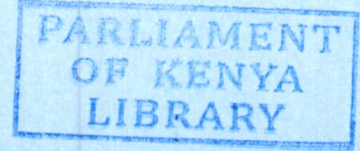


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



*Paper laid
By Hon. A. D. S. Mwangi
on Wed. 08.07.2015
(Pro) M M M*

**REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
MASENO UNIVERSITY**

**FOR THE YEAR ENDED
30 JUNE 2014**

KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI.

17 JUN 2015

RECEIVED



MASENO UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014**

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

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I. KEY ENTITY INFORMATION

1. OWNERSHIP AND STRUCTURE

The Institution is 100% owned by the Government of Kenya; the Ministry of Education, Science & Technology being the Parent Ministry.

2. ADDRESS

Maseno University
Head Office - College Campus on Kisumu-Busia Road
Private Bag
MASENO
Tel: 057-351622
Fax: 057-351221

3. BANKERS

Kenya Commercial Bank
Kisumu Branch

Standard Chartered Bank
Kisumu Branch

Equity Bank
Luanda & Kisumu Branches

4. AUDITORS

Auditor – General
Kenya National Audit Office
Anniversary Towers, University Way
P O Box 30084-00100
NAIROBI, KENYA

II. FUNDAMENTAL STATEMENTS OF THE UNIVERSITY

VISION STATEMENT

The University of Excellence in discovery and dissemination of knowledge

MISSION STATEMENT

To discover, harness, apply, disseminate and preserve knowledge for the good of humanity

OBJECTIVES

- To provide directly, or in collaboration with other institutions of higher learning, facilities for University education and research including technological, scientific and professional fields and research.
- To participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual participation of students and staff in the economic, social, cultural, scientific and technological development of Kenya and globally.
- To harness acquired knowledge of the natural, applied and social sciences to manage the environment and to conserve biodiversity.
- To conduct examination for and to grant such academic awards as may be, from time to time, provided for in the statutes
- To determine who may teach, what may be taught and how it may be taught in the University
- To play an effective role in the development and expansion of opportunities for the University Education.

CORE VALUES

Maseno University seeks to uphold the following values: “**REEQI**”

- **Relevance:** The University is committed to ensuring relevance in its programs and activities.
- **Excellence:** Excellence shall be targeted in outputs of the University
- **Equity:** The University shall ensure that there is equity in all the opportunities within its jurisdiction.
- **Quality:** All outputs and processes of the University shall ensure that quality is maintained.
- **Integrity:** The University shall ensure integrity in all their undertaking.

III. MEMBERS OF THE UNIVERSITY COUNCIL

CHAIR OF COUNCIL	Prof. Rosalind Mutua, PhD (Nairobi), OGW
VICE-CHAIRMAN OF COUNCIL	Mr. Daniel Shem Omino, BSc (Nairobi), MBA (Maastricht), OGW
VICE-CHANCELLOR	Prof. Dominic W. Makawiti, PhD. (London), MBA (Nairobi), EBS, HSC, FKNAS, FAAS
MEMBER	Dr. Ali Adan Ali, PhD (Nairobi)
MEMBER	Mrs. Wahu Kaara, BEd (Nairobi)
MEMBER	Mrs. Ruth Rukunga, BEd (Nairobi), MEd (Leeds)
MEMBER	Mrs. Norah Ferej, BEd (Starling, U.K), MEd (Illinois)
ALTERNATE TO PS. MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY	Dr. Nyang'ate Areba (Representative)
ALTERNATE TO PS. THE NATIONAL TREASURY	Mrs. Nancy Wachira (Representative)

IV. MANAGEMENT TEAM OF THE UNIVERSITY

CHAIRMAN OF COUNCIL	Prof. Rosalind Mutua, PhD (Nairobi), OGW
VICE-CHANCELLOR	Prof. Dominic W. Makawiti, PhD (London), MBA (Nairobi), EBS, HSC, FKNAS, FAAS
DEPUTY VICE-CHANCELLOR	Prof. Catherine A. Muhoma, PhD (Witwatersrand) (Ag.) (Administration, Finance & Development)
DEPUTY VICE-CHANCELLOR	Prof. Madara Ogot, PhD (Penn State), MKNAS (Academic & Students Affairs)
DEPUTY VICE-CHANCELLOR	Prof. George Mark Onyango, PhD (Bremen), MKIP (Planning Research & Innovation)
PRINCIPAL, KISUMU CAMPUS	Prof. Sussy Gumo Kurgat, PhD (Maseno) (Ag.)
FINANCE OFFICER	Ms. Florence A. Odhiambo, BCom (Nairobi) (Ag.)
UNIVERSITY LIBRARIAN	Mr. Philemon Odongo, MSLS (Catholic University of America) (Ag.)
REGISTRAR (Administration)	Mr. Mathew O. Onyango, BEd (Nairobi), MEd (Manchester).
DEPUTY REGISTRAR (Academic Affairs)	Mr. Charles N. O. Kwach BEd (Nairobi). (Ag.)
HEAD, MEDICAL SERVICES	Dr Vitalis Ouko Ogilo, MBChB (Nairobi), MPH (Maseno) (Ag.)
LEGAL OFFICER	Ms. Elizabeth Ayoo, LLB (Moi), Dip Law (KSL), LLM (UNISA)

V. CHAIRMAN'S STATEMENT

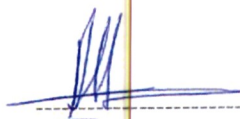
I take great pleasure in presenting the financial statements for 2013/2014 of Maseno University. This financial statement marks the third year of the implementation of our Strategic Plan 2011-2017. It is prepared in conformity with Article 81 of the Public Finance Management Act, 2012 which commenced on 27th August 2012.

