

REPUBLIC OF KENYA



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LDM on Wed
17/10/2018.
Maya

OFFICE OF THE AUDITOR-GENERAL

REPORT



OF



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
THE COOPERATIVE UNIVERSITY OF
KENYA

FOR THE YEAR
ENDED 30 JUNE 2017





THE CO-OPERATIVE UNIVERSITY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2017

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



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THE CO-OPERATIVE UNIVERSITY OF KENYA

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

The Co-operative University of Kenya (CUK) is a chartered public university established by the Kenyan Government under the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7th October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4th November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E). Since award of charter the University has been a leading institution for co-operative education, training and research at both national and international level.

As at 30th June 2017, CUK had a student population of 4,295 comprising of: 3,737– Main Campus; 284 – Nairobi Campus; 156 – Meru Campus and 118 – Mombasa Campus. The University has staff population of 295 composed of 238 Permanent and Pensionable, 36 on contract, and 21 casuals. This comprises 57 Academic members of staff and 238 Non-teaching members of staff.

(b) Principal Activities.

The principal activity/mission of CUK is to provide innovative education, training, research, and consultancy services for sustainable community empowerment.

(c) Key Management.

CUK's day-to-day management is under the Vice-Chancellor who is supported by the University Management Board (UMB)

(d) Fiduciary Management.

The key management personnel who held office during the year ended 30 June, 2017 and who had direct fiduciary responsibility were:

Prof. Kamau Ngamau	-	Ag. Vice Chancellor
Prof. Emily Achieng' Akuno	-	Deputy Vice Chancellor (Academic affairs)
Prof. Esther N. Magiri	-	Ag. Deputy Vice Chancellor (Finance, Planning and Administration)
Prof. Isaac K. Nyamongo	-	Deputy Vice Chancellor (Co-operative Development Research & Innovation)
CPA. Maxwel Nyaga	-	Finance officer
Mr David Otiende	-	Registrar (Academic affairs)
Mr Chris Kathoka	-	Registrar (Finance, Planning and Administration)
Ms. Anne Jemimma Mmata	-	Ag. Principal Human Resource Manager
Mrs. Lucinda Mugaa	-	Ag. Dean of Students.



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(e) Fiduciary Oversight Arrangements

The University's key fiduciary oversight arrangements have been carried out by the following University Council Committees:

- i) Finance, Planning and Development Committee
- ii) Human Resource Management Committee
- iii) Audit and Risk Committee
- iv) Sealing Committee

(f) Entity Headquarters

The Co-operative University of Kenya
L. R. NO. 23134/1, Karen
23134/2, Karen
Ushirika Road
P. O. Box 24814 00502
KAREN NAIROBI

(g) Entity Contacts

P. O. Box 24814 – 00502
KAREN NAIROBI
Tel. 020 8891401/3/4
Wireless: 020 2430127
020 2679456
Mobile. 0724311606
Fax: 020 8891410
E-mail: vc@cuk.ac.ke
Website: www.cuk.ac.ke

(h) Entity Bankers

1. Standard Chartered Bank
Karen Branch
P.O. Box 24601- 00502
KAREN, NAIROBI.
2. Co-operative Bank
Karen Branch
P O Box 60800 - 00200
NAIROBI.



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(i) Independent Auditors

Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
NAIROBI

(j) Principal Legal Advisers




1. The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112 City Square 00200
Nairobi, Kenya
2. G.N. Mugo & Company Advocates
P.O. Box 16538-00100
Nairobi, Kenya
3. Waweru Gatonye and Advocates
P.O. Box 5527-00200
Nairobi, Kenya
info@wawerugatonye.com
+254202428452/3/4
4. J.N. Namasake and Company Advocates
P.O. Box 9479-00100
G.P.O Nairobi, Kenya
jnnamasake@yahoo.com
+254202210297
+254722802222
+254735092256



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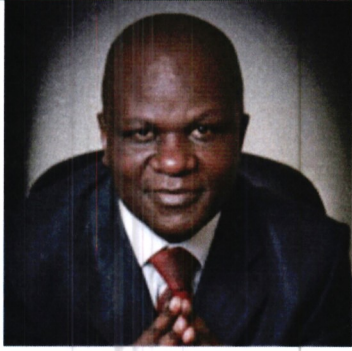

II. THE UNIVERSITY COUNCIL

Name	Profile & Work Experience
 <p>Dr. Gladys Mwit DOB; 25/09/1950</p>	<ul style="list-style-type: none"> • Chairperson – The Co-operative University of Kenya Council. • Chief Executive Officer – Oasis Africa. • Chairperson – The Kenya Psychological Association. • Trustee – The Kenya Methodist University. • Member – The University of Nairobi Ethics and Research Committee. • Member – The Kenyatta National Hospital Ethics and Research Committee. • Doctor of Philosophy Degree in Clinical Psychology – Fuller Theological Seminary, Pasadena, CA. • Master Degree – Christian Leadership, Fuller Theological Seminary, Pasadena, CA. • Master Degree – Counselling Psychology, United States International University, Kenya. • Advanced Diploma – Science Education, Kenyatta University.
 <p>Eng. Runji Ngware DOB; 1951</p>	<ul style="list-style-type: none"> • Council Member – The Co-operative University of Kenya. • Managing Director – M/S Runji & Partners, Consulting Engineers Limited. • Master of Science, Civil Engineering – The University of Nairobi. • Bachelor of Science, Civil Engineering – The University of Nairobi. • Member – The Institute of Engineers in Kenya.
 <p>Mr. Macloud Malonza DOB; 12/12/1969</p>	<ul style="list-style-type: none"> • Council Member – The Co-operative University of Kenya. • Chairman – Harambee Sacco Society Limited. • Board Member – The Co-operative Bank of Kenya. • Master Degree in Business Administration – Moi University. • Bachelor of Arts – Egerton University. • Postgraduate Diploma in Information Technology and Management Services – Manchester University, UK. • Postgraduate Certificate in Strategic Management and Management Planning – Rhodes University, South Africa.



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 <p>Ms. Salome Mbeyu Mwendar DOB;13/11/1956</p>	<ul style="list-style-type: none"> • Council Member – The Co-operative University of Kenya. • Master of Arts – The University of Nairobi. • Bachelor of Arts – The University Of Nairobi. • Post Graduate Diploma, Town and Regional Planning – Technical University of Szczecin, Poland. • Certificate in Monitoring and Evaluation – University of London, Wye College UK.
 <p>Ms Florence Muthoni Gichohi – Hegarty DOB; 15/05/1962</p>	<ul style="list-style-type: none"> • Council Member – The Co-operative University of Kenya. • Master Degree, Rural Development – The University of Ireland, Galway. • Postgraduate Diploma, Peace and Conflict Studies – Africa Nazarene University. • National Diploma, Development Skills – Kimmage Manor, Dublin. • Diploma, Business Management and Administration – Cambridge Tutorial College, England.
 <p>Mr. George Ototo DOB; 1972</p>	<ul style="list-style-type: none"> • Council Member – The Co-operative University of Kenya. • Managing Director – Kenya Union of Savings & Credit Co-operatives Ltd. • Master Degree in Business Administration, Finance – The University of Nairobi. • Bachelor of Arts, Mathematics and Economics – The University of Nairobi. • Certified Public Accountant CPA (K).
 <p>Ms Ruth Agesa, OGW, HSC DOB; Representing the Principal Secretary – State Department</p>	<ul style="list-style-type: none"> • Council Member – The Co-operative University of Kenya. • Assistant Director of Education – Ministry of Education. • Executive Secretary – The Kenya Music Festival. • Protocol officer – The Ministry of Education. • Member – Culture and programming Board of UNESCO (KNATCOM). • PhD student – The Masinde Muliro University of Science and Technology. • Masters, International Studies – The University of Nairobi. • Bachelor of Arts, Music – Kenyatta University. • International Diploma, Educational Planning and Administration – National University of Educational Planning and Administration, New Delhi India.



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<p>for University Education.</p>  <p>CPA. Patrick Abachi DOB; 1965 Representing the Principal Secretary – The National Treasury.</p>	<ul style="list-style-type: none"> • Council Member – The Co-operative University of Kenya. • Chief Accountant – The National Treasury. • Acting Head of Public Sector Accounting Standards Board Secretariat – The National Treasury. • Masters Student, Finance – Kenyatta University. • Bachelor, Commerce – The Masinde Muliro University Science and Technology. • Certified Public Accountant CPA (K).
 <p>Ms. Mary Mungai DOB; 1968 Representing the Principal Secretary – State Department of Co-operative Development, Ministry of Industry, Trade and Co-operatives.</p>	<ul style="list-style-type: none"> • Commissioner for Co-operative Development – State Department of Co-operative Development, Ministry of Industry, Trade and Co-operatives. • Board Member – CIC Group. • Board Member – The SACCO Society Regulatory Authority (SASRA). • Member – The Institute of Directors of Kenya. • Masters degree, Agricultural Economics – Purdue University West Lafayette Indiana, USA • Bachelor of Science, Agriculture – The University of Nairobi.
 <p>Prof. Kamau Ngamau DOB; 1966</p> <ul style="list-style-type: none"> • Ag. Vice Chancellor. 	<ul style="list-style-type: none"> • Secretary – The Co-operative University of Kenya Council. • Ag. Vice Chancellor – The Co-operative University of Kenya. • Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology. • Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany. • Master of Science, Horticulture – The University of Nairobi. • Masters degree, Organizational Development – United States International University, Kenya • Bachelor of Science, Agriculture – The University of Nairobi.



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III. THE UNIVERSITY MANAGEMENT BOARD

Staff Profile	Responsibilities
 <p>Prof. Kamau Ngamau DOB; 1966</p> <ul style="list-style-type: none"> • Ag. Vice Chancellor. • Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology. • Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany. • Master of Science, Horticulture – The University of Nairobi. • Masters degree, Organizational Development – United States International University, Kenya • Bachelor of Science, Agriculture – The University of Nairobi. 	<ul style="list-style-type: none"> • Chief Executive Officer; Academic and Administrative Head of the University. • Member of all committees appointed by Council or Senate. • The Secretary to the Council and an ex officio member of the Council. • Responsible for Policy matters, Planning, Coordination, Public Relations, Security, Audit, Fundraising and General Development of the University Policy Matters. • Chairperson of Senate. • Chairperson of Associate Professorial appointments. • Chairperson of the University Management Board. • Chairperson of the University Student Welfare Authority.
 <p>Prof. Emily Achieng' Akuno DOB; 1962</p> <ul style="list-style-type: none"> • Deputy Vice Chancellor Academic Affairs. • Full Professor, Music – The Technical University of Kenya. • Doctor of Philosophy, Music – Kingston University, Surrey, UK. • Master of Music - North western State University, Louisiana, USA. • Bachelor of Education (Arts) – Kenyatta University, 	<ul style="list-style-type: none"> • Head of the Academic Division of the University. • Provide the secretariat to the Academic Board and all the Committees of Academic Board. • The returning officer for the election of Deans of Faculties. • Provide the secretariat for the Honorary Degrees Committee of Council. • Responsible for the allocation of academic facilities such as buildings, lecture rooms and offices and as well as formulation of rules governing the allocation and utilization. • Chairperson of the University Training Committee.




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<p>Kenya.</p>	
<div style="text-align: center;">  </div> <p>Prof. Esther N. Magiri DOB; 1966</p> <ul style="list-style-type: none"> • Ag. Deputy Vice Chancellor Finance, Planning and Administration. • Associate Professor, Biochemistry – The Jomo Kenyatta University of Agriculture & Technology. • Post-Doctoral Fellow – Tel Aviv University, Israel. • Doctor of Philosophy, Applied Molecular Biology in Plant Pathology – Zhejiang University, China. • Master of Science, Biochemistry – The University of Nairobi. • Bachelor of Science, Biochemistry and Zoology – The University of Nairobi. 	<ul style="list-style-type: none"> • Head of Finance, Planning and Administration Division and is responsible for management of human, physical, financial resources; administrative, infrastructural and development matters which has the following responsibilities: <ul style="list-style-type: none"> - Staff Recruitment; - Training of Administrative Staff; - Promotions and Discipline; - Personnel Administration; - Financial Administration; - Coordination of All Income Generating Units; - Procurement Services; - Health Services; - Registry Administration; - Legal Matters; - Transport; - ICT and Central Services; • Provides the secretariat for the Council and the following Committees: <ul style="list-style-type: none"> - Terms of Service Committee; - Staff Appointments Committee; - Housing (policy and allocations) Committee; - Ceremonial Committee; - Health, Recreation, Environment and Safety Committee; - Staff Appraisal and Promotion Committee; - Staff Welfare; - Finance and General Purposes Committee; - Building and Development; - Sealing Committee; - Council Planning and Development Committee; - Planning, Establishment and Development Committee; - Disciplinary Committee;





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	<ul style="list-style-type: none"> - Tender Committee;
 <p>Prof. Isaac K. Nyamongo DOB; 1963</p> <ul style="list-style-type: none"> • Deputy Vice Chancellor (Cooperative Development, Research and Innovation). • Full Professor, Anthropology – The University of Nairobi. • Doctor of Philosophy, Anthropology – University of Florida, USA. • Master of Science, Anthropology – Panjab University, India. • Bachelor of Science, Anthropology – Panjab University, India. 	<ul style="list-style-type: none"> • Head of the Co-operative Development, Research, and Innovation Division which has the following responsibilities: <ul style="list-style-type: none"> - Integrating Co-operative models in rural development and transformation; - Coordination of Co-operative Development activities; - Coordination of research and extension services; - Coordination of workshops and seminars; - Coordination of short tailored - made training programmes and consultancy services for the Co-operative sector; - Coordination of national and international linkages with the Co-operative sector; - Soliciting of funds for Co-operative development, research and production; • Provides the secretariat for the Council and the following Committees: <ul style="list-style-type: none"> - Research; - Linkages; - Community services; - Funding-raising;



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 <p>CPA Maxwel Nyaga DOB; 1974</p> <ul style="list-style-type: none"> • Finance Officer. • PhD student Business Administration (Finance) – The Jomo Kenyatta University of Agriculture and Technology. • Master Degree, Business Administration – The Jomo Kenyatta University of Agriculture and Technology. • Master of Science, Procurement and Logistics – The Jomo Kenyatta University of Agriculture and Technology. • Bachelor of Science, Applied Accountancy – Oxford Brooks University, UK • Certified Public Accountant CPA (K). 	<ul style="list-style-type: none"> • Responsible for the supervision and management of all administrative and operational functions of the office of the Finance Officer. • Develops the finance policies and procedure Manual. • Formulates the revenue generation and resource Mobilisation strategies for the universality. • Is responsible for financial forecasting and planning. • Is responsible for Budget execution and control of Budgets. • Prepares regular, quarterly and annual financial reports. • Facilitates liaison with the National Treasury, Ministry of Education and the Auditor General on the Funding of the university. • Is responsible for daily approval of expenditure in the consultations with the Deputy Vice Chancellor FPA and the Vice Chancellor.
 <p>Mr. David Otiende DOB; 1963</p> <ul style="list-style-type: none"> • Registrar Academic Affairs. • PhD Student – The Catholic University of Eastern Africa. • Master of Education, Administration – Kenyatta University. • Bachelor of Education, Arts – 	<ul style="list-style-type: none"> • Responsible for the supervision and management of all administrative and operational functions of the office of the Registrar AA. • Serves as the secretary to the Academic Board, its committees stipulated appropriately in the statutes and issues notices convening meetings of the Academic Board. • Responsible for formulation and implementation of divisional strategic plan. • Formulates and provides policy guidelines on planning, development and management of academic programmes. • Interprets and enforces policies and regulations of the University touching on academic matters.



