

LAIKIPIA



UNIVERSITY

P.O Box 1100 - 20300,
Nyahururu
Kenya

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www.laikipia.ac.ke



Paper laid
By Hon Aden Duale -
Leader of Majority
on wed 27/5/15
W.A. J.

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE, 2013**

VISION AND MISSION

Our Corporate Vision

A University for valued transformation of society

Our Corporate Mission

To serve the students and society through Research,
Education Scholarship, Training,
Outreach and Consultancy

Our Core values

The key values that underpin what Laikipia University does are:

- ❖ Quality
- ❖ Integrity
- ❖ Respect

27 MAY 2015
Paper laid
By Hon Aden Duale -
Leader of Majority
on Wed 27/5/15
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TABLE OF CONTENTS

VISION AND MISSION.....	2
TABLE OF CONTENTS	3
GENERAL INFORMATION	4
MEMBERS OF THE UNIVERSITY COUNCIL	5
APPOINTMENT OF MEMBERS TO THE UNIVERSITY COUNCIL	6
UNIVERSITY SENIOR MANAGEMENT	7
CORE BUSINESS OF LAIKIPIA UNIVERSITY	8
STATEMENT FROM THE CHAIRMAN OF COUNCIL	9
STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS	10
STATEMENT FROM THE VICE CHANCELLOR	12
CORPORATE GOVERNANCE AND ETHICS	13
REPORT OF THE AUDITOR - GENERAL	14
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2013	16
STATEMENT OF COMPREHENSIVE INCOME	17
STATEMENT OF CHANGES IN RESERVES.....	18
STATEMENT OF CASH FLOW	19
NOTES TO THE FINANCIAL STATEMENTS	20

GENERAL INFORMATION

Establishment

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February 2013.

Registered Office and principal place of Business

Laikipia University
P. O. Box 1100,
Nyahururu
Along Nyahururu -Nakuru Road

Bankers

- | | |
|--|---|
| 1. Kenya Commercial Bank
Nyahururu Branch
P.O.Box 64-20300
NYAHURURU | 2. Kenya Commercial Bank
Nakuru Branch
P.O. Box 18- 20100
NAKURU |
| 3. Co-operative Bank of Kenya
Nyahururu Branch
P.O.Box 307-20300
NYAHURURU | 4. Co-operative Bank of Kenya
Nakuru Branch
P.O.Box 2982-20100
NAKURU |
| 5. Equity Bank
Nyahururu Branch
P.O. Box 1048-20300
NYAHURURU | |

Independent Auditors

The Auditor General
Kenya National Audit Office
P.O.Box30084-00100
NAIROBI

LOCATION

Laikipia University is located 11KMs from Nyahururu along the Nyahururu-Nakuru Road.

MEMBERS OF THE UNIVERSITY COUNCIL



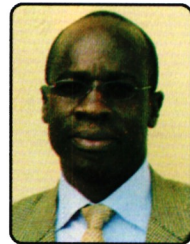
Prof. Abdullah N. Said, PhD.
CHAIRMAN



Ms. Margery Kabuya
MEMBER



Mr. Fredrick O. Ogana
MEMBER



Mr. Milton Njuki
MEMBER



Prof. Samuel K. Katia, PhD
MEMBER



Mr. Daniel M. Mutua
MEMBER



Ms. Joyce N.I. Ekuam
MEMBER



Ms. Betty Maina
MEMBER



Prof. Francis K. Lelo, PhD
VICE CHANCELLOR

APPOINTMENT OF MEMBERS TO THE UNIVERSITY COUNCIL

S/NO.	CURRENT MEM BERS	DESIGNATION	DATE OF APPOINTMENT
1	Prof. Abdullah N. Said	Chairman	27/02/2013
2	Margery Kabuya	Member	27/02/2013
3	Prof. Samuel Katia	Member	27/02/2013
4	Fredrick O. Ogana	Member	27/02/2013
5	Ms. Joyce N. I. Ekuam	Member	27/02/2013
6	Ms. Betty Maina	Member	27/02/2013
7	Daniel Mutua	Alternate for Principal Secretary, The National Treasury	27/02/2013
8	Mr. Milton Njuki	Alternate for Principal Secretary, Ministry of Education Science & Technology	27/02/2013
9	Prof. Francis K. Lelo	Vice Chancellor, Laikipia University	20/05/2013

