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KENYATTA UNIVERSITY



Annual Report and Accounts

2006

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ANNUAL REPORT AND ACCOUNTS

for the year ended 30th June, 2006

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CHANCELLOR AND THE PRINCIPAL OFFICERS OF THE UNIVERSITY

Chancellor

MR. HARRIS MULE B.Sc, M.A (DENVER), M.P.A (HAVARD)

Chairman of the University council

PROF. ONESMO K. OLE-MOI YOI E.B.S, B.A., M.D.(HARVARD),
HON.LL.D.(SOKA)

Vice – Chancellor

PROF. OLIVE M. MUGENDA, B.Ed (NAIROBI) M.Sc, PhD. (MAINZ)

Deputy Vice-Chancellor (Academic)

PROF. JUDE J. ONGONG'A DIP Anthropology, SOAS (LONDON) M.A., Ph.D.
(ROME)

Deputy Vice- Chancellor (Administration)

PROF. MOHAMED S. RAJAB B.Sc (NAIROBI), Ph.D. (MAINE-U.S.A)

Ag. Deputy Vice-Chancellor (Finance, Planning & Development)

PROF. DANIEL N. MUGENDI B.Sc (MOI) M.Sc (NAIROBI) Ph.D (FLORIDA)

Registrar Administration

DR. GODFREY MSE, B.ED., M.ED, PhD. (KENYATTA)

Registrar Academic

DR. GABRIEL KATANA, B.Ed., M.sc., PhD. (NAIROBI)

Registrar (Finance, Planning and Development)

DR. NELSON M. KARAGU B.Sc., M.A. Ed (IDAHO), PhD. (Nairobi)

Ag. Librarian

MR. JULIUS GAKOBO, Dip.Lib. (MAKERERE) M.L.S. (LOUGHBOROUGH)

Ag. Finance Officer

J. K. WAMBUA

CORE BUSINESS OF KENYATTA UNIVERSITY

The core business of the university is provided for in the University of Kenyatta Act. 1985.

The Act provides in section 4 (i) the functions and objectives of the university, which includes: -

- a) To provide directly or in collaboration with other institutions of higher learning, facilities for university education including technological and professional education research.
- b) To provide and advance university education and training to appropriately qualified candidates leading to the award of degrees, diplomas and certificates and such other qualifications as the council and senate shall from time to time determine and in so doing contribute to the manpower needs of Kenya.
- c) To conduct examinations for and to grant such academic awards as may be provided for in the statutes.
- d) To participate in the discovery, transmission and presentation of knowledge and to stimulate cultural and intellectual life of the society.
- e) To determine who may teach and what may be taught and how it may be taught in the university.
- f) To play an effective role in the development and expansion of opportunities to Kenyans wishing to continue with their education.

CHAIRMAN'S REPORT 30TH JUNE 2006

The University Council notes with appreciation the continued support of the government and other collaborators both local and international in running the institution. However, the biggest challenge has been to meet financial obligations in view of the fact that the Government continues to reduce its funding for both recurrent and development expenditures. We endeavour to continue restructuring of the programmes in order to achieve efficiency in the management of academic affairs.

The Council will endeavour to work with the industry and other strategic partners in order to provide for facilities to meet these challenges.

I am pleased to note that despite other challenges of access, equity, globalisation and internationalisation of the higher learning education, Kenyatta University has embraced modes of teaching and learning focusing on both traditional and new approaches that include the newly launched e-learning using the blackboard technology. This shift in service delivery has increased enrolment of students into various academic programmes, but it has resulted in putting a lot of pressure on the existing facilities.

At the beginning of the year, the Council signed a performance Contract with the Government and we believe our set targets for the period were achieved.

The year saw the appointment of Professor Olive M. Mugenda as the Vice-Chancellor of the University. I take this opportunity to congratulate and wish her God's blessings as she pursues her goals of transforming the institution into a world-class University.

Chairman,
Kenyatta University Council

VICE-CHANCELLOR'S REPORT 30TH JUNE 2006

I am pleased to present the Annual Report and Accounts of Kenyatta University for the year ended 30th June 2006.

During the year under review, the University realised a surplus of Kshs. 350,134,808. This is attributed to the stringent measures taken by management to cut costs and improved fees collection.

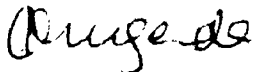
Notwithstanding the difficulties and pressures resulting from the financial constraints experienced in the financial year, the University continued to fulfil its mission in pursuing excellence in training, research and dissemination of knowledge.

The University celebrated its 20th graduation ceremony on 14th October 2005. At this ceremony, the University witnessed a release of 2192 graduands to the labour market who are highly competitive and meet high dependable standards.