Maseno University continues to be committed to its Mission and Vision. In the recent web rankings Maseno University was position two in Kenya and 31 in Africa. I am pleased to report that the University has continually focused its attention to quality teaching and research as well as prudent financial management since its inception. Substantial revenues have also been realized from various University campuses as well as the innovative e-campus programmes.

However, major challenges continue to face the institution. These include under capitation which has affected our operations adversely within the University. We look forward to increased funding especially on capital grants to enable us discharge our mandate effectively.

We are confident and satisfied that with continued prudent management of resources and an increase in Government grants and engagement of private sector through (Public Private Partnerships (PPPs), Maseno University will develop into a leading University and a competitive centre of excellence in Kenya.

I wish to thank the Chancellor, Council members, the Vice-Chancellor and the staff for their dedication and support. I would also like to commend the student body for their cooperation and understanding, which has contributed greatly to the stability and growth of the University. With the support of all stakeholders we look forward to even greater achievements.



Professor Rosalind Mutua PhD (Nairobi), OGW
Chairman, Maseno University Council

sh
29 August 2014

Date

VI. REPORT OF THE VICE-CHANCELLOR

Maseno University's performance during the year under review was good in the face of the financial constraints faced during the year. The Government capitation, which is the University's main source of income, has remained essentially at the same level despite the significant increase in prices of goods and services and the continued growth in student population. Expansion in student population requires financing of physical facilities as well as human resource capacity. This has placed a strain on the limited financial resources of the University.

The limited funding resulted in a budgetary deficit which has led to strained cash flow position. As the University has faced the challenge of meeting its operating costs adequately, a number of capital projects remain uncompleted.

To overcome these challenges the University looks forward to a review of the funding from the Government to match the economic situation and the increased enrolment. The University has also put in place measures to revitalize the University's other existing revenue streams and has put up strategies on revenue realization from its major sources.

I wish to thank the Government, the Council, staff, parents, students, local and international partners and all our stakeholders for their contributions and support during the year. We look forward to the future with renewed optimism and count on your continued support.



Professor Dominic W. Makawiti, PhD, EBS, HSC, FKNAS, FAAS
Vice-Chancellor

29th August 2014
Date

VII. MANAGEMENT REPORT

The annual financial statements for the year ended 30th June, 2014 presents the performance of the University during the period 1st July, 2013 to 30th June, 2014, as represented by the statement of comprehensive incomes, the financial position of the University as at that date.

These statements are prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs). Further, the statements incorporate the requirements of the newly enacted Public Finance Management Act 2012 (hereinafter, the Act) which came into force in August 2012.

The actual revenue and expenditure items for the period have been presented line by line with those of the last financial year (2012/13) as required by accounting standards.

There have been adjustments to prior year period's figures in circumstances where the new International Public Sector Accounting Standards required a different treatment.

1. REVENUES

There has been a 27% growth in recurrent revenue in the year 2013/14 in comparison to previous year 2012/13 from Kshs. 2,349,575,350 to Kshs. 2,979,105,176 this growth was buoyed by receipt of grants for the 2010-13 CBA.

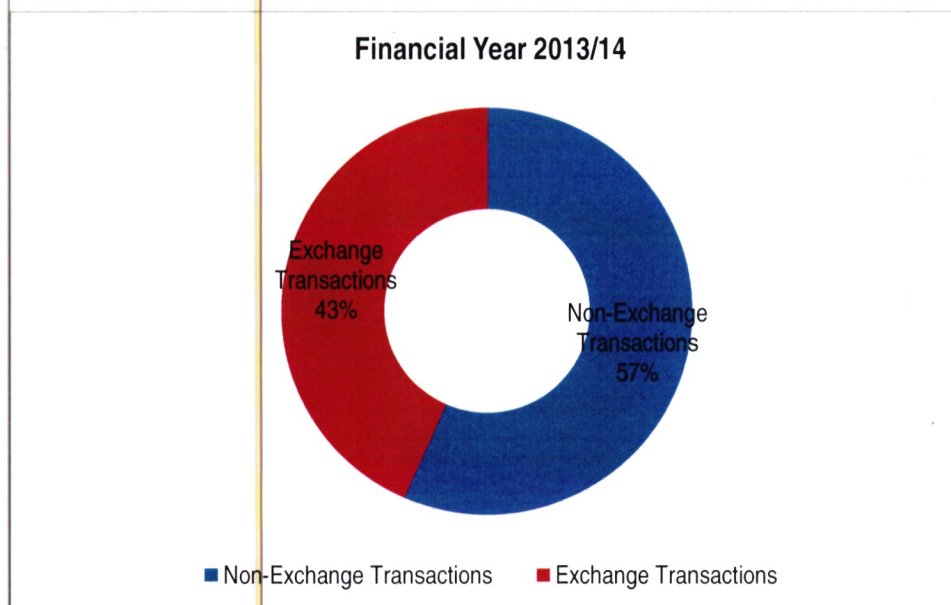


Figure 1: Distribution of Income

Maseno University
Financial Statements For The Year Ended 30th June, 2014

During the year 2013/14, the University received a total of **Kshs. 1,416,499,466** in Capitation grants up from **Kshs. 1,305,682,765** received in the year 2012/13. Additionally the University received a total of **Kshs. 205,042,481** towards the settlement of the 2010-13 CBA and **Kshs. 63,592,200** being receivable from the Inter Public Universities' Council Consultative Forum (IPUCCF) for the same.

The University collected an additional **Kshs. 1,293,971,029** from tuition fees and its income generating units. This represents a **24%** growth from the 2012/13 Financial Year revenue collection of **Kshs. 1,043,892,585**.

