



KENYA  
VISION 2030

*Paper last  
Thursday  
At Asmara  
5/11/2014  
Adek*



# KENYA SCHOOL OF GOVERNMENT ANNUAL REPORT - 2013/14





# **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014**

**Based on International Public Sector Accounting Standards**

**TABLE OF CONTENTS****PAGE****1 ANNUAL REPORT**

|   |    |
|---|----|
| TRANSITION INTO THE KENYA SCHOOL OF GOVERNMENT..... | 5  |
| 1.1 GENERAL INFORMATION.....                        | 7  |
| 1.2 COUNCIL MEMBERS.....                            | 8  |
| 1.3 COUNCIL MEMBERS PROFILE.....                    | 11 |
| 1.4 DIRECTORS/ SENIOR MANAGEMENT PROFILE.....       | 13 |
| 1.5 VARIOUS COMMITTEES.....                         | 15 |
| 1.6 CORPORATE GOVERNANCE.....                       | 16 |
| 1.7 CORPORATE SOCIAL RESPONSIBILITY.....            | 16 |
| 1.8 MANDATE.....                                    | 17 |
| 1.9 CHAIRMAN'S REPORT.....                          | 18 |
| 1.10 DIRECTOR GENERAL'S REPORT.....                 | 19 |
| 1.11 STATEMENT OF COUNCIL'S RESPONSIBILITIES.....   | 20 |
| 1.12 REPORT OF THE AUDITOR GENERAL .....            | 22 |
| <b>2 FINANCIAL STATEMENTS</b>                       |    |
| STATEMENT OF FINANCIAL PERFORMANCE.....             | 25 |
| STATEMENT OF FINANCIAL POSITION.....                | 26 |
| STATEMENT OF CHANGES IN NET ASSETS.....             | 27 |
| STATEMENT OF CASH FLOWS.....                        | 28 |
| COMPARISON OF BUDGET VERSUS ACTUALS.....            | 29 |
| NOTES TO THE FINANCIAL STATEMENTS.....              | 31 |



## THE SCHOOL WITH A MISSION TO EMPOWER THE PUBLIC SERVICE

An efficient, motivated and well trained Public Service is one of the major foundations of Kenya's Vision 2030. As a School of Government tasked to ensure such training of civil servants is sustained, KSG continuously reviews the schemes of service to provide career path for all staff.

The Kenya Vision 2030 provides for the establishment of the Kenya School of Government (KSG) as one of the flagship projects to build competences for Government as well as develop and grow leadership in public service for improved performance in all aspects of service delivery.

The Constitution of Kenya 2010 envisions the creation of new governance structures, both at the national and county governments, which will create demand for capacity building in terms of public administration, management and leadership competencies. This capacity building role will be spearheaded by the KSG.

### Birth of the School

July 1, 2012 marks the birth of the Kenya School of Government. Effective that date, the former Kenya Institute of Administration (KIA) established under the Kenya Institute of Administration Act (now repealed), the former Kenya Development Learning Centre (KDLC) established by the Education (Board of Governors, Development Learning Centre) Order, 2003 and all the former Government Training Institutes (GTIs) of Embu, Mombasa, Matuga and Baringo, all became the Kenya School of Government.



KSG Director General Dr. Ludeki Chweya welcomes President Uhuru Kenyatta to the School during his visit.



The School is established under the Kenya School of Government Act No. 9 of 2012. The School has now been tasked to provide learning and development programmes to build capacity for the entire Public Service.

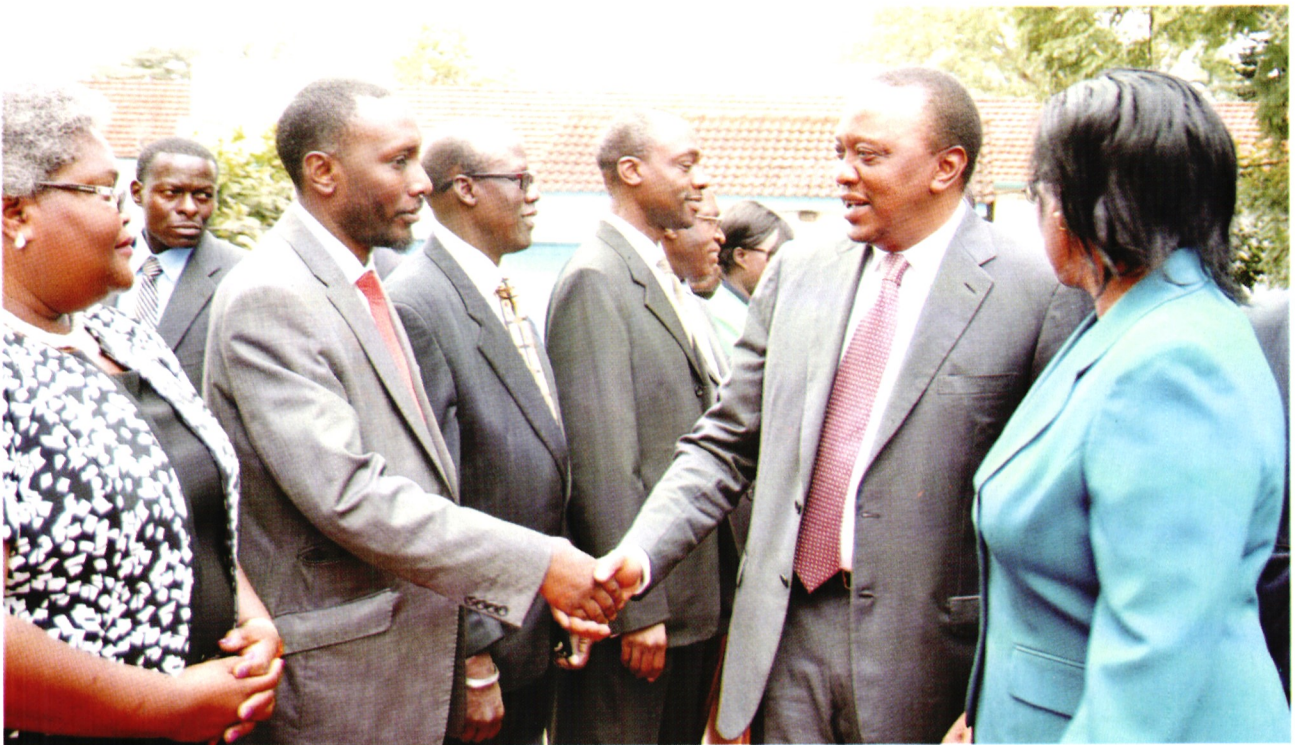
### **Role of the School**

The role of the Kenya School of Government is to develop programmes that will inculcate public service values and ethics for the delivery of results to the Kenyan citizenry. As KSG pursues its mandate of providing learning and development programmes to build capacity for a results-oriented public service, it will be guided by its strategic plan (2013 –2017) which outlines the principal strategic direction, the implementation strategies, and the relevant monitoring and evaluation mechanisms.

### **Vision and Mission of the School**

The School's vision is Excellence in public service capacity development. The mission is to contribute to the transformation of the public service by inculcating national values and developing core skills and competencies for quality service delivery.

In pursuit of its mission and vision, the School commits itself to the highest ideals of integrity, customer focus, professionalism, innovation and creativity, and teamwork. The mandate of the School, as derived from the KSG Act 2012, is to provide learning and development programmes to build capacity for a result-oriented public service.



KSG Director, Finance and Administration Mr. Osman Ibrahim greets President Uhuru Kenyatta during his visit to the School



## Functions of the School

The functions of the School include providing training, consultancy, research and advisory services designed to inform public policy, promote national development and standards of competence, and integrity in the Public Service. The School also promotes continuous learning for public service excellence as well as provides programmes that promote a culture of decency, honesty, hard work, transparency and accountability among public servants.

It is also the function of the School to facilitate the establishment of professional networks and think tanks to develop and grow public sector leaders, develop linkages and collaborations with other institutions of learning, professional organizations, private sector, other schools of government and other similar institutions across the world. The School is also mandated to monitor, evaluate and communicate the impact of strengthened education and training programmes for national leadership and management.

As such, the School intends to provide a coordinated approach to improved performance in all aspects of the Public Service. It will also expose officers to positive values and ethics to improve their output.

## How it all began

The idea of a Kenya School of Government was first conceived under the Economic Recovery Strategy for Wealth and Employment creation (ERS 2003-2007) to prepare the Public Service to meet the targets of the Strategy. Subsequently, Vision 2030 was launched as the country's development blue print and the Kenya School of Government was earmarked as one of the flagship projects to be implemented in the first Medium Term Plan (2008-2012).



Director Generals from the Republic of South Sudan pose for a photo after attending a training at the School



The envisaged School was meant to build competences for Government, develop and grow leadership in public service and also promote best practices in public service delivery. The School, it was envisioned, would play a leading role in meeting the needs of the Public Service by providing access to learning, training, leadership, management, governance and professional development that is required to ensure that public servants fulfill their responsibilities. Further, the School would be instrumental in devising means of upholding and promoting public service values, ethics and transformational leadership, on which good governance depends.