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<p>Kenyatta University.</p>	
 <p>Mr. Chris Kathoka DOB; 1981</p> <ul style="list-style-type: none"> • Registrar Finance, Planning and Administration. • PhD student Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology. • Masters, Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology. • Bachelor of Science, Information Technology – The Jomo Kenyatta University of Agriculture and Technology. 	<ul style="list-style-type: none"> • Responsible for the supervision and management of all administrative and operational functions of the office of the Registrar FPA. • The secretary to the University Management Board. • Responsible for effective administrative systems in line with University policies and procedures in line with the best practices. • Provide strategic planning and guidance in the development, coordination and implementation of physical infrastructure and modernization projects in the University. • Compile and analyze statistical data for use in general planning, strategic planning, and budgeting and sundry management requirements. • Service matters such as appointments, promotions, retirement, disciplinary action, sanction of leave, incentive pertaining to teaching and non - teaching staff. • Interpret and enforce policies and regulations of the University College touching on Finance, Human Resource, Planning and Development
 <p>Ms. Anne Jemimma Mmata DOB; 1981</p> <ul style="list-style-type: none"> • Ag. Principal Human Resource Manager • Masters, Business Administration – The Jomo Kenyatta University of Agriculture and Technology. • Bachelors, Education – Kenyatta University. • Higher National Diploma, Human 	<ul style="list-style-type: none"> • Responsible for the supervision and management of all administrative and operational functions of the office of the PHRM. • Identifies hiring need, develops the position description, Recruitment Plan, organizational chart and other recruitment related documents. • Ensures understanding of collective bargaining agreements' specific provisions with respect to the University Employees. • Prepares job descriptions and ensures proper procedures for review and approval are met. • Reviews recruitments and provides oversight of the recruitment process.



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<p>Resource Management – The College of Human Resource Management.</p>	
 <p>Mrs. Lucinda Mugaa DOB; 1955</p> <ul style="list-style-type: none"> • Ag. Dean of Students • PhD student Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology. • Masters, (Sociology) Labour Management – The University of Nairobi. • Bachelor of Science, Business Administration – United States International University, Kenya. • Diploma, Social Work – The University of Nairobi. 	<ul style="list-style-type: none"> • Serves as a primary administrative contact and advocate for students. • Provides general assistance to students who have concerns and/or questions. • Acts as a point of contact for students who want to talk about issues of harassment, discrimination, and sexual misconduct. • Is responsible for formulation and review of policies directly related to students.



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IV. CHAIRPERSON'S STATEMENT

Introduction

I am pleased to present the Annual Report and Financial Statements for The Co-operative University of Kenya for the year ended 30 June 2017. The pages that follow this introduction provide an analysis of attainments which reflect not only talent and commitment, but also a determination to focus our resources on our core mandate.

Financial Performance

In the year under review, the University reported a Gross income of **KSh 672,665,983** compared to **KSh 584,036,274** for the 2015/2016 financial year. This represents an increase of 15% from the previous year. Tuition fees grew by KSh 41,217,441 representing 16% growth. The Council was pleased to see real successes in the recruitment of students in most of the approved programs. The Co-operative Retreat and Conference Centre (CRCC) registered a growth of KSh 53,365,816 representing a 138% Growth in revenue. However, the achievements and sense of purpose which are such a source of pride must not be a source of complacency. Flat or decreasing Government funding in real terms cannot be without consequences. A persistent reduction in the resources available to CUK combined with increasing competition from many institutions of higher learning pose a great risk to achievement of the core mandate of the university as a global leader in co-operative training research and innovation for co-operative development.

Achievements and Challenges

In addition to increased student's enrolment, CUK established the research division with recruitment of the Deputy Vice Chancellor in charge of Co-operative Development, Research and Innovation. We have seen the growth of collaborative research with various county Governments such as Meru County. ICD continued to engage county Governments in a bid to establish progressive collaborative linkages. This success in research is admirable as it has been achieved despite the reduced government funding making this success increasingly challenging.

Over the last three years, the University has been increasing enrolment of students gradually. However, the increase in the number of students is not commensurate with Government funding. Further, implementation of the differentiated unit cost is expected to reduce the recurrent grants by KSh. 39 million as CUK moves into the new financial year. This poses a great challenge to finance the growth of the young university.

As we face these challenges, we know that we are most at risk if we ignore realities and fail to innovate. For this reason, our willingness to work closely together, to partner with others and to benchmark is an expression of firmly held values that are crucial to our future.

Appreciation

On behalf of the Council, I wish to thank all the stakeholders for the confidence placed on the Council during the entire period and look forward to serving even better. In a special way, I thank the Ministry of Education Science and Technology, and all other organizations that have stood with us during the entire Financial Year. Your continued support is highly appreciated. Further, I thank the University College Management, staff and students for dedication and commitment towards the growth of the University College.


Dr. Ibrahim M. Ali

CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY OF KENYA COUNCIL



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V. VICE CHANCELLOR'S REPORT

Introduction and Background

It is my great pleasure to present the Annual Report and Financial Statements for the Co-operative University of Kenya (CUK) for the year ended 30th June 2017. The Co-operative University of Kenya (CUK) is a Chartered Public University in the Republic of Kenya. The institution was established by the Government of Kenya under the Universities Act 2012 and Chartered on the 7th October, 2016 by H.E. President of the Republic of Kenya and Commander of the Kenya Defense Forces, Uhuru Kenyatta. The University is a leading Centre for Quality Co-operative Education, Training, Research and Consultancy in Kenya.

The predecessor Co-operative College of Kenya was established as a body corporate through the Co-operative College of Kenya Act, Chapter 490 (A), and Revised in 1996 becoming effective on July 1st 1998. In November 2011, the College was elevated to a Constituent College of Jomo Kenyatta University of Agriculture and Technology (JKUAT) through Legal Notice No 161 of 4th November 2011. The registered offices are located at Karen, Ushirika Road, P. O. Box 24814 – 00502 Karen, Nairobi, Kenya which is the Seat of the university.

Having been awarded a university charter in the said financial year, the University's mandate has broadened as stated in the charter documents and university statutes. It is important to acknowledge that despite a continued national reduction in Government funding for Universities, research and teaching, 2016/2017 has been a year of strong performance for The Co-operative University of Kenya.

Academics

The year 2016/17 marked a great academic transformation of the university. On award of a University Charter on 7th October, 2016, the former Co-operative University College of Kenya changed to be The Co-operative University of Kenya. In its new status, the institution held its 1st graduation under its Chancellor in December, 2016. In its inaugural graduation, CUK graduated 1,148 graduands. It is under this new status that the various organs of a university like the senate were established and offices of the Chancellor, The Vice Chancellor, and Deputy Vice Chancellors were established.

Overview of the Financial Performance

Financially, the University's position remains sound, with no external borrowing; the University reported a Gross income of Kshs 672,665,983 compared to Kshs 584,036,274 for the 2015/2016 financial year. This represents an increase of 15% from the previous year. Tuition fees grew by Kshs 41,217,441 representing 16% growth. The University management board was upbeat to ensure success in the recruitment of students in most of the approved programs. The University income generating Unit, the Co-operative Retreat and Conference Centre (CRCC) registered gross income of Kshs. 92,041,691. This income represented a 138% Growth in revenue compared to the previous financial year.

Despite a registered deficit, the University Management has been keen to ensure that CUK operates within its means. CUK remained determined to give education access to people of talent from all backgrounds. Further, this has been made possible through the various Marketing activities undertaken within the year including live broadcasts in Local Media.



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In the year under review, however, the achievements and sense of purpose which are such a source of pride must not be a source of complacency. Decreasing Government funding in real terms cannot be without consequences. A persistent reduction in the resources available to CUK combined with increasing competition from many institutions of higher learning pose a great risk to achievement of the core mandate of the university as a global leader in co-operative training research and innovation for co-operative development.

Research Collaborations and Linkages

This financial year, in order to strengthen our mandate as a university and achieve our mission and vision as set out, the university created a new division of research, innovation and co-operative development and recruited a deputy vice chancellor to run the division. Under this division, the institute of co-operative development spearheads matters collaboration. It is worthwhile to note that through this new division, the university, has, Through Memorandum of Understanding initiatives (MOU'S) signed in the 2016/2017, been making the changes required to ensure that research can make the significant developments needed to address some specific concerns in the co-operative movement.

I note with appreciation that the Institute of Co-operative Research and Development has made strides in making fundable proposals and various collaborations with County governments. The future of Research is promising. Going forward, not only will CUK spearhead research and teaching for national and international benefit, but, vitally, as a key element in Cooperative development and future community empowerment. I am delighted that the period covered by this Annual Report marked an increasingly close working relationship between the University and the devolved county Governments.

Infrastructure

To cater for the increased population of both staff and students, the university, in the year under review, continued to grow its infrastructure. CUK spent a total of Kshs. 184 million to grow its infrastructure. We accelerated the completion of the 2,500-seater lecturer theatre, fully financed by the government of Kenya. In the year under review, the university spent further, the university sunk a borehole to cater for this increased population then and in future at a cost of Kshs. 3.088 million. Further, commenced plans for the construction of a state of the art modern learning resource commencing with the call for consultancy services. It is important to note that the university also, in the said period, developed a 50-year master plan to spell out the clear roadmap for the university.

Compliance with Statutory Guidelines

In the year under review, CUK diligently fulfilled its entire statutory obligation and guidelines set by government agencies and commissions. The university signed performance contracting with the ministry of education and the same was cascaded to relevant officers and staff of the university with continuous monitoring and evaluation. Further, the university reviewed its policies to align them with the new status of the University after the award of a charter.

Challenges

Over the last three years, the University has been increasing enrolment of students gradually. However, the increase in the number of students is not commensurate with Government funding. Further, implementation of the differentiated unit cost is expected to reduce the recurrent grants by Kshs. 39



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million as CUK moves into the new financial year. This poses a great challenge to finance the growth of the young university.

As we face these challenges, we know that we are most at risk if we ignore realities and fail to innovate. For this reason, the university is open for collaborations with key partners and stakeholders. Further the university commits to benchmark with the best in the market to learn some of the best practices not yet here.

Appreciation

I note with appreciation that the Government of Kenya, our collaborators, and other institutions that have rendered their support during the entire financial year under review. Further, I would like to appreciate the support accorded to me by staff and students in ensuring smooth running of the CUK.

The university acknowledges the guidance of the Governing Council in ensuring the Management is kept on the move towards attainment of the set targets.



Prof. Kamau Ngamau

Ag, VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA



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VI. CORPORATE GOVERNANCE STATEMENT

During the year under review, the Governing Council comprised of six members, all appointed by the Cabinet Secretary in the Ministry of Education. All other members are ex-official members. The Governing Council is responsible for ensuring that the University Council complies with the law and best practices in corporate governance.

Functions of the Council

The functions and powers of the Council are as stipulated in the University Charter of 7th October 2016 as indicated below:

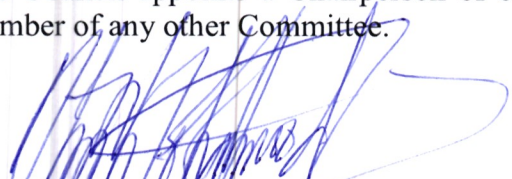
- To administer the property and funds of the University in a manner and for the purpose which promotes the interest of the University.
- To receive, and on behalf of the University, donations, endowment, gifts, grants or other moneys and make disbursement there from to the University or other bodies or persons.
- To approve appointment criteria and the terms and conditions of service of staff.
- To provide for the welfare of the staff of the University.
- To enter into association with other Universities, University Colleges or other Institutions of learning.
- To make regulations governing the conduct and discipline of the students of the University.
- To ensure that a proper management structure is in place and that the structure function to maintain corporate integrity, reputation and responsibility.
- To monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University.
- To constantly review the viability and financial sustainability of the University.
- To ensure that the University complies with all the relevant laws, regulations, governance practice, accounting and auditing standards.


Committees of the Council

During the 2016/2017 financial year, the following were the Council Committees in place

- i) Finance, Planning and Development Committee
- ii) Human Resource Management Committee
- iii) Audit and Risk Committee
- iv) Sealing Committee

The Council appoints a Chairperson of each Committee. The University Council Chairperson is not a member of any other Committee.


Dr. Ibrahim M. Ali
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY
OF KENYA COUNCIL


Prof. Kamau Ngamau
Ag. VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA



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VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The University Council acknowledges its role in the welfare of the Community by participating in matters that promote the wellbeing of the Society. During the year under review, the University participated in Ushirika Day celebrations and planting of more than ten thousand trees in order to keep the environment green. The University also participated in the Mater Hospital Heart Run, Beyond Zero Campaign and organized a free medical camp for the local community.

