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# EGERTON UNIVERSITY

## ANNUAL REPORT

### AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED

30<sup>TH</sup> JUNE 2005

# C O N T E N T S

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KENYA NATIONAL ASSEMBLY

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## **ESTABLISHMENT**

**Egerton University is a body Corporate established through an Act of Parliament in 1987**

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Egerton University  
P.O. Box 536  
NJORO  
**KENYA**

#### **BANKERS**

Kenya Commercial Bank Ltd.  
Kenyatta Avenue Branch  
P. O. Box 18  
NAKURU  
**KENYA**

Co-operative Bank of Kenya Ltd.  
P. O. Box 2982  
NAKURU  
**KENYA**

Barclays Bank of Kenya Ltd.  
P.O. Box 66  
NAKURU  
**KENYA**

National Bank of Kenya Ltd.  
P. O. Box 1013  
NAKURU  
**KENYA**

#### **LAWYERS/ADVOCATES**

Ms Seth & Wathigo Advocates  
Vickers Building  
P.O. Box 611  
NAKURU  
**KENYA**

## **INDEPENDENT AUDITORS**

Controller & Auditor General  
Kenya National Audit Office  
Kencom House  
P.O. Box 30084  
NAIROBI  
**KENYA.**

## COUNCIL MEMBERS

### Chancellor

Amb. Bethuel Abdu Kiplagat  
*B.Sc. (London), D.Litt. (Honoris Causa) (Egerton)*

Amb. Simon B. Arap Bullut, MBS  
Dr. Ephantus M. Mugiri  
Mr. Tom Owuor  
Canon Rosemary M. Mbogo (Rev)  
Dr. (Ms) Khadija Sood Shikely  
Mr. Joseph S. Obonyo  
Eng. Abdullahi M.H. Sharawe  
Rt. Rev. Col. Alfred K. arap Rotich  
Prof. Abdullah Naji Said  
Dr. Boniface Mwandoto  
Mr. Haniel Luku J. Igwo  
Permanent Secretary

Permanent Secretary  
Permanent Secretary  
Permanent Secretary/Director  
Mr. Sammy Ndung'u  
Ms Alice Muchugi  
Prof. Ezra K. Maritim  
Prof. J. K. Tuitoek  
Prof. E.M. Wathuta  
Prof. S.A. Abdulrazak  
Prof. A.M. Sindabi  
Prof. J. M. Mathooko  
Prof. L. M. Mumera  
Dr. R.A.O. Odhiambo  
Dr. M. M. Theuri  
Mr. Geoffrey Njeru  
Mr. M.N. Wafula

### Chairman Vice-Chairman

Ministry of Education, Science  
& Technology  
Ministry of Finance  
Ministry of Agriculture & Rural Development  
Directorate of Personnel Management  
Alumni Representative  
Alumni Representative  
Vice-Chancellor  
Deputy Vice-Chancellor (A&F)  
Deputy Vice-Chancellor (AA)  
Deputy Vice-Chancellor (R&E)  
Principal Laikipia Campus College  
Principal Kisii Campus College  
Senate Representative  
Senate Representative  
Senate Representative  
Chairman, students Union Njoro Campus  
Chairman, Students Union Laikipia Campus  
College

## SENIOR MANAGEMENT STAFF

### **Vice-Chancellor**

Prof. E. K. Maritim, OGW,  
*B.A. (Nairobi), M.Ed., D.Ed. (Harvard)*

### **Deputy Vice-Chancellor (Academic Affairs)**

Prof. E. M. Wathuta,  
*B.V.M. (Nairobi), Ph.D. (Cambridge)*

### **Deputy Vice-Chancellor (Administration and Finance)**

Prof. J. K. Tuitoek,  
*B.SC. (Agric) (Nairobi), M.SC. (Manitoba), Ph.D. (Guelph)*

### **Deputy Vice-Chancellor (Research and Extension)**

Prof. S. A. Abdulrazak,  
*Dip. (Egerton) Pg. Dip. M.Sc. Ph.D. (Aberdeen)*

### **Principal (Laikipia Campus College)**

Prof. A.M. Sindabi  
*B.SC. M.A. (Ed), Ed.D. (Virginia Tech.)*

### **Principal (Kisii Campus College)**

Prof. J.M. Mũthooko,  
*B.ED. (Kenyatta) M.Sc. (UoN), Ph.D. (Vienna).*

### **Registrar (Academic Affairs)**

Prof. N. J. Kathuri,  
*Dip. Agric. (Egerton) Dip. Agric. (E.A.) B.Sc. Agric. Educ. (W.V.U.), M.A. Educ.(Reading), Ph.D. (Illinois)*

### **Registrar (Adminstration)**

(Acting) Dr. T.K. Serrem,  
*B.Ed (Nairobi), M.Ed. (Manchester), Ph.D. (Bristol)*

### **Finance Officer**

J.M. Nguri,  
*C.P.A. (K), MBA (Egerton).*

# **CHAIRMAN'S REPORT**

## **A Historical Perspective**

Egerton University has the oldest history among all institutions of higher learning in Kenya. It was founded in 1939 by Lord Egerton of Tatton, a British subject who settled in Kenya in the early 1920s. He thought of starting a school which would train white European youth for careers in agriculture. To facilitate the realisation of this project, he donated 1,000 acres of the land he had bought for his personal use to the Government of Kenya. Egerton Farm School, as it came to be known, admitted its first three students in 1939. They were accommodated in makeshift buildings. The construction of permanent buildings started the following year, when 45 students were admitted.

At the end of the Second World War in 1945, the School was temporarily closed. When it re-opened, it gave preference of admission to British ex-servicemen in the war as a way of rehabilitating them in civilian life. The first certificate course was started in March 1946 with 46 students. The nine-month courses continued upto 1949.

In 1950, the Farm School was upgraded to an Agricultural College, and the curriculum grew accordingly. Two years later, a one-year certificate course and a two-year diploma course were being offered. The College also launched short courses to farmers and farm managers.

The Egerton Agricultural College Ordinance was enacted in 1955. Among other things, it provided for the establishment of a Board of Governors.

During the same time, diploma courses similar to the National Diploma in Agriculture available at the Agricultural College in the United Kingdom were started.