	RETIRED MEMBERS	DATE OF RETIREMENT	
1	Mr. Kennedy Mbwaya	Former Chairman	27/02/2013
2	Dr. Paul Tergat	Former Member	27/02/2013
3	Job K. Cherutich	Former Member	27/02/2013
4	Elly Ong'ong'a	Former Alternate for Principal Secretary, Ministry of Education Science & Technology	27/02/2013
5	Stephen Ikiiki	Former Alternate for Principal Secretary, The National Treasury	27/02/2013
6	Prof. James K Tuitoek	Vice Chancellor Egerton University	27/02/2013
7	Michael N. Mugo	Non-Teaching Staff Representative	27/02/2013
8	Dr. Benedict Mutua	Senate Representative	27/02/2013
9	Francis K. Mugo	Alumni Representative	27/02/2013
10	Joel King'oina	Student's Representative	27/02/2013

UNIVERSITY SENIOR MANAGEMENT



Prof. Francis K. Lelo, PhD.
Vice-Chancellor



Prof. Isaac S. Kosgey, PhD.
Deputy Vice-Chancellor,
Administration, Finance & Development



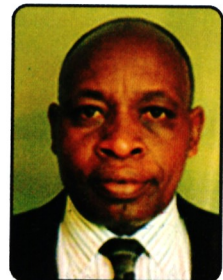
Prof. Robert K. Obura, PhD.
Deputy Vice-Chancellor,
Academics & Research



Mr. Joseph K. Kairu
Registrar Administration



Ms. Sophia Muchiri
Finance Officer



Dr. Raphael Kiugu, PhD.
Registrar, Academics Affairs

CORE BUSINESS OF LAIKIPIA UNIVERSITY

The main objectives of the University are stipulated in the Laikipia University Charter of 19th February 2013. Part II Sec 7(1) of the Charter provides the functions and objectives of the University which are;

- a) To provide directly, or in collaboration with other institutions, integration of teaching, research and effective application of knowledge and skills;
- b) Participate in scholarly work, discovery, transmission, utilization, preservation and enhancement of knowledge with a view to stimulating intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya;
- c) Establish centers of excellence, colleges, schools, faculties, institutes, departments, and other resource and administrative units as may be appropriate;
- d) Facilitate student and staff mobility between programmes of study at local, regional, and international universities and institutions;
- e) Participate in commercial ventures and activities that promote the objectives of the institutions;
- f) Foster the general welfare of staff and students;
- g) Develop and provide educational, cultural and professional services that foster corporate social responsibility in the University and collaborating institutions;
- h) Promote equity and social justice;
- i) Offer continuing professional development opportunities;
- j) Conduct examinations for and to grant and confer such academic awards as may be provided for in the Act and the Statutes;
- k) Establish a High Altitude International Sports Training Centre for training, teaching, research, and recreation;
- l) Contribute to sustainable development of Arid, and Semi-Arid Lands resources of Kenya;
- m) Engage in action research, extension and outreach; and
- n) Establish an Information, Communication and Technology hub in teaching, research, training, outreach and consultancy in the region and globally.

STATEMENT FROM THE CHAIRMAN OF COUNCIL

I am delighted to present the annual report and financial statements of Laikipia University for the year ended 30th June, 2013.

The demand for higher education in the country has continued to rise prompting the University to continually review its programmes in line with the market demand. The University will continue to reposition its main brands within the context of market requirements, customer satisfaction and cost rationalization. The need to meet this objective over years has remained the central focus of the University Council. Our current management focuses on expansion of the University while maintaining quality in line with our vision. In line with the GOK policy, the University has increased access to higher education through additional admission of students. This in effect has led to increase in operation costs and need for more physical facilities.

Future Outlook

Going forward, we will continue our growth strategy by expanding our business to transform the society. We will continue to support our satellite campuses to increase students' enrollment. In this regard, the University will continue to expand its facilities to accommodate more students.

Appreciation

Our results would not have been possible if it were not for the support we have received from our customers, government and other stakeholders. As the chairman, am indebted to my fellow Council members for their valuable support. I also wish to acknowledge the Senior Management and all staff for their dedication and commitment to the success of the University.

Thank you.



Prof. Abdullah N. Said, PhD
CHAIRMAN UNIVERSITY COUNCIL

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Laikipia University Council members are responsible for the preparation and presentation of the financial statements set out on pages 11 to 14 which comprise the statement of financial position for the year ended 30th June, 2013, statement of comprehensive income, statement of cash flow, statement of changes in reserves for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Council members responsibility includes: determining that the basis of accounting described in note 1, is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Laikipia University Charter requires the University Council to prepare statements for each financial year, which give a true and fair view of the state of affairs of the University at the end of the financial year and its operating results for that year. It also requires the council to ensure that the University keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. The University Council is also responsible for safeguarding the Assets of the University.

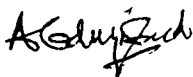
The University Council accepts the responsibility for the financial statements, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Accounting Standards. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University at 30th June 2013 and of its operating results.

The University Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate systems of Internal Financial Controls.