To realize its mission, the School would be expected to harmonize curriculum in the former GTIs in order to create synergy and take advantage of leveraging on resources and expertise. The training programmes would be tailored specifically to the needs of the Public Service and contextualized within the top priorities of the Government.



KSG top management in a photo with a team from Malawi that visited the School to learn about its operations.



## **TRANSITION INTO THE KENYA SCHOOL OF GOVERNMENT**

The Kenya School of Government is a Vision 2030 flagship project that was realized within the specified time frame in the first Medium Term Plan of 2008-2012. It was established with the objective of inculcating public service values and ethics as well as enhancing transformative leadership. The School enhances capacity for improved performance in all aspects of public service.

The School, which brings together six institutions which previously were operating independently under different contexts, governance structures, practices and financing models, offers training, research, consultancy, and advisory services.

Subject to KSG Act, all rights, duties, obligations, assets and liabilities of the former KIA, KDLC and GTIs existing as at July 1, 2012 were automatically and fully transferred to the School. Thereafter, the KSG Act is clear that any reference to those six institutions in any contract or document shall, for all purposes, be deemed to be a reference to the School.

## **ROLE OF THE SCHOOL IN DEVOLUTION**

The government has implemented devolution as demanded by the people of Kenya in the Kenya Constitution 2010. Like any other new initiative, implementation of devolution has created new responsibilities that require the players involved to develop or enhance their capabilities so that they ably and effectively handle the issues and situations they find themselves in.



The School's procurement team from across all the campuses in one of their consultative meetings at Lower Kabete.



This eventuality was foreseen by the designers of the Kenya Vision 2030, and hence the inclusion of the KSG as a flagship project to develop the capacity of the devolved government and fill any skill gaps. Working together with government agencies in the national and county governments, the School is implementing capacity building initiatives to overcome emerging challenges and to achieve excellence and professionalism in public service delivery.

The School is aware that the public has high expectations from devolution. Whereas all county governments started with similar teething problems, the performance score card in a year or two will show some high performing counties and invariably, some low performing ones. The distinguishing factor will be the capacity and utilization of the human capital, institutionalization of systems, procedures and business processes.

The School continues to approach and partner with the county governments and other stakeholders to offer training, research, consultancy and advisory services that will produce model counties that are star performers.

Our focus is on Performance Management Systems, Public Financial Management, Public Procurement Management, the Budgeting Process, Integrated Development Plans (IDP), Strategic Management, Projects Management, Public Private Partnerships (PPP), Environmental Management, Transformative Leadership, Managerial and Leadership competencies among others.



Strategic Leadership Development Programme (SLDP) participants  
in a group discussion during their training at the School.

**KENYA SCHOOL OF GOVERNMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

**1.1 GENERAL INFORMATION**

**1 REGISTERED OFFICE AND PRINCIPAL PLACE OF OPERATION**

Kenya School of Government  
P.O BOX 23030-00604  
Lower Kabete Road  
Nairobi.

**2 BANKERS**

Kenya Commercial Bank Limited  
P.O.Box 14959-00800  
Nairobi

National Bank of Kenya Limited  
P.O.Box 72866-00200  
Nairobi

Central Bank of Kenya  
P.O. Box 86372-80100  
Mombasa

**3 AUDITOR**

The Auditor General  
Kenya National Audit office  
P.O Box 30084- 00100  
Nairobi.

**4 LAWYERS**

Mwaniki Gachoka & Co. Advocates  
P.O.Box 13439-00800  
Nairobi

L.G Kimani & Co. Advocates  
P.O.Box 73976-00200  
Nairobi



## **KENYA SCHOOL OF GOVERNMENT FOR THE YEAR ENDED 30 JUNE 2014**

### **1 COUNCIL MEMBERS**

|                                   |  |
|-----------------------------------|--|
| Prof. Francis N. Kibera, PhD, CBS | Chairman   |
| Dr. Ludeki Chweya, PhD, CBS       | Director General / Secretary   |
| Prof. Peter Owoko K'Obonyo        | Member   |
| CS. Catherine Musakali            | Member   |
| Mr. Eliud Okech Owalo             | Member   |
| Ms. Grace Wakesho Maingi-Kimani   | Member   |
| Dr. Eric M. Aligula               | Member (resigned on 21/2/2014)   |
| Ms. Juster Nkoroi, EBS            | Representing Principal Secretary Ministry of Devolution and Planning, Directorate of Public Service Management |
| Mr. Micah Origa                   | Representing Principal Secretary National Treasury   |
| Mr. Bernard Malenya               | Representing Principal Secretary Ministry of Education, Science and Technology                                 |
| Dr. Rispa Odongo                  | Representing Commission for University Education   |
| Prof. Michael N. Lokuruka         | Representing Public Service Commission of Kenya  |

## 2 SENIOR MANAGEMENT STAFF

Dr. Ludeki Chweya, PhD, CBS

CPA Osman Ibrahim, OGW

Mrs. Leah Munyao

Dr. Nura Mohamed

Mr. Alfonso Munyali

Dr. Maurice Khayota

Mr. Isaac Chebon, HSC

Mr. Jeremiah Nyaberi

Ms. Njambi Muchane, MBS

Director General / CEO

Director Finance and Administration

Director Academic Affairs

Acting Director Nairobi Campus

Director Mombasa Campus

Director Embu Campus

Director Baringo Campus

Director Matuga Campus

Director eLearning and Development Institute



**KENYA SCHOOL OF GOVERNMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

**COUNCIL MEMBERS**



Prof. Francis Kibera



Dr. Ludeki Chweya



Prof. Peter K'Obonyo



CS. Catherine Musakali



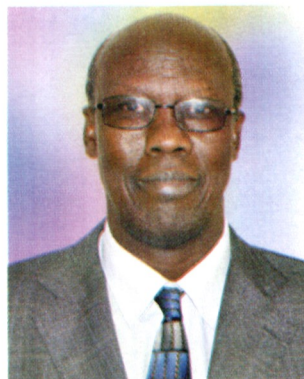
Mr. Eliud Owalo



Ms. Grace Maingi



Dr. Eric Aligula



Prof. Michael Lokuruka



Mr. Micah Origa



Dr. Rispa Odongo

**KENYA SCHOOL OF GOVERNMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

**COUNCIL MEMBERS PROFILE**

**1 Prof. Francis Kibera, Chairman (69 years)**

**Chairman**

Professor Kibera holds a Doctor of Philosophy (PhD) degree in Business Administration from the University of Toronto, and a Master of Business Administration from University of Alberta, Canada. He did his Bachelor of Commerce (B.Com) degree program at the University of East Africa (University College, Nairobi). He has extensive administrative and management experience in the public sector particularly in the education and training sub-sector. He has also undertaken many value-adding research and consultancy projects in areas of strategic management, customer and employee satisfaction in the Public Service, marketing and institutional development and capacity building. He has been a senior academician in the University of Nairobi School of Business for over 30 years.

**2 Dr. Ludeki Chweya (53 years)**

**CEO/ Director General**

Dr. Ludeki holds a Doctor of Philosophy (PhD) degree in Political Science from Queens University, Kingston Ontario, Canada and a Masters of Arts in Government from the University of Nairobi. He also holds Bachelor of Arts (BA) in Political Science and Arabic from the University of Nairobi. He has a vast experience in management in the public sector coordination and policy formulation.

**3 Prof. Peter K'Obonyo (62 years)**

**Member**

Prof. Peter K'Obonyo holds a Doctor of Philosophy (PhD) degree in Business Administration from the University of South Carolina, USA, college of Business Administration. He has a Master of Business Administration (MBA) from the University of Nairobi and Bachelor of Arts (BA) from Makerere University, Kampala, Uganda. He has extensive administrative and management experience in the public sector particularly in education and training sectors. He has over 25 years in the field of academic.

**4 CS Catherine Musakali (45 years)**

**Member**

Catherine Musakali holds a Master of Laws from the University of Nairobi, a Bachelor of Law from the University of Nairobi and Postgraduate Diploma in Law from the Kenya School of Law. She has over 24 years experience in the field of Law. CS Musakali has worked as a legal consultant in the private sector.

**5 Eliud Okech Owalo (46 years)**

**Member**

Eliud Okech Owalo holds a Master degree (MBA) in Human Resource Management from University of Nairobi and a Bachelors degree in Economics and Business Studies from Kenyatta University. He has vast experience in management consultancy. Some of the areas include strategic planning, job evaluation, organisational restructuring and performance management.

**6 Grace Wakesho (37 years)**

**Member**

Grace Wakesho holds a Master of Laws from the University of Leicester, UK and a postgraduate diploma in law from the Kenya School of Law. She is a human rights lawyer with extensive and diverse experience at the national, regional and international level garnered in Key non-governmental organisations in Kenya.

**7 Dr. Eric Aligula (47 years)**

**Member**

Dr. Eric Aligula holds a Doctor of Philosophy (PhD) degree in Infrastructure, Planning and Management from the University of Dortmund, Germany. He also holds a Master of Arts in Building Economics from the University of Nairobi and a Bachelor of Arts in Building Economics from the University of Nairobi. He has extensive public policy analysis and formulation and evaluation skills for over 9 years.