2. Expenses

The University incurred **Kshs. 2,999,703,698** on recurrent expenses for the year 2013/14 a **20%** increase from the year 2012/13.

Table 1: Expenditures 2013/14

	Actual 2013/14	Actual 2012/13
	Kshs	Kshs
Employee Costs	2,189,643,468	1,692,259,764
Council Expenses	18,788,848	21,740,544
Operations and other Related expenses	791,271,382	776,662,825
Total Expenditure	2,999,703,698	2,490,663,133

The biggest expenditure item relates to employee costs making up **73%** of total expenditure. During the year the University strived to keep its operating expenditures within the budget. Effort is being made to see that this is sustained even in the coming financial years.

3. Conclusion

The University's revenues during the year 2013/14 grew by **25%** as compared to the previous year. However, due to increase in student numbers and as a result of unremitted funds to provide for the double intake expenses remained above the revenue.

VIII. STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council are also responsible for safeguarding the assets of the University.

The Council are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council are of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2014, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

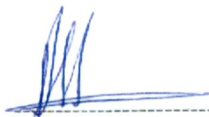
Maseno University

Financial Statements For The Year Ended 30th June, 2014

Nothing has come to the attention of the Council 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 Maseno University's financial statements were approved by the University Council on 29th August, 2014 and signed on its behalf by;



Professor Rosalind Mutua, PhD (Nairobi), OGW
Chair, Maseno University Council

Date ^{dk} 29 August 2014

REPUBLIC OF KENYA

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E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MASENO UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Maseno University set out on pages 9 to 32, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets 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.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion of these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with the 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 judgment, 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 management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Financial Position

The Statement of Financial Performance for the year ended 30 June 2014 reflects a deficit of Kshs.20,598,522 (2012/13 – Kshs.141,087,783). Further, the current liabilities of Kshs.459,125,122 exceeded the current assets of Kshs.450,733,929 resulting in a negative working capital of Kshs.8,391,193. The University is therefore technically insolvent and if strategies are not put in place to reverse the trend, the University may face financial difficulties in its future operations as its continued operations is dependent on the support of Government and Creditors.

2. Property, Plant and Equipment

(i) Self-Catering Student Accommodation (Vet Farm)

As similarly reported in the previous year, the property, plant and equipment balance of Kshs.2,295,190,620 as at 30 June 2014, includes Work in Progress balance of Kshs.644,688,989 out of which an amount of Kshs.238,222,122 is in respect of construction of four hundred (400) units of self-catering students accommodation. According to information available, the project was undertaken through a system referred to as 'labour contract' which involved buying of building materials by the University while contracting out the labour component. Records also made available indicate that the cost of the project was estimated at Kshs.167,000,000, while the cost to date is Kshs.238,222,122 leading to a cost overrun of Kshs.71,222,122 (30%). The project has been completed and has been put to use but has not been transferred to completed buildings and subjected to depreciation accordingly.

(ii) Work in Progress

As similarly reported in the previous year, the work in progress of Kshs.644,688,989 as at 30 June 2014 includes Kshs.58,377,188 and Kshs.22,477,085 for Millennium Lecture Halls and Management Information Systems respectively. The projects have been completed and are in use but have not been transferred from the Work in Progress. Further, included in the work in progress is Kshs.12,770,903 for the construction of the graduation pavilion whose contract terms and procurement documents were not availed for audit review. The loss for the year under review consequently has been understated by undetermined amount chargeable as depreciation for the projects which have been completed but have not been capitalized.

In addition, the work in progress figure of Kshs.644,688,989 as at 30 June 2014 includes Kshs.209,524,340 being cost of construction of a library. According to information available, the project is being undertaken through a system referred to as

'labour contract' which involves buying building materials by the University while contracting labour component. However no bills of quantities were availed for audit review. Further, the project was to take a duration of 56 weeks, but as at 30 June 2014, the construction had taken 268 weeks and is yet to be completed as it has since stalled. Management has indicated that the project has been re-tendered. The Work In Progress figure of Kshs.644,688,989 as at 30 June 2014 also include Kshs.39,919,253 used for the sewerage project, which stalled at the excavation level.

Consequently, the accuracy and completeness of work in progress figure of Kshs.644,688,989 as at 30 June 2014 could not be ascertained.

(iii) Land

As similarly reported in the previous year, the property, plant and equipment balance of Kshs.2,295,190,620 as at 30 June 2014 excludes five (5) parcels of land measuring 115 hectares with undetermined value, situated at Kisumu City and Maseno Township. Similarly, as reported in the previous year 2012/2013, the University incurred an expenditure of Kshs.125,000,000 in the year 2010/2011 for the purchase of a parcel of land under ref. no. 12/55 measuring 0.4181 hectares in Kisumu City. However, and according to information available, the expenditure had not been factored in the budget for that year, contrary to Section 12 of the State Corporations Act, Cap 446.

Consequently, it could not be confirmed that the property, plant and equipment balance of Kshs.2,295,190,620 as at 30 June 2014 is fairly stated.

4. Receivables from Exchange Transactions

The University debtors increased from Kshs.43,507,263 as at 30 June 2013 to Kshs.67,328,298 as at 30 June 2014. The University failed to maintain a debtor's ledger for Kisumu Hotel, Varsity Plaza and sundry and book shop debtors. In addition, included in receivables are outstanding imprests totalling Kshs.27,295,932 which ought to have been accounted for or surrendered by the same date. Management did not explain why the imprests were not surrendered or accounted for by 30 June 2014 and therefore contravened the existing regulations on issuance and accountability of imprests.

