

REPUBLIC OF KENYA



*Paper laid
By Hon Aden Duale -
Majority leader
on Thurs 26/6/2014*

KENYA NATIONAL AUDIT OFFICE



**REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
CO-OPERATIVE UNIVERSITY COLLEGE OF
KENYA
FOR THE YEAR ENDED
30 JUNE 2013**

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

(A CONSTITUENT COLLEGE OF JKUAT)



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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

30th JUNE 2013

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

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THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

GENERAL INFORMATION

INSTITUTIONAL DETAILS

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Co-operative University College of Kenya

L. R. NO. 23134/1, Karen
23134/2,

Ushirika Road
P O Box 24814 00502

KAREN NAIROBI

BANKERS

Standard Chartered Bank

Karen Branch

P.O. Box 24601 00502

KAREN NAIROBI

Co-operative Bank

Karen Branch

P O Box 60800 00200

NAIROBI

CHIEF EXECUTIVE OFFICER

Prof. Esther N. Gicheru (Mrs.) HSC

P O Box 24814 00502

KAREN NAIROBI

AUDITORS

The Auditor General

Kenya National Audit Office

Anniversary Towers

P O Box 30084 00100

NAIROBI

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

THE UNIVERSITY COUNCIL

1. Dr. Margaret Karembu Chairperson.
2. Mr. Nelson Kuria, OGW, MBS V/Chairman.
3. Prof. Mabel O. Imbuga, Ph.D., EBS V/Chancellor – Jomo Kenyatta University of
Agriculture and Technology
4. Mr. Seno Nyakenyanya, CBS Permanent Secretary - Ministry of Cooperative
Development and Marketing
5. Dr. Sally Gichura Representative, Permanent Secretary - Ministry of
Higher Education Science and Technology
6. Mr. Duke Ongati Representative, Permanent Secretary - Treasury
7. Mr. Mclaud Malonza Member
8. Ms. Salome Mbeyu Mwendar Member
9. Mr. Silas Esiromo, HSC Member
10. Dr. Richard Belio Kipsang Member

OFFICERS OF THE UNIVERSITY

1. Prof. Francis Gichaga - Chancellor
2. Prof. Esther Gicheru (MRS.) - Ag. Principal
3. Mr. David Otiende - Ag. Registrar (Academic affairs)
4. Mr. Kenneth Waruingi - Ag. Registrar (Finance Planning and
Administration)
5. Mr. Chris Kathoka - Principal Human Resource Manager
6. Mr. Maxwel Nyaga - Ag. Finance officer
7. Mr. Stanley Miringu - Ag. Dean of students
8. Mr. Naftali Indeche - Ag. Dean, Faculty of commerce
9. Mr. Richard Mwangeka - Ag. Dean, Faculty of cooperatives
10. Mrs. Grace Okello - Coordinator Nairobi Campus
11. Mr. Ezekiel Kimani - Coordinator Meru Campus
12. Mr. Owen Mbogo - Coordinator Mombasa Campus

CHAIRPERSON'S REPORT.

Introduction

The need for higher education in the country has continued to increase over the years. In order to satisfy this great need the University College has continued to offer market driven courses with a special emphasis in cooperative education training and research. The University College continues to carve its market niche in the education sector as a premier university college that will greatly contribute to the Kenyan economy.

Since its inception on 4th November 2011, the University College has been on a growth trend having admitted the first class of Joint admissions students (**JAB**) in September 2012. The University college management's focus has been to provide a firm foundation to the young institution through quality training, research, and consultancy and development interventions in co-operatives in line with the mission and vision of the university.

Financial performance

During the year 2012/2013, the University reported a gross income of Kshs 332,110,717.00 Compared to the Gross income of Kshs 194,122,981.00 for the 2011/2012. This represents an increase of 71.1% which is attributed to the increased government funding due to Change from the previous Cooperative college status to the university college status and rise in students population (especially degree students). However the Gross income was not able to meet all the obligations as it was not commensurate with the added responsibilities of a public University College

Achievements and Challenges

During the 2012/2013 financial year, the university commenced construction of a modern lecture theatre with a capacity to host 2,000 students. This facility will greatly improve the learning environment. Further, the university college underwent successful conversion exercise from the previous college status.

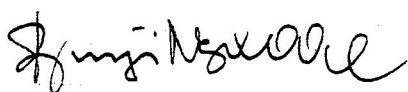
in the future the university council will need to focus its efforts in construction of a modern Library additional classrooms and expansion of other physical facilities in order to accommodate increasing number of students.

Appreciation

First, I sincerely thank the outgoing university council for their dedication and guidance to the University College during the critical transition period. In particular, I wish to acknowledge Dr. Margaret Karembu who was the Chairperson of the university council, her support and guidance to the institution is highly appreciated. May the lord bless her in her new assignment.