**8 Prof. Michael Lokuruka (59 years)**

**Representing Public Service Commission of Kenya**

He holds a Doctor of Philosophy (PhD) degree in Food Science from Cornell University, USA, a Postgraduate diploma in fish processing technology, from the University of Trondheim, Norway, a Master of Science in Food Science from the University of Reading, UK and a Bachelor of Food Science and Technology from the University of Nairobi. He has vast experience in research and consultancy in food quality assurance, writing of articles, books, proposals and technical review of academic writings.

**9 Micah Origa (37 years)**

**Representing Principal Secretary, National Treasury**

Micah Origa holds a Master degree in Business Administration from the University of Calicut and a Bachelor of Commerce degree from the University of Calicut. He has a wide experience in budget preparations and monitoring especially in the Public Sector as well as financial management.

**10 Dr. Rispa Odongo (59 years)**

**Representing Commission for University Education**

Dr. Rispa Odongo has a Master degree in Animal Production and Health and a Bachelors degree in Veterinary Medicine. She has over 21 years experience in preparation and evaluation of proposals for establishment of private universities, review of curricula of private universities and evaluation and accreditation of academic programmes of universities. She also has experience in preparation of draft charters and draft statutes of private universities.



**KENYA SCHOOL OF GOVERNMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

**DIRECTORS/ SENIOR MANAGEMENT'S PROFILE**

**1 Leah Munyao (51 years)**

**Director Academic Affairs**

She holds a Master of Education (M.Ed) from the University of Nairobi and a Bachelor of Arts in Education from Kenyatta University. She has over 23 years experience in training, strategic thinking, development of internal management systems, policy formulation and program development for educational institutions.

**2 CPA Osman Ibrahim (45 years)**

**Director Finance & Administration**

He holds a Master of Business Administration from the University of Nairobi and a Bachelor of Commerce (MBA), Accounting from the University of Nairobi. He has vast experience in finance including formulation of systems policies and procedures for the finance and administration sections.

**3 Isaac Chebon (52 years)**

**Director-Baringo Campus**

Isaac holds a Master degree in Agriculture and Rural Development from the Institute of Social Studies Hague and a Bachelor of Arts from the University of Nairobi. He has a wide knowledge in training, and capacity development in the Public Sector.

**4 Jeremiah Nyaberi (52 years)**

**Director- Matuga Campus**

Nyaberi holds a Master from the University of Birmingham and a Bachelor of Commerce from Panjab University. He has experience in capacity development in the Public Sector and training and consultancy.

**5 Alfonso Munyali (49 years)**

**Director- Mombasa Campus**

Munyali holds a Master degree in Business Administration from Eastern and Southern African Management Institute and a Bachelor of Arts from the University of Nairobi. He has a vast knowledge in training, consultancy and policy formulation.

**6 Dr. Maurice Khayota (58 years)**

**Director- Embu Campus**

Dr. Maurice Khayota holds a Doctor of Philosophy (PhD) in management from Kurukshetra University and a Master of Business Administration from Kurushetra. He also has a Master of Marketing and Management from Podichery University and a Bachelor of Arts. He has experience in research and consultancy as well as proposal writing and publication of books and articles.

**7 Njambi Muchane (53 years)**

**Director - e-Learning and Development Institute (eLDi)**

She holds a Master of Science in Entrepreneurship from Jomo Kenyatta University and a Bachelor of Arts from York University, Toronto Canada. She has experience in marketing, training and consultancy.

**8 Dr. Nura Mohamed (41 years)**

**Director - Nairobi Campus**

Dr. Mohamed holds a Doctor of Philosophy (PhD) in Financial Economics from Central University of Finance and Economics in China. He also holds a Master of Business Administration (MBA) in Finance from the University of Nairobi and a Bachelor of Commerce in Finance from the University of Nairobi. He has experience in research, review of training material and curricula.

**KENYA SCHOOL OF GOVERNMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

**MANAGEMENT**



Dr. Ludeki Chweya



Mrs. Leah Munyao



Mr. Osman Ibrahim, OGW



Mr. Isaac Chebon



Mr. Jeremiah Nyaberi



Mrs. Njambi Muchane



Mr. Alfonso Munyali



Dr. Nura Mohamed



Dr. Maurice Khayota

**COMMITTEES OF THE SCHOOL**

- 1 Finance and General Purpose Committee
- 2 Learning and Development Committee
- 3 Audit and Risk Management Committee
- 4 Human Resource Committee
- 5 KSG Staff Retirement Benefits Scheme Trustees



# **KENYA SCHOOL OF GOVERNMENT**

## **FOR THE YEAR ENDED 30 JUNE 2014**

### **CORPORATE GOVERNANCE STATEMENT**

Kenya School of Government is committed to maintaining a high standard of corporate governance under the leadership of the Council. During the period under review, the Council members were twelve (12). The primary role of the Council members is to provide effective leadership and direction to enhance the long term value of the School to its stakeholders.

The Council meets at least four times a year and has the overall responsibility of reviewing and approving strategic plan, annual budgets and financial performance reviews. In addition the Council is supposed to oversee the process of evaluating financial reporting and compliance.

The Council has delegated certain functions to Council committees; the Audit and Risk Management, Finance and General Purpose, Human Resource, Learning and Development and ICT. Their reports are reported back to the Council with their decisions and recommendations since the ultimate responsibility lies with the Council.

There is a clear division of responsibilities between the Chairperson and the Director General. The primary role of the Chairperson is to give leadership to the Council and provide oversight, guidance, advice and leadership to the Director General whereas the role of the Director General is to run the day to day business of the School as well as ensuring that policies, procedures and strategies are implemented.

### **CORPORATE SOCIAL RESPONSIBILITY**

Kenya School of Government is committed to supporting the communities in which it operates. During the year under review, the School supported various activities in form of cash and staff involvement. This includes participating in the Jose Memorial Hemophilia Society Kenya walk held through Karura forest.

The School also donated food to the Turkana community affected by drought at a cost of Kshs. 100,000. The food stuff was handed over to the Red Cross Society.

The School also provided seedlings to the Lower Kabete Primary School during the School's tree planting day.

# **KENYA SCHOOL OF GOVERNMENT FOR THE YEAR ENDED 30 JUNE 2014**

## **1 INCORPORATION**

The Kenya School of Government (KSG) was established through Kenya School of Government Act of 2012 (Act) as a successor to the Kenya Institute of Administration (KIA), the Kenya Development Learning Centre (KDLC) and the Government Training Institutes (GTIs) at Baringo, Embu, Matuga and Mombasa. The KSG Act came into effect on 1st July, 2012.

## **2 MANDATE**

The Kenya School of Government's principal activity is to provide learning and development programmes to build capacity for the Public Service.

Further, the School shall: facilitate the establishment of professional networks and think tanks to develop and grow Public Sector leaders; monitor, evaluate and communicate the impact of strengthened education and training programmes for national leadership and management and conduct examination and award diplomas and other suitable awards to successful candidates.

### **VISION**

Excellence in public service capacity development

### **MISSION**

To contribute to the transformation of the public service by inculcating national values and developing core skills and competencies for quality service delivery

### **CORE VALUES**

Integrity

Customer Focus

Professionalism

Innovation and Creativity

Teamwork





Prof. Francis N. Kibera, PhD, CBS  
Chairman of the Council

## CHAIRMAN'S REPORT

The School was established by the Kenya School of Government Act no. 9 of 2012 and is one of the flagship projects of Kenya Vision 2030 . The School's mandate is to provide learning and development programmes to build capacity for the Public Service. This is the second report since establishment of the School.

We have put governance structures in place during the year. The Council also appointed three senior managers namely the Director General, the Director Finance and Administration and the Director Academic Affairs to steer the implementation of the strategic plan and other policy framework documents of the School.

I am grateful to the Government for the continued support to the School especially during this transition period. During the year the School received grant in form of salaries of Kshs. 201 million for the staff of former Government Training Institutes(GTIs), and development and recurrent grant of Kshs. 421 million.

I am also grateful to the Council, Management and staff for their exemplary work. Special thanks are also extended to the course participants, their Sponsors and Development Partners. I am very confident of the School's potential in discharging her mandate.

Prof. Francis N. Kibera, PhD, CBS  
Chairman of the Council

Date

## DIRECTOR GENERAL'S REPORT



Dr. Ludeki Chweya, PhD, CBS  
Director General/CEO

The School achieved revenue of Kshs. 1.5 billion against a target of Kshs.1.4 billion and a surplus of Kshs. 62 million during the year. The Management appreciates the financial support to the School by the Government where in the financial year 2013/2014, the School received Kshs. 201 million in form of salaries, recurrent grant of Kshs. 188 million and development grant of Kshs. 233 million.

In order to achieve its revenue target, several curricula were rolled out including capacity assessment and devolution to the counties.

Governors and County Executives were trained in order to develop capacity in the counties. Further, diverse training programs have been rolled out in all the campuses to ensure accessibility to all public servants throughout the country.