In 1958, Lord Egerton passed away. In his will, he had bequeathed an additional 3,000 acres of his Ngongogeri Farm to the College.

Shortly before Independence, in 1961, the College opened its doors to all races in Kenya, as well as to students from other countries in Africa. The first foreign students came from Tanzania, Uganda, Zambia Malawi and Nigeria. The courses offered at the time were agricultural engineering, animal husbandry, dairy technology, forestry and management.

Financially, the College relied on the annual subvention from the Kenyan Government, on tuition fees, and on donations from various sources.

In 1966, while Sir Michael Blundell served as the Chairman of the Board of Governors, the first African Principal of the College was appointed. This was Dr. William Odongo Omamo.

In 1979, the Government of Kenya and the United States Agency for International Development (USAID) funded a major expansion of the institution. In 1986, Egerton Agricultural College was gazetted as a constituent college of the University of Nairobi. The following year, 1987, was momentous: it marked the establishment of Egerton University through an Act of Parliament. The new autonomous, fully fledged institution retained the name of its founder as a sign of recognition of his benevolence, and continued to have as its motto the words inscribed in the Egerton family coat of arms – Sic Donec (Thus Until).



Today, beside its main campus in Njoro, the University incorporates Laikipia, Kisii, Nakuru Town, Kenyatta and Eastern (Chuka-Meru) campuses. This expansion is not only territorial, but also academic. It is accompanied by continuous progress and the pursuit of excellence.

## **Location**

Egerton University has six campuses: Njoro, Laikipia, Kisii, Nakuru Town, Kenyatta and Eastern (Chuka). Njoro Campus is located in Nakuru District – 30 kilometres south-west of Nakuru town and 200 kilometres north-west of Nairobi.

Nakuru District is located in the Great Rift Valley. It borders Kericho, Bomet, Koibatek, Laikipia, Nyandarua, Narok, Kajiado and Kiambu districts.

The Great Rift Valley stretches from southern Turkey in Eurasia to Mozambique in southern Africa. In Kenya, the Valley is famous for its breathtaking sceneries like mountains, escarpments, lakes, bird sanctuaries, craters, national (game) parks, as well as for its varied ecological zones and biodiversity. There are several hot-springs and magnificent volcanic features. It is a popular tourist attraction.

Nakuru District's climate is cool and hospitable, with annual rainfall ranging between 760-1270 mm. The landscape is characterized by large-scale farms previously owned by white settlers. The population is approximately 1.5 million people, with a growth rate of 2.8%.

Njoro Campus is reputed for its proximity to Menengai Crater, the third largest crater in the world. Lake Nakuru National Park (a Ramsar site), Lake Naivasha Bird Sanctuary (a Ramsar site), Maasai Mara Game Reserve (the largest in East

Africa), Hyrax Hill, Kariandusi pre-historic site, and Nakuru town, the Headquarters of the expansive Rift Valley Province.

Laikipia Campus is about 50 kilometres from Nakuru town, and 10 kilometres south-west of Nyahururu town, with the famous Thomson's Falls in its vicinity. The name Laikipia belong to one of the Maasai clans. The Campus sits right on the equator and its surrounded by rich farmlands that grow wheat, maize, pyrethrum and other horticulture crops. Due to its altitude of 2,550 metres above sea level and its conducive climate, cattle thrive here too. Plans are underway to develop high altitude athletics training camp on this campus.

Kisii Campus is located three kilometres from Kisii town along the Kisii-Kilgoris Road, juxtaposed to Lake Victoria, the biggest fresh water lake in Africa and the second biggest in the world. Kisii Campus is 180 kilometres south-west of Njoro Campus and 380 kilometres north-west of Nairobi.

Kenyatta Campus is located about 5 kilometres from Njoro Campus gate. It mainly hosts the College for Distance Education.

Town Campus is in Nakuru Town and admits Self Sponsored students who are non residence for courses in Commerce, Communication and Media, and Computer Science.

Eastern Campus is in Chuka, Meru. The first school based students have commenced their studies and the campus is undergoing expansion and is scheduled to admit more students.

## **VISION AND MISSION**

### **Vision**

The University envisions to be:

**A world class University for the advancement of humanity**

### **Mission**

The University strives:

**To generate and disseminate significant knowledge and offer exemplary education to contribute to and innovatively influence national and global development.**

### **Core Values**

The University's activities and decisions will be guided by the following core values:

- **Passion for excellence and devotion to duty**
- **Integrity, transparency, and accountability**
- **Social fairness**

## **PROGRAMMES**

Egerton University has nine (9) Faculties; Agriculture, Arts and Social Sciences; Education and Human Resources, Science, Engineering and Technology, Education (Laikipia), Environment and Resources Development, Commerce and Health Sciences.

The University has an established Institute of Women, Gender and Development Studies, Tegemeo Institute of Agriculture Policy and Development; Office of the Alumni Services and students placement. The University acquired Lord Egerton

Castle and is developing it into a Community Museum, has Botanic Garden where medicinal trees and herbs are being preserved.

The University offers various courses in Commerce, Mass Communication, Computer Science, Agriculture, Engineering, Education, Environmental Science and Technology, Health Sciences, Social Sciences, Military Sciences, Certificate and Bridging courses.

## **STUDENTS**

Egerton has an enrolment of approximately 13,000 students at Ph.D, Masters, Undergraduate and Diploma levels. Out of these, 9300 students are in the regular programmes while 3700 students are in the self sponsored programmes.

## **STAFF**

Egerton has a total of 2265 staff members. Out of these 1521 are males while 744 are females. Teaching staff are 557; males 440 and females 117. Non-teaching staff are 1708; males 1081 and females 627.

## **FINANCING**

Egerton University mainly relies on Government Subvention/capitation (78%) on its recurrent expenditure. Personnel Emoluments took 80% of its recurrent budget in 2004/05. This was to meet the increased salaries and House allowances for the Universities Academic Staff following the UASU negotiations, Court Awards for staff in grades I – IV and the directive to increase salaries for staff in other categories. During the year the Government continued to settle the capital debts which arose in 2001 after mutual termination of the stalled projects. The University was allocated Kshs. 60 million, which was utilized in part completion of Education Building in 2004/2005.