The accuracy and recoverability of receivables balance of Kshs.67,328,298 and the propriety of outstanding imprest's balance of Kshs.27,295,932 as at 30 June 2014 could not be confirmed.

5. Payables

During the year under review, the trade and other payables increased from Kshs.159,872,730 as at 30 June 2013 to stand at Kshs.308,195,122 as at 30 June 2014. The University failed to maintain creditor's ledgers. The financial statements under note 19 reflected Kshs.140,713,746 as trade payables while the schedule provided for audit review shows a balance of Kshs.145,032,282 leading to un-reconciled variance of Kshs.4,318,536. Further, the management did not provide documentary evidence to support the increase of pension & gratuity of

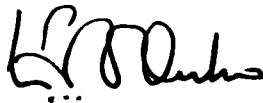
Kshs.60,931,580. In the absence of creditor's ledgers, the balance of Kshs.308,195,122 reflected in the financial statement could not be confirmed.

6. Council Expenses

As similarly reported in the year 2012/2013, the council expenses figure of Kshs.727,780, Kshs.545,600, Kshs.150,000, Kshs.280,000, Kshs.1,937,367 and Kshs.2,300,000 for other payments, hotel accommodation, contingencies, payroll payments, undescribed payments and payments to three officers respectively were not supported. Further, attendance registers for six council meetings were not availed for audit review. In addition Kshs.430,000 was paid as sitting allowance to staff members, but no documentary evidence supporting the expenditure was availed for audit review by management and no recovery action had been taken by management for the irregular payments of sitting allowance to staff.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the University Act, 2012.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL


Nairobi

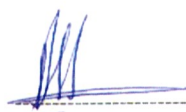
9 June 2015

IX. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

		2013/14	2012/13
		Kshs	Kshs
Revenue from non-exchange transactions			
Government Capitation Grants	3	1,416,499,466	1,305,682,765
Funds received to pay salary arrears	3	137,900,000	-
Declared balances- IPUCCF Redistribution	3	130,734,681	-
		1,685,134,147	1,305,682,765
Revenue from exchange transactions			
Tuition Fees	4	961,970,137	751,306,040
Revenue from University Enterprises	5	146,714,088	161,232,513
Other income	6	185,286,804	131,354,032
		1,293,971,029	1,043,892,585
Total revenue		2,979,105,176	2,349,575,350
Expenses			
Employee Costs	7	2,189,643,468	1,692,259,764
Council Expenses		18,788,848	21,740,544
Audit Expenses		180,000	870,000
Depreciation	8	95,807,311	96,550,572
Operations Expenses	9	428,161,224	433,518,439
University Enterprises Expenses	10	77,590,168	63,691,530
Repairs and maintenance	11	44,868,299	64,780,061
General expenses	12	144,664,380	117,252,224
Total expenses		2,999,703,698	2,490,663,133
Surplus/(Deficit)		(20,598,522)	(141,087,783)

The notes set out on pages 14 to 31 form an integral part of the Financial Statements.



Prof. Dominic W. Makawiti
Vice-Chancellor

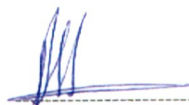

Professor Rosalind Mutua, PhD (Nairobi), OGW
Chair, Maseno University Council

XII. STATEMENT OF FINANCIAL POSITION
As at 30th June 2014

		2013-2014	2012-2013
	Note	Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	270,293,875	22,233,791
Receivables from exchange transactions	14	67,328,298	43,507,263
Receivables from non-exchange transactions	15	63,592,200	-
Inventories	16	49,519,556	48,403,563
		450,733,929	114,144,617
Non-current assets			
Property, plant and equipment	17	2,295,190,620	2,355,175,976
Biological Assets	18	7,747,525	7,419,410
		2,302,938,145	2,362,595,386
Total assets		2,753,672,074	2,476,740,003
Liabilities			
Current liabilities			
Payables	19	308,195,122	159,872,730
Provision for Audit Fees	21	930,000	1,620,000
Bank Loan -KCB	22	150,000,000	-
		459,125,122	161,492,730
Non-current liabilities			
Students Caution Money	20	8,151,300	8,253,100
Total liabilities		467,276,422	169,745,830
Net assets			
Capital Fund		2,286,395,652	2,306,994,173
Accumulated Surplus		2,020,384,565	2,020,384,565
		266,011,088	286,609,610
Total net assets and liabilities		2,753,672,074	2,476,740,003

The Financial Statements set out on pages 1 to 31 were signed on 29th August, 2014 on behalf of the Council by:


Prof. Dominic W. Makawiti
Vice-Chancellor


Professor Rosalind Mutua, PhD (Nairobi), OGW
Chair, Maseno University Council

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	Capital Fund	Accumulated surplus	Total
	Kshs	Kshs	Kshs
Balance as at 30 JUNE 2012	1,990,661,856	427,697,393	2,418,359,249
Capital Grants	29,722,709	-	29,722,709
Surplus/(deficit) for the period		(141,087,783)	(141,087,783)
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 JUNE 2013	2,020,384,565	286,609,610	2,306,994,175
			-
Surplus/(deficit) for the period		(20,598,522)	(20,598,522)
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 JUNE 2014	2,020,384,565	266,011,088	2,286,395,653