The University continues with restructuring of its operations in the light of the global challenges and market demands.

I would like to take this opportunity to sincerely thank my immediate predecessor Professor Everett Standa for his contribution to the University's development during the period. I would also like to thank the Government and other organisations for their financial support.

Finally I take this opportunity to thank all members of staff for their commitment to work and their unfailing support. I also thank the students for dedication and cooperation in the running of the University.



Prof. Olive M. Mugenda PhD.

VICE-CHANCELLOR

STATEMENT OF KENYATTA UNIVERSITY COUNCIL MEMBERS RESPONSIBILITIES FOR THE YEAR ENDED 30TH JUNE 2006

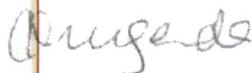
Kenyatta University is required to prepare statements, which give a true and fair view of the state of affairs of the University as at the end of the financial year, and of its surplus or deficit for that year. The University Council is required to ensure that the University maintains proper accounting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

The Council accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years and in conformity with International Financial Reporting Standards. The Council is of the opinion that financial statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2006 and of its deficit for the year then ended.

The Council further confirms the accuracy and completeness of the accounting records maintained by the University, which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the system of internal financial control.

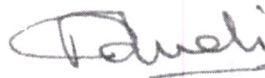
Nothing has come to the attention of the Council that the University will not remain a going concern for at least twelve months from the date of this statement.

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



Prof. Olive M. Mugenda PhD.

VICE-CHANCELLOR
CHANCELLOR



Prof. Daniel N. Mugendi Phd.

AG. DEPUTY VICE
FINANCE, PLANNING & DEVELOPMENT

UNIVERSITY INFORMATION

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

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

BANKERS

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

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

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

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

AUDITORS

Controller & Auditor General
P.O. Box 30084 - 00100
GPO, Nairobi.

ADVOCATES

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

UNIVERSITY COUNCIL MEMBERS

Dr. Onesmo K. ole-Moi Yoi	-	Chairman
Mrs Elizabeth Masiga	-	Vice Chairman
Amb. Benjamin E. Kipkorir	-	Hon. Treasurer
Prof. Olive M. Mugenda	-	Vice- Chancellor
Prof. Daniel N. Mugendi	-	Deputy Vice Chancellor (FP&D)
Prof. Jude J. Ongong'a	-	Deputy Vice Chancellor (Academic)
Prof. Mohamed S. Rajab	-	Deputy Vice Chancellor (Administration)
Prof. Karega Mutahi	-	Permanent Secretary, Ministry of Education
Mr. Joseph K. Kinyua	-	Permanent Secretary, Ministry of Finance
Mr. Walter Mukuria	-	Member
Dr. Jamleck Mutugi	-	Member
Prof. Shem Wandiga	-	Member
Mrs. Jennifer W. Muna	-	Member
Mr. Philip Lopokoryoit	-	Member
Mr. Farid R. Hamir	-	Member
Mrs Gladys Biama	-	Member
Mr. Philemon Mwaisaka	-	Member
Prof Paul K. Wainaina	-	Senate Representative
Dr. Eucharika Kenya	-	Senate Representative
Dr. Regina Karega	-	Senate Representative
Prof Benson K. Wambari	-	Senate Representative
Prof Wilson M. Njue	-	Non- Senate Representative
Dr. John Shiundu	-	Non-Senate Representative
Mr. Eugene Mutembe	-	Non-Academic Members Representative
Mr. John Kaguchia	-	Students Representative
Ms Maryanne Mugo	-	Students Representative

FUNCTIONS AND RESPONSIBILITIES OF THE COUNCIL

The Council is the governing body of the University. Its responsibilities are:

- To administer the property and funds of the University
- Shall receive donors, endowments, gifts grants or other monies and make disbursement there from.
- Shall provide for the welfare of the students of the University
- May enter into associations with other universities and other institution of learning.
- Make regulations governing the conduct and discipline of the students of the University.



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2006

I have audited the financial statements of Kenyatta University for the year ended 30 June 2006 in accordance with the provisions of 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the University Council and the Controller and Auditor General

The University Council is responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the University and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of operation

The audit was conducted in accordance with the International Standards on Auditing. Those Standards require that the audit be planned and performed with a view to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Council, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

1. Property Plant and Equipment

As previously reported, property plant and equipment figure of Kshs. 1,767,457,719 as at 30 June 2006 includes Kshs. 35,200,000, being the value of approximately

1,122 acres of land for which the University holds title deed. However, records available indicate that over the years Kahawa Barracks have occupied 139 acres of this land while 40.82 acres of land has been encroached by squatters. The occupation, of the total 179.82 acres of the university land has not been formalized with the Commissioner of Lands with a view of to obtaining compensation for the occupied land. This situation is indicative of significant impairment of properties and no provision for impairment loss has been made in the financial statement.