The Council has made an assessment of the University's ability to continue as a going concern and nothing has come to their attention to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The financial statements, as indicated above were approved by the University Council and were signed on its behalf by



Prof. Abdullah N. Said, PhD

CHAIRMAN OF COUNCIL



Prof. Francis K. Lelo, Ph.D

VICE- CHANCELLOR

STATEMENT FROM THE VICE CHANCELLOR

I have the pleasure to present the annual report and financial statements for Laikipia University for the year ended 30th June, 2013

Financial Review

The University relies heavily on the Government financial support in form of capitation. This is mainly because over seventy percent of our students are Government supported and their direct fees are still low compared to the differentiated unit costs for the various programmes. In expansion of teaching facilities, the Government had promised to give Kes 220 million in 2012/2013 and we are glad that this amount was increased to Kes 230 million. The funds have been used in the completion of multipurpose hall, construction of new library and administration block, the tuition block and lecture theaters. These facilities will provide the much needed lecture rooms for the smooth running of the institution. The University also received a total of Kes 447 million from the Government to finance its recurrent expenditure.

Business Environment

In our endeavor to meet customer expectations, we improved on our service charter with service level agreements. This not only will enable customers to know with precision what to expect from us, but also all staff will be able to deliver uniformity of quality service.

Future Outlook

Going forward, the strategies to sustain expansion and growth will include penetration in the market to increase the existing market share in Nyahururu, Naivasha and Mararal. At the same time, the University will continue to collaborate with other middle level colleges to achieve its mandate. The University is also setting up a satellite campus in Nairobi.

Appreciation

I take this opportunity to thank the University Council for their support to the University. I would also like to thank the Government for its support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by the University. Lastly, I would like to thank staff and students for their continued cooperation in this difficult task of building a new University.



Prof. Francis K. Lelo, Ph.D

VICE-CHANCELLOR

CORPORATE GOVERNANCE AND ETHICS

The University Council is responsible for the governance of the University and is accountable to the citizens of this country for ensuring that the University complies with the Law and maintains the highest standard of corporate governance, academic standards and ethics. Accordingly the council attaches great importance to the generally accepted corporate governance practices and the need to conduct the activities and operations of the University with integrity, quality and respect.

University Council

The University Council defines the University strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over financial, strategic, operations and compliance issues.

Council Meetings

The Council holds meetings on a regular basis while special meetings are called when it is deemed necessary to do so. The Council held 4 regular and 5 special meetings during the year under review.

Committees of the Council

The Council has set up five principal committees and one adhoc committee which meet under well defined terms of references as set up in Laikipia University Statutes. This is intended to facilitate efficient decision making of the Council. The committees are; Finance Investment & General Purposes, Audit, Governance and Risk Management, Human Resource Management, Academic, Research and Sealing, Staff Appointment's and Appeals and Grievances Handling which is an adhoc committee

**REPORT OF THE AUDITOR-GENERAL
REPUBLIC OF KENYA**

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oug@ougkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

**REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA UNIVERSITY FOR THE YEAR
ENDED 30 JUNE 2013**

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Laikipia University set out on pages 13 to 30, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in reserve and statement of cash flows 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.

The Council's Responsibility for the Financial Statements

The Laikipia University Council is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Council 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the constitution of Kenya. The audit was conducted in accordance with International Standards on 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 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 University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified Opinion

Property, Plant and Equipment

As previously reported, property, plant and equipment balance of Kshs.924,099,839 includes an amount of Kshs.194,835,000 representing the value of eighteen (18) parcels of land measuring 949,519 acres whose ownership documents have not been availed for audit verification despite the fact that allotment letters for the parcels were issued several years back.

Further, the University College has been allocated 5 acres of land by defunct Nyahururu Municipal Council, 100 acres by the defunct County Council of Laikipia and 600 acres by the defunct County Council of Samburu. Ownership documents for these parcels were not available for audit verification and their values are not included in the financial statements since they have not been valued.

In the circumstances, it has not been possible to confirm the ownership of land and that the property, plant and equipment balance of Kshs.924,099,839 is fairly stated as at 30 June 2013.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Laikipia University Act, 2012.