XIV. STATEMENT OF CASHFLOWS

For the year ended 30 June 2014

	Note	2013/14 KShs	2012/13 KShs
Cash flow from operating activities			
Surplus/(Deficit) for the year		(20,598,522)	(141,087,783)
Adjustments for non-cash and non-operating activities			
Depreciation		95,807,311	96,550,572
Provisions - Audit Fees		180,000	870,000
Profit on sale of Fixed Assets		-	(1,601,011)
(Increase)/Decrease in Biological assets		(328,115)	2,920,455
Interest Received		(2,492,397)	(2,253,644)
Operating Profit before working capital changes		72,568,277	(44,601,411)
Changes in Working Capital			
(Increase)/Decrease in Inventory		(1,115,993)	15,976,218
(Increase) / Decrease in Receivables		(87,413,235)	(12,224,707)
Increase /(Decrease) in Payables		148,322,392	(8,552,432)
Net changes in working capital		59,793,164	(4,800,921)
Cash Generated from Operations		132,361,441	(49,402,332)
Return on investing & Servicing Finance			
Interest Received		2,492,397	2,253,644
Cash flow from Investing Activities			
Acquisition of Fixed Assets		(35,821,956)	(117,612,998)
Payment of Audit Fees		(870,000)	-
Proceeds from sale of Motor Vehicles		-	2,345,000
		(36,691,956)	(115,267,998)
Cash flow from Financing Activities			
Development Grants -GOK		-	29,722,709
Redemption of Investments in Treasury Bonds		-	10,000,000
Proceeds from Bank Loan		150,000,000	-
Caution Money Refund-Aggregate		(101,800)	(137,800)
		149,898,200	39,584,909
Increase/(Decrease) in Cash & Cash Equivalents		248,060,082	(122,831,778)
Cash & Cash Equivalent at 1st July 2013		22,233,792	145,065,570
Cash & Cash Equivalent at 30th June 2014		270,293,874	22,233,792
Represented by:			
Bank balances and Guarantee	13	221,778,381	(4,331,983)
Cash balances	13	1,098,784	1,209,811
Cash and cash balances		222,877,165	(3,122,172)
Short Term Deposits	13	47,416,710	25,355,963
		270,293,875	22,233,791

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget 2013-2014	Adjustments 2013-2014	Final budget 2013-2014	Actual on comparable basis 2013-2014	Performance difference 2013-2014
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government Capitation Grants	1,398,000,000		1,398,000,000	1,416,499,466	18,499,466
Government Grant for CBA 2010-2013	-	268,634,681	268,634,681	268,634,681	-
Tuition Fees	833,821,560		833,821,560	961,970,137	128,148,577
Other income	385,173,538		385,173,538	332,000,892	(53,172,646)
Total income	2,616,995,098	268,634,681	2,885,629,779	2,979,105,176	93,475,397
Expenses					
Employee Costs	2,161,483,805	-	2,161,483,805	2,189,643,468	28,159,663
Council Expenses	26,354,000	-	26,354,000	18,788,848	(7,565,152)
Audit Expenses	900,000	-	900,000	180,000	(720,000)
Depreciation	95,807,311	-	95,807,311	95,807,312	-
Operations Expenses	457,103,697		457,103,697	428,161,224	(28,942,473)
Repairs and maintenance	55,969,600		55,969,600	44,868,299	(11,101,301)
University Enterprises Expenses	67,140,000		67,140,000	77,590,168	10,450,168
General expenses	95,850,000		95,850,000	144,664,380	48,814,380
	2,960,608,413	-	2,960,608,413	2,999,703,699	39,095,286
Surplus for the period	(343,613,315)	268,634,681	(74,978,634)	(20,598,523)	54,380,111

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

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

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

Revenues from non-exchange transactions (Government grants) are measured at fair value and recognized on obtaining control of the asset.

The University recognizes revenues from non-exchange transactions from other entities (non-government) when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services- Tuition Fees

The entity recognizes revenue from rendering of services by reference to the stage of study when the academic year can be estimated reliably.

b) Investment property – IPSAS 16

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

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

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

c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on the straight-line basis to write the cost of its residual values over its estimated useful life, except for Motor Vehicles as below:

Motor Vehicles	- 20% per annum on Cost after allowing for 10% Residual value on the Purchase price.
Plant & Equipment	- 12.5% per annum on Cost
Furniture & Fittings	- 12.5% per annum on Cost
Buildings	- 2.5 % per annum on Cost
Land	- not depreciated as it is deemed to have an indefinite life

Gains and Losses on disposal of property, plant & equipment are determined by reference to their carrying amount and are taken into account in determining the operating profit.

d) Leases – IPSAS 13

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

e) Intangible assets–IPSAS 31

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

f) Research costs

The Entity expenses research costs as incurred.

g) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are subsequently measured at cost, less impairment. Losses arising from impairment are recognized in the surplus or deficit.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

h) Inventories – IPSAS 12

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

i) Provisions – IPSAS 19

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

j) Changes in accounting policies and estimates – IPSAS 3

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

k) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees. Defined contribution plans are postemployment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

l) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

m) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

n) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise members of the University Council.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

p) Comparative figures

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

q) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets

and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in **Note 21**.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

r) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

3. Transfers from Government

		2013/14	2012/13
		KShs.	KShs.
	Unconditional grants		
	Operational grant- Capitation	1,416,499,466	1,305,682,765
	Funds Received to Pay Salary Arrears	137,900,000	
	Declared Balances – IPUCCF Redistribution	130,734,681	
		1,685,134,147	1,305,682,765
	Conditional grants		
	Development grant	-	-
	Total government grants and subsidies	1,685,134,147	1,305,682,765
	Government grants and subsidies - Operating	1,685,134,147	1,305,682,765
	Total government grants and subsidies	1,685,134,147	1,305,682,765

The figure for declared balances consists of the amount allocated to the University for the CBA implementation. This amount is outstanding from amounts that had not been utilised by other Universities for paying salary arrears; the unutilised amount was to be paid into a kitty which will then be redistributed. Out of this kitty the University was allocated **Kshs. 130,734,681** of which **Kshs. 67,142,481** had been received by the year end.