2. Work in progress- Kshs. 131,513,964

Included in the work in progress figure of Kshs. 134,921,238 is Kshs. 131,513,964 costs incurred on various projects, as disclosed in note 10, which have so far stalled due to Governments suspension of development grants to the University as from year 1996. In the circumstances, it is not possible to confirm whether the University will complete these building projects in the near future or to determine additional costs, if any, that would be necessary to complete the building projects. Consequently, it is not possible to express an opinion on the carrying values of the capital work in progress figure of Kshs. 134,921,238 as at 30 June 2006.

Opinion

Except for the matters referred to in the preceding paragraphs, in my opinion, proper books of account have been kept and financial statements give a true and fair view of the state of affairs of the University as at 30 June 2006 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Kenyatta University Act, 1985.



P.N. KOMORA
CONTROLLER AND AUDITOR GENERAL

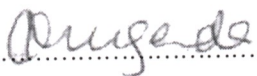
Nairobi

28 Decemebr 2006.

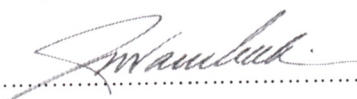
BALANCE SHEET

BALANCE SHEET AS AT 30TH JUNE 2006

	NOTES	2006 KSHS	2005 KSHS
ASSETS			
Non- Current Assets			
Property, Plant and Equipment	8	1,767,457,719	1,576,415,605
Capital Work in Progress	10	134,921,238	346,617,568
CURRENT ASSETS			
Stocks	11	26,648,794	29,151,886
Trade and Other debtors	15	126,307,952	102,838,805
Short Term Deposits	12	440,462,445	127,409,836
Cash and Bank Balances	13	135,800,847	64,878,830
TOTAL ASSETS		2,631,598,994	2,247,312,531
FUNDS AND LIABILITIES			
Capital Fund	7	1,179,975,043	1,076,148,641
Revenue Reserves	9(a)	1,054,230,364	797,921,961
Revaluation Reserves	9(b)	28,721,234	28,721,234
		2,262,926,641	1,902,791,836
Current Liabilities			
Trade and Other payables	16	344,993,109	343,152,397
Bank overdraft	13	23,679,246	1,368,298
TOTAL FUNDS AND LIABILITIES		2,631,598,994	2,247,312,531

PROF. OLIVE. M. MUGENDA Ph.D. 
VICE-CHANCELLOR

PROF. DANIEL MUGENDI 
DEPUTY VICE CHANCELLOR (FP & D)

J. K. WAMBUA 
AG FINANCE OFFICER

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2006

		2006	2005
	NOTES	KSHS	KSHS
Recurrent Government Grant	3	1,266,227,040	1,266,227,049
Tuition & Other Fees	4	1,434,506,689	1,137,251,315
Non- Academic Units (IGAs)	5	156,115,770	114,059,240
		2,856,849,499	2,517,537,604
Less: Expenditure:			
Central Services	6(a)	482,097,291	481,414,552
Administrative & Academic departments	6(b)	2,024,617,400	1,943,314,369
		2,506,714,691	2,424,728,920
Surplus/(Deficit)		350,134,808	92,808,684

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30TH JUNE 2006

NOTES

	2006 KSHS	2005 KSHS
Cash flow from Operating Activities		
Surplus/(Deficit) during the year	350,134,808	92,808,684
Adjustment for:		
Provision for depreciation	80,752,891	-
Provision for Audit fees	750,000	750,000
Increase for the provision for obsolete stocks	-	782,134
Provision for Water Charges	9,100,000	21,352,824
Provision for Land Rates	-	2,000,000
Provision for bad and doubtful debts	2,607,683	4,166,988
Provision for inter-departmental transfers	(12,653,775)	(5,979,809)
Accrued interest	(4,494,419)	(870,199)
Accrued fees	(21,027,715)	(22,201,938)
Development Grant received	10,000,000	-
Interest received	(18,789,430)	(6,189,423)
	396,380,043	86,619,261
Decrease in Inventories	2,503,092	4,436,275
Increase/(Decrease) Trade and other Receivables	(23,469,147)	(37,502,889)
Decrease in Trade Creditors	24,151,659	109,668,660
Cash generated from operations	399,565,647	163,221,307
Interest paid	-	-
Income tax paid	-	-
Net cash from operating activities	399,565,647	163,221,307
Cash Flow from Investing Activities		
Purchase of property, plant and equipment 8 & 10	(56,691,401)	(106,345,297)
Interest received	18,789,430	6,189,423
Net cash used in investing activities	(37,901,971)	(100,155,874)
Net decrease in cash and cash equivalent	361,663,677	63,065,433
Cash and Cash equivalent at the beginning of the year	190,920,368	175,457,895
Prior Year Adjustment (Salary arrears for junior staff)	-	(47,602,960)
Cash and Cash equivalent at the end of the year	552,584,045	190,920,368
Analysis of Cash and Cash equivalent		
Cash at Bank	12 & 13(a) 575,678,438	190,939,126
Bank overdraft	13(b) (23,679,246)	(1,368,298)
Cash in hand	13(a) 584,854	1,349,541
	552,584,045	190,920,368