Dr. Ibrahim M. Ali
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY
OF KENYA COUNCIL

Prof. Kamau Ngamau
Ag. VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA



VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

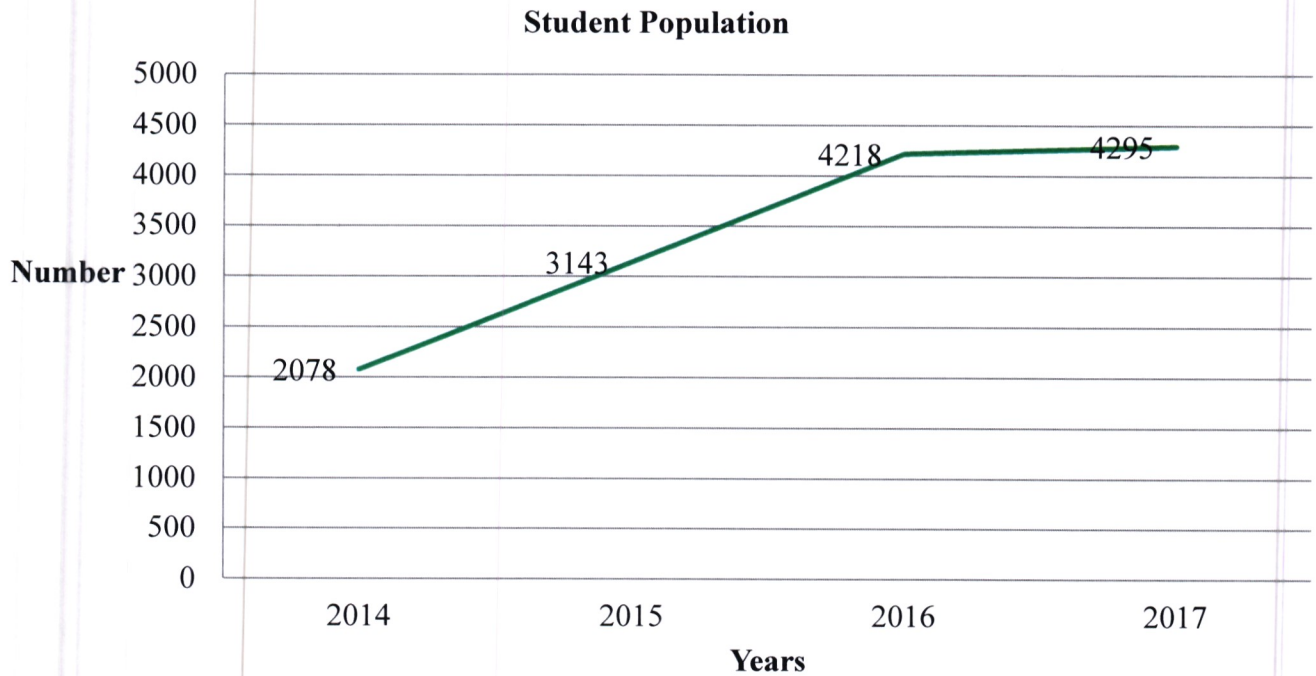
OPERATIONAL AND FINANCIAL PERFORMANCE

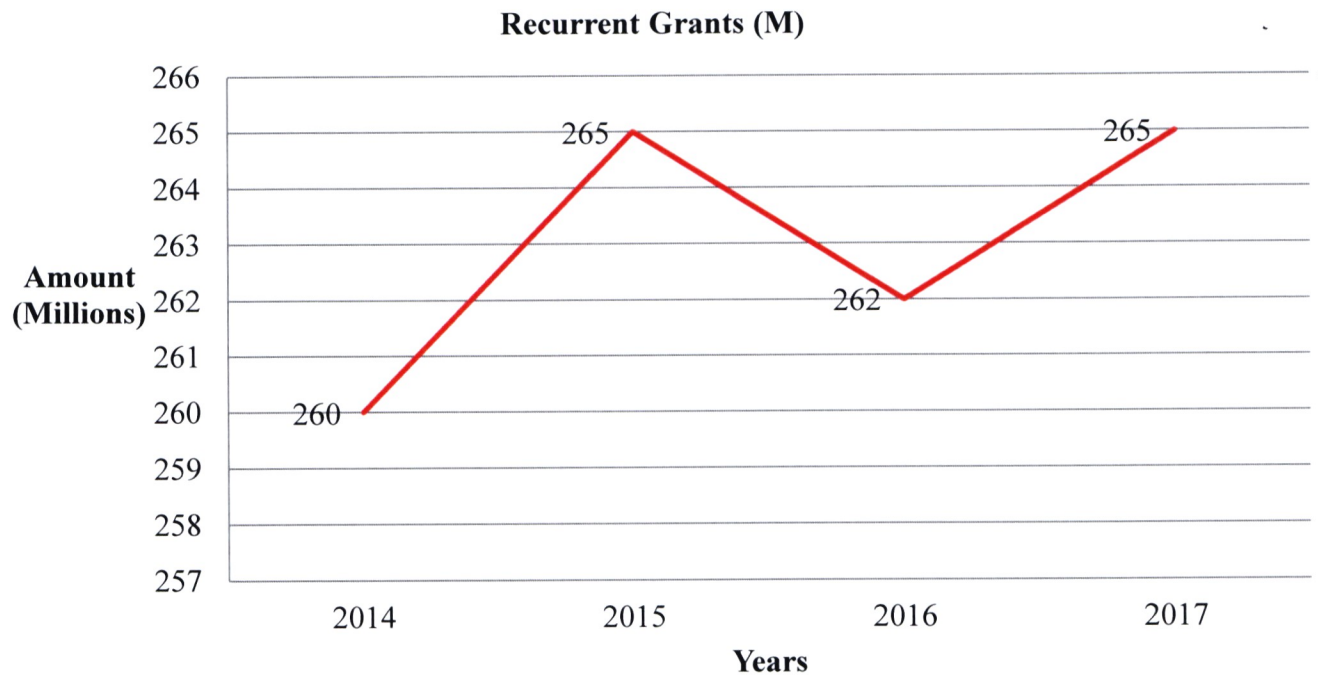
A) INCOME ANALYSIS:

The University registered a total of KSh 672,665,983 in gross revenue against a target of KSh 678,597,220. This represents 99% of the target revenue. In comparison to the same period in the previous financial year, CUK recorded an increase in revenue of KSh 88,629,709 which represents a growth of 15% in gross revenue.

The major drivers of performance were income generated from Students' fees by 299 Million and 92 Million generated by the Co-operative Retreat and Conference Centre (CRCC).

Over the last 4 years, recurrent grants from the Government of Kenya have been almost constant despite the growth in personnel costs and increase in student population especially the government sponsored students. This subjects the University to budgetary constraints as illustrated in the graphs below.





B) EXPENDITURE ANALYSIS.

As at 30th June 2017, CUK registered total expenditure of KSh 722,508,438 against previous year's expenditure of KSh 632,468,087 an increase by KSh 90,040,351 representing 14% growth in expenditures.

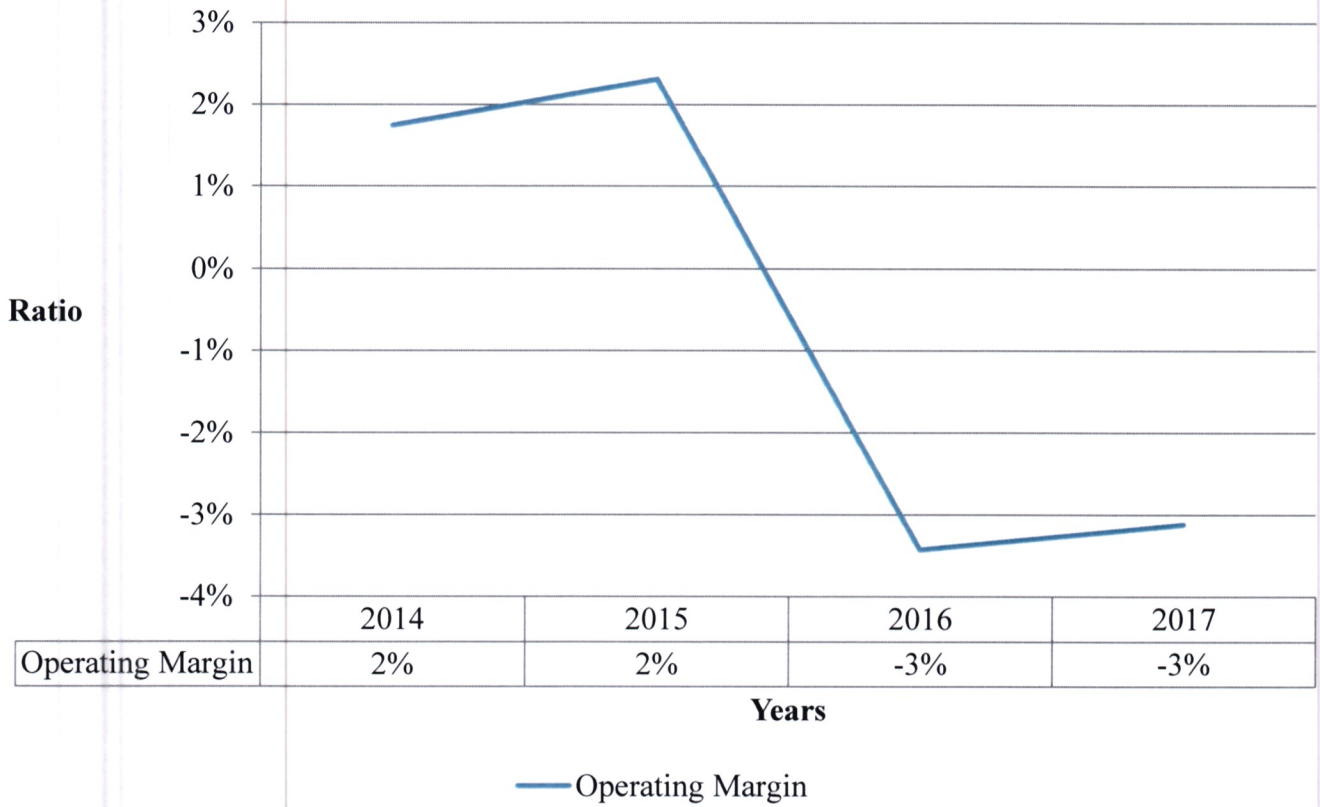
Employee Costs took 57% of the total income; Remuneration of Council members 2%, Depreciation and amortisation expense 4%, Repairs and Maintenance 3% and General expenses 41% of the total income.

As noted in the previous reports, the University cannot finance any growth due to the continued negative surplus margins and accumulated deficits. It is also a challenge to explore other methods of financing when an institution is not breaking even.



THE CO-OPERATIVE UNIVERSITY OF KENYA

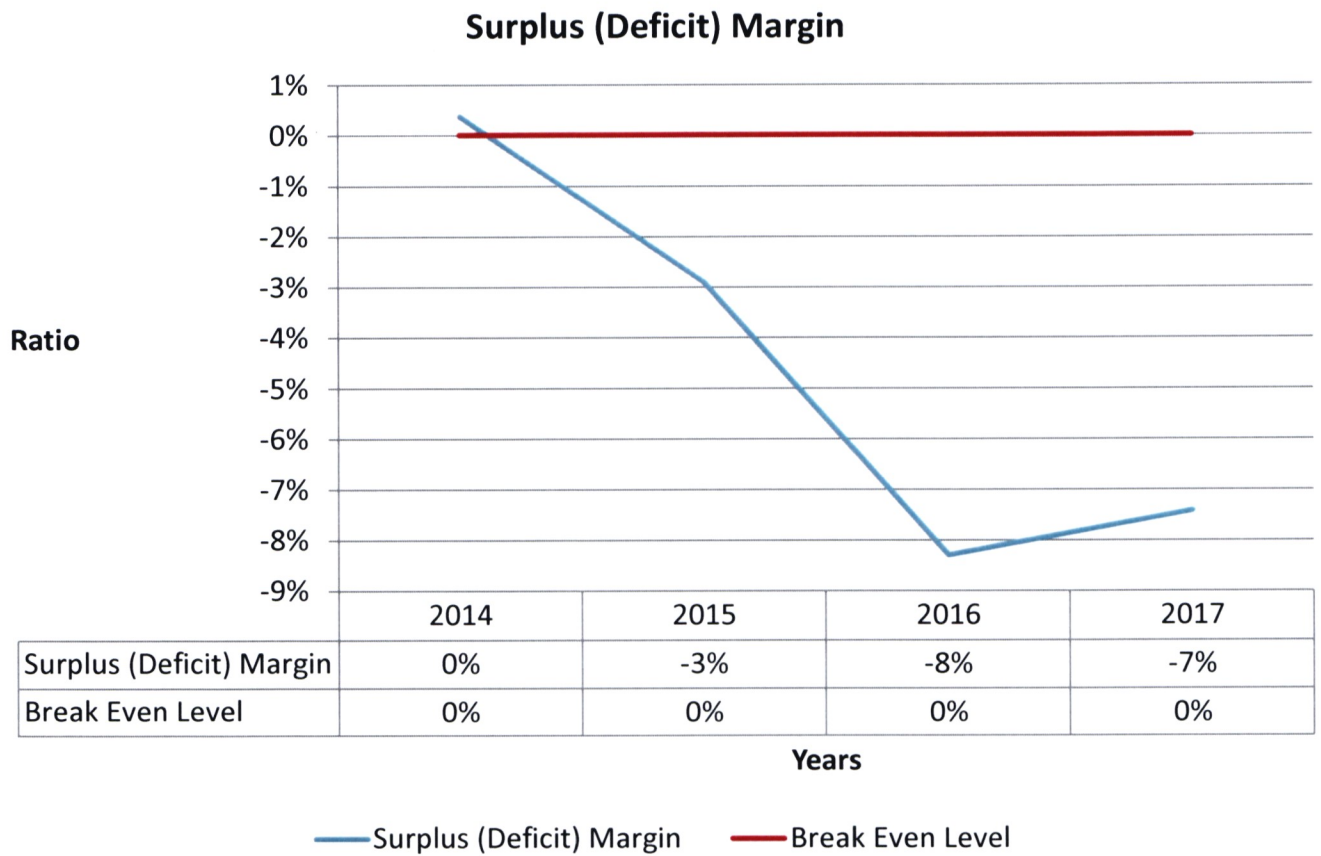
Operating Margin



As can be seen above, the proportion of the University's revenue that is left after deducting all the costs less depreciation is -3%.