4. Tuition Fees

		2013/14	2012/13
		KShs.	KShs.
	Tuition Fees Incomes		
3100	JAB Tuition Fees	189,364,450	172,452,010
3200	Direct Entry - Tuition Fee	358,894,682	343,840,557
3401	Postgraduate Fees	45,416,149	
		593,675,281	516,292,567
3251	BBA/BA -Eve - Tuition Fee	102,435,013	56,992,321
3300	M.Ed - Tuition Fee	7,187,279	9,363,685
3301	Master of Arts Tuition Fees	13,967,060	13,693,200
3310	Certificate Courses City Campus	6,713,550	5,085,877
3312	PGDE - Tuition Fees	2,661,400	1,193,100
3320	MPH- Tuition Fees	13,079,780	12,637,050
3321	MSc - Tuition Fees	4,184,550	4,175,000
3323	MBA - Tuition Fees	15,234,132	14,256,150
3324	B.ED Fees City Campus	12,240,040	6,423,550
3325	Bsc. City campus	19,010,662	7,452,300

3331	Diploma Fees City campus	27,427,449	23,759,055
3351	PhD - Tuition Fee	284,500	1,216,047
3390	Application fees City Campus	2,602,800	2,570,400
3391	Miscellaneous City Campus	457,775	444,594
	Sub-totals: Tuition fees	227,485,990	159,262,329
3382	E-learning	60,945,516	22,047,096
3703	Homa bay Tuition Fees	71,545,678	49,345,988
3704	PGDE Homa Bay	-	-
3900	Collaborations (IAT, RIBM, KISE)	8,317,672	4,358,060
		140,808,866	75,751,144
	Total Revenue from Tuition Fees	961,970,137	751,306,040

5. Revenue from University Enterprises

3392	Varsity Plaza Restaurant	3,184,346	-
3802	Bookshop sales	8,779,192	8,202,158
3813	Farm Sales	3,807,036	3,138,423
3827	Farm Catering(Bamboo)Sales	892,240	1,551,887
3870	Kisumu Hotel Restaurant sales	53,590,515	40,577,281
3874	Kisumu hotel bar sales	16,612,437	10,999,894
3876	Hotel and Stationary sales	-	1,328,730
3881	Kisumu Hotel equipment Hire	280,600	383,920
3882	Kisumu Hotel Laundry Charges	156,565	160,755
3885	Kisumu Hotel- Hall Hire	7,711,290	5,207,080
3887	Kisumu Hotel swimming pool charges	779,790	589,130
3888	Kisumu Hotel Pool Bar sales	1,289,353	2,005,400
3891	Kisumu hotel Tel, fax, internet & Airtime Sales	528,173	995,268
3895	Kisumu Hotel -Room Income	49,102,551	85,900,100
3896	Kisumu Hotel Kitchen salvage	-	192,487
	Total of University Enterprises Income	146,714,088	161,232,513

6. Other Incomes

3407	Accommodation Fees	25,834,699	28,929,950
3414	Convocation Fees	5,662,500	2,129,000
3422	Direct Entry Form Sales	966,000	1,035,500
3501	House Rent Income	4,131,547	4,502,584
3502	Imprest Recovery	1,381,536	1,267,263
3503	Imprest Under Exp.	3,051,001	196,158
3505	Salary Pay- In lieu of notice	508,392	-
3507	Staff Surcharge/Fines	230,280	210,310
3509	Varsity Plaza rental	18,435,654	13,384,323
3606	Research grants	88,659,814	48,412,499

3702	Other Revenue Donations	-	136,380
3803	Tender Document Sales	450,328	2,036,501
3805	Library Fines & Books Disposal	201,169	141,654
3807	Misc Income	94,182	384,580
3809	Water Sales	218,167	230,750
3810	City Campus cafeteria	2,792,827	5,545,001
3816	Interest Income	2,492,397	2,253,644
3817	Catering Food Sales	15,176,209	13,254,990
3818	Misc. Income-Health	569,834	150,935
3819	Interest on treasury bond	-	-
3821	Shuttle Income	239,300	514,965
3825	Motor vehicle disposal	-	1,601,011
3831	Sale Of Postgrad. Forms	432,500	402,000
3837	Photocopying - Library	51,360	87,456
3838	Other Incomes	4,573,857	655,643
3839	Insurance Rebates	4,186,683	-
3843	I.G.A. - Tent Food Sales	4,034,670	2,041,480
3851	Accom. Guest House-Iga	57,100	323,010
3857	T.P. Lesson Plan	185,760	217,040
3873	Library Binding Services	563,590	715,710
3877	MITC - Income	105,448	3,514,150
3899	Gain on Biological Assets	-	(2,920,455)
	Total revenue from Other incomes	185,286,804	131,354,032
	Total revenue from exchange Transactions	1,293,971,029	1,043,892,584

7. Employee costs

		2013/14	2012/13
		KShs.	KShs.
4101	Basic Emoluments	1,085,822,537	723,753,609
4102	House Allowance	451,686,822	402,135,031
4103	Car Allowance + non use of official car	19,337,009	26,137,908
4104	Entertainment allowance	16,986,222	12,046,781
4105	Responsibility Allowance	18,270,936	17,163,783
4106	Telephone Allowance	6,663,507	6,595,080
4107	Water & Electricity Allowance	4,693,192	4,411,008
4110	Non-practicing allowance	5,099,839	5,040,000
4111	Book Allowance	4,793,600	-
4112	Leave Allowance	5,361,576	5,905,737
4113	Commuting allowance	131,961,562	115,974,241
4114	Risk Allowance	3,804,005	3,965,484
4115	Hospital visit allowance	48,900	113,400