A comprehensive review of all the courses has been initiated to ensure standardization and relevance to the clients' needs.

The School has several hostels with total bed capacity of 1,311 whose occupancy supplements the revenue of the School. Further, the School has seminar rooms and conference facilities which augments the main source of revenue of the School. Expansion and modernisation of training facilities is now the main focus of the School.

Management has invested in building a common culture through leadership development programmes, intercampus exchanges and integrated operating systems. We also rely substantially on internal capacity and prevailing goodwill of the staff to manage change.

A handwritten signature in blue ink, appearing to read 'L. Chweya', written over a horizontal line.

Dr. Ludeki Chweya, PhD, CBS  
Director General/CEO

A handwritten date '22/06/15' in blue ink, written over a horizontal line.

Date



## STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Kenya School of Government Act requires the Council to prepare financial statements for each financial year which include a statement of financial position showing in detail the assets and liabilities of the School, a statement of comprehensive income and such other statements that the Council may deem necessary.

It also requires the Council to ensure the School keeps proper books of account and other books and records in relation to the School and to all the undertakings, funds, investments, activities and property of the School. They are also responsible for safeguarding the assets of the School.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted accounting practice and in the manner required by the Kenya School of Government Act. The Council is of the opinion that the financial statements give true and fair view of the state of financial affairs of the School and of its operating results. The Council further accepts responsibility for the maintenance of accounting records which may be relied upon in preparation of the financial statements, as well as adequate systems of internal financial control.

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



Prof. Francis N. Kibera, PhD, CBS  
Chairman of the Council

Date: 22/6/2015



Dr. Ludeki Chweya, PhD, CBS  
Director General/CEO

Date: 22/06/15

**KENYA SCHOOL OF GOVERNMENT  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 30TH JUNE 2014**



# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084 - 00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF GOVERNMENT FOR THE YEAR ENDED 30 JUNE 2014

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya School of Government set out on pages 27 to 45, which comprise the statement of the financial position as at 30 June 2014, the statement of financial performance, the statement of changes in net assets, statement of cash flows, 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Audit-General's Responsibility

My responsibility is to express an opinion on these financial statement based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due process to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit



procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

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

## **Basis for Adverse Opinion**

### **1. Unsupported Balance**

The statement of financial performance for the year ended 30 June 2014 reflects total revenue of Kshs. 1,472,454,218. Included in this balance is other revenue figure of Kshs. 474,200,060 which differs by Kshs. 25,951,393 from the supporting schedule amount of Kshs. 472,803,291. No explanation has been provided for this difference. In the circumstances, it has not been possible to confirm the accuracy and completeness of the revenue balance of Kshs. 1,472,454,218.

### **2. Property, Plant and Equipment**

As reported in the year 2012/2013, the property, plant and equipment balance of Kshs. 5,750,445,035 as at 30 June 2014 includes land owned/occupied by Embu, Mombasa and Matuga campuses valued at Kshs. 181,650,000, Kshs. 736,200,000 and Kshs. 47,500,000 respectively whose title deeds were not availed for audit verification. In the circumstances, and in absence of the title documents, it has not been possible to ascertain the ownership status of the three parcels of land and that the property, plant and equipment balance of Kshs. 5,750,445,035 is fairly stated as at 30 June 2014.

### **3. Investments**

The Non-Current assets of Kshs. 7,615,127,830 includes investment balance of Kshs. 55,497,594 while confirmation certificate availed for audit review reflected a balance of Kshs. 60,000,000 resulting in an unexplained or unreconciled difference of Kshs. 4,502,406. Consequently, the accuracy and completeness of the investment balance of Kshs. 55,497,594 as at June 2014 could not be confirmed.

### **4. Inventories**

The financial statements reflect inventories balance of Kshs. 23,724,726 while supporting schedules for the same shows a figure of Kshs. 28,655,124 resulting in unexplained or unreconciled difference of Kshs. 4,930,398. Consequently the accuracy and completeness of the Inventories balance of Kshs. 23,724,726 as at 30 June 2014 could not be confirmed.

### **5.0 Trade and Other Payables**

Trade and Other Payables balance of Kshs. 494,044,979 as at 30 June 2014 includes payables of Kshs. 208,801,682 whose supporting schedules/analysis was not availed for audit review. In the circumstances, it has not been possible to confirm the validity and accuracy of trade and other payable balance of Kshs. 494,044,979 as at 30 June 2014.

## **Adverse Opinion**

Because of the significance of the matters discussed in the Basis for Adverse Opinion Paragraph, the financial statements do not present fairly the financial position of the School as at 30 June 2014 and of its financial performance and its cash flows for the year then ended, in accordance with International



Public Sector Accounting Standards (IPSAS) accrual basis and do not comply with the Kenya School of Government Act, 2012

**Other Matter**

**Lack of Budgetary Control**

The consolidated statement of comparison of budget and actual amounts for the year ended 30 June 2014 reflects over-expenditure totalling Kshs. 189,105,793 on twenty (20) expenditure items contrary to Section 12 of the State Corporations Act, 446 which states that no corporation shall, without prior approval in writing of the Minister and the Treasury incur and expenditure for which provision has not been made in an annual estimate. In the absence of approval in writing of the Minister and Treasury, the State Corporation is in breach of the law. My opinion is not qualified in respect of the above matter.



**Edward O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**10 June 2015**

**KENYA SCHOOL OF GOVERNMENT  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2014**

|                              | Notes | 2014<br>Kshs             | 2013<br>Kshs              |
|------------------------------|-------|--------------------------|---------------------------|
| Revenue from fees            | 6     | 998,252,158              | 971,595,706               |
| Other Revenue                | 7     | 474,202,060              | 559,376,840               |
|                              |       | <u>1,472,454,218</u>     | <u>1,530,972,546</u>      |
| Administrative Expenses      | 8     | (805,096,477)            | (946,590,316)             |
| Other Expenses               | 9     | (603,309,913)            | (396,956,650)             |
| Finance Costs (Bank charges) |       | (1,776,004)              | (2,387,817)               |
|                              |       | <u>(1,410,182,394)</u>   | <u>(1,345,934,782)</u>    |
| Surplus                      |       | <u><u>62,271,824</u></u> | <u><u>185,037,764</u></u> |



**KENYA SCHOOL OF GOVERNMENT  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

| ASSETS  | Notes | 2014<br>Kshs                | 2013<br>Kshs                |
|---|-------|-----------------------------|-----------------------------|
| <b>Non-Current Assets</b>                     |       |                             |                             |
| Property, Plant & Equipment                   | 10    | 5,750,445,035               | 3,311,934,110               |
| Leasehold land                                | 11    | 1,809,185,201               | 214,646,456                 |
| Investments                                   | 12    | 55,497,594                  | 52,871,650                  |
|   |       | <u>7,615,127,830</u>        | <u>3,579,452,216</u>        |
| <b>Current Assets</b>                         |       |                             |                             |
| Inventory                                     | 13    | 23,724,726                  | 18,751,845                  |
| Trade & Other Receivables                     | 14    | 406,006,996                 | 271,253,810                 |
| Cash and Cash Equivalent                      | 15    | 708,635,779                 | 335,342,664                 |
|   |       | <u>1,138,367,501</u>        | <u>625,348,319</u>          |
| <b>Total Assets</b>                           |       | <u><u>8,753,495,331</u></u> | <u><u>4,204,800,535</u></u> |
| <b>ACCUMULATED FUNDS</b>                      |       |                             |                             |
| Revaluation Reserves                          |       | 4,539,728,060               | 360,308,824                 |
| Accumulated Surplus                           |       | 1,197,914,112               | 1,135,642,288               |
| Government Grant                              |       | 2,521,808,180               | 2,296,194,489               |
| <b>Total Accumulated Reserves</b>             |       | <u>8,259,450,352</u>        | <u>3,792,145,601</u>        |
| <b>Current liabilities</b>                    |       |                             |                             |
| Trade and Other Payables                      | 16    | 494,044,979                 | 412,654,934                 |
| <b>Total Accumulated Fund and Liabilities</b> |       | <u><u>8,753,495,331</u></u> | <u><u>4,204,800,535</u></u> |

The financial statements on pages 27 to 45 are signed on behalf of the Council by:



Prof. Francis N. Kibera, PhD, CBS  
Chairman of the Council



Dr. Ludeki Chweya, PhD, CBS  
Director General/CEO

Date: 22/6/2015

Date: 22/06/15

**KENYA SCHOOL OF GOVERNMENT  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2014**

|                                | Revaluation<br>Reserves<br>Kshs | Accumulated<br>Surplus<br>Kshs | Government<br>Grant<br>Kshs | Total<br>Kshs        |
|--------------------------------|---------------------------------|--------------------------------|-----------------------------|----------------------|
| <b>YEAR ENDED 30 JUNE 2013</b> |                                 |                                |                             |                      |
| As at 1 July 2012              | 360,308,824                     | 889,826,958                    | 125,697,394                 | 1,375,833,176        |
| Acquisition from former KDLC   | -                               | 60,777,566                     | -                           | 60,777,566           |
| Development Grant-Additions    |                                 | -                              | 2,178,210,848               | 2,178,210,848        |
| Amortisation                   |                                 |                                | (7,713,753)                 | (7,713,753)          |
| Surplus for the year           | -                               | 185,037,764                    |                             | 185,037,764          |
| <b>As at 30 June 2013</b>      | <b>360,308,824</b>              | <b>1,135,642,288</b>           | <b>2,296,194,489</b>        | <b>3,792,145,601</b> |
| <b>YEAR ENDED 30 JUNE 2014</b> |                                 |                                |                             |                      |
| As at 1 July 2013              | 360,308,824                     | 1,135,642,288                  | 2,296,194,489               | 3,792,145,601        |
| Revaluation gains              | 4,179,419,236                   | -                              | -                           | 4,179,419,236        |
| Additions                      | -                               | -                              | 233,432,722                 | 233,432,722          |
| Amortisation                   | -                               | -                              | (7,819,031)                 | (7,819,031)          |
| Surplus for the year           | -                               | 62,271,824                     | -                           | 62,271,824           |
| <b>As at 30 June 2014</b>      | <b>4,539,728,060</b>            | <b>1,197,914,112</b>           | <b>2,521,808,180</b>        | <b>8,259,450,352</b> |

**KENYA SCHOOL OF GOVERNMENT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014**

|  | Notes | 2014<br>Kshs         | 2013<br>Kshs         |
|--|-------|----------------------|----------------------|
| <b>Cash flow from operating activities;</b>                |       |                      |                      |
| Operating (Deficit)/ Surplus                               |       | 62,271,824           | 185,037,763          |
| <b>Adjustments for:</b>                                    |       |                      |                      |
| Depreciation of Property, Plant & Equipment                | 10    | 166,532,296          | 77,791,620           |
| Amortisation of prepaid operating rentals                  | 11    | 21,974,799           | 2,575,758            |
| Deferred income  |       | (7,819,031)          | (7,713,753)          |
| Earnings from previous years acquired                      |       | -                    | 60,777,567           |
| Revaluation reserves                                       |       | 27,964,171           | -                    |
| Revaluation loss   |       | 136,722,042          | -                    |
| Gain on Disposal   |       | -                    | (385,000)            |
| Grant in kind  |       | (250,000)            | (1,027,230)          |
| Interest Income  |       | (21,630,847)         | (14,959,188)         |
| <b>Operating surplus before working capital changes</b>    |       | <b>385,765,254</b>   | <b>302,097,537</b>   |
| Increase in inventories                                    |       | (4,972,881)          | (7,924,912)          |
| (Increase)/ Decrease in trade & other receivables          |       | (134,753,186)        | (158,994,982)        |
| Increase in trade & other payables                         |       | 81,390,045           | 171,917,358          |
| <b>Net cash (used)/generated from operating activities</b> |       | <b>327,429,232</b>   | <b>307,095,001</b>   |
| <b>Cash flow from investing activities</b>                 |       |                      |                      |
| Purchase of property, plant & equipment                    |       | (135,402,792)        | (496,961,912)        |
| Proceeds from disposal of equipment                        |       | 38,903               | 385,000              |
| Interest Received  |       | 21,630,847           | 14,959,188           |
| <b>Net cash used in investing activities</b>               |       | <b>(113,733,042)</b> | <b>(481,617,724)</b> |
| <b>Cash flow from financing activities</b>                 |       |                      |                      |
| Government grant-Development                               |       | 159,596,925          | 277,596,348          |
| <b>Net cash generated from financing activities</b>        |       | <b>159,596,925</b>   | <b>277,596,348</b>   |
| Net increase/ (decrease) in cash and cash equivalent       |       | 373,293,115          | 103,073,625          |
| Cash and cash equivalent at 1 July                         |       | 335,342,664          | 232,269,038          |
| <b>Cash and cash equivalent at 30 June</b>                 |       | <b>708,635,779</b>   | <b>335,342,664</b>   |



**KENYA SCHOOL OF GOVERNMENT  
CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL  
FOR THE YEAR ENDED 30 JUNE 2014**

|                                | <b>Actual<br/>2014<br/>Kshs.</b> | <b>Budget<br/>2014<br/>Kshs.</b> | <b>Performance<br/>difference<br/>2014<br/>Kshs.</b> |
|--------------------------------|----------------------------------|----------------------------------|--|
| <b>Revenue</b>                 |                                  |                                  |  |
| Training & Accomodation        | 998,252,158                      | 947,794,000                      | 50,458,158   |
| Recurrent government grant     | 400,902,591                      | 400,902,591                      | -  |
| Hire of Facilities             | 28,563,680                       | 2,000,000                        | 26,563,680   |
| Interest Income                | 21,630,847                       | 1,500,000                        | 20,130,847   |
| Miscellaneous receipts         | 14,575,840                       | 2,656,000                        | 11,919,840   |
| Rent and Water                 | 8,376,980                        | 7,200,000                        | 1,176,980  |
| Sale on boarded items          | 152,122                          | 400,000                          | (247,878)  |
| <b>Total income</b>            | <b>1,472,454,218</b>             | <b>1,362,452,591</b>             | <b>110,001,627</b>                                   |
| <b>Expenses</b>                |                                  |                                  |  |
| Personnel emoluments           | 445,311,871                      | 538,145,000                      | (92,833,129)   |
| Catering expenses              | 211,072,852                      | 175,906,000                      | 35,166,852   |
| Council expenses               | 7,423,310                        | 14,460,000                       | (7,036,690)  |
| Field study trips              | 2,871,980                        | 100,000                          | 2,771,980  |
| Gas and fuel expenses          | 18,130,718                       | 14,576,000                       | 3,554,718  |
| Hire of accomodation services  | 21,448,053                       | 2,000,000                        | 19,448,053   |
| Hire of transport              | 2,872,728                        | 1,755,000                        | 1,117,728  |
| Resource persons fees          | 34,827,961                       | 21,550,000                       | 13,277,961   |
| Staff medical expenses         | 20,125,304                       | 17,700,000                       | 2,425,304  |
| Staff training expenses        | 7,246,252                        | 16,098,000                       | (8,851,748)  |
| Stationery-participant         | 16,569,990                       | 11,670,000                       | 4,899,990  |
| Stationery-staff               | 13,463,577                       | 6,048,000                        | 7,415,577  |
| Advertising & publicity        | 8,222,934                        | 2,500,000                        | 5,722,934  |
| Amortisation-Land              | 21,974,799                       | 2,576,000                        | 19,398,799   |
| Cleaning & sanitation expenses | 43,309,766                       | 8,315,000                        | 34,994,766   |
| Depreciation                   | 166,532,296                      | 62,337,000                       | 104,195,296  |
| Revaluation loss               | 136,722,042                      | -                                | 136,722,042  |
| Electricity                    | 27,944,950                       | 28,165,000                       | (220,050)  |
| Entertainment expenses         | 427,155                          | 850,000                          | (422,845)  |
| Travelling & accomodation      | 49,587,982                       | 34,410,000                       | 15,177,982   |
| Flowers & decorations          | 2,143,449                        | 3,000,000                        | (856,551)  |
| Hire of consultancy            | 14,551,021                       | 13,136,000                       | 1,415,021  |

|  |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
| ICT expense                                  | 14,396,378           | 27,244,000           | (12,847,622)         |
| Increase in general provision for bad debts  | 6,539,642            | 500,000              | 6,039,642            |
| Insurance                                    | 5,986,944            | 6,200,000            | (213,056)            |
| Laundry expenses                             | 723,010              | 500,000              | 223,010              |
| Maintenance of building, stations & security | 20,520,097           | 46,316,000           | (25,795,903)         |
| Maintenance of plant and equipment           | 4,510,826            | 8,640,000            | (4,129,174)          |
| Marketing expenses                           | 3,876,220            | 5,732,000            | (1,855,780)          |
| Miscellaneous expenses                       | 6,802,062            | 11,964,000           | (5,161,938)          |
| Motor vehicle maintenance                    | 3,878,981            | 5,115,000            | (1,236,019)          |
| Other expenses                               | 7,985,781            | 5,465,000            | 2,520,781            |
| Printing and publishing                      | 1,363,318            | 3,775,000            | (2,411,682)          |
| Research Expenses                            | 7,014,606            | 1,450,000            | 5,564,606            |
| Telephone & fax                              | 5,012,019            | 3,550,000            | 1,462,019            |
| Transport expenses                           | 3,905,260            | 2,400,000            | 1,505,260            |
| Uniform & clothing                           | 1,386,005            | 2,150,000            | (763,995)            |
| Wages for temporary staff                    | 32,651,937           | 7,750,000            | 24,901,937           |
| Water and conservancy                        | 9,072,314            | 3,533,000            | 5,539,314            |
| Bank charges                                 | 1,776,004            | 1,588,000            | 188,004              |
| <b>Total Expenditure</b>                     | <b>1,410,182,394</b> | <b>1,119,169,000</b> | <b>291,013,394</b>   |
| <br>   |                      |                      |                      |
| <b>Surplus for the year</b>                  | <b>62,271,824</b>    | <b>243,283,591</b>   | <b>(181,011,767)</b> |