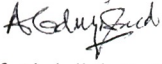




Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

22 August 2014

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

	NOTES	2013 Kshs.	2012 Kshs.
Non- Current Assets			
Property, Plant and Equipment	2	924,099,839	728,769,796
Library Books	3	3,849,398	2,214,771
Biological Assets	4	6,678,250	9,558,100
Total Non - Current Assets		934,627,487	740,542,666
Intangible Assets			
ERP Software	5	8,429,220	0
Current Assets			
Inventories	6	19,096,863	13,023,185
Accounts Receivables	7	138,331,825	83,460,952
Cash & Cash Equivalents	8	9,995,286	30,575,626
Total Current Assets		167,423,974	127,059,762
Total Assets		1,110,480,681	867,602,429
Current Liabilities			
Bank Overdraft	9	20,118,351	0
Accounts Payables - Short term	10 (i)	169,362,595	204,773,711
Total Current Liabilities		189,480,946	204,773,711
NET ASSETS		<u>920,999,735</u>	<u>662,828,718</u>
Financed By:			
Capital Reserve		887,257,518	656,771,756
Long Term Liabilities	10 (ii)	17,733,332	0
Revenue Reserves (Surplus)		16,008,885	6,056,962
Total		<u>920,999,735</u>	<u>662,828,718</u>
 Prof. Abdullah N. Said, PhD CHAIRMAN OF COUNCIL		 Prof. Francis K. Lelo, PhD VICE CHANCELLOR	
 Sophia W. Muchiri FINANCE OFFICER			

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE, 2013**

REVENUE	Notes	2013 Kshs.	2012 Kshs.
Government Grants (Recurrent)	11	447,608,000	312,508,000
Students' Fees	12	276,321,318	286,779,852
Other Incomes	13	17,517,340	6,287,619
Total		741,446,658	605,575,471
EXPENDITURE			
Staff Costs	14	481,710,609	385,496,831
Administrative Expenses	15	115,188,580	97,996,309
Academic & Research Expenses	16	90,895,566	89,185,534
Students Welfare	17	13,794,952	8,630,308
Council Expenses	18	6,914,311	9,190,179
Finance Charge	19	660,718	0
Depreciation	20	24,301,112	17,160,054
Total		733,465,848	607,659,215
Operating Deficit		7,980,811	(2,083,744)
Other Service Units			
Farm Profit	21	1,900,390	4,551,379
Catering Profit/Loss	22	(12,125)	263,150
Bookshop Profit	23	82,848	1,127
Total Comprehensive Surplus/(Deficit)		9,951,923	2,731,912

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30TH JUNE, 2013**

	Capital Reserve Ksh.	Revenue Reserve Ksh.	Total Ksh.
As at 1st July, 2011	484,435,448	3,325,050	487,760,498
Government Development Grants	172,336,308	0	172,336,308
Total Comprehensive Income	0	2,731,912	2,731,912
As at 30th June, 2012	656,771,756	6,056,962	662,828,718
As at 1st July, 2012	656,771,756	6,056,962	662,828,718
Government Development Grants	230,485,762		230,485,762
Total Comprehensive Income		9,951,923	9,951,923
As at 30th June, 2013	887,257,518	16,008,885	903,266,403

**STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30TH JUNE, 2013**

	2013	2012
	Kshs.	Kshs.
Operating Activities:		
Surplus/Deficit	9,951,923	2,731,912
Revaluation of Assets	0	0
Gain on Disposal of Assets	(644,700)	(624,400)
Adjustment for Depreciation	24,301,112	17,160,054
Operating surplus before working capital changes	33,608,335	19,267,567
Changes in Working Capital		
Increase/Decrease in Receivables	(54,870,873)	(49,612,716)
Increase/Decrease in Inventories	(6,073,678)	1,554,216
Increase/Decrease in Payables	(35,411,116)	153,366,738
Increase/Decrease in Biological Assets	2,879,850	6,217,337
Net changes in Working Capital	(93,475,817)	111,525,575
Net cash generated from operating Activities	(59,867,482)	130,793,142
Cash flows from Investing Activities		
Purchase of Non-Current Assets	(43,613,412)	(21,216,138)
Work in Progress	(186,081,591)	(275,825,564)
Proceeds from sale of Non-Current Assets	644,700	624,400
Net cash used in investing Activities	(229,050,303)	(296,417,302)
Cash Flows from Financing Activities:		
Government Development Grants	230,485,762	172,336,308
Proceeds from Long Term Borrowings	19,000,000	0
Repayments of Long Term borrowings	(1,266,668)	0
Net cash generated from Financing Activities	248,219,094	172,336,308
Increase/(decrease) in cash and Cash Equivalents	(40,698,691)	6,712,148
Cash & Cash Equivalents at Beginning of the Year	30,575,626	23,863,479
Cash & Cash Equivalents at the end of the period	(10,123,065)	30,575,626

Notes to the Financial Statements For the year ended 30 June, 2013.