## **CORPORATE GOVERNANCE**

Corporate Governance is the process through which Institutions are directed, controlled and held accountable to its sponsors.

Egerton University Council is responsible for the governance of the University and is accountable to the citizen of this country for ensuring that the University complies with the Law and maintain the highest standards of corporate governance and academic standards.

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

### **THE COUNCIL**

The Council is the main governing body of the University. The Chancellor from professionals in the public and private sectors appoints members of the Council. Members comprise the chairman, the Vice-chairman, Honorary Treasurer, Permanent Secretaries of certain Ministries, other external members, the Vice-Chancellor, the Deputy Vice-Chancellors, Principals of Campuses, Senate and student representatives.

The full council meets at least four times in a year. The council members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial and operational issues. Except for direction and guidance on general policy, the council has delegated authority for the conduct of day-to-day business to the Vice-Chancellor who is the Accounting Officer. The council however retains the responsibility for establishing and

maintaining the University's overall internal control of academic, financial and operational issues. All the Council members except the internal members are non-executive and are on a three year appointment terms.

### **COUNCIL COMMITTEES**

The Council has seven (7) standing Committees which meet regularly under the terms set out by the Council. These committees have been fully mandated by the Council to carry out their functions. There is a proposal to revise the council committees for effective management and the new committees will include Audit, governance and Risk Management committee, Finance Development and Investment Committee, Human Resources Management Committee and Academic, Research and Technology Committee.

### **FINANCE AND GENERAL PURPOSES COMMITTEE**

This committee meets at least four times in a year with the main role being to review and approve the University proposed and operational budgets, quarterly and yearly financial reports. The Committee is chaired by the Chairman/Honorary Treasurer of Council. Members includes seven external members inclusive of Ministry of Education, Science and Technology and Ministry of Finance.

### **STANDING COMMITTEE OF STAFF TERMS OF SERVICE**

The Committee meets as need arises on staff matters. The review of salary and other remuneration allowances other Terms of Service for staff and disciplinary of Senior staff is the responsibility of this committee. This Committee is chaired by the Vice-chairman of Council Dr. E. M. Mugiri.

## **BUILDING, PLANNING AND DEVELOPMENT COMMITTEE**

The Committee is responsible for the planning and development of the University and meets when the need arises. The committee considers project proposals within the budget provisions.

The Committee is chaired by Eng. A.M.H. Sharawe with representatives from Ministry of Education, Science and Technology, Ministry of Roads and Public Works, one External member and the Internal Council members.

## **TENDER COMMITTEE**

The Committee meets at least twice in a year to consider and award Annual Tenders for supply of goods and provisions of services.

The Committee also meets to consider and award contracts as per the Public Procurement and Disposal Act. The Committee is chaired by Mr. Joseph S. Obonyo who is not a public servant.

## **FARMS COMMITTEE**

The Committee considers and approves the activities of the farms including budgets and project proposals. The farms are Ngongogeri, Tatton, Laikipia and Kisii.

The Committee meets at least twice in a year. Prof. A. N. Said is the chairman, Mr. S. Ndungu and Ms Alice Muchugi being other external members. The University Senior Management and Dean – Faculty of Agriculture, and Farm Managers are also members.

### **STAFF APPOINTMENT COMMITTEE**

This is chaired by the Chairman of Council with representation of Ministry of Education Science and Technology and the internal council members being members of the committee. The committee interviews for appointments staff in the Associate Professor (XIV) and Professor levels.

### **SEALING COMMITTEE**

The Committee is chaired by the Chairman of Council and considers and approves the sealing of all University Diploma and Degree certificates, contracts documents and any other official correspondence requiring sealing.

The Committee meets at least once in a year, just before the graduation. During the year the Vice-chancellor makes requests for the chairman of council approval to seal any document. These requests are finally ratified by the Sealing Committee in their next meeting.

### **THE SENATE**

The Senate comprises the Vice-chancellor as chairman, the Deputy Vice-chancellors, Principals of campuses, Registrars, Finance Officer, Deans, Directors, Chairmen of Academic Departments, Faculty representatives, the Librarian, the Chief Medical Officer, the Dean of Students and Student representatives.

The Senate has powers to:

- a) satisfy itself regarding the content and academic standard of any course of study in respect of any degree, diploma, certificate or other award of the University, and to report its findings thereon to the Council;
- b) propose regulations to be made by the Council regarding the eligibility of persons for admission to a course of study;



- c) propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other award of the University;
- d) decide which persons have attained the prescribed standard or proficiency and otherwise fit to be granted a degree, diploma, certificate or other award of the University;
- e) initiate proposals relating to the conduct of the University generally and to discuss any matter relating to the University and to make representations thereon to the Council;
- f) make regulations governing such other matters as are within its powers in accordance with the University Act or the statutes.
- g) Notwithstanding any other provision of the University Act the Council shall not initiate any action in respect of the matters mentioned in paragraph (a),(b) or (c) except upon receipt of a report of proposal thereunder and the Council shall not reject any such report or amend any regulations as proposed without further reference to the Senate.

### **THE UNIVERSITY MANAGEMENT BOARD**

The University Management Board is composed of the Senior University Management with the Vice-chancellor as its chairman. The members of this Board are, the Vice-Chancellor, Deputy Vice Chancellors, Principals of Campuses, Registrars and Finance Officer.

The Board considers staff matters, University activities, projects and prepares documents for Council and Council Committees. The Board has delegated authority from the Council to run the University affairs. The Board meets at least once in every month.

## STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

The Egerton University Act requires the Council members to prepare Financial Statements for each Financial Year, 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 the University's surplus, or deficit for the year. It requires the Council members to ensure that the University keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the University. They are also responsible for safeguarding the University's assets.

The Council members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the University Act. The Council members are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the University as at 30<sup>th</sup> June 2005 and the University's surplus. The Council members further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial controls.

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

This statement is approved by Council Members and it is signed on their behalf by:

  
Amb. Simon B. Arap Bullut, MBS

**CHAIRMAN OF THE COUNCIL**

  
Prof. J. K. Tuitoek, Ph.D.