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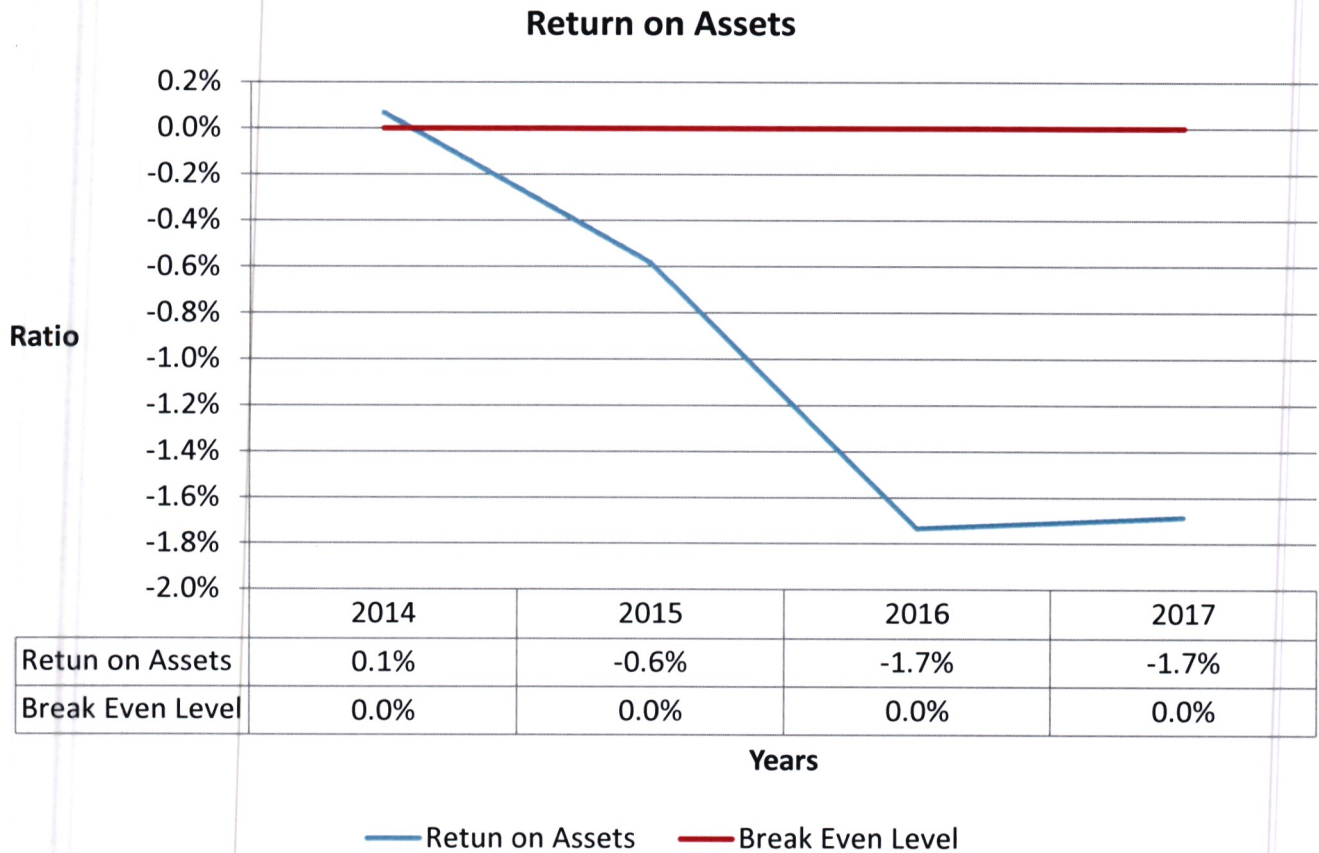
This is a measure of operational efficiency. As seen above, the University has not been accruing any surplus from its operations. This is an indication that the University is struggling to finance its operations.



THE CO-OPERATIVE UNIVERSITY OF KENYA

C) STATEMENT OF THE FINANCIAL POSITION.

The statement of financial position indicates that the university closed the year with Total assets of KSh. 2,953,536,107. This is against KSh 2,791,562,708 registered in the 2016/2017 financial year reflecting an increase in total assets of KSh. 161,973,399. This is majorly attributed to the purchase of Non-Current Assets and the increase of Work in Progress.

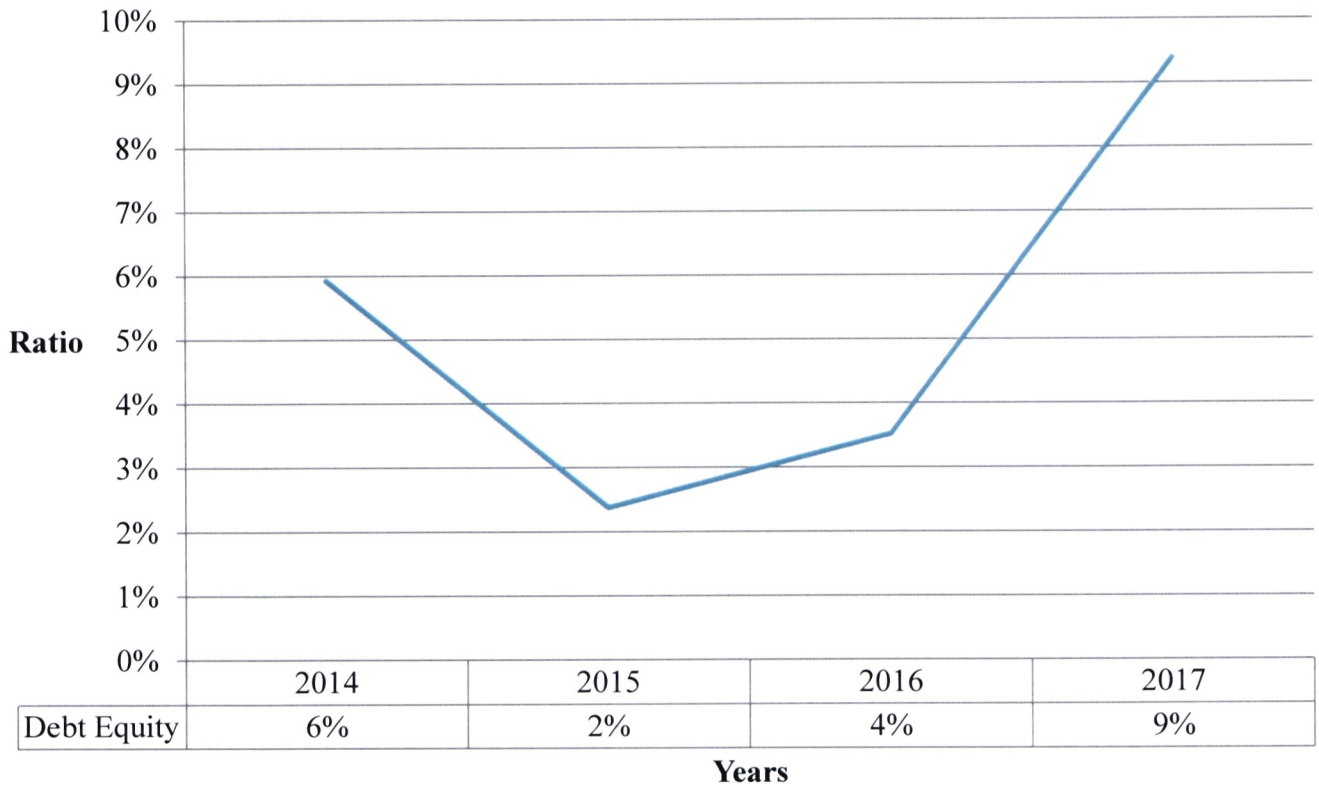


This is a measure of how profitable the University's assets are by comparing net income to the Net Assets. As can be seen above, The University has not been receiving any return on investment.



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Debt Equity Ratio



This measures the University’s long term solvency ratio and indicates the soundness of long-term financial policies of the University. It shows the relation between the portion of assets financed by creditors and the portion of assets financed by the Capital Reserves (Development Grants, Revaluation Reserves and Accumulated Surplus (Deficit)).

As can be seen above, The University’s portion of assets funded by Creditors is 9%. This indicates that the University’s Assets are majorly financed through the Capital Reserves (Development Grants, Revaluation Reserves and Accumulated Surplus (Deficit) and not by Creditors. The trend however shows an increase in debt financing over the past 2 (two) years.

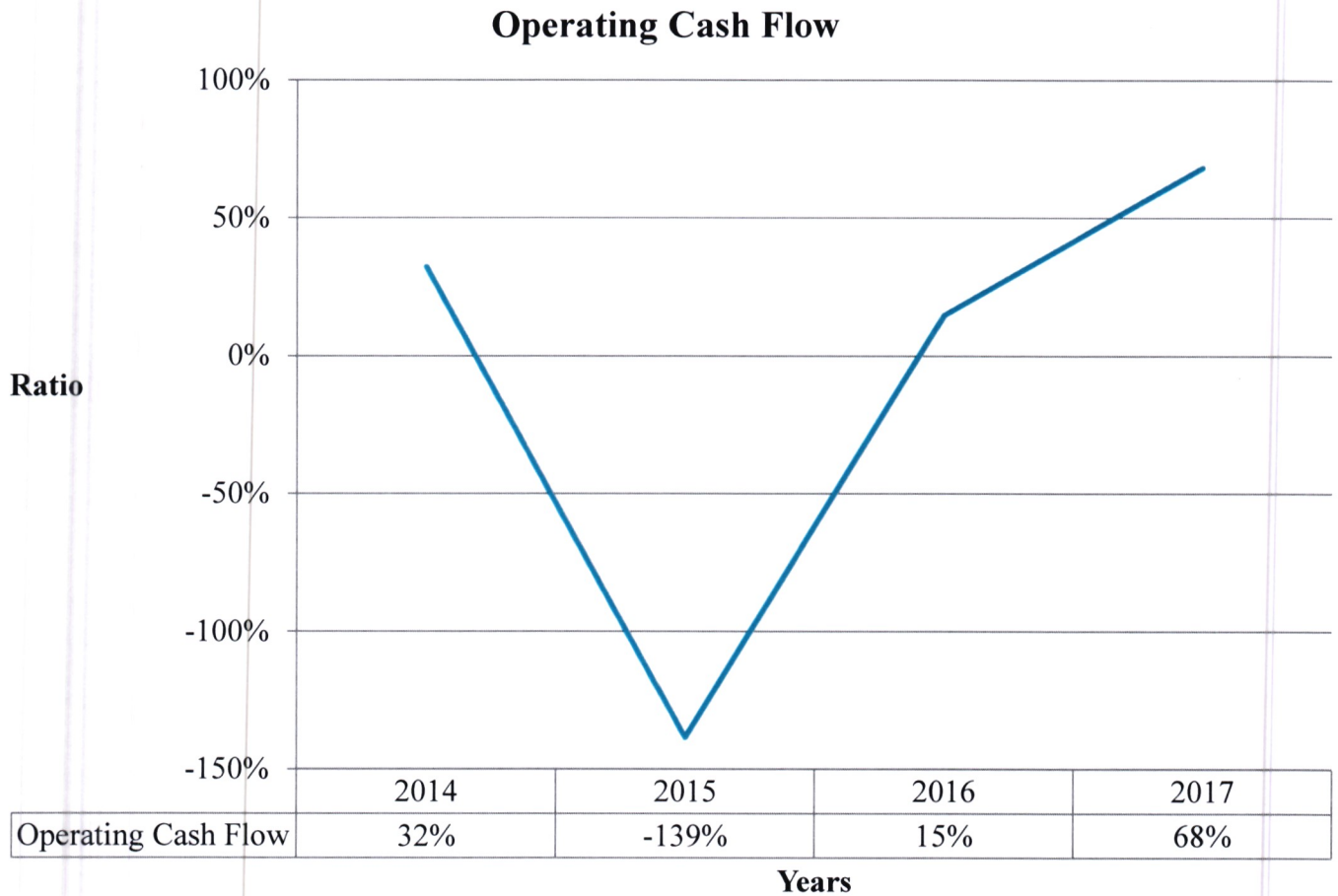


THE CO-OPERATIVE UNIVERSITY OF KENYA

D) STATEMENT OF CASHFLOWS AS AT 30 JUNE 2017.

As at 30 June 2017, the University had net cash generated from operating activities of KSh 157,945,260. This is the net amount utilized by the University to facilitate operations.

The net change in cash and cash equivalents was KSh 63,156,368 closing the year with KSh 96,259,582.



Operating cash flow ratio is cash from operating activities as a percentage of current liabilities in a given period. It is a measure of the University's liquidity.

