,150	7,397,573
F15041	MPESA Virtual Account	1,050,105	3,206,886
F15042	NBK USD 02020059150800	611,631	
		81,692,218	**390,496,965**

NOTE 17: Receivables From Non-Exchange Transactions		2016 Kshs.	2015 Kshs.
M21003 Guarantee Deposits		20,839,962	16,339,962
M21006 Staff Debtors		6,624,592	6,531,111
M21008 Sundry Debtors		31,643,939	303,782,536
M21010 Imprest Control		21,837,201	13,435,764
M21012 Imprest Research		25,222,468	29,864,389
M21021 Staff Welfare Recoveries		408,404	246,679
M21023 Guarantee Deposit Letter of Credit			35,658,004
M21027 Debtors-NCBH		51,783,737	49,016,224
Total		**158,360,302**	**454,874,669**
Receivables from Exchange Transactions			
M21007 Student Fees Arrears	**17a**	146,051,441	34,029,741
Total Receivables		**304,411,743**	**488,904,410**
B11014 Provision For Bad Debts		(30,441,174)	(48,890,441)
		273,970,569	**440,013,969**
Total Receivables From Non-Exchange Transactions		158,360,302	454,874,669
Provision For Bad Debts		30,441,174	48,890,441
Net Receivables from Non-Exchange Transactions	**17b**	**127,919,128**	**405,984,228**

NOTE 18: Inventories	2016 Kshs.	2015 Kshs.
H17002 Maintenance Store	6,113,157	11,779,737
H17003 Health Drugs Store	8,201,746	6,106,118
H17004 Petrol Stock	3,370,485	2,155,362
H17005 Food Stuff	5,695,163	4,546,785
H17006 Finance Store General	25,927,012	7,493,493
H17007 Accommodation	824,219	1,161,075
H17010 Ruiru Campus Maintenance Store	4,635,883	3,272,924
H17012 Bookshop Store	31,243,824	25,332,724
H17015 National Oil Store	3,351,604	
	89,363,092	**61,848,218**

NOTE 19: Investments	2016 Kshs.	2015 Kshs.
G16004 NBK Ruiru	26,503,640	25,524,647
G16007 Equity Bank	100,000,000	1,000,000
	126,503,640	**26,524,647**

These are short term deposits that are renewable every three months at negotiated interest rate.

KENYATTA UNIVERSITY
PROPERTY PLANT AND EQUIPMENT
For The Year Ended 30th June 2016

Note 20

	LAND	BUILDINGS	MOTOR VEHICLES	FURNITURE & EQUIPMENT	COMPUTERS & SOFTWARE	PATENT & RIGHTS	ACADEMIC GOWNS	CAPITAL WORK IN PROGRESS	TOTAL
	KSHS		KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
DEPRECIATION RATES	**0%**	**2%**	**25%**	**10%**	**30%**	**20%**	**5%**		
COST / VALUATION									
As at 1st July 2014	1,413,609,958	7,520,546,295	337,004,437	1,127,078,259	227,133,495	7,830,375	6,551,780	2,157,210,968	12,796,965,567
Additions	246,918,500		16,687,446	177,972,673	100,640,421			1,681,407,670	2,223,626,709
Capitalisation		2,170,388,140						(2,170,388,140)	-
As at 30th June 2015	**1,660,528,458**	**9,690,934,435**	**353,691,883**	**1,305,050,932**	**327,773,916**	**7,830,375**	**6,551,780**	**1,668,230,498**	**15,020,592,277**
Additions	4,424,743,000	267,154,241	89,296,387	437,323,509	95,595,377		4,655,000	1,500,441,174	6,819,208,688
Capitalisation									-
As at 30th June 2016	**6,085,271,458**	**9,958,088,676**	**442,988,270**	**1,742,374,441**	**423,369,293**	**7,830,375**	**11,206,780**	**3,168,671,672**	**21,839,800,966**
Depreciation and Impairment									
As at 1st July 2014	-	1,139,531,572	292,599,969	822,102,905	172,172,643	7,830,375	5,081,723		2,439,319,187
Charge for the Year	-	193,818,689	29,964,097	130,505,093	61,894,536		327,589		416,510,004
As at 30th June 2015	**-**	**1,333,350,261**	**322,564,066**	**952,607,998**	**234,067,179**	**7,830,375**	**5,409,312**		**2,855,829,191**
Charge for the Year	-	199,161,774	37,337,957	174,237,444	80,773,296		560,339		492,070,809
As at 30th June 2016	**-**	**1,532,512,034**	**359,902,023**	**1,126,845,442**	**314,840,475**	**7,830,375**	**5,969,651**	**-**	**3,347,900,000**
NET BOOK VALUES									
As at 30th June 2016	**6,085,271,458**	**8,425,576,642**	**83,086,247**	**615,528,999**	**108,528,818**	**-**	**5,237,129**	**3,168,671,672**	**18,491,900,965**
As at 30th June 2015	1,660,528,458	8,357,584,174	31,127,817	352,442,934	93,706,736	-	1,142,468	1,668,230,498	12,164,763,086