**VICE-CHANCELLOR**



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF EGERTON UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2005

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I have audited the financial statements of Egerton University for the year ended 30 June 2005 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 Council Members and the Controller and Auditor General**

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As set out in the statement of Council Members' responsibilities, the Members are responsible for the preparation of financial statements which give a true and fair view of the University's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

#### **Basis of opinion**

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 obtaining 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 directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

#### **Comments**

##### **1. Preparation and presentation of financial statements**

The financial statements have not been prepared in accordance with the accrual basis of accounting contrary to International Accounting Standards 1 and Government financial regulations and procedures chapter 21 sections 3 and 4 which stipulates that the accounting system will usually be a full commercial accounting system that incorporates non cash adjustments such as reserves,

provisions, accruals and prepayments. Because of this omission the University's Income and Expenditure account only captured receipts and payments in the period without taking into account adjustments for accruals and prepayments. The University did not also maintain a general ledger except for debtors, creditors, assets and work in progress thereby contravening Government financial regulations and procedures chapter 21 section 1. Further, no trial balance was availed to support end of year balances. Additionally, the provisions of Kshs.2,096,000 and Government grants Kshs.130,136,000 have been credited to the general fund account as an addition to the fund for which no explanatory notes were given contrary to IAS 20 paragraph 12 and 39. In the absence of explanatory notes to these financial statements on method of accounting for grants and provisions, it has not been possible to ascertain whether these funds have been properly accounted for and that the general fund account Kshs.2,711,863,000 is fairly stated. Further, entity's name is missing on the face of the financial statements while the cash flow statement does not have comparatives contrary to the requirements of IAS 1. Additionally, fixed deposits amount of Kshs.183,724,000 have not been disclosed separately in the Balance Sheet. Consequently these financial statements do not provide accurate, relevant, reliable, comparable and understandable information.

## **2. Creditors**

As reported in the previous year's report, the University, during 2000/2001 financial year, terminated contracts in respect of various construction works which had stalled. The termination agreements which were signed in May 2001 committed the University to paying combined final figure of Kshs.732,424,272 together with interest charge of 12% per annum on any sums outstanding after 31 August 2001. As disclosed in note 12 to these financial statements, the arrangement has resulted into a further financial burden of an accumulated interest of Kshs.31,017,000 for the year under review. It has not however been possible to ascertain the extent of the liability that may arise as a result of the termination of these construction projects. Further the creditors figure includes an amount of Kshs.59,261,362 owed to a consultancy firm whose services were single sourced and thus contravened Government procurement procedures. In addition, the University was unable to remit statutory deductions amounting to Kshs.115,914,728 being pay as you earn (PAYE) and pension obligation of Kshs.87,071,178. It is not possible to ascertain interest and/or penalties that may accrue due to non remittances of statutory deductions. Under the circumstances, the accuracy, validity and completeness of the creditor amount could not be confirmed in the absence of adequate documentation.

## **3. Debtors and Prepayments**

The debtors and prepayments figure of Kshs.170,738,000 as at 30 June 2005 includes Kshs.85,626,902.80 owed by staff members and fees debtors of Kshs.23,426,965 which have been outstanding for more than a year. Further

scrutiny revealed that Kshs.1,299,399 and Kshs.4,479,837 are owed by deceased and former employees of the University respectively. In addition an amount of Kshs.2,774,438 relating to the period between 1995 and 2001 and Kshs.4,479,837 owed by former employees had been excluded from these financial statements. Further, an amount of Kshs.723,000 stated as a suspense account could not be explained while an amount of Kshs.1,418,300 in respect of the former principal of Kisii college relating to unsurrendered imprest and College's furniture taken to his private residence was still outstanding. No evidence was made available to indicate recovery measures being taken by the University's Management. Provisions that would have been necessary in relation to these uncertainties have not been incorporated in these financial statements.

#### 4. Inaccuracy on the financial statements

The financial statements were not in agreement with the schedules provided in respect of the following items:-

<u>Balance sheet</u>	<u>Accounts Figure Kshs.</u>	<u>Schedules Figure Kshs.</u>	<u>Difference Kshs</u>
Inventories	82,501,000	82,503,000	2,000
Receivables	170,738,000	171,473,000	735,000
Cash and cash			
Equivalents	404,866,000	399,691,000	4,157,000
Payables	425,515,000	430,752,000	5,237,000
Bank overdraft	27,353,000	27,902,000	549,000,

Under the circumstances, I am unable to ascertain what the above differences represent and the effect they may have on the accuracy of the financial statements.

#### 5 Budgetary Control

During the year ended 30 June 2005, the University overspent on various item votes by a total of Kshs.65,049,000 contrary to the provisions of Section 12 of the State Corporations Act. Some of the items for which the approved budget was over-spent included the following:-

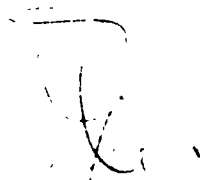
<u>Name of account</u>	<u>Approved Budget Kshs.</u>	<u>Actual Expenditure Kshs.</u>	<u>Over Expenditure Kshs.</u>
Personnel emoluments	628,698,000	635,161,000	6,463,000
Postage & telephone	7,427,000	19,213,000	11,786,000
House allowances	476,524,000	496,611,000	20,087,000

Travelling & Accommodation	10,536,000	23,808,000	13,272,000
Advertisement & publicity	4,432,000	17,873,000	<u>13,441,000</u>
			<u>65,049,000</u>

Although the University has explained that the above expenditure was incurred under Income Generating Units, it is not clear why these units were excluded from the University's overall budget. Further, there is no evidence of authority from the Council as well as the Parent Ministry and the Treasury sanctioning these over-expenditures. Under the circumstances, I am unable to confirm the propriety of the over expenditure amounting to Kshs.65,049,000.

### Opinion

Except for any adjustment that might be necessary arising from matters discussed above, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the University as at 30 June 2005 and of its surplus and cash flows for the year then ended and comply with Egerton University Act.