STATEMENT OF CHANGES IN EQUITY 30.6.2006

	Accumulated Fund	Revaluation Reserve	Revenue Reserve	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Balance as at 1st July 2005	1,076,148,641	28,721,234	797,921,961	1,902,791,835
Provision for depreciation 2004/2005	93,826,405	-	-	93,826,405
Restated balance as at 1st July 2005	1,169,975,046	28,721,234	797,921,961	1,996,618,240
Additions in the Year	10,000,000	-	-	10,000,000
Surplus	-	-	350,134,808	350,134,808
As at 30th June 2006	1,179,975,046	28,721,234	1,148,056,769	2,356,753,048

During the year 2005/2006 the equity increased from previous year of Kshs. 1,996,618,241 to Kshs.2,356,753,048 being an increase of Kshs.360,134,808

1. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Basis of Preparation**

The financial statements are prepared in accordance with the International Financial Reporting Standards promulgated by the International Standards Board. The Financial Statements are prepared under historical cost convention to include revaluation of certain the assets.

(b) **Fees Income**

Fees revenue is recognized as and when received and balance accrued at the end of the year.

(c) **Property, Equipment and Depreciation**

Property and equipment are stated at cost or valuation less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

The annual rates in use are:

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

The depreciation is charged to the Income and Expenditure account.

(d) **Stocks**

- (i) Stocks are stated at lower cost and net realizable value.
- (ii) The cost of library books is written off to expenditure as incurred.

(e) **Retirement Benefits**

The university operates a defined contribution benefits scheme (Kenya University Pensions Fund), for its employees. Few remains in the UK based FSSU Pension scheme.

(f) Assets and liabilities held in foreign currencies

Assets and liabilities in foreign currencies are converted into Kenya shillings at the rate of exchange ruling at the transaction date.

(g) Grants and donations

Values for grants and donations related to property, equipment and other assets are estimated by the University or as advised by donors.

(h) Bad and doubtful debts

Provision of 10% is made on total debts as bad and doubtful of recovery.

2. Principal activity

The principal activities of the institution remains those of Teaching, Research and dissemination of knowledge.

3. GOVERNMENT GRANTS

Government grants represent the amount received during the year from the Kenya Government on a monthly basis to meet the operational costs for government sponsored students. The amount is tabulated as shown below:

(i) Recurrent Grant:

Account Code	MONTHS	2005
		KSHS
	July	105,518,920
	August	105,518,920
	September	105,518,920
	October	105,518,920
	November	105,518,920
	December	105,518,920
	January	105,518,920
	February	105,518,920
	March	105,518,920
	April	105,518,920
	May	105,518,920
	June	105,518,929
		1,266,227,049

4. TUITION AND OTHER FEES

		2006	2005
Account Code	Tuition fees:	KSHS	KSHS
A10020	JAB Students	226,170,362	213,178,522
A10021	Self Sponsored Students	1,034,240,605	795,508,971
A10022	AVU Students	-	10,404,251
A10023	Open Learning Students	9,325,800	12,368,921
A10024	Other Academic Programmes	14,133,198	79,642,883
A10026	Accrued Fees	21,027,715	22,201,938
		1,304,897,679	1,133,305,485
A10027	Identity Card	1,987,000	-
A10028	Medical Fee	24,626,000	-
A10029	Material Development Fee	16,516,500	-
A10051	Activity Fee	11,903,000	-
A10054	Examination fees	47,359,000	5,000
A10055	Registration fees	11,162,675	(10,500)
A10052	Library fees	11,814,900	176,550
A10050	Convocation fees	2,778,965	2,706,330
A10053	Hire of gowns	1,460,970	1,068,450
		1,434,506,689	1,137,251,315