			2016	2015
NOTE 21: Trade and other Payables from Exchange Transactions			**Kshs.**	**Kshs.**
B11015	Provision For Audit Fees		1,700,000	3,000,000
C12001	Pay As You Earn		195,610,905	87,195,858
C12002	NHIF		4,261,450	4,080,160
C12003	NSSF		484,900	451,300
C12004	Pension		137,151,444	97,913,973
C12007	Vat		30,713,073	12,188,061
C12008	Court Attachments		101,245	53,263
C12013	Insurance Claim		3,781,766	3,779,766
C12015	Withholding Tax		12,025,555	1,898,591
C12020	Welfare Deductions		13,676,176	8,780,019
C12022	Insurance Deductions		6,136,107	4,550,594
C12023	Cooperative Deductions Cooperative		17,561,669	6,107,024
C12024	Students Clubs		11,319,483	11,388,705
C12025	Other Salary Deduction		4,401,581	3,979,789
C12026	Staff Loans Deductions		2,488,115	995,565
D13004	Orphans & Vulnerable Students Fund (OVS)		5,119,783	6,297,883
D13007	Rent Deposits Nakuru		89,400	89,400
D13012	Confucius Institute Fund			1,746,226
D13013	Debtors Overpayment		2,046,925	1,029,976
D13018	Recreation Centre Fund		168,000	168,000
D13019	Income Christain Union Chapel Building		656,529	
E14001-105	Research Fund		136,366,405	170,365,469
L20001	Hospitals		5,926,399	3,318,780
L20002	Drug Suppliers		13,405,230	750,452
L20003	Referral Doctors		4,460,205	4,390,203
L20004	General Creditors		416,465,975	202,453,701
	Sub-Total	**21a**	**1,026,118,320**	**636,972,756**
	Refundable Deposits From Customers			
C12005	Students Caution Money	**21b**	**83,698,000**	**100,820,000**
	Payment Received in Advance			
C12010	Fees Paid In Advance	**21c**	**32,249,743**	**35,794,776**
			1,142,066,063	**773,587,532**

	NOTE 21d:Current portion of borrowings		
F15013	NBK Payments A/C No. 0359002400	58,849,903	13,110,778
F15017	NBK Harambee A/C 0310891603 (Capitation)	1,319,697	
F15023	Equity Bank Ruiru A/C No. 0291051982	697,829,810	59,293,021
F15037	Equity Bank A/c 1130199002464	4,900,934	
		762,900,344	**72,403,799**

	NOTE 22a: Long Term Liabilities	2016 Kshs.	2015 Kshs.
L20006	Equity Bank (City Campus) Loan 2010	401,926,478	498,938,583
	Repayment	109,428,868	97,012,105
		292,497,610	**401,926,478**
L20017	Co-operative Bank Loan 2015	405,000,000	**405,000,000**
	Co-operative Bank Loan 2016	415,000,000	
	Repayment		
		820,000,000	**405,000,000**
	Loan Balance	**1,112,497,610**	**806,926,478**

Equity Bank Loan: This is a long term (non-current) loan sourced from Equity Bank for the procurement of MFI
Co-operative Bank Loan: This is a long term (non-current) loan granted for part finance development of a mall

	NOTE 22b: Deferred Income	2016 Kshs.	2015 Kshs.
D13008	Balance as at 1st July 2015	24,000,000	24,500,000
		24,000,000	24,500,000
A40040	Amortisation 2%	**500,000**	**500,000**
	Balance as at 30th June 2016	**23,500,000**	**24,000,000**

Donation from Chandaria Foundation for the construction of Chandaria Business Innovation and Incubation Centre. Recognised as deferred income and amortised at the rate of 2% per annum.