**E.N.MWAI**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi


18 May 2006

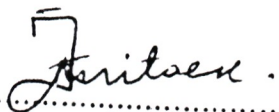
# EGERTON UNIVERSITY

## BALANCE SHEET AS AT 30th JUNE 2005

	Notes	2005 KSH'000	2004 KSH'000
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment			
Land			
Buildings	6	119,851	119,851
Work in Progress		564,688	571,238
Plant and Equipment		1,657,622	1,623,671
Motor Vehicles		27,376	18,564
Furniture and Fittings		19,869	15,692
Others		11,796	10,468
		104,802	80,864
Investments	7	2,506,004	2,446,348
		2,968	1,006
		2,508,972	2,447,354
<b>CURRENT ASSETS</b>			
Inventories	9	82,501	81,853
Receivables	10	170,738	121,174
Cash and cash Equivalents	11	404,866	384,548
		658,105	587,575
<b>CURRENT LIABILITIES</b>			
Payables	12	425,515	626,350
Bank Overdraft	14	27,353	2,475
		452,868	628,825
NET CURRENT ASSETS/LIABILITIES		205,237	(41,250)
<b>NET ASSETS</b>			
		2,714,209	2,406,104
<b>FINANCED BY</b>			
<b>GENERAL FUND</b>			
		2,711,863	2,403,450
<b>NON CURRENT LIABILITIES</b>			
Provisions	15	2,346	2,654
		2,714,209	2,406,104

The Financial Statements on pages 19 to 33 were approved by the Council and signed on its behalf by:

  
 .....  
 Amb. Simon B. Arap Bullut, MBS  
 CHAIRMAN OF THE COUNCIL  
 Date: \_\_\_\_\_

  
 .....  
 Prof. J.K. Tuitoek, Ph.d.  
 VICE-CHANCELLOR  
 Date: 12/6/2006

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005**

**INCOME**

<b>CODE</b>	<b>PARTICULARS</b>	<b>2004/2005 KSH'000</b>	<b>2003/2004 KSH'000</b>
50050	Capitation	1,476,537	1,099,590
50600	Tuition Fees	390,769	193,793
50640	House Rents	12,762	13,037
50045	Interest Recovered from Staff Advances	94	0
50620	Students Medical Charges	10	73
50740	Screen Printing	0	14
50075	Academic Gowns	484	1,294
50085	Academic transcript	92	327
50040	Interest on Investment	4,572	3,681
50810	Tender Forms	607	223
50080	Educational Tours	15	2
50060	Examination Fees	134	12
50070	Registration fees	13	0
50010	Students I/D cards	139	1,672
50820	Course Retake	6	0
50130	Sale of Water	5	5
50065	Course Application Fee	4,977	4,583
50550	Sale of Maize	28	11
50840	Insurance	1,905	0
50940	Students Supervision fee	0	1,739
50160	Hire of Transport	0	48
50180	Library Book use	11	1
50230	Hire of Conference facilities	2	3
50710	Training Fees (Linkage)	1,704	0
50000	Surplus/(Deficit) from EUSACS	1,273	(7,616)
50000	Surplus/(Deficit) - Laikipia Campus	546	3,531
50000	Profit/(Loss) from ARC	(4,900)	2,811
50000	Surplus/(Deficit) from R & E.	12,377	7,041
50000	Profit/(Loss) from TDU	(2,345)	2,281
50000	Profit/(Loss) from Bookshop	102	327
50000	Surplus/(Deficit) Kisii Campus	2,474	753
50000	Profit/(Loss) from Ngongogeri	(7,252)	3,555
50000	Profit/(Loss) from Natural Resources	112	(14)
50000	Profit/(Loss) from Computer Science	(275)	554
50000	Profit/(Loss) - Kniting and Tailoring	1,273	1,200
50000	Profit/(Loss) from Transport	542	392
50000	Profit/(Loss) from Animal Health	545	(399)
50000	Profit/(Loss) from Medical	(903)	8,394
50000	Profit/(Loss) from Overhead A/C	1,634	(6,878)
50000	Profit/(Loss) from Dairy Milk Unit	(487)	2,112
50000	Profit/(Loss) from AVU	1,822	(743)
50000	Profit/(Loss) from Nakuru Town Campus	57,797	0
		-----	-----
	<b>Total Income</b>	<b>1,959,201</b>	<b>1,337,409</b>
		=====	=====



EXPENDITURE

CODE	PARTICULARS	2004/2005 KSH'000	2003/2004 KSH'000
70010	Personal Emoluments	635,161	353,123
70020	N.S.S.F	2,667	2,550
70030	Pension Contribution	135,760	91,160
70040	House Allowance	496,611	330,403
70065	Duty Allowance	8,224	3,752
70090	Commuting Allowance	44,380	43,312
70080	Acting Allowance	491	296
70045	Stipend	93	181
70105	Hardship Allowance	5,034	2,591
70060	Leave Travelling	6,300	6,452
70870	Medical Allowance	30,280	31,396
70625	Ambulatory Allowance	0	102
70095	Entertainment Allowance	7,065	7,270
70085	Responsibility Allowance	1,205	1,946
70160	Passage & Baggage	713	1,164
70385	Deans Committee Expenses	35	352
71800	Council Expenses	3,037	3,447
70440	Appointment Committees Expenses	771	446
70530	Part-time Teaching	10,088	14,633
70445	External Travelling	4,765	9,759
70535	External Examiners	6,664	3,142
70085	Topping up Allowance	76	23
70860	Medical Supplies	20	621
70550	Hospitalization & Medical Expenses	27,357	34,104
70645	Transport Operating Expenses	6,985	7,119
70110	Travelling & Subsistence	16,339	24,529
70340	Travelling & Subsistence -Council	7,450	5,960
70375	Travelling & Subsistence - Senate	19	1,836
70150	Postage & Telephone	19,213	14,890
70130	Printing & Publishing	800	1,237
70170	Electricity	47,135	38,363
70140	Advertising & Publicity	17,873	7,841
70320	Computer Stationery	113	812
70595	Teaching Materials	5,316	7,401
70270	Computer Maintenance	0	7
70250	Staff Uniform	4,415	6,120
70445	Production Input	1,185	1,703
70335	Graduate Scholarships	0	643
70120	Purchase of Stationery	14,360	5,836
70280	Bank Charges & Interest	25	1,761
70520	Graduation Expenses	4,428	2,573
70100	Casual Labour	7,857	10,227
70450	Accountancy & Audit Fees	2,482	775
70498	Students WorkStudy	407	830
70310	Grants to Campus	21,702	23,880
71460	Hire of Learning Facilities	0	98
71080	Purchase of Linen	182	0
		-----	-----
	Balance c/f	1,605,083	1,106,666
		=====	=====