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

Finally I wish to thank the government of Kenya through the Ministry of Education, our development partners, stakeholders and all other organizations that have stood with us during the entire financial year. Their continued support is highly appreciated. On behalf of the University College Council, I thank the University management, staff and students for their dedication and commitment towards the growth of the university.



f CHAIRMAN OF THE UNIVERSITY COLLEGE COUNCIL

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

STATEMENT ON CORPORATE GOVERNANCE

During the year under review, the council comprised of six members all appointed by the Minister in the Ministry of Higher Education Science and Technology. All other members are ex-official members. The Council is responsible in ensuring that the University council complies with the law and best practices in corporate governance.

Functions of the Council

The functions and powers of the Council are as stipulated in Legal Order No.161 of November 2011 as indicated below

- To administer the property and funds of the University College in a manner and for the purpose which promotes the interest of the University College.
- To receive, and on behalf of the University college, donations, endowment, gifts, grants or other moneys and make disbursement there from to the University College or other bodies or persons.
- To approve appointment criteria and the terms and conditions of service of staff.
- To provide for the welfare of the staff of the University College.
- To enter into association with other Universities, University Colleges or other institutions of learning.
- To make regulations governing the conduct and discipline of the students of the University.
- To ensure that a proper management structure is in place and that the structure function to maintain corporate integrity, reputation and responsibility.
- To monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University College.
- To constantly review the viability and financial sustainability if the University College
- To ensure that the University College complies with all the relevant laws, regulations, governance practice accounting and auditing standards.

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

Council Committees

During the 2012/2013 financial year, the following were the council committees in place

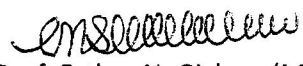
- i) Executive Committee
- ii) Finance, Planning and Development Committee
- iii) Human Resource Management Committee
- iv) Audit Committee
- v) Sealing Committee

The council nominates a chairman of each Council committee. The University College Council Chairman is not a member of other committees apart from the executive Committee, but can attend any committee meeting if need arises.

Corporate Social responsibility

The University college council acknowledges its role in the welfare of the community by participating in matters that promote the wellbeing of the society. During the year under review, the university college participated in shirika day celebrations and planting of more than ten thousand trees in order to keep the environment green. The University College also participated in the Matter Hospital run


CHAIRMAN OF THE UNIVERSITY COLLEGE COUNCIL


Prof. Esther N. Gicheru(MRS.). HSC
AG. PRINCIPAL (CUCK)

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

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


The University Council accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years and in conformity with International Financial Reporting Standards. The University Council is of the opinion that financial statements give true and fair view of the state of the financial affairs of the University as at 30th June 2013 and of its surplus for the year then ended.

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

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

This statement is approved by council and is signed on its behalf by:


CHAIRMAN OF THE UNIVERSITY COLLEGE COUNCIL


Prof. Esther N. Gicheru (MRS.). HSC
AG. PRINCIPAL (CUCK)

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

PRINCIPAL'S REPORT FOR THE YEAR ENDED 30TH JUNE 2013.

I am pleased to present the annual report and accounts for the Cooperative University College of Kenya (CUCK) for the year ended 30th June 2013.

In the year ended 30th June 2013, the university submitted to the ministry of Higher Education Science and Technology a budget of Kshs 1,555,039,000. Out of this, Kshs 527,792,000 was for recurrent grants and Kshs 787,000,000 for development grant. The University College had committed itself to generate Kshs 240,247,000 as appropriation in aid (A.I.A).

In the year under review, only Kshs 191,250,000.00 was received from the government of Kenya as grants. Out of this Kshs 53,100,000.00 was to meet Collective Bargaining agreement for staff, leaving the university with a recurrent grant of Kshs 138,150,000.00 which was far below our budget submissions. Further, the approved development expenditure of Kshs 51,000,000 was not disbursed to the university. This has greatly affected the targeted completion of various projects.

On its part the university generated Kshs 121,294,959.00 which also fell short of the anticipated appropriations in aid (A.I.A). This is attributed to the fact that the additional student fee is highly subsidized by the Government.

It is worth noting that the University College has grown in terms of student's population having admitted the First class of 400 Joint Admissions Board (JAB) students in September 2012 and a second batch of similar number in September 2013. In this regard, the university college has an urgent need to expand its physical facilities in terms of Library, Lecture theatres, expansion of the sewerage system, development of master plan to mention a few. In addition, the University needs to recruit senior academic staff to handle both undergraduate and postgraduate programmes, which have been developed.

Finally, I take this opportunity to thank the Government of Kenya, our collaborators, and other institutions that have rendered their support during the entire financial year. Further, I would like to appreciate the support accorded to me by staff and students in ensuring smooth running of the university college.