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2014**

---

- 1 The Kenya School of Government presents its approved budget and the financial statements on accrual basis
- 2 The excess of actual expenditure over budget is mainly attributed by following:
  - a. **Catering expenses**  
The amount exceeded the budget due to inflation as well as increase in business.
  - b. **Field study trips**  
This is an expense funded by the Government through grants.
  - c. **Gas and fuel expenses**  
The actual amount surpassed the budget due to increase in cooking gas cost as well as increase in business.
  - d. **Resource persons**  
The cost increased due to outsourcing more lecturers on part time basis attributed by shortage of staff and increase in courses during the year.
  - e. **Staff medical expense**  
The expenses increase is attributed to introduction of VAT payment in almost all services as well as inflation.
  - f. **Stationery**  
Increase in activities both training and conference led to increase in stationery costs.
  - g. **Advertising and Publicity**  
The cost increased due to advertisement of the Directors and the Director General's position.
  - h. **Amortisation, depreciation and revaluation loss**  
The variance between the actual versus the budget was attributed to revaluation of assets during the year.
  - i. **Travel and accomodation**  
The cost increased against the budget attributed to travel costs from one campus to another for purposes of integration of the Campuses activities.
  - j. **Wages for temporary staff**  
The variance was attributed by shortage of staff. Further, the increase in activities especially workshops and conferences led to increase in sourcing of casuals.



**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**1 Summary of significant accounting policy**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless, otherwise stated.

**a. Basis of preparation**

The financial statements are prepared on a going concern basis in compliance with International Public Sector Accounting Standards (IPSAs). They are presented in Kenya Shillings, which is also the functional currency. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with International Public Sector Accounting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the School. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 2.

**b. Translation of foreign currency**

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the School operates), which is Kenya Shillings. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise.

**c. Revenue recognition**

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the School's activities. It is recognised when it is probable that future economic benefits will flow to the School and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts.

Sale of goods are recognised upon the delivery of the product and customer acceptance, while sale of services are recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

Interest income is recognised in the period in which interest is earned and measured using the effective interest method.

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**d. Financial instruments**

***Held to maturity investments***

Comprise of non-derivative financial assets with fixed or determinable payments that the School has a positive intention and ability to hold to maturity.

Financial instruments held during the year were classified as follows:

- i.) Demand and term deposits with banking institutions and trade and other receivables were classified as receivables
- ii.) Trade and other liabilities were classified as financial liabilities.

**e. Inventories**

Inventories are stated at the lower of cost and net realisable value on a weighted average method.

**f. Property, plant & equipment**

"Property, Plant and Equipment are stated at cost or valuation, less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition of the assets, attributable to the acquisition of the assets.

Depreciation is provided on the cost/valuation of the assets on straight line basis at rates designed to write down the assets to their estimated residual values over their estimated useful lives as follows:

|                      | <b>Rate</b>                  |
|----------------------|------------------------------|
| Buildings            | 2.00%                        |
| Plant & equipment    | 12.50%                       |
| Furniture & fittings | 12.50%                       |
| Linen & beddings     | 12.50%                       |
| Motor vehicles       | 25.00%                       |
| Computers            | 30.00%                       |
| Library books        | 5.00%                        |
| Leasehold land       | Over the period of the lease |
| Freehold land        | Nil                          |

Gains and losses on disposal of property, plant and equipment are included in the profit and loss account. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

**g. Computer Software and Development Costs**

Generally, costs associated with computer software programmes are recognized as expenses in the period in which they are incurred.

However, cost that is clearly associated with an identifiable product, which is controllable by the School and has a definite benefit exceeding the cost beyond one year, is recognized as an intangible asset.

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**h. Retirement Benefit**

"The School operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. The scheme is funded by contributions from both the employees at 7.5% and employer at a rate of 15% of employees basic pay respectively. The School's contributions are charged to the income statement in the year to which they relate."

The School and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are charged to profit and loss account in the year to which they relate.

**i. Receivables**

The receivables are stated at original invoiced amounts less an estimate made for doubtful receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the end of year.

**j. Provision for Doubtful Debts**

General provision is made in respect of outstanding revenue where payment is considered doubtful. General provision for bad debts is calculated at the rate of 11% of trade debtors.

**k. Cash and Cash Equivalent**

For the purposes of the cash flow statement cash and cash equivalents comprise cash in hand, deposits in banks, short-term and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of less than one year is normally classified as being short term.

**l. Operating Leases**

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/ received under operating leases are charged/ credited to the profit and loss account on a straight line basis over the lease period.

**m. Budget Information**

The annual budget is prepared on the accrual basis. Explanatory notes are provided in the notes to the annual financial statements

**2 Significant accounting estimates, judgements and assumptions**

The judgement made by the council members in the process of applying the School accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

Whether the School has the ability to hold 'held-to maturity' investments until they mature. If the School was to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.



**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**3 Financial risk management**

The School's activities expose it to a variety of financial risks including credit, liquidity and market risks. The School's overall risk management policies are set out by the Council and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the School's performance by setting acceptable levels of risk.

**i. Credit Risk**

Credit risk is the risk to financial loss to the School if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk mainly arises from customers and investment securities.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account past experience and other relevant factors. The management monitors credit on a monthly basis.

The amount that best represents the School's credit risk as at 30 June 2014 is made up as follows:

|                           | <b>2014</b><br><b>Kshs</b>  | <b>2013</b><br><b>Kshs</b> |
|---------------------------|-----------------------------|----------------------------|
| Cash and cash equivalents | <b>708,635,779</b>          | 335,342,664                |
| Receivables               | <b>406,006,996</b>          | 271,253,810                |
|                           | <u><b>1,114,642,775</b></u> | <u>606,596,474</u>         |

The School does not hold any collateral against the past due receivables.

**ii. Liquidity risk**

Liquidity risk is the risk that the School will encounter difficulty in meeting obligations associated with financial liabilities. The School manages liquidity risk by continuously reviewing forecasts and actual cash flows.

The table below analyses the School's financial liabilities at the balance sheet date. The amounts disclosed below are the expected undiscounted cash flows:

|                          | <b>2014</b><br><b>Kshs</b> | <b>2013</b><br><b>Kshs</b> |
|--------------------------|----------------------------|----------------------------|
| Trade and other payables | <u><b>494,044,979</b></u>  | <u>412,654,934</u>         |

**iii. Market risk**

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates.

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**4 Government Grant**

- i.) GoK grant received within the year related to income is recognized as other income to match with operations and maintenance costs.
- ii.) GoK grant received within the year related to grant asset is treated as deferred income and is recognised as income over the useful life of the asset.
- iii.) There are no unfulfilled conditions or any other contingencies attached to Development grant that has been recognized.
- iv.) GoK grant was accounted in a systematic basis over the period in which the School recognises the expense in accordance with the Accounting Standards.

**5 Revaluation**

The asset valuation for the School was carried out in the year 2013/2014 by an independent valuer and the report adopted by the Council on 24th June 2014. The revalued amount is incorporated in the financial statements.

|                                     | 2014<br>Kshs       | 2013<br>Kshs       |
|-------------------------------------|--------------------|--------------------|
| <b>6 Revenue</b>                    |                    |                    |
| Training                            | 595,456,273        | 615,628,037        |
| Accommodation                       | 245,552,327        | 214,837,319        |
| Consultancy                         | 33,534,731         | 68,176,807         |
| Hire of Conference centre           | 123,708,827        | 72,953,543         |
|                                     | <u>998,252,158</u> | <u>971,595,706</u> |
| <b>7 Other operating income</b>     |                    |                    |
| Decrease in provision for bad debts | -                  | 2,758,849          |
| Deferred income                     | 7,819,031          | 7,713,753          |
| Foreign Exchange Gain               | 484,970            | -                  |
| Gain on disposal of fixed assets    | 38,903             | 385,000            |
| Hire of Facilities                  | 28,563,680         | 896,000            |
| Interest Income                     | 21,630,847         | 14,959,188         |
| Miscellaneous receipts              | 6,232,936          | 7,879,496          |
| Recurrent government grant          | 400,902,591        | 516,583,896        |
| Rent and Water                      | 8,376,980          | 8,200,658          |
| Sale on boarded items               | 152,122            | -                  |
|                                     | <u>474,202,060</u> | <u>559,376,840</u> |

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

|                                  | 2014<br>Kshs       | 2013<br>Kshs       |
|----------------------------------|--------------------|--------------------|
| <b>8 Administrative Expenses</b> |                    |                    |
| Personnel emoluments             | 445,311,871        | 451,149,625        |
| Catering expenses                | 211,072,852        | 297,210,167        |
| Council expenses                 | 7,423,310          | 6,579,806          |
| Educational Aids equipment       | -                  | 231,338            |
| Field study trips                | 2,871,980          | 3,640,000          |
| Gas and fuel expenses            | 18,130,718         | 18,278,781         |
| Hire of accomodation services    | 21,448,053         | 5,690,122          |
| Hire of equipment                | -                  | 970,000            |
| Hire of transport                | 2,872,728          | 3,953,271          |
| Resource persons fees            | 34,827,961         | 76,043,932         |
| Security services                | 3,731,881          | 5,202,741          |
| Staff medical expenses           | 20,125,304         | 14,000,880         |
| Staff training expenses          | 7,246,252          | 22,879,144         |
| Stationery-participant           | 16,569,990         | 17,619,996         |
| Stationery-staff                 | 13,463,577         | 11,672,223         |
| A-I-A expenditure                | -                  | 11,468,290         |
|                                  | <u>805,096,477</u> | <u>946,590,316</u> |