1. 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 and Expenditure recognition

Revenue and expenditure have been accounted for using the accrual concept of accounting. Income is recognized in the period in which it is earned while expenditure is recognized when it is incurred. The revenue recognition is as follows:

i. Government Grants

Government grants are recognized as income in the period when received. Government grant is recognized only when there is a reasonable assurance that the entity will comply with any condition attached to the grant and that the grant will be received

ii. Tuition and Fees

Revenue from tuition and fees are recognized prorate over the relevant period. The entity applies accrual concept in relation to tuition and fees receivable in a particular

iii. Other incomes

Grants and donations in form of research grants and donations from Constituency Development Funds (CDFs) are recognized as income in the period it is received. The entity does not accrue un-received grants and donations unless there is a reasonable assurance to receive the funds. Income from collaborations is treated the same way tuition and fees are treated.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less any recognized impairment loss. Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during the estimated useful life, using the straight line method. Assets acquired during the year will attract full year depreciation while assets disposed during the year will not be charged the depreciation.

The annual rates used are as follows:-

Buildings	-	2.5%
Office Equipment	-	20%
Furniture & Fittings	-	12.5%
Plant, Machinery & Tractors	-	10%
Motor Vehicles	-	25%
Computer & Accessories	-	20%
Library Books	-	20%

d) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include direct materials and where applicable direct labour and those direct 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 any estimated cost of disposal.

e) Receivables

Receivables are recognized at their nominal value as reduced by appropriate allowances

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

f) Retirement Benefit Costs

The University College jointly with Egerton, Kisii and Chuka Universities operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University College. The University College also contributes to the National Social Security Fund (NSSF). Contributions to this fund are determined by the local statutes.

The contributions made to the above schemes by the University College are charged to the income statement during the year in which they relate

g) Biological Assets

Livestock are valued at the prevailing market rates.

Crops are valued at fair value less estimated point of sale costs. Formula for calculating the value of crops in the field is as follows:

$$V_c = \frac{D \times A \times YP \times SP}{MP}$$

Where:

V_c – Value of crop

D – Age in Days

A – Area in Acres

YP – Yield Potential of the crop

SP – Selling Price per 90-Kg Bag

MP – Maturity Period

h) Bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps taken to recover them are without success

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

i) Research and Development

Research and development expenditure is charged to income statement in the year it is incurred

j) Cash and Cash Equivalents

These are defined as cash on hand, bank balances, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and are not subject to any risks and changes in value.

For the purposes of the cash flow statement, cash and cash equivalent consist of cash, bank balances and short term investments.

k) Borrowing Costs

This includes interest on loan and has been charged as expenses in the year they have been incurred. The policy is to accrue all un-paid interest relating to the year under review.

l) Tax Exemption

The entity by virtue of being a public university and classified under the Public Benefit Organizations (PBOs) have been exempted from income tax. PBOs are exempted from income tax on income received from the activities of the organization, if the income is wholly used to support the public benefit purposes for which the organization was established and in this case to advance education by Public Universities.

m) Segmental Reporting

Reports from Farm, Catering and Bookshop Departments have been prepared as outlined by IFRS 8: Operating Segments. Results have been arrived at after taking into account revenue less expense of the segments and then recognizing their surpluses in the income statement.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

3. Non-Current Assets - Library Books

2011/2012	Library books	Total
Cost/Valuation	KSH	KSH
As at 1st July, 2011	9,179,214	9,179,214
Disposal		0
Additions	1,354,360	1,354,360
As at 30th June, 2012	10,533,574	10,533,574
Accumulated Depreciation		0
As at 1st July, 2011	7,379,485	7,379,485
Accumulated Depreciation on Assets Disposed		0
Depreciation Charge for the Year	939,318	939,318
As at 30th June, 2012	8,318,803	8,318,803
Net Book Value as at 30th June, 2012	2,214,771	2,214,771
2012/2013		
Cost/Valuation		
As at 1st July, 2012	10,533,574	10,533,574
Disposal		0
Additions	3,158,013	3,158,013
As at 30th June, 2013	13,691,586	13,691,586
Accumulated Depreciation		0
As at 1st July, 2012	8,318,803	8,318,803
Accumulated Depreciation on Assets Disposed		0
Depreciation Charge for the Year	1,523,385	1,523,385
As at 30th June, 2013	9,842,188	9,842,188
Net Book Value as at 30th June, 2013	3,849,398	3,849,398

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2013.