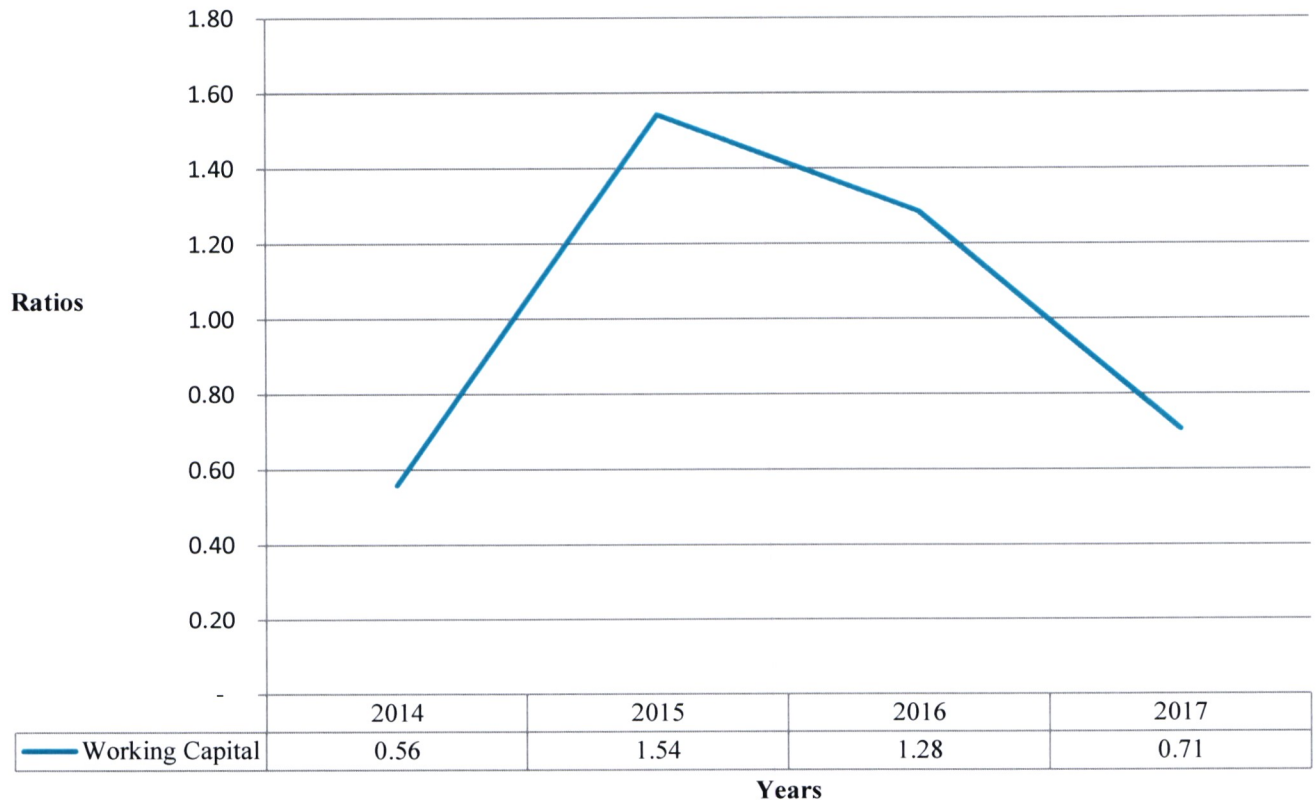
As can be seen above, the operating cash flow is less than an ideal 100%; this means that the University has generated less cash in the period than it needs to pay off its short-term liabilities. This signals a need for more capital.

However, the low operating cash flow ratios for this period is not necessarily a bad thing since the University is investing heavily in development of academic programs, it's expected that the investment in new programs will pay off in the end and generate more cash.



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Working Capital



Working capital is a measure of both the University's operational efficiency and its short-term financial health. The working capital ratio (current assets/current liabilities), or current ratio, indicates whether the University has enough short-term assets to cover its short-term debt. A good working capital ratio is considered anything between 1.2 and 2.0.

As can be seen above, the University's working capital has not been ideal as a ratio of less than 1.0 indicates negative working capital, with potential liquidity problems.

E) STATEMENT COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS

CUK was below the revenue target projections by KSh 5,931,237 representing a variance of 1% of the expected revenue by 30th June 2017.

In expenditure projections, the university was also below target by 12,001,159. This is a variance of 2% of the target expenditure.



THE CO-OPERATIVE UNIVERSITY OF KENYA

SECTION B

Compliance with statutory requirements

CUK Complied with all the statutory obligations within the year. However, it has become increasingly challenging to submit statutory deductions to the various authorities within the required timelines (by 9th of the subsequent month) this affects all deductions inclusive of PAYE, NSSF, PENSION, SALARY DEDUCTIONS.

This is due to delay in receipt of government grants as outlined below.

CAPITATION MONTH	DATE RECEIVED	REMARKS
October 2016	10 th November 2016	Received 1 day after the set statutory deadline
November 2016	13 th December 2016	Received 4 days after the set statutory deadline
February 2017	15 th March 2017	Received 6 days after the set statutory deadline.
April 2017	12 th May 2017	Received 3 days after the set statutory deadline



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THE CO-OPERATIVE UNIVERSITY OF KENYA

SECTION C

Key projects and investment decisions planned and implemented

Within the 2017/2018 financial year, the University has been implementing the following projects in order of priority

S/No	Project	% of Completion	Financing of the project	Remarks
1	Completion of the lecture theatres	90%	G.O.K	<p>This was the only Project funded by GOK as per the printed estimates to the tune of KSh 184 Million. The project was subjected to an independent audit in order to determine the financial appraisal amount as requested by the Project Managers. A resolution was made by the council to disengage the services of The Ministry of Public Works and recruit a new Project Manager to take up the re-measurement of works and supervision of the same to completion.</p> <p>The Contractor had requested for six months Contract extension to complete the project by 21st July 2017</p>
2	Sinking of a Borehole	100%	G.O.K	Drilling of the Borehole complete. Installation of Pump scheduled in the 2017/2018 FY.
3	Consultancy service on the Ultra-Modern Learning resource Centre	0%	G.O.K	The Contractor is on site and a first certificate of KSh. 15M issued. This was expected to be funded by GOK in the 2017/2018 financial year as the top priority. However since the Lecture theatre is not Complete, the project will be partially financed in the



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				2017/2018.
4	Consultancy service on the Master Plan Development	0%	GOK	The Contractor is on site and has given a draft Final report.
5	Pre-feasibility study on Hydro dam	0%	G.O.K	This has not commenced A meeting with the neighbours (stakeholders) was held in June 2017. Alternative funding models being sought
6	Construction of an elevated water tank	0%	G.O.K	This has not commenced but is necessary for storing waster from the borehole.



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THE CO-OPERATIVE UNIVERSITY OF KENYA

SECTION D

Risk category	Risk description	Impacts (consequence type)	Controls/risk treatment
Governance Risks	Board members not sensitized on their individual and collective governance roles and responsibilities	Legal, Compliance, Leadership, Reputational, Financial, Operational	Train Council on governance Evaluate board members on discharge of individual and collective responsibilities Develop and implement a governance risk and compliance program
	CUK non compliance with applicable laws and regulations resulting in compliance exposure	Legal, Compliance, Leadership, Reputational, Financial, Operational	Train Council and Management Board on CUK compliance framework Carry out legal audit Develop and implement a governance risk and compliance program
	Underdeveloped culture resulting in low stakeholder goodwill and support	Leadership, Reputational, Financial, strategic and Operational	Council and Management to model expected culture Promote Council, Management and Staff interactions Reward staff who promote desired culture and achieve target results



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THE CO-OPERATIVE UNIVERSITY OF KENYA

<p>Strategic Risks</p>	<p>Inadequate academic staff in terms of numbers, qualifications and expertise</p>	<p>Strategic, Leadership, Financial, Operational</p>	<p>Recruit qualified staff</p> <p>Encourage visiting professors</p> <p>Train the permanent academic staff</p>
	<p>Decreasing pool of qualified applicants resulting in low student enrolment, low completion rate and reduced revenue</p>	<p>Strategic, Reputational, Financial, Operational</p>	<p>Career talks, aggressive marketing and expanding curricula</p> <p>Career guidance</p> <p>Marketing</p> <p>Running market driven courses</p> <p>Re engineering internal academic processes</p>
	<p>Change of government policy resulting in few programs, low student numbers and low CUK visibility</p>	<p>Strategic, Compliance, Reputational, Financial, Operational</p>	<p>Ensuring compliance with Government and CUE regulations</p> <p>Compliance with government regulations</p> <p>Establishing governance desk mandate with the responsibility of identifying and communicating</p> <p>Establish desk for follow up and reporting</p> <p>Fully implement strategic plan, fund the development plan and master plan</p> <p>Implement audit section work plan to check compliance with government regulations</p>



THE CO-OPERATIVE UNIVERSITY OF KENYA

	<p>Limited research infrastructure and capacity resulting in low research output, low innovation and low ability to attract research funding and loss of research funding</p>	<p>Strategic, Reputational, Financial, Operational</p>	<p>Develop research infrastructure</p> <p>Encourage collaborative research with established academic research institutions</p> <p>Encourage collaborative research with established academic research institutions</p>
	<p>Inadequate staff expertise to enhance collaborative outreach to co-operative sector and communities resulting in low support from SACCOs and other organizations</p>		<p>Train key staff on designing and implementing collaborative outreaches in the cooperative sector</p> <p>Restructuring of ATC</p> <p>Establishment of mutually beneficial partnerships with other bodies in the co-operative sector</p>



THE CO-OPERATIVE UNIVERSITY OF KENYA

<p>Financial Risks</p>	<p>Low revenue generation from programs resulting in limited resources to fund strategic initiatives</p>		<p>Increase revenue streams</p> <p>Increase number of international students</p> <p>Increase consultancy services</p> <p>Develop, market and mount e- learning programs</p> <p>Start short term courses</p> <p>Target a minimum of 1000 students on e-learning programme</p>
	<p>High competition from Coop Bank, KUSCCO, SASRA, CAK and other trainers resulting in reduction in revenue, reduction in market share, loss of mandate and relevance</p>		<p>Signed MOU's</p> <p>Proposed for CED</p> <p>Revitalize consultancy arm and improve relevant courses by developing curriculum for short courses</p> <p>Develop strategy for reaching out to the cooperative movement</p> <p>Champion for an Act of Parliament to establish and regulate Co-operative professionals</p> <p>Increase marketing of CUK courses and services</p>
	<p>Changes of government funding policy – Differentiated Unit Cost – DUC</p>		<p>Design more competitive programs to boost student enrolment</p> <p>Increase the number of degree students</p>



THE CO-OPERATIVE UNIVERSITY OF KENYA

	Failure to attract external funding and collaborations resulting in constrained resources		<p>Develop and implement strategic financing plan</p> <p>Establish resource mobilization office</p> <p>Develop fundable proposals</p>
	Failure of students to follow fee policy resulting in erratic cash flow		<p>Enforcement of fee policy, exam policy and guidelines</p> <p>Establishment of new revenue generation strategy</p> <p>Improve debt collection system</p>



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THE CO-OPERATIVE UNIVERSITY OF KENYA

SECTION E

Material arrears in statutory/financial obligations

CUK has no material arrears in statutory/financial obligations to the national exchequer or any other Government agency.

SECTION F

Financial probity and serious governance issues

- i) CUK does not have any financial improbity as reported by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight.
- ii) There are no governance issues among the Board or members of the Board and top management including conflict of interest.



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IX. REPORT OF THE UNIVERSITY COUNCIL

The University Council submits their report together with the financial statements for the year ended June 30, 2017 which show the state of the Co-operative University of Kenya's affairs.

Principal activities

The principal activity/mission of CUK is to provide innovative education, training, research, and consultancy services for sustainable community empowerment.

Results

The results of the entity for the year ended June 30, 2017 are set out on page 45 of the Annual Report and Financial Statements for the period ended June 30, 2017.

The results indicate that CUK registered a total of KSh. **672,665,983** in gross revenue against a target of KSh. 678,597,220. This represents 99.2% of the target revenue. In comparison to the previous financial year, CUK recorded a 15% increase in revenue. At the same time, CUK registered total expenditure of KSh **721,867,684** against previous years KSh. 632,436,774 representing 14% growth in expenditure.

Despite tight budgetary controls, CUK registered a financial deficit due to inadequate financing. Over the last four (4) years, recurrent grants from the G.O.K have been almost constant despite the growth in personnel costs and increase in student population especially the Government Sponsored Students. Since 2013, CUK has been receiving over a thousand G.O.K students annually with no commensurate increase in government funding. This has greatly affected the expected growth.

Despite the above challenges, CUK Council has remained focused on its strategic direction of acquiring a Charter. Throughout the 2016/2017 financial year, efforts have been made to meet the Commission for University Education requirements for award of Charter. This has seen tremendous growth in Personnel Costs in a bid to fill some key staff requirements before award of Charter. The future for CUK is bright. The current position does not in any way indicate lack of strategy. It only presents that the institution is on transition stage and at a foundation stage.

The Council is pleased to report that the much awaited Charter was finally granted on 7th October 2016 by His Excellency the President of the Republic of Kenya, Uhuru Kenyatta. Award of the Charter will open doors for increase of students in postgraduate and additional undergraduate programs. This will see an increase in gross revenue.

Directors

The members of the University Council who served are;

- | | |
|-------------------------|--------------|
| 1. Dr. Gladys Mwiti | Chairperson. |
| 2. Eng. Runji Ngware | Member. |
| 3. Mr. Macloud Malonza. | Member. |
| 4. Ms. Salome Mwendar. | Member. |
| 5. Ms. Florence Gichohi | Member |
| 6. Mr. Patrick Abachi. | Member. |
| 7. Ms. Ruth Agesa. | Member. |
| 8. Mr. George Ototo. | Member. |



THE CO-OPERATIVE UNIVERSITY OF KENYA

9. Ms. Mary Mungai Member.
10. Prof. Kamau Ngamau Secretary.

Auditors

The Auditor General is responsible for the statutory audit of the Co-operative University of Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the University Council.



Prof. Kamau Ngamau

Ag. VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA



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THE CO-OPERATIVE UNIVERSITY OF KENYA

X. STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act; require Council to prepare Financial Statements 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 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 Institution. The Council is also responsible for safeguarding the assets of the Co-operative University of Kenya (CUK).

The Council is responsible for the preparation and presentation of the Financial Statements, which give a true and fair view of the state of affairs of the University as at the end of the Financial Year ended on June 30, 2017. This responsibilities 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 institution; (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 Co-operative University of Kenya; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the 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 Standard (IPSAS), and in the manner required by the PFM Act, the State Corporations Act and Public Sector Accounting Standard Board. The Council is of the opinion that CUK's financial statements give a true and fair view of the state of the institution's transactions during the financial year ended June 30, 2017, and the financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the 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 CUK 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 Co-operative University of Kenya's financial statements were approved by the Council and signed on its behalf by:


Dr. Ibrahim M. Ali
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY
OF KENYA COUNCIL


Prof. Kamau Ngamau
Ag. VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA



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REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE COOPERATIVE UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of The Cooperative University of Kenya set out on pages 42 to 66, which comprise the statement of financial position as at 30 June 2017, 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 the provisions of Article 229 of the Constitution of 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The Cooperative University of Kenya as at 30 June 2017, 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 University Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Going Concern

During the year under review, the University recorded a deficit of Kshs.49,842,455 (2016 deficit: Kshs.48,431,813) thereby increasing accumulated deficit to Kshs.181,008,351 as at 30 June 2017. Further, the current liabilities of Kshs.231,157,032 exceeded the current assets of Kshs.163,387,717 resulting into a negative working capital of Kshs.67,769,315 as at the same time. The University was therefore unable to meet its financial obligations as and when they fell due. In particular, the University was unable to pay trade payables and payroll liabilities of Kshs.65,724,699 and Kshs.55,348,680 respectively to the beneficiaries thereby risking fines and penalties.