**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

|   | 2014<br>Kshs              | 2013<br>Kshs              |
|---|---------------------------|---------------------------|
| <b>9 Other Operating Expenses</b>           |                           |                           |
| Advertising & publicity                     | 8,222,934                 | 1,755,476                 |
| Amortisation-Land                           | 21,974,799                | 2,575,758                 |
| Cleaning & sanitation expenses              | 43,309,766                | 29,818,901                |
| Depreciation                                | 166,532,296               | 77,791,620                |
| Revaluation loss                            | 136,722,042               | -                         |
| Electricity                                 | 27,944,950                | 30,344,444                |
| Entertainment expenses                      | 427,155                   | 9,236,374                 |
| Travelling & accomodation                   | 49,587,982                | 76,002,882                |
| Flowers & decorations                       | 2,143,449                 | 3,587,003                 |
| Hire of consultancy                         | 14,551,021                | 14,993,462                |
| ICT expense                                 | 14,396,378                | 13,686,536                |
| Increase in general provision for bad debts | 6,539,642                 | -                         |
| Insurance                                   | 5,986,944                 | 5,318,326                 |
| Kitchen utensils                            | 1,660,924                 | 2,187,790                 |
| Laundry expenses                            | 723,010                   | 5,131,908                 |
| Maintenance of building & stations          | 16,788,216                | 24,055,183                |
| Maintenance of plant and equipment          | 2,849,902                 | 11,364,723                |
| Marketing expenses                          | 3,876,220                 | 3,032,246                 |
| Miscellaneous expenses                      | 6,802,062                 | 4,300,537                 |
| Motor vehicle maintenace                    | 3,878,981                 | 7,634,588                 |
| Other expenses                              | 7,985,781                 | 6,264,849                 |
| Printing and publishing                     | 1,363,318                 | 1,625,171                 |
| Research Expenses                           | 7,014,606                 | 5,280,709                 |
| Telephone & fax                             | 5,012,019                 | 7,640,048                 |
| Transport expenses                          | 3,905,260                 | 14,826,151                |
| Uniform & clothing                          | 1,386,005                 | 2,695,567                 |
| Wages for temporary staff                   | 32,651,937                | 23,184,732                |
| Water and conservacy                        | 9,072,314                 | 12,621,666                |
|   | <b><u>603,309,913</u></b> | <b><u>396,956,650</u></b> |

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

| 10a. Property, plant & Equipment |                      |                      |                             |                              |                             |                           |                                 |                             |                                   |                          |                      |
|----------------------------------|----------------------|----------------------|-----------------------------|------------------------------|-----------------------------|---------------------------|---------------------------------|-----------------------------|-----------------------------------|--------------------------|----------------------|
| 2013                             | Land<br>Kshs         | Buildings<br>Kshs    | Work in<br>progress<br>Kshs | Plant &<br>equipment<br>Kshs | Office<br>equipment<br>Kshs | Motor<br>vehicles<br>Kshs | Furniture &<br>fittings<br>Kshs | Linen &<br>beddings<br>Kshs | Computers &<br>networking<br>Kshs | Library<br>books<br>Kshs | Total<br>Kshs        |
| Cost/Valuation                   |                      |                      |                             |                              |                             |                           |                                 |                             |                                   |                          |                      |
| At 1 July 2012                   | -                    | 643,146,669          | 356,028,822                 | 36,561,161                   | 12,639,015                  | 33,726,445                | 20,558,131                      | 1,547,010                   | 34,879,369                        | 3,337,742                | 1,142,424,364        |
| Acquisition                      | 1,001,700,000        | 486,324,450          | 258,460,600                 | 75,672,428                   | 1,511,040                   | 13,678,164                | 49,273,405                      | -                           | 13,994,414                        | -                        | 1,900,614,501        |
| Additions                        | -                    | 121,329,580          | 258,231,942                 | 22,122,215                   | 580,459                     | 3,100,000                 | 15,726,373                      | 18,360,419                  | 35,949,129                        | 22,589,027               | 497,989,144          |
| Transfer from W-I-P              | -                    | 2,000,950            | -                           | (2,000,950)                  | -                           | -                         | -                               | -                           | -                                 | -                        | -                    |
| Disposals                        | -                    | -                    | -                           | -                            | -                           | (2,087,000)               | -                               | -                           | -                                 | -                        | (2,087,000)          |
| <b>At 30 June 2013</b>           | <b>1,001,700,000</b> | <b>1,252,801,649</b> | <b>870,720,414</b>          | <b>134,355,804</b>           | <b>14,730,514</b>           | <b>48,417,609</b>         | <b>85,557,909</b>               | <b>19,907,429</b>           | <b>84,822,912</b>                 | <b>25,926,769</b>        | <b>3,538,941,009</b> |
| Depreciation                     |                      |                      |                             |                              |                             |                           |                                 |                             |                                   |                          |                      |
| At 1 July 2012                   | -                    | 61,780,922           | -                           | 15,751,622                   | 9,910,278                   | 30,430,194                | 7,606,498                       | 267,400                     | 23,261,269                        | 2,294,096                | 151,302,279          |
| Disposals                        | -                    | -                    | -                           | -                            | -                           | (2,087,000)               | -                               | -                           | -                                 | -                        | (2,087,000)          |
| Charge for the year              | -                    | 25,056,028           | -                           | 16,453,213                   | 1,936,158                   | 5,293,291                 | 9,431,923                       | 1,230,931                   | 17,247,057                        | 1,143,019                | 77,791,620           |
| <b>At 30 June 2013</b>           | <b>-</b>             | <b>86,836,950</b>    | <b>-</b>                    | <b>32,204,835</b>            | <b>11,846,436</b>           | <b>33,636,485</b>         | <b>17,038,421</b>               | <b>1,498,331</b>            | <b>40,508,326</b>                 | <b>3,437,115</b>         | <b>227,006,599</b>   |
| Net book value                   |                      |                      |                             |                              |                             |                           |                                 |                             |                                   |                          |                      |
| <b>At 30th June 2013</b>         | <b>1,001,700,000</b> | <b>1,165,964,699</b> | <b>870,720,414</b>          | <b>102,150,969</b>           | <b>2,884,078</b>            | <b>14,781,124</b>         | <b>68,519,488</b>               | <b>18,409,098</b>           | <b>44,314,586</b>                 | <b>22,489,654</b>        | <b>3,311,934,110</b> |