4 Biological Assets	2013	2012
Detail	Kshs.	Kshs.
Cattle	3,700,500	5,938,500
Poultry	0	227,900
Crops/Horticulture	0	225,000
Silage Maize Crop	546,875	1,339,200
Oats	637,875	0
Boma Rhodes in Field	1,393,000	792,000
Tree Nursery seedlings	400,000	1,035,500
Total	6,678,250	9,558,100

5. Intangible Assets

Cost/Valuation	ERP Software
	Kshs
As at 1st July, 2011	0
Additions	0
As at 30th June, 2012	0
Accumulated Amortization	
As at 1st July, 2011	0
Amortization Charge for the Year	0
As at 30th June, 2012	0
Net Book Value as at 30th June, 2012	0
Cost/Valuation	
As at 1st July, 2012	0
Additions	8,429,220
As at 30th June, 2013	8,429,220
Accumulated Amortization	
As at 1st July, 2012	0
Amortization Charge for the Year	0
As at 30th June, 2013	0
Net Book Value as at 30th June, 2013	8,429,220

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

6. Inventory Stores Summary By Classification As At 30th June 2013

Inventories	2013	2012
	Kshs.	Kshs.
Animal Feeds	0	407,744
C hemicals & Fertilizers	438,331	553,974
Cleaning Materials	1,394,246	865,445
Dry Foodstuff	649,546	568,188
Perishable Foodstuff	102,751	372,876
Med. Lab. Reagents	111,778	288,047
Medical Drugs	1,890,874	1,161,863
Science Lab. Reagents	829,457	182,344
Science Lab. Apparatus	1,084,840	0
Masonry Materials	1,380,758	240,395
Painting Materials	1,151,131	529,687
Plumbing Materials	594,688	755,654
Welding Materials	2,715,274	128,834
Carpentry Materials	1,273,639	964,314
Electrical Appliances	1,127,155	976,976
Harvested crop/Seeds	338,274	1,104,404
Stationery	2,297,781	2,137,178
Textbooks for Resale	488,848	555,212
Gift Shop Items	0	207,317
Tools & Spare parts	978,525	956,348
Diesel/ Lubricants	138,879	9,795
Vet Drugs	110,090	56,588
Total	19,096,863	13,023,185

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

7 ACCOUNTS RECEIVABLES	2013	2012
Details	Kshs.	Kshs.
Students' Fee Balances	94,900,245	65,944,289
Fee Receivable EU	1,862,823	3,678,413
Farm Debtors	644,087	648,156
Farm Debtors Auction (Cattle)	0	407,000
Kenya Seed Company	0	825,839
Bookshop Debtors	49,883	182,572
Medical Debtors	829,477	1,078,562
Salary Advance	427,094	542,395
Leasehold	415,900	396,750
Un-surrendered Imprests	2,989,637	5,561,634
Pre-payments(Electricity & Water Deposits)	3,239,904	2,389,904
Pre-paid Income Tax	0	1,425,967
Pre-paid Student Union Fund	263,775	379,470
G.O.K Capitation	32,709,000	0
Grand Totals	138,331,825	83,460,952

8 Cash & Cash Equivalent

Bank Balances	2013	2012
Account	Kshs.	Kshs.
KCB Nyahururu Main Account	0	16,666,942
KCB Nakuru Account	0	1,483,394
KCB Farm Account	489,797	2,633,643
KCB Bookshop Account	0	108,155
KCB Catering Account	537,216	244,420
KCB Development Account	1,986,944	142,224
KCB Research Account	39	518,039
KCB - CDF Account	250	496,050
KCB - Mararal CDF Account	4,021,446	0
KCB - Mararal Fees Account	40,198	0

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

Co -operative Bank Fees Account	0	6,511,718
Co -operative Bank Nyahururu Fees Account	860,559	0
Co -operative Bank - Marathon Account	828,964	417,844
Co -operative Bank - Gratuity/Caution Money A/c	814,988	0
Equity Bank Account	379,573	1,265,797
Total	9,959,973	30,488,226
Cash in Hand	35,313	87,399
Total	9,995,286	30,575,626

9 OVERDRAFT

Account	2013	2012
	Kshs.	Kshs.
KCB Nyahururu Main Account	16,324,192	0
Co-operative Bank Fees Account (702)	3,030,412	
KCB Nakuru Account (9080)	302,742	0
Co-operative Bank Naivasha Account	353,447	0
KCB Bookshop Account	107,560	0
Grand Total	20,118,351	0

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

10 ACCOUNTS PAYABLES**(i) Short term Payables**

Details	2013	2012
	Kshs.	Kshs.
Trade Payables	25,968,082	22,816,904
Audit Fees Payable	1,392,000	1,296,000
Contractors - Capital Projects	70,800,124	109,085,756
SSP Service providers	24,422,233	25,432,911
Part-time Lecturers	302,850	8,184,628
Students Caution Money	,380,008	3,996,000
Prepaid Tuition (Excess)	10,561,847	6,799,500
Salary deductions payable	26,858,448	21,834,639
Staff Gratuity Payable	194,808	950,133
Staff Medical Claims (Dental & Optical)	114,500	0
Other staff claims (Mileage & Sub)	367,704	1,464,765
Wages Payables		906,190
Staff Over Recoveries		3,665
Other Payables Reversed Cheques		2,002,620
Total	169,362,595	204,773,711