4116	Passage and Baggage allowance	1,625,928	377,878
4117	Gratuity & Retirement Benefits	153,570,910	154,221,726
4118	Part-time Teaching Payments	208,347,022	165,650,100
4119	Examination coordination	466,000	4,776,166
4120	Thesis Examination	7,203,504	-
4121	Domestic workers	3,185,000	3,240,000
4124	Research/Book Allowance	32,200	4,268,700
4257	Casual Wages	6,485,323	8,826,614
4125	Other Allowances- Extraneous allowance	23,916,517	27,656,518
4126	eLearning Module Development	27,108,875	-
4127	Call Allowance	2,836,486	-
4128	MUERC Allowances	324,000	-
4129	Insurance Relief	11,996	-
	Total Employee Costs	2,189,643,468	1,692,259,764

8. Depreciation and amortization expense

	2013/14	2012/13
	KShs.	KShs.
Buildings	42,776,114	42,776,114
Motor Vehicles	7,007,206	7,007,206
Plant and Equipment	40,693,218	42,214,383
Furniture and Fittings	5,330,774	4,552,869
Total depreciation	95,807,311	96,550,572

9. Operations expenses

	2013/14	2012/13	
	Kshs.	Kshs.	
4201	Stationery & Stores	17,282,535	13,629,228
4202	Travelling & Accommodation	11,829,848	16,308,930
4204	Teaching materials	10,428,052	2,836,778
4205	Computer Materials	9,079,746	1,653,791
4208	Office Entertainment	1,638,689	1,826,757
4213	Field Trips/Industrial Attach.	20,562,705	19,548,176
4216	Supply of Electricity	35,783,263	30,691,885
4218	Students Welfare & Games, Music	760,000	1,342,000
4220	Students Activity	10,624,600	5,708,787
4221	Purchase of Cleaning Materials	11,175,275	11,473,602
4222	Telephone Expenses	7,074,954	13,895,377
4224	Legal Expenses & Fees	2,432,462	1,059,846
4225	Advertising & Publicity	24,850,619	16,302,160

4227	Contingency Fund	423,383	2,664,530
4230	Senate Expenses	31,000	-
4231	Postal & Telegram Ex	644,195	664,384
4232	Transport Operating- Fuel & Generator fuel	28,832,619	33,347,208
4233	Transp. Oper. Exp-Tyres	2,244,436	1,307,221
4236	External Travel	1,097,177	815,912
4240	Rent & Rates	4,378,120	10,930,876
4243	Insurance Related Expenses	2,119,946	
4244	Water Bill Charges	8,114,216	10,787,552
4249	Laboratory Reagents	599,137	5,147,097
4250	Fuel for Boilers & Generators	4,942,000	
4258	Cooking Fuel/Gas	5,549,934	6,756,580
4261	Bank Charges	1,153,808	1,328,186
4266	Hired Security Services	44,378,351	43,672,505
4267	Sanitary Expenses	1,415,549	1,988,931
4268	Purch. of TextBooks	-	129,659
4269	Examination Material	5,007,250	3,860,800
4271	Teaching Expenses	6,364,610	630,782
4281	Farm Maintenance	1,125,965	3,467,638
4284	Purch. of Library Books	1,048,825	1,721,243
4285	Purch. of Periodicals	621,411	509,495
4288	Post Graduate Expenses	6,170,000	-
4289	Research Programme	59,063,318	79,413,913
4290	Admission Related Expenses	1,342,000	
4292	Bindery Material	39,104	
4293	External Examiners	8,364,138	15,050,128
4300	Uniforms & Clothing	604,400	825,474
4302	Licenses & Fees	2,659,519	1,291,247
4305	IGA - Purch of Food	27,665,608	49,451,124
4310	Course Development Expenses	201,000	
4312	Offshore Moodle Hosting	737,950	2,789,797
4313	Insurance-	10,065,575	2,711,696
4314	Insurance- Motor Vehicles	25,500	2,849,900
4315	e- Campus Expenses	1,244,860	
4339	Internet Services	18,973,671	11,134,744
4350	Tender committee expenses	1,909,500	1,992,500
4368	Calibration Of equipment	1,098,091	
4700	RIBM Expenses	583,500	
4701	KISE Expenses	2,649,770	
4702	IAT Expenses	1,123,040	
4703	Eldoret Aviation Training Institute	26,000	
		428,161,224	433,518,439

10. University Enterprises Expenses

		2013/14	2012/13
		Kshs.	Kshs.
4272	Animal Feeds	10,249,182	8,316,150
4273	Livestock Drugs	24,400	964,765
4275	Crop Inputs and Land preparation	410,000	133,200
4276	Purch. of Beef Cattle	8,718,755	3,400,000
4278	Purch. of Chicken	71,250	3,693,000
4279	Purch of Farm Tools/	1,650,000	141,500
4282	Veterinary Services	89,300	37,855
4306	Kisumu Hotel Purch. of Food	19,241,218	20,431,073
4331	Kisumu Hotel Bar Purchases	8,355,060	5,735,509
4255	Purchase of Cutlery	2,476,143	2,225,539
4333	Catering Levy - Kisumu Hotel	2,082,514	2,762,612
4335	Kisumu Hotel - Expenses	-	7,393,161
4286	Bookshop purchases	22,476,467	7,489,706
4307	Varsity Restaurant Expenses	1,745,879	967,460
		77,590,168	63,691,530