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

| 10a. Property, plant & Equipment |                      |                      |                             |                              |                             |                           |                                 |                             |                                   |                          |                      |
|----------------------------------|----------------------|----------------------|-----------------------------|------------------------------|-----------------------------|---------------------------|---------------------------------|-----------------------------|-----------------------------------|--------------------------|----------------------|
| 2014                             | Land<br>Kshs         | Buildings<br>Kshs    | Work in<br>progress<br>Kshs | Plant &<br>equipment<br>Kshs | Office<br>equipment<br>Kshs | Motor<br>vehicles<br>Kshs | Furniture &<br>fittings<br>Kshs | Linen &<br>beddings<br>Kshs | Computers &<br>networking<br>Kshs | Library<br>books<br>Kshs | Total<br>Kshs        |
| Cost/Valuation                   |                      |                      |                             |                              |                             |                           |                                 |                             |                                   |                          |                      |
| At 1 July 2013                   | 1,001,700,000        | 1,252,801,649        | 870,720,414                 | 134,355,804                  | 14,730,514                  | 48,417,609                | 85,557,909                      | 19,907,429                  | 84,822,912                        | 25,926,769               | 3,538,941,009        |
| Revaluation                      | 125,650,000          | 2,031,625,97         | 22,232,023                  | (25,976,324)                 | 30,063,046                  | 522,392                   | 42,157,81                       | 13,692,028                  | 6,353,685                         | -                        | 2,246,320,645        |
| Additions                        | 36,881,165           | 53,815,017           | 12,790,804                  | 1,926,458                    | 110,000                     | 6,284,964                 | 2,329,019                       | 19,609,324                  | 1,406,041                         | -                        | 135,152,792          |
| Transfer from W-I-P              | -                    | 552,327,760          | (552,327,760)               | -                            | -                           | -                         | -                               | -                           | -                                 | -                        | -                    |
| Disposals                        | -                    | -                    | -                           | -                            | -                           | -                         | -                               | -                           | -                                 | (38,903)                 | (38,903)             |
| At 30 June 2014                  | <u>1,127,350,000</u> | <u>3,873,636,553</u> | <u>394,439,694</u>          | <u>121,170,284</u>           | <u>46,720,018</u>           | <u>49,050,001</u>         | <u>134,000,689</u>              | <u>35,928,476</u>           | <u>110,785,921</u>                | <u>27,293,907</u>        | <u>5,920,375,543</u> |
| Depreciation                     |                      |                      |                             |                              |                             |                           |                                 |                             |                                   |                          |                      |
| At 1 July 2013                   | -                    | 86,836,950           | -                           | 32,204,835                   | 11,846,436                  | 33,636,485                | 17,038,421                      | 1,498,331                   | 40,508,326                        | 3,437,115                | 227,006,899          |
| Revaluation                      | -                    | (86,836,950)         | -                           | (32,204,835)                 | (11,846,436)                | (33,636,485)              | (17,038,421)                    | (1,498,331)                 | (40,508,326)                      | -                        | (223,569,784)        |
| Disposals                        | -                    | -                    | -                           | -                            | -                           | -                         | -                               | -                           | -                                 | (38,903)                 | (38,903)             |
| Charge for the year              | -                    | 77,472,725           | -                           | 15,115,477                   | 5,840,002                   | 12,262,500                | 16,750,088                      | 4,491,059                   | 33,235,776                        | 1,364,669                | 166,532,296          |
| At 30 June 2014                  | <u>-</u>             | <u>77,472,725</u>    | <u>-</u>                    | <u>15,115,477</u>            | <u>5,840,002</u>            | <u>12,262,500</u>         | <u>16,750,088</u>               | <u>4,491,059</u>            | <u>33,235,776</u>                 | <u>4,762,881</u>         | <u>169,930,508</u>   |
| Net book value                   |                      |                      |                             |                              |                             |                           |                                 |                             |                                   |                          |                      |
| At 30th June 2014                | <u>1,127,350,000</u> | <u>3,796,163,828</u> | <u>394,439,694</u>          | <u>106,054,807</u>           | <u>40,880,016</u>           | <u>36,787,501</u>         | <u>117,250,601</u>              | <u>31,437,417</u>           | <u>77,550,145</u>                 | <u>22,531,026</u>        | <u>5,750,445,035</u> |
| At 30th June 2013                | <u>1,001,700,000</u> | <u>1,165,964,699</u> | <u>870,720,414</u>          | <u>102,150,969</u>           | <u>2,884,078</u>            | <u>14,781,124</u>         | <u>68,519,488</u>               | <u>18,409,098</u>           | <u>44,314,586</u>                 | <u>22,489,654</u>        | <u>3,311,934,110</u> |

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

|   | 2014<br>Kshs         | 2013<br>Kshs       |
|---|----------------------|--------------------|
| <b>11 Leasehold land</b>  |                      |                    |
| At 1 July   | 214,646,456          | 217,222,214        |
| Revaluation   | 1,576,160,000        | -                  |
| Add back amortisation for prior years on revaluation  | 40,353,544           | -                  |
| Amotisation charge for the year   | (21,974,799)         | (2,575,758)        |
| At 30th June  | <u>1,809,185,201</u> | <u>214,646,456</u> |
| <p>The School holds a piece of land L.R. 23160, 28.91 ha, for a term of 99 years starting from 1/11/1997.</p> |                      |                    |
| <b>12 Investment</b>  |                      |                    |
| Treasury bond-9 years @6% P.a-Face value Kshs. 55M  | 48,377,700           | 48,377,700         |
| Treasury bond-30 years @12% P.a-Face value Kshs.5M  | 4,493,950            | 4,493,950          |
| Amortisation  | 2,625,944            | -                  |
| At 30th June  | <u>55,497,594</u>    | <u>52,871,650</u>  |
| <p>b. Interest is received semi annually</p>  |                      |                    |
| <b>13 Inventories</b>   |                      |                    |
| Inventories   | 18,794,328           | 13,821,447         |
| Bookshop books  | 4,930,398            | 4,930,398          |
|   | <u>23,724,726</u>    | <u>18,751,845</u>  |
| <b>14 Trade and other receivables</b>   |                      |                    |
| Trade debtors   | 417,637,960          | 264,491,746        |
| Provision for bad debts   | (17,053,784)         | (10,514,143)       |
|   | <u>400,584,176</u>   | <u>253,977,603</u> |
| Staff debtors   | -                    | 6,757,219          |
| Other receivables   | 5,422,820            | 10,518,988         |
|   | <u>406,006,996</u>   | <u>271,253,810</u> |



**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

|  | 2014<br>Kshs       | 2013<br>Kshs       |
|--|--------------------|--------------------|
| <b>15 Cash and cash equivalent</b>   |                    |                    |
| Cash on hand   | 1,118,889          | 589,557            |
| <b><i>Cash at bank</i></b>   |                    |                    |
| Kenya Commercial Bank  | 312,658,198        | 214,492,943        |
| Central Bank of Kenya-Mombasa  | -                  | 8,003,024          |
| National Bank of Kenya   | 3,302              | 9,851              |
| Fixed deposits-short term  | 214,855,392        | 112,247,289        |
| Call deposits  | 180,000,000        | -                  |
|  | <u>708,635,781</u> | <u>335,342,664</u> |
| <b>16 Trade and other payables</b>   |                    |                    |
| Trade and other payables   | 208,801,682        | 232,897,292        |
| Retentions   | 52,857,872         | 40,848,538         |
| Advance receipts   | 157,950,404        | 112,093,233        |
| Audit fees   | 900,000            | 800,000            |
| VAT  | 49,782,436         | 23,268,822         |
| Deposits   | 23,752,585         | 2,747,049          |
|  | <u>494,044,979</u> | <u>412,654,934</u> |
| <b>17 Contingent liabilities</b>   |                    |                    |
| i. Julie Nyawira Mathenge sued the School over Plot Nos. 11509-11514 Lower Kabete Nairobi. She was allegedly allocated the said plots which stand on the School's plot. She filed a court case HCC No. 679 of 2006 at high court. The titles were revoked through a gazette notice in November 2010 by the Minister of Lands Hon. James Orengo. The School has requested Mwaniki Gachoka & Co. Advocates to pursue the matter and ensure the titles revert back to Kenya School of Government. |                    |                    |
| ii. Mr. John Kiguru Karume has sued the School claiming plot numbers 11512, 11513 and 11514 at the KSG shopping centre and partly inside KSG compound. He filed a court case HCCC ELC 80 of 2009. The titles were revoked through a gazette notice in November 2010 by the Minister of Lands Hon. James Orengo. The School has requested Mwaniki Gachoka & Co. Advocates to pursue the matter and ensure the titles revert to KSG.   |                    |                    |
| iii. Mr. Keffa N. Mwithaga sued the School alleging wrongful dismissal. He filed a Case No.HCCC 314 of 2007 in the High Court. Mr. Mwithaga revised his plaintiff to include notice for termination of service, un paid leave and pending honoraria payment amounting to Ksh.607, 000.The plaintiff was allowed by the Judge and will proceed to final hearing.  |                    |                    |

**KENYA SCHOOL OF GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

- iv. Mr. Bishar Aden Sanweini a former KIA employee whose services were terminated took the School to court claiming wrongful dismissal. The case was dismissed at the commercial court due to lack of representation and frequent absenteeism by the Advocate representing the plaintiff. However the Complainant has sued the School at the Industrial Court.
- iv. Grace Bosibori was a former employee of KIA currently known as Kenya School of Government, whose services were terminated as she failed to return to work after expiry of her unpaid leave. She took the School to court claiming wrongful dismissal and is currently seeking Kshs. 16Million as compensation.
- v. A section of Annex Plot No. M1/XXVI/234 for Mombasa Campus was grabbed by private developers whose case HCC MBA No. 323 of 2009 and HCC No. 94 of 2012 are still pending in court. The block was illegally and irregularly subdivided into pieces 951, 1059, 1060, 1083 and 1084 without the School's consent and allocated as follows:-
- (a) Parcels XXVI/951 and 1059 were allocated to Messrs Mohamed Baker, Hassan Ali and Hassanali Yusufali and MECAP Company. In 2009 MECAP Company filed a case in the High Court of Mombasa i.e. HCCC No.323 of 2009 against the Attorney General and the Ministry of State for Public Service. A witness statement has since been prepared by the Legal Officer in the Ministry and presented to the State Law Office.
- (b) Parcel XXVI/1084 was allocated to Mary Wambui and Peter Rono in June 1997 trading as Mapasro Enterprises Limited, for a term of 99 years. Later in the same year, the allottees sold the plot to Kalliste Limited. In 2012, Kalliste filed a civil suit No. 94 of 2012 at the High Court of Mombasa suing the Attorney General and Tulsi Construction. Tulsi Construction has been contracted by the School to build the Ultra-Modern Complex. A witness statement by the Legal Officer in the Ministry has been written and presented to the State Law Office.
- (c) Parcels LR. M1/XXVI/951, M1/XXVI/1059 and M1/XXVI/1084 were revoked by the Ministry of Lands via Gazette Notice of 27th April, 2012.  
Although there can be no assurances on the above litigations, the School believes, based on the information currently available, that the ultimate resolution of these legal proceedings would not likely have material effect on the results of its operations, financial position or liquidity.