(ii) Long term Payables

	2013	2012
	Kshs.	Kshs.
Equity Bank Loan	17,733,332	0
Total	17,733,332.00	0.00

11 Government Grants

50050 GOK Recurrent	447,608,000.00	312,508,000.00
Sub-Total	447,608,000.00	312,508,000.00

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

12	FEES		
50010	Students ID	783,300.00	803,600.00
50030	Medical Charges	717,794.50	1,240,920.50
50060	Examination Fee	10,192,042.50	8,181,223.00
50065	Application Fee	2,004,600.00	2,573,350.00
50070	Registration	3,443,100.00	2,749,900.00
50072	Activity Fee	3,142,300.00	2,445,600.00
50075	Academic Gowns	69,700.00	70,000.00
50076	Alumni	0.00	19,200.00
50085	Academic Transcripts	19,800.00	34,300.00
50200	Library Fee	5,705,833.00	4,712,220.00
50290	Accommodation	5,341,634.00	6,966,060.00
50600	Tuition	227,720,284.20	246,045,951.85
50615	Conference Charges	2,167,820.00	166,505.00
50620	Students Medical Fee	4,814,110.00	3,455,195.00
50625	Computer Charges	78,800.00	236,330.00
50630	Material Development	8,597,000.00	6,635,997.00
50655	Students Supervision Fee	1,523,200.00	443,500.00
	Sub-Total	276,321,318.20	286,779,852.35
13	Other Income		
50015	Miscellaneous Income	510,639.80	505,321.90
50040	Collaboration Income	8,829,310.00	1,600,583.00
50090	Gain on Disposal of Assets	644,700.00	624,400.00
50120	Hire of Furniture	0.00	0.00
50180	Library Fines	75,527.00	14,394.00
50185	LUC Marathon	207,200.00	528,800.00
50640	Rent Income	737,600.00	646,420.00
50650	Grants & Donations	6,011,112.00	500,000.00
50810	Tendering Income	237,300.00	1,012,700.00
50930	Insurance Claim	0.00	855,000.00
50935	Interest Income on Fixed Deposits	263,951.15	0.00
	Sub-Total	17,517,339.95	6,287,618.90

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

14	Staff Costs		
	70010 Basic salary	229,540,020.10	170,097,473.10
	70020 NSSF (Employer)	735,200.00	516,600.00
	70025 Medical Allowances	8,056,259.80	7,343,594.75
	70030 Gratuity & Pension (Employer)	29,256,645.65	25,416,325.10
	70040 House Allowance	130,293,249.90	113,102,330.40
	70045 Other Personal Allow	27,257,769.05	45,398,947.65
	70060 Leave Travel	2,240,462.00	1,906,684.00
	70090 Commuting Allowance	35,758,576.35	0.00
	70100 Casual Labour	1,096,492.30	8,643,346.05
	70160 Passage & Baggage	1,288,499.00	1,685,459.60
	70210 Staff Development/Training	175,600.00	437,233.00
	70295 Group Life insurance	2,525,998.00	2,099,161.00
	70380 Staff Funeral Exp	243,700.00	408,650.00
	70850 Staff (Dental & Optical) Exp	723,819.00	846,819.30
	71030 Staff Med Exp (Hospitalization)	11,418,406.00	7,029,345.95
	71620 Staff Welfare	469,200.00	38,100.00
	71900 Staff Education Fund	630,711.85	526,761.00
	Sub Total	481,710,609.00	385,496,830.90

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

15	Administrative Expenses		
	70110 Travel & Subsistence	17,564,495.35	14,392,589.55
	70120 Office Stationery	4,645,519.00	3,368,131.00
	70125 Photocopying Expenses	505,943.00	0.00
	70130 Publishing & Printing	1,457,607.00	435,654.00
	70140 Advertising & Publicity	6,699,768.60	5,184,173.60
	70150 Postage & Telephone	1,936,101.60	1,557,003.00
	70170 Electricity Expenses	16,018,173.45	16,709,849.80
	70180 Official Entertainment	2,176,527.00	1,064,847.80
	70190 General Repairs	12,138,170.40	12,364,538.60
	70230 Vehicles Insurance	1,838,137.00	1,079,193.00
	70240 Cleaning Materials	1,662,766.60	1,023,282.00
	70250 Staff Uniforms	321,332.00	197,906.00
	70280 Bank Charges	1,487,107.76	805,660.53
	70290 General Insurance-Property	420,281.40	226,428.00
	70300 Legal Charges	593,235.00	23,600.00
	70320 Computer charges & Stationery	3,198,906.70	3,340,772.30
	70330 General Licenses	0.00	21,900.00
	70350 Audit Fees	696,000.00	696,000.00
	70420 Rents & Rates	17,152,776.80	13,386,771.00
	70445 External Travel (NTS)	389,255.00	478,969.25
	70500 Vehicle repairs	2,857,988.68	1,815,007.67
	70645 Transport operating Exp	3,340,566.00	2,754,874.00
	70655 Machinery repairs	24,800.00	101,462.00
	70815 Tendering Expenses	210,273.50	330,682.00
	71055 Cleaning & Sanitary Services	1,135,846.80	5,361,321.60
	71110 Maintenance of water & Sewerage	653,446.00	481,119.10
	71152 Contracted Professional Services	1,066,250.00	3,580,376.05
	71350 Office Running Expenses	1,219,895.00	1,876,243.80
	71509 Charter Launch	12,178,705.00	0.00
	71715 Performance Contracting	1,463,004.90	1,614,933.00
	71790 Public Celebrations	135,700.00	20,125.00
	72017 Automation Expenses	0.00	3,702,895.00
	Sub Total	115,188,579.54	97,996,308.65