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2006

5. OTHER INCOME (IGA UNITS)

Account Code	2006 KSHS	2005 KSHS
A10040 Accommodation (JAB Students)	20,404,975	6,483,866
A10041 Accommodation (SSP Students)	27,877,305	613,040
A10042 Accommodation (AVU Students)	-	(66,600)
A10043 Accommodation (Other Programmes)	-	35,410
A10044 Conferences & Seminars	97,000	-
A10056 Commission	1,998,401	-
A10070 IGA Programmes	41,868,763	41,873,509
A10080 Rent/ lease income	22,297,687	22,050,192
A10082 Interest income	23,353,986	7,059,622
A10083 Sale of application forms	8,861,380	12,977,573
A10084 Other income (miscellaneous)	9,356,273	23,032,628.25
	156,115,770	114,059,240

6. EXPENDITURE

6 (a) CENTRAL SERVICES

Account Code	2006 KSHS	2005 KSHS
K19121/35 Advertising and Publicity	21,790,656	15,829,181
K19122 Conferences, Seminars	3,172,587	4,159,697
K19124 External Passage and Baggage	5,794,168	11,704,748
K19125 Local Passage and Baggage	1,678,729	1,557,294
K19126/73 Telephone & Postage	9,785,040	11,805,197
K19127 Council Meetings	4,533,868	4,584,869
K19128 Celebrations & Ceremonies	1,568,304	593,273
K19129 Funeral expenses	2,511,137	2,458,873
K19130/99 Electricity Expenses	47,300,465	21,785,535
K19131 Sanitary Services hostels	5,977,539	317,861
K19132 Subscriptions & Donations	1,094,174	1,156,860
K19133 Bursary	1,970,700	-
K19134/200 Water Reticulation & Sewerage	14,970,137	43,183,512
K19136 Light & Electrical Accessories	243,715	692,157
K19137 Fumigation	9,940	4,835,912

K19138	JAB Expenses	472,385	605,302
K19139	Graduation Expenses	6,162,10	3,495,229
K19140	Provision for Audit Fees	750,000	750,000
K19141	Provision for Land Rates	528,000	2,000,00
K19142/97	Professional Services	3,967,753	971,515
K19143	Staff Development & Training	798,767	127,515
K19144	Postgraduate Stipend	3,264,495	2,529,120
K19145/042	Rent - Regional Centres	327,002	1,551,094
K19146	Research Grants	-	162,887
K19147	Insurances Premiums	11,537,863	13,067,034
K19149	Maintance of Office Equipment	2,590,937	1,340,342
K19150	Hire of Security	21,968,980	15,545,335
K19152	Clearing & Forwarding	1,139,817	23,201
K19153	University Staffs' Children Education	11,639,000	9,871,197
K19154	Bank Charges	7,747,171	12,317,959
K19155	External Examinars	3,623,134	2,268,842
K19156	Inaugural & Public Lectures	276,158	15,000
K19157	Newspapers, Magazines & Publications	3,297,706	5,588,234
K19158	Inter-University Vcs' Meetings	295,170	274,811
K19159	Ex-gratia Payments	133,050	585,168
K19160	Fees, Commisions & Honoraria	1,391,838	1,573,041
K19161	Culture Week	2,665,083	3,755,444
K19162	Schools Journal	194,368	160,448
K19163	Rental & Hire of Premises	1,745,673	821,020
K19164	Writing of Modules	-	1606,613
K19165	Open Learning Tutorials	3,249,877	6229,552
K19166	Admission Expenses	37,500	364,139
K19167	Maintenance of Hostels	8,523,536	15,327,612
K19168	Maintenance of staff Quarters	8,999,243	-
K19169	Maintenance of Grounds & Roads	774,031	135,864
K19123	Medical Reimbursement	5,913,977	7,755,748
K19170	Hospitalization & Drugs	64,972,251	69,064,374
K19194	Purchase of Drugs	30,250,502	22,049,484
A10079	Forex Loss	1,113,875	-
		332,752,411	326,598,095

NOTES TO THE ACCOUNTS 2005/2006

6(a) CENTRAL SERVICES (Conts.)

Account Code	2005
	KSHS
K19177 Library Books	7,067,712
K19178 Journals & Periodicals	497,556
K19179 Examination Stationery	654,833
K19180 Archive & Photography	75,940
K19181 Library Stationery	1,686,604
K19185 Tutorials	65,650
K19186 Senate Affairs	312,583
K19188 Sports Uniforms	391,293
K19189 Inter-University Games	910,293
K19190 Games & Tournaments	2,247,669
K19191 East Africa University Games	4,224,654
K19192 Swimming Pool Maintenance	626,141
K19193 Research & Travel Grants	353,446
K19195 Vc's Committes Meetings	2,756,566
K19196 Students Amenities	8,100,663
K19198 Practicum	1,788,237
K19201 Endowment Office Expenses	-
K19203 Provision Penalty and Fines	75,541,239
Provision for Obsolete Stocks	782,134
K19206 Provision for Bad & Doubtful Debts	4,166,988
K19204 Centre For Gender Studies	-
K19171 Minor works & Alterations	8,997,778
K19172 Computerization & Networking	3,981,309
K19174/48/75 Transport Operation Expenses	20,756,704
K19176 Teaching Practice	8,830,466
Depreciation Charge	-
Sub- Total	154,816,458