Prof. Esther N. Gicheru (MRS.). HSC

AG. PRINCIPAL (CUCK)

REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of The Co-operative University College of Kenya set out on pages 9 to 21, which comprise the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity 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.

Council's Responsibility for the Financial Statements

The 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 the 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 of the Public Audit Act, 2003. 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 judgment, including the assessment of the risk of material misstatement of the financial statement, 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 College'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 the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

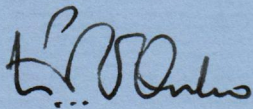
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the University College as at 30 June 2013 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Universities Act, 2012.

Emphasis of Matter

Financial Performance

During the year under review, the University College recorded a deficit of Kshs.7,324,273 (2012-Kshs.41,775,028) resulting in accumulated deficit of Kshs.88,331,838 as at 30 June 2013. Further, the current liabilities of Kshs.75,597,449 as at 30 June 2013 exceeded the current assets of Kshs.52,166,462 resulting in a negative working capital of Kshs.23,430,987. The negative working capital arose as a result of delayed Government grant of Kshs.51,135,910 for which the liabilities had already been incurred as at the close of the financial year. My opinion is not qualified in respect of this matter.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

28 May 2014

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

	NOTES	2012/2013 KSHS	2011/2012 KSHS
NON CURRENT ASSETS			
Property, Plant and Equipment	2	489,154,839	470,118,638
Work in Progress	3	61,285,708	31,126,126
Investment in A.T.C	4	2,825,530	2,825,530
		553,266,077	504,070,294
CURRENT ASSETS			
Inventories	5	2,587,144	2,055,947
Trade & Other Receivables	6	42,073,017	40,545,271
Cash and Cash Equivalents	7	7,506,302	8,798,612
		52,166,462	51,399,830
TOTAL ASSETS		605,432,539	555,470,124
EQUITY AND LIABILITIES			
RESERVES			
Capital Reserve Fund	8	618,166,928	617,901,139
Accumulated Deficit	9	(88,331,838)	(81,007,565)
		529,835,090	536,893,574
CURRENT LIABILITIES			
Trade & Other Payables	10	24,461,539	18,576,550
Capital Development Payables	11	51,135,910	-
		75,597,449	18,576,550
TOTAL EQUITY AND LIABILITIES		605,432,539	555,470,124


 Prof. Esther N. Gicheru (MRS.). HSC
 AG.PRINCIPAL


 CHAIRMAN OF THE UNIVERSITY COLLEGE COUNCIL

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

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

		2012/2013	2011/2012
		KSH	KSH
INCOME			
Grants	11	208,620,410	71,419,566
Fees	12	94,992,997	93,305,038
Other income	13	26,301,962	29,398,378
Decrease in Provisions for Bad Debts	6	2,195,348	-
Total income on operating Activities		332,110,717	194,122,981
EXPENDITURE			
Personnel costs	14	165,217,997	98,626,330
Operating costs	14	148,486,168	112,635,385
Expenses on Council & Conference	15	7,672,254	5,204,768
Increase in Provision for Bad and Doubtful debts		-	3,587,232
Finance Cost	21	750,466	518,383
Depreciation	2	17,018,105	15,035,911
Provision for audit fee	16	290,000	290,000
Total expenditure		339,434,990	235,898,009
Deficit for the year	17	(7,324,273)	(41,775,028)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2013

	NOTES	2012/2013 KSHS	2011/2012 KSHS
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit for the year	17	(7,324,273)	(41,775,028)
Add: Depreciation charge for the year	2	17,018,105	15,035,911
Less: Gain on disposal		-	(96,284)
Net Cash from Operating activities		9,693,832	(26,835,401)
Working Capital			
Decrease (increase) in Inventory	5	(531,197)	(95,384)
Decrease (increase) in Receivables	6	(1,527,746)	3,797,612
Increase (decrease) in payables	10	5,884,989	6,160,367
Increase (decrease) in payables - Capital Development)	11	51,135,910	-
Net cash Increase (decrease in) working capital		54,961,956	9,862,595
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(15,077,978)	(36,911,578)
sale of property plant and equipment		-	245,000
Additions in Work in Progress	3	(51,135,910)	-
Net cash (used in) Investing activities		(66,213,888)	(36,666,578)
CASH FLOW FROM FINANCING ACTIVITIES			
Development Fund	8	265,789	29,502,622
Net cash (used in) financing activities		265,789	29,502,622
Net Increase(decrease) in Cash and cash equivalents		(1,292,310)	(24,136,764)
Movement in cash and cash equivalents			
At start of Year		8,798,612	32,935,376
At end of Year		7,506,302	8,798,612
Decrease in cash and cash equivalents		(1,292,310)	(24,136,764)
SUMMARY OF CASH AND BANK BALANCES			
Cash on hand and balance with banks		7,506,302	8,798,612