CODE	Expenditure (Contd.) PARTICULARS	2004/2005 KSH'000	2003/2004 KSH'000
	Balance b/f	1,605,083	1,106,666
70305	Lease of Houses	0	5
70295	General Insurance & GLP	33,082	17,865
70500	Vehicle & Machine repairs	4,270	4,912
70220	Vehicle Licences	384	140
70210	Staff Development	604	666
70230	Vehicle Insurances	409	285
70480	Subscriptions	421	1,876
70506	Field Trips	1,172	616
70560	Library Books	891	1,408
70310	Legal Fees	4,091	3,447
70400	Freight & Handling	0	11
70950	Sports expenses	2,210	1,377
70240	Cleaning Materials	77	672
70565	Newspapers & Journals	1,184	1,135
71350	Office running expenses	3,776	6,261
71790	Public Celebrations & Funerals	1,242	1,693
70175	Water expenses	3,399	1,177
70420	Rents & Rates	406	694
71500	Welding Gas	263	933
70355	Research Expenses	1,413	877
70990	Shows Expenses	1,831	1,007
70455	Conference & Seminars	2,852	2,957
70530	Bridging Courses Charges	1,900	2,589
70410	Provision for Bad Debts	1,707	1,212
70560	Provision for Text Books	513	417
70510	Repairs & Maintenance	10,460	952
30280	Provision fo Audit Fees	126	1,025
70070	Honorarium	0	85
70875	SSP Expenses	26,133	19,823
30230	Students Refunds/Account	22,657	20,529
70980	Field Attachment Allowance	1,409	2,963
71780	Staff Choir	146	0
70260	Miscellaneous	302	137
71805	Management committes	21	3,088
70030	Pension and Gratuities	7,791	8,695
71900	Staff Children Fund	1,459	1,431
70415	Depreciation of Assets	56,995	53,601
71150	Professional Services	5,634	0
		-----	-----
	Total Expenditure	1,806,313	1,273,227
		=====	=====
	Surplus/((Deficit)) for the year	152,888	64,182

## GENERAL FUND ACCOUNT

	2004/2005	2003/2004
	<u>KSH'000</u>	<u>KSH'000</u>
General Fund B/F		
Capital grants and donations	2,403,450	2,100,800
Interest on terminated Projects	130,136	381,050
Assets Undercast	-	(142,620)
Revaluation of investments	23,427	
Surplus/(Deficit) for year	1,962	
	152,888	64,160
	-----	-----
<b>TOTAL</b>	<b>2,711,863</b>	<b>2,403,450</b>
	=====	=====

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2005

	<u>KSH'000</u>
<b>OPERATING ACTIVITIES</b>	
Cash generated from operations .....Note 8	172,146
Taxation ----- (i)	(94,580)
<b>Net cash generated from operating activities</b>	<b>77,566</b>
<b>INVESTING ACTIVITIES</b>	
Purchase of property, plant & Equipment ----- (ii)	(57,248)
<b>Net cash used in investing activities</b>	<b>(57,248)</b>
<b>FINANCING ACTIVITIES</b>	
Proceedings of longterm borrowing	NIL
Net cash generated from financing activities	NIL
<b>INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>20,318</b>
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR</b>	<b>384,548</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>404,866</b>

(i) This is taxation from Self Sponsored Programmes

(ii) These are additions to the fixed assets as per the fixed assets registers less the Biological assets.

	<u>KSH'000</u>
i.e Total additions	82,472
Less Biological assets : Cattle	(24,179)
Sheep	(1,045)
	-----
	<b>57,248</b>
	=====

## ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards. The Principal accounting policies adopted are as follows:-

**a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention.

**b) Revenue recognition**

Income including tuition fee is recognized in the period in which it is earned.

**c) Translation of foreign currencies**

Transactions in currencies other than the Kenya shilling are recorded at the rates exchange prevailing on 30<sup>th</sup> June 2005.

**d) Property, Plant and Equipment**

Property and equipment are stated at cost less any recognized impairment loss.

Cost includes professional fee.

Land is not depreciated as it is deemed to have an infinite life. Depreciation on the other property is charged so as to write off the assets during their estimated useful life, using the straight line method. The annual rates used are:-

Buildings	-	2.5%
Machinery & Equipment	-	20%
Furniture & Fittings	-	12.5%
Dairy Equipment/Plant & Machinery/Tractors	-	10%
Motor Vehicles	-	25%
Library Books	-	20%

**e) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost includes direct material and where applicable direct labour and those overheads that have

been incurred to bring the inventories to their present location and condition. Costs of issues are calculated using "First In First Out" (FIFO) method. Net realizable value represents the estimated selling price less all estimated costs of disposal.

**f) Receivables**

Receivables are recognized when the commitments are effected. A provision of 1% of total receivables has been created to take care of the receivables which may not be recovered in full.

**g) Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalent include short term liquid investments which are readily convertible into known amounts of cash and which are within three months to maturity when acquired, less advances (overdrafts) from the banks repayable within three months from the dates of the advances.

**h) Retirement benefit obligations**

The University operates a defined contribution Scheme for its employees. The assets of this Scheme are held in a separate trustee administered fund. The Scheme is funded by contributions from both employees and employer. Benefits are paid to retiring employees in accordance with the Scheme rules.

The University also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the NSSF Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 200/= per employee per month.

The University's obligations to staff retirement benefit schemes are charged to the Income statements in the year to which they relate.

**NOTES TO FINANCIAL STATEMENTS FOR  
THE YEAR ENDING 30<sup>TH</sup> JUNE 2005**

NOTE 1: **PRINCIPAL ACTIVITIES** – The University main activities are Teaching, Training and Research.

NOTE 2: **INTEREST INCOME** – The University's main source of interest income is from short term fixed deposits.

NOTE 3: **PERSONAL EMOLUMENTS**

	<u>KSH'000</u>
Salaries and Wages	- 635,161
N.S.S.F.	- 2,667
Pension Contribution	- 135,760
House Allowance	- 496,611
Commuting Allowance	- 44,380
Other Staff costs	- <u>58,692</u>
	<u>1,373,271</u>

The Average number of employees for the year was 2,265.