NOTES TO THE ACCOUNTS 2005/2006

6(b) ADMINISTRATIVE

Account Code

	2006	2005
	KSHS	KSHS
J18001 Basic Salaries	898,233,512	851,284,066
J18002 House Allowances	630,217,770	612,629,882
J18003 Entertainment Allowances	6,036,354	7,714,423
J18004 Headship/Directorship Allowance	12,163,513	-
J18005 Responsibility Allowances	10,096,508	4,589,634
J18006 Car Allowance	3,129,801	-
J18008 Domestic Servant Allowance	1,478,614	-
J18008 Commuting & Bus Fare	50,405,789	44,609,779
J18009 Leave Traveling Allowances	8,429,034	8,173,367
J18010 Gratuity	23,903,375	16,459,100
J18011 Casual Wages	42,707,910	33,725,727
J18012/K19041 Part-Time Payments	38,615,480	79,595,896
J18014 Passage & Baggage	146,558	180,748
J18015/K19183 Pension- Employers Contribution	158,528,220	148,877,278
K19184 NSSF - Employers Contribution	2,257,640	
J18016 Telephone Allowances	5,868,884	475,200
J18017 Book & Computer Allowance	36,000	-
J18018 Examination Co-ordination Allowances	1,217,860	5,499
J18019 Acting Allowance	1,494,229	2,927,295
Sub Total (Personal Emoluments)	1,894,967,051	1,811,247,894
K19001/44 Stationery	17,125,943	33,941,426
K19002 Staff Uniforms	225,068	644,189
K19003 Photocopying & Printing	7,532,332	9,511,327
K19004 Cleaning Materials	5,206,619	6,609,620
K19005 Office Tea Expenses	2,022,057	2,311,304
K19006 Departmental Meetings	8,825,477	4,505,090
K19007 Other Office Consumables	4,827,540	5,067,082
K19009 Teaching Materials & Chemicals	14,748,423	10,770,002
K19010 Field Courses	6,318,421	14,043,915
	1,961,798,931	1,898,651,848

NOTES TO THE ACCOUNTS 2005/2006

6(b) ADMINISTRATIVE (Conts.)		2006	2005
Account Code		KSHS	KSHS
K19011	Laboratory Glassware	1,600,470	1,774,792
K19012	Tools & Apparatus	755,076	489,950
K19013	Maintenance of Clinical Equipment	-	(190)
K19014	Cutlery & Crockery	1,153,167	57,619
K19015	Animal Feeds	244,340	8,120
K19016	Marketing & Packaging of Drugs	-	18,510
K19017	Purchase of Foodstuffs	28,258,092	15,566,288
K19018	Cyber Expenses	4,909,572	2,379,431
K19019	AVU Expenses	1,875,004	4,212,735
K19020	Traveling & Accommodation	7,940,875	6,210,659
K19021	CASB	105,000	-
K19022	Fuel & Gases	3,700,415	7,014,584
K19024	Internet Services	1,571,130	1,445,692
K19025	Curioshop Expenses	399,900	897
K19027	Health & Recreation Centre	82,632	1,000
K19030	Open Learning Expenses	332,418	1,829,544
K19032	Operational Expenses- Ruiru C.	631,995	4,200,182
K19028/29/33	SSP Administration/ Other exp.	728,695	(685,035)
K19038	Medical Drugs & Supplies	-	9,483
K19039/42	Regional Expenses	1,136,506	-
K19040/K19164	Writing, Vetting & Prod. Of Mod.	7,115,145	-
K19043	Project Supervision Practicum	266,438	-
K19120	Other Central Op. Expenses	11,600	128,259
Sub Total (Administrative Expenses)		62,818,469	44,662,521
Grand Total		2,024,617,400	1,943,314,369