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

16	Academic & Research		
70070	SSP Admin. Costs (Honorarium)	53,169,072.13	53,834,766.82
70145	Collaboration Expenses	159,175.00	119,334.00
70310	Grants & Donations (Bursary)	530,000.00	90,000.00
70321	Internet Services	3,201,414.40	2,132,428.92
70335	Scholarship Funds	0.00	0.00
70355	Research Programmes	2,425,895.90	1,281,302.00
70375	Senate Expenses	78,570.00	139,615.00
70455	Conference & Seminars	3,204,134.00	4,525,942.60
70505	Teaching Materials	1,405,740.50	1,918,898.00
70510	Examination Stationery	230,010.00	182,506.00
70515	Laboratory Materials & Reagents	703,137.40	300,000.00
70520	Graduation Expenses	617,271.00	420,446.00
70530	Sub sistance (Part Timers)	11,179,515.85	14,589,354.15
70535	Subsistence (External Examiners)	1,195,129.00	179,840.00
70550	Library Expenses	193,434.50	1,297,084.90
70565	Newspapers, Journals & Videos	1,507,995.00	2,116,878.00
71506	Academic Field Trips	3,473,316.00	2,177,438.00
71511	Academic Exhibitions	688,027.00	0.00
71805	Expenses of Boards & Committees	1,111,383.00	918,610.00
71980	Teaching Practice	5,822,345.00	2,961,090.00
	Sub Total	90,895,565.68	89,185,534.39
17	Students Welfare		
70440	LUC Marathon	3,275,299.00	1,965,844.00
70860	Students Medical Supplies	4,036,789.50	3,406,360.50
70950	Students Miscellaneous A/c	2,750,560.00	927,939.00
71498	Students Work - study	111,850.00	259,620.00
71517	Drama Festivals & Cultural Week	368,917.00	0.00
71519	Students' Counseling Expenses	579,199.00	0.00
71560	Games Exp. (Inter Universities)	2,672,337.80	2,070,544.00
	Sub Total	13,794,952.30	8,630,307.50

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2013.

18	Council Expenses		
	71800	Sitting Allowance	2,940,000.00 5,038,744.50
	71800	Mileage Allowance	1,427,797.80 1,779,533.70
	71800	Accommodation Expenses	134,000.00 759,300.00
	71800	Lunch Allowance	988,000.00 652,601.00
	71800	Honorarium	1,118,714.30 960,000.00
	71525	Council Expenses- Staff Sub	305,799.00 0.00
		Sub Total	6,914,311.10 9,190,179.20
19	Finance Charge		
	71520	Loan Interest	660,718.00 0.00
		Sub Total	660,718.00 0.00
20	Depreciation		
		Property, Plant & Equipment	22,777,726.84 16,220,736.00
		Library Books	1,523,385.04 939,318.27
		Sub Total	24,301,111.88 17,160,054.27

21 FARM TRADING, PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2013

Details	2013	2012
	Kshs.	Kshs.
Sales	6,423,310	12,752,820
Cost of Sales	3,691,721	5,281,584
Gross Profit	2,731,590	7,471,236
Expenses	831,200	2,919,857
Net Profit	1,900,390	4,551,379

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2013.

22 CATERING TRADING, PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2013

Details	2013	2012
	Kshs.	Kshs.
Sales	11,007,836	12,312,796
Cost of Sales	10,755,361	11,144,374
Gross Profit	252,474	1,168,422
Expenses	264,599	905,272
Net Profit	(12,125)	263,150

23 BOOKSHOP TRADING, PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2013

Details	2013	2012
	Kshs.	Kshs.
Sales	1,205,914	1,664,697
Cost of Sales	1,115,846	1,518,164
Gross Profit	90,068	146,533
Expenses	7,220	145,406
Net Profit	82,848	1,127