NOTE 4: **AUDIT FEES** – The University financial statements are audited by the Controller and Auditor General who currently charges Kshs. 700,000 per year.

NOTE 5: **PREPAID LEASE RENTALS:** The University incurred prepaid lease rentals with respect to Nakuru Town Campus and School of Continuing Education at Show Ground.

NOTE : 6

(a)

**MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT**

PARTICULARS	Land KSH'000	Buildings KSH'000	WIP KSH'000	Plant & Equipment KSH'000	Motor Vehicle KSH'000	Furniture and Fittings KSH'000	OTHERS KSH'000	TOTAL KSH'
Cost	119,851	761,797	1,623,671	273,290	88,484	83,265	319,990	3,270
Additions	0	0	29,601	23,951	14,617	4,091	39,813	112
Disposals	0	0	0	0	0	0	0	0
Total	119,851	761,797	1,653,272	297,241	103,101	87,356	359,803	3,382
Rate	0	2.5%	0	20%	25%	12.5%		
Amount	0	19,046	0	10,212	8,863	3,175	15,699	51
B/F	0	178,063	0	259,653	74,369	72,385	239,302	823
Net Book Value	119,851	564,688	1,653,272	27,376	19,869	11,796	104,802	2,501

**SCHEDULE FOR 'OTHERS'**

PARTICULARS	Cost 1.7.2004 KSH'000	Additions KSH'000	Disposals KSH'000	Cost 30.06.2005 KSH'000
Library books	50,636	5,294	-	55,930
Small Tools	2,946	33	-	2,979
Public Address System	553	96	-	649
Intercom Systems	26,585	59	-	26,644
Dairy Institute	4,951	3	-	4,954
Surgical Lamps (Medical)	261	-	-	261
Computers and Appliances	129,475	8,596	-	138,071
Kilimo Primary school	1,885	-	-	1,885
Education Media Centre	1,947	-	-	1,947
Mobile Telephones	234	-	-	234
Graduation Gowns	9,074	-	-	9,074
Roads and Bridges	20,267	-	-	20,267
Swimming Pool	749	-	-	749
Sewerage System	34,358	-	-	34,358
water Supply	19,224	508	-	19,732
Fuel Storage Tanks	129	-	-	129
Lighting Facilities	2,986	-	-	2,986
Play Grounds	7,037	-	-	7,037
Fencing	6,239	-	-	6,239
Cattle Dip	154	-	-	154
Safes	22	-	-	22
Typewriters	30	-	-	30
Photocopier	240	-	-	240
Electrical Installations	4	-	-	4
Shades and Barns	4	-	-	4
Cattle	-	24,179	-	24,179
Sheep	-	1,045	-	1,045
		-----	-----	-----
	319,990	39,813	-	359,803
	=====	=====	=====	=====

(b)

### LOCATION FOR PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	MAIN KSH'000	ARC KSH'000	TDU KSH'000	Laikipia Campus KSH'000	Bookshop KSH'000	Ngongonger KSH'000	Kisil Campus KSH'000	TOTAL KSH'000
Land	0	0	311	56,800	0	2,740	60,000	119,851
Buildings	320,979	0	2,912	166,477	0	913	73,407	564,688
WIP	1,653,272	0	0	0	0	0	0	1,653,272
Plant & Equipment	22,974	193	0	3,664	0	191	354	27,376
Motor Vehicle	19,869	0	0	0	0	0	0	19,869
Furniture & Fittings	9,168	0	0	1,977	117	1	533	11,796
Others	69,740	0	0	14,609	165	20,288	0	104,802
<b>TOTAL</b>	<b>2,096,002</b>	<b>193</b>	<b>3,223</b>	<b>243,527</b>	<b>282</b>	<b>24,133</b>	<b>134,294</b>	<b>2,501,654</b>

- i) Egerton University main Campus Buildings are on the Tatton farm Land.  
ii) Land for Tatton and Ngongonger is in the process of revaluation.

NOTE : 7

### INVESTMENTS

PARTICULARS	30.6.2005 KSH.000'	30.6.2004 KSH.000'
Kenya Airways- Ordinary Shares	2,550	588
Kenya Co-op Creameries	235	235
Kenya Farmers Association	179	179
Pyrethrum Board of Kenya-Ordinary Shares	3	3
Mercat Limited Ordinary Shares	1	1
	-----	-----
<b>TOTAL</b>	<b>2,968</b>	<b>1,006</b>
	=====	=====

- (i) The University holds 52,468 shares in Kenya Airways which are quoted in the accounts at fair value  
(ii) All other shares in the other companies are valued at cost

NOTE : 8

### CASH GENERATED FROM OPERATIONS

	Ksh (000)
Surplus for the year	152,288.00
Depreciation	56,995.00
Provisions	2,346.00
Changes in working capital	211,629.00
Payables	(89,695.00)
Receivables	49,564.00
Inventories	648.00
	<u>172,146.00</u>



NOTE : 9

**INVENTORIES**

<b>PARTICULARS</b>	<b>30-06-2005 KSH'000</b>	<b>30-06-2004 KSH'000</b>
Faculty of Agriculture	2,830	4,595
Faculty of Health Sciences	6	0
ARC	1,410	494
Bookshop	5,687	4,447
Faculty of Arts & social Sciences	125	289
Faculty of Education	437	296
Falculty of Engineering	335	75
Falcuty of Enviromental Studies	97	36
Kisii Campus	757	1,065
Laikipia Campus	7,533	9,993
Ngongogeri Farm	11,990	14,569
TDU	11,130	7,914
Falcuty of Science	7,486	10,141
Academic Boards	0	164
Administrative Department	30,112	27,244
Research Departments	2,060	111
Chemeron	464	420
Nakuru Town Campus	42	0
	-----	-----
<b>TOTAL</b>	<b>82,501</b>	<b>81,853</b>
	=====	=====