Report of the Auditor-General on the Financial Statements of The Cooperative University of Kenya for the year ended 30 June 2017

The University is therefore technically insolvent and the financial statements have been prepared on a going concern basis on the assumption of continued financial support from the Government, creditors and bankers.

2. Work in Progress

Management Information System

As disclosed at note 19 to the financial statements, work in progress opening balance of Kshs.396,789,702 as at 30 June 2017 was arrived at after netting off Kshs.10,149,798 in respect of Management Information System project which has been outstanding since 2009. Available information indicates that the contractor abandoned the project in 2009 having invoiced the University College a total of Kshs.10,149,798. Although the matter was taken to Court and ruled in favour of the University, it is not clear and management has not explained under what circumstances the amount of Kshs.10,149,798 and Kshs.4,827,752 totalling Kshs.14,977,550 incurred on the project was expensed in these financial statements.

In the circumstances, it has not been possible to confirm the accuracy and completeness of the financial statements for the year ended 30 June 2017.

3. Cash and Cash Equivalents

The cash and cash equivalents' balance of Kshs.96,259,587 as at 30 June 2017 could not be confirmed as it includes Co-operative Bank collateral account amount of Kshs.4,507,360 whose bank confirmation certificate was not availed for audit review. Further, the cash and cash equivalents' balance of Kshs.96,259,587 includes Co-operative Bank fees deposit account and Co-operative Bank LFC project account balances of Kshs.58,242,057 and Kshs.4,524,671 which differed with the respective bank confirmation certificates of balance of Kshs.58,172,057 and Kshs.4,507,359 by unexplained/unreconciled variances of Kshs.70,000 and Kshs.17,311 respectively.

In addition, the bank reconciliation statement for Standard Chartered Bank Account reflects payment in the cash book not in the bank statement totalling Kshs.512,126 which have since gone stale and receipts in cash book not in bank statement amounting to Kshs.67,000.

Although the management is aware of the above anomaly, no efforts to reconcile the two (2) sets of records was availed for audit review.

In the circumstances, it has not been possible to confirm the accuracy, validity, and completeness of the cash and cash equivalents' balance of Kshs.96,259,589.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The Cooperative University of Kenya in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements for the year under review. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other Key Audit Matters to communicate in my report.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern/sustain services, disclosing, as applicable, matters related to going concern/sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the University or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

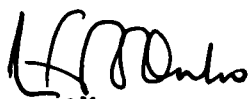
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease as a going concern or to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

11 July 2018

Report of the Auditor-General on the Financial Statements of The Cooperative University of Kenya for the year ended 30 June 2017

THE CO-OPERATIVE UNIVERSITY OF KENYA

XII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2017

	Note	2016-2017	2015-2016
		Kshs	Kshs
Revenue from non-exchange transactions			
Unconditional Grants	3	265,362,500	261,542,861
Conditional Grants	3	3,338,202	10,778,214
		268,700,702	272,321,075
Revenue from exchange transactions			
Tuition fees & Other Levies	4	299,235,685	258,018,244
Income from Co-operative Retreat & Conference Centre	5	92,041,691	38,675,875
Rental revenue from facilities and equipment	6	2,404,330	2,127,600
Other income	7	10,283,576	12,893,480
		403,965,281	311,715,199
Total revenue		672,665,983	584,036,274
Expenses			
Employee Cost	8	382,269,136	364,290,943
Board expenses	9	14,103,426	7,494,685
Depreciation and amortization expense	10	28,847,363	28,398,838
Repairs and Maintenance	11	19,147,755	30,262,881
General Expenses	12	276,920,005	201,409,427
Provision for Audit Fee	20	580,000	580,000
Total expenses		721,867,684	632,436,774
Other Gains/(Losses)			
Increase in Provision	14	640,754	-
Loss on Disposal of Assets	18(b)	-	31,313
Deficit for the period	30	(49,842,455)	(48,431,813)

The notes set out on pages 47 to 63 form an integral part of the Financial Statements



CUK is ISO 9001: 2015 Certified

THE CO-OPERATIVE UNIVERSITY OF KENYA

XIII. STATEMENT OF FINANCIAL POSITION

As At 30 June 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
Assets			
Current assets			
Cash and cash equivalents	13	96,259,582	33,103,213
Receivables from exchange transactions	14	63,663,665	84,634,401
Receivables from non-exchange transactions	15	1,955,036	2,067,326
Inventories	16	1,509,433	2,154,788
		163,387,717	121,959,728
Non-current assets			
Property, plant and equipment	18	2,390,533,158	2,397,255,129
Investments	17	2,825,530	2,825,530
Work In Progress	19	396,789,702	269,522,321
		2,790,148,390	2,669,602,980
Total assets		2,953,536,107	2,791,562,708
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	119,553,975	70,412,234
Trade and other payables from non-exchange transactions	21	111,603,057	24,527,918
		231,157,032	94,940,152
Long term liabilities			
Long term liabilities	22	22,375,351	-
		22,375,351	-
Total liabilities		253,532,383	94,940,152
Net Assets			
Capital fund	23	1,003,121,582	940,121,582
Revaluation Reserves	24	1,877,890,493	1,893,503,286
Accumulated Deficit	25	(181,008,351)	(137,002,313)
Total net assets		2,700,003,724	2,696,622,555
Total net assets and liabilities		2,953,536,107	2,791,562,707

The Financial Statements set out on pages 42 to 46 were signed on behalf of the University Council by:



Dr. Ibrahim M. Ali
CHAIRPERSON, THE CO-OPERATIVE
UNIVERSITY OF KENYA COUNCIL



Prof. Kamau Ngamau
Ag. VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA



CPA. Maxwel Nyaga
ICPAK No. 11419
FINANCE OFFICER,
THE CO-OPERATIVE
UNIVERSITY OF KENYA



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THE CO-OPERATIVE UNIVERSITY OF KENYA

XIV. STATEMENT OF CHANGES IN NET ASSETS For the year ended 30 June 2017

	Accumulated Deficit Kshs	Capital Fund Kshs	Revaluation Reserve Kshs	Total Kshs
Balance as at 30 JUNE 2015	(102,369,742)	839,585,432	1,906,852,529	2,644,068,219
Additions in the year	-	100,536,150	450,000	100,986,150
Excess Depreciation on revaluation	13,799,242		(13,799,242)	-
Surplus(Deficit) for the period	(48,431,813)	-	-	(48,431,813)
Balance as at 30 JUNE 2016	(137,002,313)	940,121,582	1,893,503,287	2,696,622,556
Surplus for the period	(49,842,455)	-	-	(49,842,455)
Excess Depreciation on revaluation	15,612,794		(15,612,794)	-
Additions in the year	(9,776,378)	63,000,000	-	53,223,623
Balance as at 30 JUNE 2017	(181,008,351)	1,003,121,582	1,877,890,493	2,700,003,724



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THE CO-OPERATIVE UNIVERSITY OF KENYA

XV. STATEMENT OF CASHFLOWS

For the year ended 30 June 2017

		2016-2017 Kshs	2015-2016 KSh
Surplus (Deficit) for the period		(49,842,455)	(48,431,813)
Adjustment for:			
Loss on disposal of assets	18(b)		31,313
Depreciation	18	28,847,363	28,398,838
		(20,995,093)	(20,001,662)
 Change in Working Capital			
Decrease in inventories	16	645,355	392,117
Increase in receivable from exchange transactions	14	20,970,736	(16,684,336)
Increase in receivable from non-exchange transactions	15	112,290	(1,837,066)
Increase in payables	20	49,141,741	26,640,274
Increase in Development payables	21	87,075,139	5,479,545
Net cash generated from operating activities		157,945,260	13,990,534
 Cash flows from investing activities			
Buildings	18	(3,956,950)	(1,607,200)
Purchase of Plant & Equipment	18	(1,855,019)	(2,573,346)
Purchase of motor vehicle	18	(6,300,000)	-
Purchase of computers	18	(3,444,080)	(5,681,323)
Purchase of furniture	18	(5,495,250)	(7,436,460)
Office Equipment	18	(685,918)	(715,850)
Telecommunication Equipment	18	(333,440)	(320,628)
Kitchen Equipment & Cutlery	18	(54,750)	(534,200)
Proceeds from Disposal of Assets	18(b)	-	105,033
Work in progress Lecture Theatre	19	(127,267,382)	(68,750,698)
Net cash flows used in investing activities		(149,392,788)	(87,514,672)
 Cash flows from financing activities			
Capital fund	22	63,000,000	100,536,150
Accumulated Deficit	22	(9,776,363)	-
Increase in Long-term Liabilities	22	22,375,351	-
		75,598,989	100,536,150
 Net change in cash and cash equivalents		63,156,368	7,010,350
Opening cash and cash equivalent		33,103,213	26,092,863
Closing cash and cash equivalent		96,259,581	33,103,213



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XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Revenue	Original	Adjustments	Final budget	Actual on	Performance	
	budget 2017	2017	2017	comparable basis 2017	difference 2017	
	Kshs	Kshs	Kshs	Kshs	Kshs	
					%	
Unconditional Grants	265,363,000	-	265,363,000	265,362,500	500	0%
Conditional Grants	12,000,000	(7,000,000)	5,000,000	3,338,202	1,661,798	-33%
Tuition fees & Other Levies	336,528,123	57,669,387	278,858,736	299,235,685	(20,376,949)	7%
Rental revenue from facilities and equipment	2,375,484	-	2,375,484	2,404,330	(28,846)	1%
Income from Co-operative Retreat & Conference Centre	70,000,000	35,000,000	105,000,000	92,041,691	12,958,309	-12%
Other income	33,000,000	(11,000,000)	22,000,000	10,283,576	11,716,424	-53%
Total income	719,266,607	(40,669,387)	678,597,220	672,665,983	5,931,237	-1%
Expenses						
Employee Cost	397,680,420	(8,774,098)	388,906,322	382,269,136	6,637,186	2%
Board Expenses	8,000,000	5,400,000	13,400,000	14,103,426	(703,426)	-5%
Depreciation and amortization expense	17,000,000	11,000,000	28,000,000	28,847,363	(847,363)	-3%
Repairs and Maintenance	22,400,000	2,700,000	25,100,000	19,147,755	5,952,245	24%
General Expenses	269,850,000	9,253,275	279,103,275	278,140,759	962,516	0%
Total expenditure	714,930,420	19,579,177	734,509,597	722,508,438	12,001,159	2%
Surplus for the period	4,336,187	(60,248,564)	(55,912,377)	(49,842,455)	(6,069,922)	11%

Explanation of Material Differences

1. Conditional Grants – The University did not receive any income from development partners
2. Income from Co-operative Retreat & Conference Centre – The Restaurant had a slow second half of the year due to the Country's electioneering period.
3. Other Income – Some income streams that were proposed didn't perform as expected.
4. Repairs & Maintenance – Disposal of Unserviceable Items in the 2015-2016 FY decreased the need to repair University Assets.



XVII. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. General Information

i. Entity Information

The Co-operative University of Kenya (CUK) is a chartered public university that is established and derives its authority and accountability from the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7th October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4th November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E).

The University is wholly owned by Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide innovative education, training, research, and consultancy services for sustainable community empowerment.

ii. Statement of Compliance and Basis of Preparation

The Co-operative University of Kenya's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the accepted functional and reporting currency and all values are rounded to the nearest shilling. The accounting policies have been consistently applied to all the years presented.

Adoption of International Public Sector Accounting Standards

The Co-operative University of Kenya adopted the International Public Sector Accounting Standard for the first time in 2014.

Basis of preparation

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.

2. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions

- **Unconditional Grants**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property).

This recognition is only if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Co-operative University of Kenya and can be measured reliably.

- **Conditional Grants**

Conditional grants are treated as a liability and credited to the income and expenditure statement when the activities for which they were provided for have been undertaken.

ii) Revenue from Exchange Transactions

• **Tuition Fees**

Revenue from tuition fees is recognized at the beginning of the semester when the student has met all the admission and registration requirements for that particular semester. Tuition fees are accounted for on accrual basis over the period of instruction to which they relate. Fees paid in advance are carried forward as liabilities at the end of each reporting period.

• **Rendering of Services**

The Co-operative University of Kenya recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to number of days to the service has been rendered as a percentage of the total period of service.

• **Rental Income**

Rental income arising from provision of housing is recognized as the income earned in accordance with the terms of the tenancy agreement.

b) Budget Information

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

c) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if there cognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Investment properties are derecognized either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

d) Property, Plant and Equipment

All properties, 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 Co-operative University of Kenya recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. 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 reducing balance method for all other categories of assets except for land which is not depreciated. The applied depreciation rates are as shown below:

- Land Nil

THE CO-OPERATIVE UNIVERSITY OF KENYA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

• Building	2.5%
• Plant and Machinery	10%
• Furniture and Fitting	12.5%
• Motor Vehicles	25%
• Office Equipment	12.5%
• Computer and Accessories	30%
• Telecommunication Equipment	20%
• Kitchen Equipment and Cutlery	10%
• Tools	10%

e) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, if that class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Co-operative University of Kenya.

f) Provisions

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

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

• **Contingent liabilities**

The Co-operative University of Kenya does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

g) Nature and Purpose of Reserves

The Co-operative University of Kenya creates and maintains reserves in terms of specific requirements.

• **Capital Fund**

This fund is composed of development grants sourced from the Government and Development Partners, which are used in capital projects by the Co-operative University of Kenya. The Co-operative University of Kenya recognizes any expenditure incurred of a capital nature and those funds are transferred to the capital fund upon incurring such expenditure.

- **Accumulated Funds**

These are the funds that are retained by the Co-operative University of Kenya. These funds are cumulative and are increased by the surplus or decreased by the deficit in a particular accounting period.

- **Revaluation Reserve**

Beginning in 2014, the revaluation surplus reserves include the results of a revaluation (from historic cost to fair value) of the assets owned by the institution. The fair value has been determined by an independent valuation.

h) Changes in Accounting Policies and Estimates

The Co-operative University of Kenya recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, 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

j) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

k) Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Co-operative University of Kenya's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Estimates include, but are not limited to: accrued charges and the degree of impairment of fixed assets. Changes in estimates are reflected in the period in which they become known.

l) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements.

m) Financial Instruments

- i. Financial assets**

- **Initial recognition and measurement**

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Co-operative University of Kenya determines the classification of its financial assets at initial recognition.