8. FIXED ASSETS SCHEDULE.

DETAILS	LAND KSHS	BUILDINGS	MOTOR VEHICLES KSHS	FURNITURE & EQUIPMENT KSHS	COMPUTERS KSHS	PATENT RIGHTS KSHS	ACADEMIC GOWNS KSHS	TOTAL KSHS
DEPRECIATION RATES	0%	2%	25%	10%	30%	20%	5%	
COST / VALUATION	67,205,883	1,794,309,520	61,694,645	275,820,050	120,501,866	7,830,375	6,283,960	2,333,646,299
As at 1st July 2005								
Additions	-	26,278,292	11,660,252	16,104,480	2,648,376	-	-	56,691,401
Transfers From WIP	-	215,103,604	-	-	-	-	-	215,103,604
As at 30th June 2006	67,205,883	2,035,691,316	73,354,897	291,924,530	123,150,242	7,830,375	6,283,960	2,605,441,304
PROVISION FOR DEPRECIATION								
As at 1st July 2005	-	352,594,238	56,437,884	220,799,095	120,501,866	4,698,225	2,199,386	757,230,694
Change for the Year	-	40,713,828	8,171,824	29,192,453	794,513	1,566,075	314,198	80,752,891
As at 30th June 2006	-	393,308,066	64,609,708	249,991,548	121,296,379	6,264,300	2,513,584	837,983,585
NET BOOK VALUE AS AT:								
As at 30th June 2006	67,205,883	1,642,383,350	8,745,189	41,932,982	1,833,863	1,566,075	3,770,376	1,767,457,719
As at 30th June 2005	67,205,883	1,441,715,282	5,257,761	55,020,955	-	3,132,150	4,084,574	1,576,415,605

Note: A considerable number of motor vehicles have been fully depreciated awaiting valuation.

NOTES TO THE ACCOUNTS 2005/2006

	2006	2005
	KSHS	KSHS
7. CAPITAL FUND		
As at 1st July 2005	1,076,148,641	1,169,975,046
Provision for depreciation previously charged to income & expenditure	93,826,405	-
Restated balance as at 1st July 2005	<u>1,169,975,046</u>	<u>1,169,975,046</u>
Government Capital Grant	10,000,000	-
Less: Depreciation for the Year	-	(93,826,405)
As at 30th June 2006	<u><u>1,179,975,046</u></u>	<u><u>1,076,148,641</u></u>

	2006	2005
	KSHS	KSHS
9. RESERVES		
9)a) Revenue Reserves as at 1st July 2005	797,921,961	752,716,237
Less Provision for depreciation previously charged to income & expenditure	(93,826,405)	-
Surplus	350,134,808	92,808,684
Prior Year Adjustment (Salary arrears)	-	(47,602,960)
	<u>1,054,230,364</u>	<u>797,921,961</u>
Revaluation Reserves (Accumulated revaluations on motor vehicles since 1992)	28,721,397	28,721,234
	<u><u>1,082,951,761</u></u>	<u><u>826,643,195</u></u>

NOTES TO THE ACCOUNTS 2005/2006

10. CAPITAL WORK IN PROGRESS

Account Code

		2006	2005
		KSHS	KSHS
N23001	Inaguration Monument	-	844,880
N23002	Science Complex	82,034,583	82,034,583
N23003	Hostel, Kitchen & Dining hall	-	190,402,388
N23004	Home Economic	980,200	980,200
N23005	Moi Library extension	27,098,902	27,098,902
N23006	Social centre	1,794,255	1,794,255
N23007	Staff housing project	13,812,404	13,812,404
N23008	Administration Block	2,324,231	2,324,231
N23009	Faculty of Arts Building	3,469,389	3,469,389
N230009/10	New campuses	-	23,856,336
K20007	Anatomy Lab	3,407,274	-
		134,921,238	346,617,568

11. STOCKS

Account Code

		2006	2005
		KSHS	KSHS
H17001	Finance Store - Stationery	7,028,941	8,815,606
H17002	Maintainance Store	2,320,689	5,249,843
H17003	Health Unit - Drugs	5,650,688	4,293,363
H17004	Petrol stock	1,508,105	568,182
H17005	Central Food Store	725,526	358,556
H17006	Finance Store - General	365,547	928,470
H17007	Finance Store - Bookshop	10,734,490	10,734,490
H17008	Culture Village Curio Store	1,133,850	1,184,120
H17009	Accomodation Store	697,887	536,185
B11016	Obsolete Stock	(3,516,929)	(3,516,929)
		26,648,794	29,151,886

NOTES TO THE ACCOUNTS 2005/2006

12. SHORT TERM DEPOSITS

		2006	2005
Account Code		KSHS	KSHS
G16001	NBK- Harambe	155,824,572	48,308,214
G16002	Cooperative Bank- University Way	51,968,938	41,022,192
G16003	KCB- Moi Avenue	5,588,529	5,409,341
G16004	NBK- Ruiru	171,450,147	(60)
G16005	NBK- Kenyatta Avenue	35,015,851	32,670,149
G16006	Standard Bank	20,614,408	-
		440,462,445	127,409,836