11. Repairs and maintenance

		2013/14	2012/13
		KShs.	KShs.
4214	Maint. of Office Equipment	4,611,090	1,313,711
4215	Maint-Water Supply/Sewerage	2,610,543	1,283,349
4228	Maintenance Of Laboratory Equipment	1,692,228	-
4234	Maint-Office Buildings	5,860,224	38,813,921
4239	Maintenance of Grounds	122,317	64,589
4246	Repair & Maintenance of boilers	656,990	
4248	Repair & Maintenance of Generator	1,759,956	
4253	Minor Works & Construction	9,718,832	15,023,590
4260	Maint. of Hostels	10,516,889	3,792,696
4270	Main. Of Plant & Equip.	326,440	682,272
4319	Transport Oper. Exp. Repairs	4,768,505	3,805,934
4367	Lift Maintenance	2,224,285	
	Total repairs and maintenance	44,868,299	64,780,061

12. General expenses

The following are included in general expenses:			
		2013/14	2012/13
		KShs.	KShs.
4210	Purchase of Drugs	19,696,680	16,809,044
4211	Payment of Medical Bills.	48,075,498	19,285,168

4212	Dental Optical Services	8,143,816	2,954,554
4223	Staff Developments	292,820	188,140
4226	Recruitment Expenses	50,000	-
4235	Seminars & Conference	1,344,003	3,768,762
4237	Shows & Exhibitions	1,165,788	3,311,038
4238	Publishing & Printing	2,690,894	23,098,601
4241	Staff Welfare - Misc	1,148,970	142,582
4247	Student Work Study Programme	1,044,900	36,400
4262	External Linkage	8,000	-
4294	Graduation Expenses	3,792,854	3,842,078
4311	Capacity Building Trainers	773,070	
4321	Honoraria	1,568,576	2,259,812
4323	PGDE- Teaching Expenses	1,369,800	1,064,780
4324	Planning Studio	332,236	11,000
4326	Joint Admissions Board	157,500	683,190
4336	Subscriptions & Journal	6,817,198	9,108,451
4338	Varsity Plaza - Expense	53,250	-
4340	Withholding Tax	-	8,047
4343	ICT Development	3,541,735	8,855,172
4344	ISO Certification	4,775,251	1,391,368
4345	ODEL Programs	-	14,669,829
4346	Strategic Plan Certification	350,000	-
4347	Penalties and Fines	35,001,341	1,235,011
4349	Professional Membership Fees	138,000	3,267,831
4356	Network Access & Expansion	414,000	1,261,366
4369	PC Expenses	440,700	
4370	Monitoring & Evaluation	90,000	
4601	Software Development & License	1,387,500	
	Total general expenses	144,664,380	117,252,224

13. Cash and cash equivalents

Cash and cash equivalents relate to cash held at various University bank accounts, cash in hand and cash held in a fixed deposit with our banker, KCB.

		2013/14	2012/13
		KShs.	KShs.
	Bank Balances and Guarantee - Note 13. (i)	221,778,381	(4,331,983)
	Cash	1,098,784	1,209,811
	Short term Deposits	47,416,710	25,355,963
	Total cash and cash equivalents	270,293,875	22,233,791

13. (i) Summary of Bank Balances

	2013/14	2012/13
	Kshs.	Kshs.
BARCLAYS BANK A/C 1281015	-	184,524
STANDARD CHAR. S/A 0152095381800	-	2,396,249
MAIN CURRENT A/C KCB	92,067,384	(38,627,074)
CAPITAL DEV'T. KCB 132.066.100	22,762,637	1,451,418
SGS BANK/ IRPS A/C 130.319.742	18,530,559	1,818,164
AICAD RESEARCH A/C 6002572	-	1,637,507
KISUMU HOTEL A/C 130.490.946	14,119,890	1,943,219
CITY CAMPUS S/A 130.490.952	14,974,105	44,454
IGA KCB S/A 132.066.117	8,043,467	376,648
MITC A/C 130.490.923	2,747,877	123,604
Co-op. Main Savings A/C	-	1,411,585
Varsity Plaza Co-op. Savings A/c	-	3,056,793
Coop Bank Sonyaco	-	1,010,725
Equity Bank Luanda	29,746,536	3,489,291
Coop Bank Main Campus	385,766	464,180
National Bank Ksm	-	3,265,944
Equity (Varsity Plaza Account)	-	675,990
Standard chartered 8752524018401	3,179,689	7,063,783
Standard Chartered 8752524018400	97,176	887
Standard Chartered 0102024018400 (BSU)	7,591,860	1,760,038
Standard Chartered 0102024018401	4,411,345	-
Standard Chartered 9352524018401	120,090	120,090
	218,778,381	(6,331,983)
Bank Guarantee ¹	3,000,000	2,000,000
Total Cash in Bank	221,778,381	(4,331,983)

¹ The Bank Guarantee consists of money withdrawn from the University account and held as a guarantee by our banker in favour of Total Kenya for the supply of fuel.

14. Receivables from exchange transactions

	2013/14	2012/13
Current receivables	Kshs.	Kshs.
SUNDRY DEBTORS	4,178,202	3,007,770
KISUMU HOTEL DEBTORS	12,997,486	15,651,792
HELB	-	12,426,300
BURSARY AWARDS	-	8,544,088
VARSITY PLAZA R.DEBTORS	9,750,259	2,000,776
Prepaid Rent- Homa Bay	2,396,416	-
STAFF DEBTORS	-	1,876,537
FARM DEBTORS	205,373	-
HOMA BAY FEE DEBTORS	10,504,630	-
IMPREST OUTSTANDING	27,295,932	-
	67,328,298	43,507,263

15. Receivables from non-exchange contracts

	2013/14	2012/13
Current receivables	Kshs.	Kshs.
Receivable from CBA 2010/13 (IPUCCF)	63,592,200	-
Total Receivables	130,920,498	43,507,263