• **Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost.

ii. **Financial liabilities**

• **Initial recognition and measurement**

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Co-operative University of Kenya determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

n) **Related Parties**

The Co-operative University of Kenya 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 University, or vice versa. These related parties include: The Government of Kenya and Members of key management comprising the University Council and the University Management Board.

o) **Principal Activities**

The principal activity of CUK continues to be the provision of Co-operative Education, Business, and Information Technology and related Disciplines for various stakeholders including the Co-operative movement and the Government. CUK serves as a Centre of academic excellence in the Co-operative Movement in Kenya, together with other mandates as stipulated under the Universities Act No. 42 of 2012, and the Co-operative University of Kenya Charter of 7th October 2016.



THE CO-OPERATIVE UNIVERSITY OF KENYA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3: Grants	2016-2017	2015-2016
	Shs	Shs
Unconditional grants		
Government of Kenya	265,362,500	261,542,861
	265,362,500	261,542,861
Conditional grants		
Other organizational grants	3,338,202	10,778,214
	3,338,202	10,778,214
Total government grants and subsidies	268,700,702	272,321,075

4. Tuition Fees	2016-2017	2015-2016
	Shs	Shs
Main Campus	249,224,799	192,825,430
Nairobi Town Campus	32,619,781	46,109,519
Meru Campus	12,877,242	16,554,556
Mombasa Campus	9,143,283	7,549,081
Students Fees Refund	(4,629,420)	(5,020,342)
Total revenue from Tuition fees	299,235,685	258,018,244

The increase in Tuition fee income is attributed to increased enrolment of students in the third semester of the year at the Karen campus of the university.

5. Co-operative Retreat & Conference Centre	2016-2017	2015-2016
	Shs	Shs
Sales from CR&CC	92,041,691	38,675,875
Total from CR&CC	92,041,691	38,675,875

The increase in CR&CC income is attributed to a large one-off contract fro the Kenya Police Service.

6. Rental revenue from facilities	2016-2017	2015-2016
	Shs	Shs
Rent Income	2,404,330	2,127,600
Total rentals	2,404,330	2,127,600

7. Other income	2016-2017	2015-2016
	Shs	Shs
Catering	7,736,155	7,701,096
Dispensary	57,589	70,558
Dividends	300,000	-
Water and Electricity	417,100	478,696
Decrease in Provision for Bad debts	-	1,620,000
Staff Laptop/Tablet Revolving Fund	-	47,250
Donations	106,000	574,550
Sale of Farm Produce	410,048	114,080
Miscellaneous Income	1,256,684	2,287,250
Total other income	10,283,576	12,893,480

THE CO-OPERATIVE UNIVERSITY OF KENYA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The decrease in Other Income is due to an Increase in Provision for Bad Debts.

8. Employee costs	2016-2017	2015-2016
	Shs	Shs
Basic Salaries	136,777,617	136,647,999
Casual workers	5,489,420	6,356,716
Part time teaching	46,554,055	34,831,567
Gratuity	5,705,091	8,497,678
Pension	20,019,894	18,850,385
House to Office allowance	30,711,635	29,312,775
Other personnel allowances	48,238,742	44,395,168
Group life insurance	967,541	-
Leave allowance	2,745,577	2,059,720
New recruits, passage & Baggage	2,015,239	53,570
House allowances	83,044,326	83,285,365
Employee costs	382,269,136	364,290,943

The increase in Employee Costs attributed to the University employing two Deputy Vice Chancellors and four new academic staff.

9. Board Expenses	2016-2017	2015-2016
	Shs	Shs
Sitting Allowance	8,300,000	4,164,200
Travelling Allowance	1,560,805	582,135
Night outs	2,522,621	1,643,350
Chairperson's Honoraria	1,720,000	1,105,000
Total Board Expenses	14,103,426	7,494,685

Increase in Council expenses is due to the appointment of the Chancellor of the University and increased number of meetings while recruiting the new Deputy Vice Chancellors.

10. Depreciation and amortization expense	2016-2017	2015-2016
	Shs	Shs
Property, plant and equipment	28,847,363	28,398,838
Total depreciation and amortization	28,847,363	28,398,838

11. Repairs and maintenance	2016-2017	2015-2016
	Shs	Shs
Motor Vehicle repairs	4,043,652	2,811,307
Maintenance of Sewerage and water	1,033,352	757,314
Maintenance of Buildings and station	7,363,183	18,975,261
Maintenance of roads/grounds	122,950	703,676
Maintenance of computers/printer	4,443,947	3,701,883
Maintenance of plant & equipment	2,140,671	3,313,440
Total repairs and maintenance	19,147,755	30,262,881

12. The following are included in general expenses:

	2016-2017	2015-2016
	Shs	Shs
Central Services		
Electricity expenses	12,406,647	9,452,749

THE CO-OPERATIVE UNIVERSITY OF KENYA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Water expenses	2,145,295	2,013,628
Vehicle licenses & insurance	706,973	2,103,262
Vehicle fuel and oil	4,919,648	4,979,841
Publishing & Printing	1,392,563	1,403,543
Advertising and Publicity	12,212,759	8,662,188
Telephone expenses	325,759	835,490
Postal & Courier services	316,923	245,588
Purchase of uniforms	461,475	44,005
Conferences/workshops and seminars	3,745,792	3,082,085
Purchase of Drugs	2,531,847	2,865,994
Medical scheme	22,303,586	19,065,598
Student group personal accident	270,548	2,163,720
Staff group personal accident	893,086	-
Contracted professional services	6,566,972	6,221,253
Catering cost	36,431,675	36,794,383
Cleaning materials	4,314,937	4,182,286
Set up of ICT infrastructure	14,977,550	4,542,381
External travelling	2,545,235	2,513,810
Gas and fuel	5,469,820	6,033,423
Training expenses/Staff training	3,208,953	1,318,598
Subscription to professional bodies	766,000	715,859
Utensils & crockery	1,141,042	621,228
Performance Contract	2,522,153	1,646,310
Booked meals for staff	3,774,767	64,420
Newspapers	792,420	740,380
Internet services	7,248,629	5,374,683
Stationery & stores	7,358,458	3,137,723
ISO certification & maintenance	719,000	106,500
Staff welfare	2,963,687	3,426,000
Fumigation services	216,800	180,380
Corporate social responsibility	287,400	734,347
Generator expenses	909,280	729,290
Purchase of production materials	2,080,439	1,547,497
Rent & rates	25,846,831	20,553,009
Students Welfare		
Inter university games	1,923,400	2,570,650
Students work-study programme	-	62,000
Sports equipment	996,400	776,890
Academic Costs		
Study tours	221,950	1,807,470
Library books/e-library/journals	1,595,706	3,001,638
Research, production & extension	5,698,970	5,336,265
Curriculum Development	512,290	781,006
Alumni association	78,000	-
Examination expenses	616,020	1,250,309
Graduation expenses	6,058,716	5,119,989
Charter Award Ceremony	3,561,620	556,440
Administrative Costs		
Bank charges/interest	1,683,847	1,526,858
Travelling and accommodation	8,940,932	9,457,952
Official Entertainment	99,060	244,840
Task Force/Facilitation Allowances	4,725,525	5,018,155

THE CO-OPERATIVE UNIVERSITY OF KENYA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Firefighting equipment	241,628	168,548
Sports facilities	299,600	504,850
General insurance	254,521	230,007
Debts written off	-	1,620,000
Shows & Exhibitions	2,537,480	1,815,832
CR&CC Rebates	2,684,894	730,317
Ajira Training Project	1,541,750	-
Outsourced Accommodation	27,799,137	-
Outsourced Cleaning Materials	6,036,749	-
Hire of Machinery & Equipment	1,758,480	-
HIV/AIDS Control Unit	214,100	-
Leadership for change	-	171,000
Students Fee Waivers	-	425,600
Street lighting	-	131,360
VAT expense	2,064,284	-
Total general expenses	276,920,005	201,409,427

13. Cash and cash equivalents

	2016-2017	2015-2016
	Shs	Shs
Standard Chartered bank	25,406,651	2,250,676
Co-operative bank Current A/c	6,293,586	12,279,167
Co-operative bank Fees deposit A/c	58,198,767	7,115,843
Co-operative bank Collateral A/c	4,507,360	4,507,360
Co-operative bank Leadership for change project A/c	1,738,575	6,365,507
Collections account	-	264,203
Cash-on-hand	114,642	320,457
Total cash and cash equivalents	96,259,582	33,103,213

14. Receivables from exchange transactions

	2016-2017	2015-2016
	Shs	Shs
Current receivables		
(a) Student debtors	36,105,572	48,720,566
Seminar debtors	13,743,760	18,845,081
Imprest outstanding	807,681	-
Tablet/Laptop Debts Outstanding	42,067	373,475
Deposits with suppliers	5,013,272	5,013,272
Advance rent	1,049,680	1,049,680
Rent & water bills outstanding	1,473,452	1,613,629
ICD Debtors	4,271,341	4,581,304
Unreconciled Receipts	2,485,547	5,125,347
(b) Less: Provision for Bad Debts	(1,328,707)	(687,953)
Total receivables	63,663,665	84,634,401

a) Student debtors are balances for students of Main Campus, Town Campus, Meru Campus and Mombasa Campus.

b) The Provision for bad debts relate to specific long outstanding Seminar Debtors. The movement in provision for bad debts in the 2015-2016 financial year relate to Advance Rent paid for Meru Campus.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

b) Movement in provisions for Bad Debts	2016-2017	2015-2016
	Shs	Shs
Balance at the beginning of the year	687,953	2,173,202
Provision for the year	640,754	134,751
Written off in the year	-	(1,620,000)
Balance as at 30 June	1,328,707	687,953

15. Receivables from Non-exchange

Transactions	2016-2017	2015-2016
	Shs	Shs
Current receivables		
Salary advances outstanding	1,955,036	2,067,326
Total current receivables	1,955,036	2,067,326

16. Inventories

	2016-2017	2015-2016
	Shs	Shs
Dry & perishable foods	275,343	294,392
Production materials	285,313	580,001
General stationery	502,740	286,980
Cleaning materials	342,425	607,423
Electrical & hardware	100,807	200,347
Water chemicals	2,805	185,645
Total inventories	1,509,433	2,154,788

17. Investments

	2016-2017	2015-2016
	Shs	Shs
Agri. And Co-operative Training and Consultancy Services	2,825,530	2,825,530
Total investments	2,825,530	2,825,530

The investment in ATC which is a Company owned by the Co-operative University of Kenya and registered under Certificate No. 142828 was as at 30th June 2007 worth KSh 2,825,530, which was capital injected by Donor Partners through the University, and in these financial statements has been treated as balance carried down.

THE CO-OPERATIVE UNIVERSITY OF KENYA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

18. Property, Plant & Equipment	LAND	BUILDING	PLANT & EQUIPMENT	FURNITURE & FITTING		COMPUTER & ACCESSORIES	MOTOR VEHICLES	TOOLS	OFFICE EQU	TEL. EQU	KITCHEN	TOTAL
				EQUIPMENT	FITTING							
2017	99 YRS	2.5%	10.0%	12.5%	30%	25%	10%	12.5%	20%	10%		
VALUATION AS AT 01/07/2016	1,766,664,000	597,905,580	3,363,446	35,838,610	16,480,090	21,751,600	13,407,044	3,396,350	1,518,318	3,586,105	2,463,911,143	
ADDITIONS IN THE PERIOD	-	3,956,950	1,855,019	5,495,250	3,444,080	6,300,000	409,200	276,718	333,440	54,750	22,125,407	
DISPOSALS	-	-	-	-	-	-	-	-	-	-	-	
AS AT 30/6/2017	<u>1,766,664,000</u>	<u>601,862,530</u>	<u>5,218,465</u>	<u>41,333,860</u>	<u>19,924,170</u>	<u>28,051,600</u>	<u>13,816,244</u>	<u>3,673,068</u>	<u>1,851,758</u>	<u>3,640,855</u>	<u>2,486,036,550</u>	
DEPRECIATION												
AS AT 30/6/2016	-	32,921,982	418,692	7,999,302	7,349,287	9,966,325	6,004,662	806,143	519,540	670,096	66,656,029	
CHARGE FOR THE PERIOD	-	14,203,729	479,977	4,166,827	3,772,466	4,521,319	781,158	358,366	266,444	297,075	28,847,362	
DEPRECIATION ON DISPOSAL	-	-	-	-	-	-	-	-	-	-	-	
AS AT 30/6/2017	-	<u>47,125,711</u>	<u>898,670</u>	<u>12,166,129</u>	<u>11,121,753</u>	<u>14,487,644</u>	<u>6,785,820</u>	<u>1,164,509</u>	<u>785,984</u>	<u>967,172</u>	<u>95,503,392</u>	
Net Book Value AS AT 30- 6-2017	<u>1,766,664,000</u>	<u>554,736,819</u>	<u>4,319,795</u>	<u>29,167,731</u>	<u>8,802,417</u>	<u>13,563,956</u>	<u>7,030,424</u>	<u>2,508,559</u>	<u>1,065,774</u>	<u>2,673,683</u>	<u>2,390,533,158</u>	
Net Book Value AS AT 30- 6-2016	<u>1,766,664,000</u>	<u>564,983,598</u>	<u>2,944,754</u>	<u>27,839,323</u>	<u>9,130,803</u>	<u>11,785,275</u>	<u>7,402,382</u>	<u>2,590,207</u>	<u>998,778</u>	<u>2,916,009</u>	<u>2,397,255,129</u>	

THE CO-OPERATIVE UNIVERSITY OF KENYA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Property, Plant & Equipment