13. CASH AND BANK BALANCES

		2006	2005
Account Code		KSHS	KSHS
F15001	Special Account:	5,476,649	24,098,500
F15002	Tuition Account	76,731,511	-
F15004	Revenue Account:	7,058,743	2,934,090
	Cash in Hand	584,854	1,349,541
F15005	Capital Account	-	6,074,803
F15006	Research Grant Account:	19,530,721	8,467,949
F15007	Foreignn Account:	19,834,841	21,953,948
F15009	KCB Fees Collection	2,047,047	-
F15010	NBK Fees Collection	1,989,957	-
F15011	Standard Fees Collection	2,546,524	-
		135,800,847	64,878,830
F15005	Capital Account	(23,679,246)	-
F15002	Tuition Account:	-	(1,368,298)
		112,121,600	63,510,532

NOTES TO THE ACCOUNTS 2005/2006

14. CONTINGENT LIABILITIES

	2006	2005
	KSHS	KSHS
Guarantees to Banks:		
Car Loan Scheme (National Bank of Kenya- Kenyatta Avenue)	10,000,000	10,000,000
	10,000,000	10,000,000

15. TRADE AND OTHER DEBTORS

Account Code	2006	2005
	KSHS	KSHS
C12001 PAYE	12,667	-
C12002 NHIF	80	-
C12003 NSSF	41,290	-
C12008 Misc. Staff Loans	158,906	3,471,153
C12009 Returned Salaries	37,130	1,805
C12010 Insurance Deductions	-	581,414
C12011 VAT	-	38,169
C12012 Co-operative Deductions	540	539
C12016 Insurance Claims	-	3,053,328
C12017 Sundry Creditors	931,374	931,374
C12018 Students Clubs	33,146	33,146
C12100 Staff Loans	474,932	-
D13002 Endowment Fund	44,200	-
M21001 Guarantee Deposits	7,315,462	7,314,562
M21002 Staff Debtors	4,673,287	4,054,545
M21003 Institutional Debtors	751,209	520,191
M21005 Sundry Debtors	24,682,634	18,407,431
M21006 General Imprest Control	35,246,615	31,379,977

NOTES TO THE ACCOUNTS 2005/2006

M21008	Research Imprest	14,080,188	5,745,460
M21009	Teaching Practice Imprest	12,934,680	12,014,115
M21012	Salary Advance	568,088	853,820
M21013	KU Family Welfare Imprest	230,190	230,190
M21014	Overpayment Recovery	-	7,995
M21015	Debtors Control Account	1,531	64,472
M21016	Imprest Control -Dollars Account	12,601,885	2,489,516
M21018	Interest Receivable	4,494,419	870,199
M21019	Fees Receivable	21,027,715	22,201,938
		140,342,169	114,265,339
B11014	10% Provision for bad debts	(14,034,217)	(11,426,534)
		126,307,952	102,838,805

16. TRADE AND OTHER PAYABLES

Account Code

		2006	2005
		KSHS.	KSHS.
B11015	Provision for Audit Fees	1,500,000	3,365,400
B11016	Provision for stock variance	784,193	-
B11017	Provision for tax penalty	35,588,509	35,588,509
C12004	Pension (Employee Contributions)	2,928,952	1,355,128
C12005	Welfare Deductions	1,532,023	1,548,465
C12006	Hire Purchase	-	46,736
C12007	Student Caution Money	25,124,000	-
C12010	Insurance Deductions	216,549	-
C12011	VAT	419	-
C12012	Cooperative Deductions	-	-
C12014	Court Attachments	19,865	14,860
C12015	Nairobi City Council	1,415	13,054
C12016	Insurance Claims	3,108,453	-

NOTES TO THE ACCOUNTS 2005/2006

C12020	Clearance Account(Cancelled Cheques)	162,112	153,060
C12021	Fees Paid in Advance	66,625,893	-
C12099	Other Salary Deductions	913,848	9,467,717
C12100	Staff Loans	-	3,342,349
D13003	Clubs & Associations	1,800	1,800
E14002	International Donors	69,367,950	55,183,337
E14003	Local Donors	4,993,147	5,003,147
E14004	Foreign Currency Grants	10,111,155	-
L20001	Hospitals	11,285,273	15,743,789
L20002	Drugs Suppliers	8,752,370	9,830,909
L20003	Referral Doctors	16,371,844	18,467,934
L20004	General Creditors	84,955,522	182,667,088
M21004	Student Debtors	473,249	517,824
M21007	Transfer of Funds	-	714,175
M21010	Salary Control Account	174,569	127,116
		344,993,109	343,152,397





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