NOTE : 10

**ACCOUNTS RECEIVABLES**

PARTICULARS	BALANCE 1.7.2004 KSH'000	RECEIPTS DURING THE YEAR KSH'000	ADDITIONS DURING THE YEAR KSH'000	BALANCE AS AT 30.6.2005 KSH'000
Outsiders	263	0	0	263
ECCOSACS	195	0	0	195
Staff Imprests	28,478	69,856	86,492	45,114
Staff Advances	311	1,445	1,715	581
Deposits	304	0	0	304
Suspense Account	723	0	0	723
Sponsors Account	38,085	227,835	212,231	22,481
Deposits E.A. Oxygen Cylinders	56	0	0	56
Rent	77	13,360	13,504	221
Laikipia Debtors	6,070	1,252	2,687	7,505
Kisii Campus	6,159	20,268	22,411	8,302
University Bookshop	356	476	503	383
A.R.C.	19,739	15,883	8,442	12,298
Halls	2,606	48	10,013	12,571
Knitting & Tailoring	104	0	0	104
Medical(Wards)	282	144	2	140
R & E	11,519	15,315	33,886	30,090
Tatton Farm	259	0	0	259
Ngongogeri Farm	1,831	462	525	1,894
Computer Science	31	0	0	31
Medical (Pharmacy)	161	0	11	172
Dairy	3,382	758	814	3,438
Catering	0	0	2	2
Transport	183	0	1	184
Nakuru Town Campus	0	23,327	46,754	23,427
	-----	-----	-----	-----
<b>TOTAL</b>	<b>121,174</b>	<b>390,429</b>	<b>439,993</b>	<b>170,738</b>
	=====	=====	=====	=====

NOTE : 11

**CASH AND CASH EQUIVALENTS**

PARTICULARS	BALANCE AS AT 30.06.2005 KSH'000	BALANCE AS AT 30.06.2004 KSH'000
Fixed Deposit Accounts	183,724	179,432
	-----	-----
<b>TOTAL</b>	<b>183,724</b>	<b>179,432</b>
	=====	=====

**CASH AT BANK AND ON HAND**

**CASH AT BANK**

PARTICULARS	BALANCE AS AT 30.6.2005 KSH'000	BALANCE AS AT 30.6.2004 KSH'000
Main Campus	117,235	145,595
Laikipia College Campus	3,318	3,706
Kisii College Campus	4,724	2,847
IGU's	46,975	14,123
Research & Extension	45,907	34,736
ARC	4	75
	-----	-----
<b>TOTAL</b>	<b>218,163</b>	<b>201,082</b>
	=====	=====

**CASH ON HAND**

PARTICULARS	BALANCE AS AT 30.6.2005 KSH'000	BALANCE AS AT 30.6.2004 KSH'000
Main Campus	1,517	1,277
Laikipia College Campus	123	860
Kisii College Campus	120	97
IGU's	1,014	18
Research & Extension	18	39
ARC	187	2,970
	-----	-----
<b>TOTAL</b>	<b>2,979</b>	<b>5,261</b>
	=====	=====

NOTE : 12

**ACCOUNTS PAYABLES**

PARTICULARS	BALANCE AS AT 01.07.04 KSH'000	ADDITIONS DURING THE YEAR KSH'000	PAYMENT DURING THE YEAR KSH'000	BALANCE AS AT 30.6.2005 KSH'000
General Creditors Main	349,381	45,376	137,630	257,127
Ngongogeri Farm Egerton A/C	15,813	5,419	4,551	16,681
Contractors/Consultants	241,304	31,017	146,423	125,898
Trade creditors-Kisii	3,199	6,403	7,734	1,868
General creditors-Halls	4,113	13,348	14,552	2,909
Creditors & Accruals-Laikipia	4,285	14,303	10,483	8,105
General creditors-Bookshop	139	45	21	163
General Creditors-A R C	2,151	16,954	18,532	573
Dairy-Milk	1,088	4,462	4,474	1,076
Medical	2,559	8,495	6,016	5,038
T.D.U	2,189	1,752	1,254	2,687
Research & Extension Division	0	46	0	46
Computer Science & AVU	138	621	506	253
Animal Health	9	527	327	209
Service Gratuity	4,248	0	4,248	0
Knitting & Tailoring	0	1	0	1
Overhead	0	190	184	6
Catering	0	13,272	10,397	2,875
	-----	-----	-----	-----
<b>TOTAL</b>	<b>630,616</b>	<b>162,231</b>	<b>367,332</b>	<b>425,515</b>
	=====	=====	=====	=====

NOTE: 13

**CONTINGENT LIABILITIES**

1. Among the Consultants Fee Notes, Ksh 59,061,132 is in dispute and the matter is in court.
2. There exists contingent liabilities with the university bankers, that is, Kenya Commercial Bank Limited (Nakuru Branch) in respect to University Bank overdraft of Ksh. 15,000,000.00, Staff car loans of Ksh 5,000,000.00 and Staff furniture loans of Ksh 2,000,000.00 as approved by the University Council

NOTE : 14

**OVERDRAFT**

PARTICULARS	BALANCE AS AT 30.6.2005 KSH'000	BALANCE AS AT 30.6.2004 KSH'000
Main Campus	26,097	0
IGU's	0	1,427
ARC	140	1,048
R/E	1,116	
	-----	-----
<b>TOTAL</b>	<b>27,353</b>	<b>2,475</b>
	=====	=====

NOTE: The Overdraft is a Cash Book balance and not Bank Overdraft

NOTE : 15

**SCHEDULE OF PROVISIONS ACCOUNTS**

	BALANCE AS AT 30.6.2004 KSH'000	WRITE OFF DURING THE YEAR KSH'000	ADDITIONS DURING THE YEAR KSH'000	BALANCE AS AT 30.6.2005 KSH'000
Audit Fees	3,574	0	126	3,700
Bad & Doubtful Debts	8,666	0	1,707	10,373
Text Books	6,109	0	513	6,622
	-----	-----	-----	-----
<b>TOTAL</b>	<b>18,349</b>	<b>0</b>	<b>2,346</b>	<b>20,695</b>
	=====	=====	=====	=====

NOTE : 16

**CAPITAL GRANTS & DONATIONS**

	BALANCE 30.06.2005 KSH.000	BALANCE 30.06.2004 KSH.000
	-----	-----
Ministry of Education	130,136	381,052
	=====	=====