	<u>LAND</u>	<u>BUILDING</u>	<u>PLANT & EQUIPMENT</u>	<u>FURNITURE & FITTING</u>	<u>COMPUTER & ACCESSORIES</u>	<u>MOTOR VEHICLES</u>	<u>TOOLS</u>	<u>OFFICE EQU</u>	<u>TEL. EQU</u>	<u>KITCHEN</u>	<u>TOTAL</u>
	99 YRS	2.5%	10.0%	12.5%	30%	25%	10%	12.5%	20%	10%	
VALUATION AS AT 01/07/2015	1,766,664,000	596,298,380	800,100	28,433,150	10,833,767	21,301,600	13,299,964	2,904,000	1,198,190	3,081,905	2,444,815,056
ADDITIONS IN THE PERIOD	-	1,607,200	2,573,346	7,436,460	5,681,323	450,000	186,500	529,350	320,628	534,200	19,319,007
DISPOSALS	-	-	(10,000)	(31,000)	(35,000)	-	(79,420)	(37,000)	(500)	(30,000)	(222,920)
AS AT 30/6/2016	<u>1,766,664,000</u>	<u>597,905,580</u>	<u>3,363,446</u>	<u>35,838,610</u>	<u>16,480,090</u>	<u>21,751,600</u>	<u>13,407,044</u>	<u>3,396,350</u>	<u>1,518,318</u>	<u>3,586,105</u>	<u>2,463,911,143</u>
DEPRECIATION											
AS AT 30/6/2015	-	18,435,223	92,723	4,026,964	3,448,423	6,037,900	5,241,032	441,750	269,966	349,771	38,343,750
CHARGE FOR THE PERIOD	-	14,486,759	327,195	3,977,046	3,913,201	3,928,425	822,487	370,030	249,694	324,001	28,398,838
DEPRECIATION ON DISPOSAL	-	-	(1,225)	(4,723)	(12,338)	-	(58,857)	(5,637)	(120)	(3,675)	(86,574)
AS AT 30/6/2016	=	<u>32,921,982</u>	<u>418,692</u>	<u>7,999,287</u>	<u>7,349,287</u>	<u>9,966,325</u>	<u>6,004,662</u>	<u>806,143</u>	<u>519,540</u>	<u>670,096</u>	<u>66,656,014</u>
Net Book Value AS AT 30-6-2016	<u>1,766,664,000</u>	<u>564,983,598</u>	<u>2,944,754</u>	<u>27,839,323</u>	<u>9,130,803</u>	<u>11,785,275</u>	<u>7,402,382</u>	<u>2,590,207</u>	<u>998,778</u>	<u>2,916,009</u>	<u>2,397,255,129</u>
Net Book Value AS AT 30-6-2015	<u>1,766,664,000</u>	<u>577,863,157</u>	<u>707,378</u>	<u>24,406,186</u>	<u>7,385,344</u>	<u>15,263,700</u>	<u>8,058,932</u>	<u>2,462,250</u>	<u>928,224</u>	<u>2,732,135</u>	<u>2,406,471,306</u>



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THE CO-OPERATIVE UNIVERSITY OF KENYA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

18 (b). Disposal of Property, Plant & Equipment

	2016-2017 Shs	2015-2016 Shs
Cost as at 1st July 2015	-	222,920
Accumulated depreciation as at 1st July 2015	-	(86,574)
Net book value of disposals	-	136,346
Disposal Proceeds	-	(105,033)
Loss on disposal	-	31,313

Revaluation of Property Plant and Equipment

On April 1st 2014, the University's Property, Plant and Equipment were revalued (from historic cost to fair value). This has resulted in a revaluation surplus in some classes of Property, Plant and Equipment, leading to a revaluation Surplus Reserve. Other classes of Property, Plant and Equipment have had a Revaluation Loss which has been reflected in the statement of financial performance. The fair value has been determined by an independent valuation by Kenval Realtors (EA) Limited. The basis of revaluation was the Open Market Value.

19. Work In Progress	BAL B/F	<u>ADDITIONS</u>	<u>TRANSFERS</u>	TOTAL
a) MIS	10,149,798	-	(10,149,798)	-
b) Set up of ICT Infrastructure	23,072,429	-	-	23,072,429
Borehole	156,600	3,156,950	-	3,313,550
Lecture Theatre	236,143,494	112,553,057	-	348,696,551
Master Plan Development	-	5,945,000	-	5,945,000
Construction of Ultra Modern Learning Resource Centre	-	15,762,173	-	15,762,173
Balance carried down	269,522,321	137,417,180	(10,149,798)	396,789,702

- a) The MIS of KSh. 10,149,798 is for acquisition of Integrated Management Information System (MIS) software and licenses. This project has been abandoned by the contractor and the issue under arbitration settled in the University's favour. The full cost has now been expensed under Set up of ICT infrastructure in the general expenses.
- b) The Set up of ICT Infrastructure is for the laying of fibre cable backbone, structured network system and acquisition of Enterprise Resource Planning (ERP) software. The project has not been depreciated as the project is not complete.

20. Trade and other payables from exchange transactions

	2016-2017 Shs	2015-2016 Shs
Trade payables	50,134,712	47,553,981
Unidentified Bankings	11,904,356	10,543,957
Unallocated Bursaries	1,586,228	1,319,497
Payroll Liabilities	55,348,680	10,414,799
Audit Fees	580,000	580,000
Total trade and other payables	119,553,975	70,412,234

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THE CO-OPERATIVE UNIVERSITY OF KENYA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

21. Trade and other payables from non-exchange transactions

	2016-2017	2015-2016
	Shs	Shs
Construction of Lecture Theatres 3	111,603,057	24,527,918
Total development payables	111,603,057	24,527,918

Payables from Non-Exchange Transactions relate to capital project which has been contracted, approved, certificate issued, but not yet settled.

22. Long Term Liabilities

	2016-2017	2015-2016
	Shs	Shs
Construction of Lecture Theatres 3 Retentions	22,375,351	-
Total Long term liabilities	22,375,351	-

Long term liabilities relate to capital project retentions for certificates paid.

23. Capital Reserve Fund

	2016-2017	2015-2016
	Shs	Shs
At start of Year	940,121,582	839,585,432
Development Funds Received	63,000,000	100,536,150
Surplus/(Deficit) for the Year	-	-
At end of the Year	1,003,121,582	940,121,582

This fund is composed of development grants sourced from the Government and Development Partners, which are used in capital projects by the Co-operative University of Kenya. The Co-operative University of Kenya recognizes any expenditure incurred of a capital nature and those funds are transferred to the capital fund upon incurring such expenditure.

24. Revaluation Reserves

	2016-2017	2015-2016
	Shs	Shs
At start of Year	1,893,503,287	1,906,852,529
a) Additions in the Year	-	450,000
b) Excess Depreciation on Revaluation	(15,612,794)	(13,799,242)
At end of the Year	1,877,890,493	1,893,503,287

a) Additions in the Year. This refers to a motor vehicle which was revalued together with the other assets in the class, but whose revaluation surplus had not been captured in the revaluation reserve

b) Excess depreciation on Revaluation: This refers to the excess depreciation raised as a result of revaluation of the assets.

25. Accumulated Deficits

	2016-2017	2015-2016
	Shs	Shs
At start of Year	(137,002,313)	(102,369,742)
a) Excess Depreciation on Revaluation	15,612,794	13,799,242
b) Changes During the Year	(9,776,377)	-
Surplus/(Deficit) for the Year	(49,842,455)	(48,431,813)
At end of the Year	(181,008,351)	(137,002,313)

THE CO-OPERATIVE UNIVERSITY OF KENYA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

- a) **Excess depreciation on Revaluation:** This refers to the excess depreciation raised as a result of revaluation of the assets.
- b) **Changes during the Year:** This refers to retention amount on development payables that had not been captured as a payable in the previous financial year.

26. Financial Risk Management Disclosure.

The Institution is exposed to certain liquidity and credit risks. The Institution does not have significant exposure to liquidity risk as it has substantial unrestricted cash resources which are replenished from the results of its operations.

The Institution's Accounts Receivable is almost exclusively from its operations with its students and therefore risks related to credit are considered minor. A provision has been made against asset value of Accounts Receivables relating to Cooperative Retreat and Conference Centre to reflect Receivables for which payment is not anticipated in the short-term.

27. Related Party Balances.

a) Nature of related party relationships

Entities and other parties related to the Co-operative University of Kenya include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

The entity is related to

- i) The National Government;
- ii) The Ministry of Education;
- iii) The University Council;
- iv) The University Management Board;

b) Related party transactions

	2016-2017	2015-2016
	Shs	Shs
Transfers from related parties'	328,362,500	362,079,011
At end of the Year	328,362,500	362,079,011

This refers to the amounts received from the Ministry of Education.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

c) Key management remuneration

	2016-2017	2015-2016
	Shs	Shs
University Council	14,103,426	7,494,685
University Management Board	38,456,012	28,120,640
At end of the Year	52,559,438	35,615,325

This refers to the Remuneration & Allowances paid to the University Council and the University Management.

d) Due from related parties

	2016-2017	2015-2016
	Shs	Shs
Due from Ministry of Education	74,417,180	-
Due from other Ministries SC's & SAGA's	9,576,998	17,250,883
At end of the Year	83,994,178	17,250,883

This refers to the amounts receivable from the Ministry of Education and other State Owned Entities.

28. Capital Commitments

	2016-2017	2015-2016
	Shs	Shs
Authorized for	5,800,000	21,000,000
Authorized and contracted for	127,500,000	163,588,000
At end of the Year	133,300,000	184,588,000

29. Employees.

The University has Two hundred ninety five (295) employees composed of Two hundred thirty eight (238) Permanent and Pensionable, Thirty Six (36) on contract, and Twenty one (21) casuals. This comprises Fifty seven (57) Academic members of staff and Two hundred thirty eight (238) Non-teaching members of staff. The University transferred its Unfunded Pensionable from the Government of Kenya and now has its own defined contribution scheme.

30. Going Concern.

The University's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of 30 June 2017, the University registered a deficit of Kshs.49,842,455 for the financial year, down from a deficit of KSh 48,431,813 arising from periods of successive deficits. The current year's deficit of KSh 49,842,455 was occasioned by a strategic decision to increase employee and other related costs as the University put in high level structures before and after the award of the University Charter. This included the recruitment of top management and academic staff, as per the Commission on University Education requirements before attainment of a Charter.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Despite the reported deficit in the year, the net assets of the University grew from KSh 2,791,562,707 to KSh 2,953,536,107.

The University Council has put in strategies and performance targets to reverse the trend in the 2017/2018 financial year. These include the launch of new programs, reduction of part-time teaching costs, and development of funding proposals, activation of the research division and generation of new revenue streams to fund its operations. However, the major source of support will be Government of Kenya through the Ministry of Higher Education Science and Technology, as Recurrent Grants may be insufficient to fund expenditures, working capital and other cash requirements. These factors, among others, although significant, do not raise substantial doubt about the University's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

31. Reporting Currency.

The University's Principal activities are carried out in the Republic of Kenya and the Accounts are reported in Kenya Shillings.

32. Events after the Reporting Period.


There are no material non adjusting events after the reporting date.


THE CO-OPERATIVE UNIVERSITY OF KENYA


XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FOR 2015/2016 FINANCIAL YEAR

The following is the summary of issues raised by the External Auditor, and Management comments that were provided to the Auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref.	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue	Status:	Timeframe :
1	Inadequate recognition of provision for bad debts	The same has been fully recognised as per note 14 in the financial statements.	VICE CHANCELLOR	Resolved	2016-2017 Financial Year.
2.1	Work in Progress of KSh. 10,149,798 for a Management Information Systems (MIS) project.	The same has been written off in the current year as per note 19 in the financial statements.	VICE CHANCELLOR	Resolved	2016 – 2017 Financial Year.
2.2	Work in Progress of KSh. 18,450,070 for setup of ICT infrastructure.	The project has been signed off on and is to be commissioned in the second quarter of the 2017-2018 financial year.	VICE CHANCELLOR	Resolved in the 2017-2018 Financial Year.	2017 -2018 Financial Year.
2.3	Work in progress of KSh. 283,191,791 for Lecture Theatre.	The project has been completed, inspected and certified for use, and an End of Defects Liability Period set for September 2018.	VICE CHANCELLOR	Resolved in the 2017-2018 Financial Year..	2017 – 2018 Financial Year.


Dr. Ibrahim M. Ali
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY OF KENYA COUNCIL


Prof. Kamau Ngamau
Ag. VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA


CPA. Maxwel Nyaga
ICPAK No. 11479
FINANCE OFFICER,
THE CO-OPERATIVE UNIVERSITY OF KENYA

THE CO-OPERATIVE UNIVERSITY OF KENYA

XIX. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Sources
1	Construction of Lecture Theatre	347,930,282	347,863,151	100%	136,000,000	GOK
2	Drilling of Borehole	3,088,000	3,156,950	102%	3,088,000	GOK
3	Construction of Water Tank	15,000,000	-	0%	15,000,000	GOK
4	Feasibility Study (Hydro Dam)	6,000,000	-	0%	6,000,000	GOK
5	Consultancy Service for the Ultra-Modern Learning Resource Centre	90,000,000	15,762,173	18%	10,000,000	GOK
6	Master Plan Development	6,500,000	5,945,000	91%	14,500,000	GOK
Total		468,518,282	372,727,274		184,588,000	

THE CO-OPERATIVE UNIVERSITY OF KENYA

XX. Appendix 2: INTER-ENTITY TRANSFERS

Inter-Entity Transfers Reconciliation Form					
Name of the Entity sending the grant	Amount recognized to statement of comprehensive income	Amount deferred under deferred Income	Amount recognized in capital fund	Total grant income during the year	2016-2017
Ministry of Education	265,362,499.35	-	63,000,000.00	328,362,499.35	328,362,499.35
Total	265,362,499.35	-	63,000,000.00	328,362,499.35	328,362,499.35

Breakdown of Transfers from State Department for University Education

FY:2016/2017				
a)	Recurrent Grants	Bank Statement Date	Amount (Kshs)	FY to Which the Amounts Relate
		10.08.2016	22,113,541.65	2016-2017
		26.08.2016	22,113,541.70	2016-2017
		30.09.2016	22,113,541.00	2016-2017
		09.11.2016	22,113,541.00	2016-2017
		13.12.2016	22,113,541.00	2016-2017
		30.12.2016	22,113,541.00	2016-2017
		09.02.2017	22,113,541.00	2016-2017
		15.03.2017	22,113,541.00	2016-2017
		07.04.2017	22,113,541.00	2016-2017
		15.05.2017	22,113,541.00	2016-2017
		02.06.2017	22,113,541.00	2016-2017
		27.06.2017	22,113,547.00	2016-2017
		Total	265,362,499.35	
b)	Development Grants	Bank Statement Date	Amount (Kshs)	FY to Which the Amounts Relate
		12.05.2017	46,864,566.00	2016-2017
		29.05.2017	16,135,434.00	2016-2017
		Total	63,000,000.00	