		2016 Kshs.	2015 Kshs.
B11001	**NOTE 23: Capital Fund**		
	Balance as at 1st July 2015	2,793,461,126	2,244,961,126
	Government Capital Grants	157,250,000	548,500,000
	Balance as at 30th June 2016	**2,950,711,126**	**2,793,461,126**

		2016 Kshs.	2015 Kshs.
B11002	**Revenue Reserve**		
	Balance as at 1st July 2015	8,584,546,717	7,835,560,616
	Surplus for the Year	93,163,059	748,986,101
	Revenue Reserve 2016	**8,677,709,775**	**8,584,546,717**
B11004	**Revaluation Reserve**		
	Balance as at 1st July 2015	28,721,234	28,721,234
	Revaluation for the Year	4,365,324,330	
	Revaluation Reserve 2016	**4,394,045,564**	**28,721,234**

Note 24: Capital Work in Progress		2016 Kshs.	2015 Kshs.
N23010	Ruiru Campus (Boundary Wall)	26,592,370	25,958,418
N23014	Funeral Home Extension	116,549,217	73,332,106
N23022	New Administration Block		886,407,940
N23029	Teaching & Referral Hospital	19,486,764	19,486,764
N23045	School of Economics		1,322,693
N23049	New Building Parklands		363,027,835
N23050	Directorate Building		310,365,313
N23052	Graduate School		251,988,670
N23053	University Campernile		106,772,163
N23054	Alumni Centre	219,520,368	162,218,096
N23055	International Programmes Centre	154,003,466	69,051,330
N23056	New Science Lab. Biochem		250,503,526
N23058	School of Education	384,914,212	121,104,488
N23059	Junior Staff Houses	127,220,340	46,949,788
N23061	Campus City Unicity	931,505,188	750,898,023
N23063	Graduation Square	45,856,380	23,513,217
N23064	Recreation Centre	20,010,605	6,975,694
N23065	Health Unit Extension	131,551,296	57,850,780
N23066	Ruiru Principal House	12,964,036	7,382,717
N23067	Engineering Workshop	79,781,895	21,050,671
N23068	Children Hospital	152,865,077	17,571,142
N23069	Applied Human Sciences	51,546,841	8,526,068
N23070	School of Business	23,535,117	2,073,360
N23071	Perimeter Wall Refferal Hospital	38,729,333	12,896,099
N23072	School of Architecture	10,620,712	6,450,636
N23073	Stadium Complex	9,814,401	8,708,027
N23077	Construction of Main Road and Gate A	69,840,995	27,922,761
N23078	Students Hostels Mombasa	347,096,545	198,310,315
N23079	Central Stores	16,138,895	
N23081	Kitui Campus Boundary Wall	3,683,637	
N23084	Rwanda Campus	51,709,333	
N23085	Earth Dam Kitui Campus	9,094,621	
N23086	International Languages and Cultural Centres	500,000	
N23087	Referral Road	54,504,912	
N23088	Underground Tank Kitui Campus	9,778,404	
N23089	Water Tanks KUTeaching and Referral Hospital	49,256,714	
		3,168,671,672	**3,838,618,638**

Note 24: Capital Work in Progress

Capitalized Projects

	2016 Kshs.	2015 Kshs.
School of Economics		1,322,693
New Administration Block		886,407,940
New Building Parklands		363,027,835
Directorate Building		310,365,313
Graduate School		251,988,670
University Campernile		106,772,163
New Science Lab. Biochem		250,503,526
Total	**-**	**2,170,388,140**
Additional W.I.P	**1,500,441,174**	

Note 25: Financial Position

The University's surplus declined from Kshs 748,986,101 in the year 2014/2015, to Kshs 93,163,059 in the year 2015/2016. In addition, current assets declined from Kshs918,883,799 (2014/2015) to Kshs 571,529,518 (2015/2016), while the current liabilities increased from Ksh 845,991,330 (2014/2015) to Kshs 1,904,966,408(2015/2016) (current ratio was 1.1 in the year 2014/2015 compared to 0.3 in the year 2015/2016).

These resulted from, the programmed University May semester that was budgetted to raise Kshs 1,700,000,000 by way of fees but only Kshs 691 million was received. The Government Recurrent grants for the year 2015/2016 also reduced by Kshs 56,856,409.

However as at 30th March 2017 (third quarter 2016/2017), the University's financial performance greatly improved and it reported a surplus of Kshs 999,212,732, while the current assets were Kshs 1,292,192,732 and current liabilities of Kshs 1,129,270,749 (Current ratio 1.14)
The University Management has put controls to ensure that the recurrent expenditures are matched to the available resources and that expenditures on infrastructure development are reduced by not venturing into new projects.