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

STATEMENT OF CHANGES IN EQUITY AS AT 30TH JUNE 2013

NOTES	Accumulated Deficit Ksh.	Capital Reserve fund Ksh.	Total Ksh.
Year ended 30th June, 2012			
At start of year	(39,232,537)	588,398,517	549,165,980
Development Fund		29,502,622	29,502,622
Deficit for the Year	(41,775,028)	-	(41,775,028)
At end of Year	(81,007,565)	617,901,139	536,893,574
Year ended 30th June, 2013			
At start of Year	(81,007,565)	617,901,139	536,893,574
Development Fund		265,789	265,789
Deficit for the Year	(7,324,273)	-	(7,324,273)
At end of Year	(88,331,838)	618,166,928	529,835,090

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of preparation

The accounts of the College have been prepared under the historical cost convention which is in compliance with the International Financial Reporting Standards.

b) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Amortization of land is calculated on straight line method for land for 99 years leasehold while reducing balance method is used for other categories of assets and the applied depreciation rates are shown as below;

i)	Land	99years
ii)	Building	2.5%
iii)	Plant and Equipment	10%
iv)	Furniture and fittings	12%
v)	Motor Vehicle	25%
vi)	Tools	10%
vii)	Computers	30%

c) Inventories

Inventories are stated at lower of cost and net realizable value.

d) Revenue Recognition

Revenue is recognized on accrual basis in accordance with International Financial Reporting Standards

Grants Received from the government of Kenya is as per the printed estimates for the year 2011/2012

e) Cash and Cash equivalent

For the purposes of cash flow statement cash and cash equivalent comprises of cash at hand and deposits held with banks.

f) Comparatives

Where necessary, comparative figures, have been adjusted to conform to changes in the presentation for the current year.

g) Principal activities

The principal activity of the College is to provide cooperative education for various categories of the cooperative movement and the government officers, and to serve as centre of academic excellence in the cooperative movement in Kenya.

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

PROPERTY, PLANT & EQUIPMENTS

Note 2

	<u>LAND</u>	<u>BUILDING</u>	<u>PLANT & MACHINERY</u>	<u>FURNITURE & EQUIPMENTS</u>	<u>COMPUTER & ACCESSORIES</u>	<u>MOTOR VEHICLES</u>	<u>TOOLS</u>	<u>WORK IN PROGRESS</u>	<u>TOTAL</u>
	99 YRS	2.5%	10.0%	12.5%	30%	25%	10%		
VALUATION AS AT 30/6/2012	115,000,000	415,280,327	21,809,332	21,528,145	10,069,718	19,437,584	6,690,465	31,126,126	640,941,697
ADDITIONS IN THE PERIOD	-	24,758,205	1,060,560	2,451,490	3,648,672	-	4,135,380	51,135,910	87,190,216
TRANSFERS	-	-	-	-	-	-	-	(20,976,328)	(20,976,328)
AS AT 30/6/2013	<u>115,000,000</u>	<u>440,038,531</u>	<u>22,869,892</u>	<u>23,979,635</u>	<u>13,718,390</u>	<u>19,437,584</u>	<u>10,825,845</u>	<u>61,285,708</u>	<u>707,155,585</u>
DEPRECIATION									
AS AT 30/6/2012	13,939,393	78,884,197	12,382,292	10,919,473	7,925,316	13,126,174	2,520,089	-	139,696,933
CHARGE FOR THE PERIOD	<u>1,161,616</u>	<u>9,028,858</u>	<u>1,048,760</u>	<u>1,632,520</u>	<u>1,737,922</u>	<u>1,577,853</u>	<u>830,576</u>	-	<u>17,018,105</u>
AS AT 30/6/2013	15,101,009	87,913,055	13,431,052	12,551,993	9,663,238	14,704,026	3,350,665	-	156,715,038
Net Book Value AS AT 30-6-2013	<u>99,898,991</u>	<u>352,125,476</u>	<u>9,438,840</u>	<u>11,427,642</u>	<u>4,055,152</u>	<u>4,733,558</u>	<u>7,475,180</u>	<u>61,285,708</u>	<u>550,440,547</u>
Net Book Value AS AT 30-6-2012	<u>101,060,607</u>	<u>336,396,130</u>	<u>9,427,040</u>	<u>10,608,672</u>	<u>2,144,402</u>	<u>6,311,411</u>	<u>4,170,376</u>	<u>31,126,126</u>	<u>501,244,764</u>

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

3	<u>WORK-IN-PROGRESS</u>	BAL B/F	<u>ADDITIONS</u>	<u>TRANSFERS</u>	TOTAL
	MIS	a	10,149,798	-	10,149,798
	Buildings	b	20,976,328	(20,976,328)	-
	Water Tank		-	10,696,158	10,696,158
	Lecture Theatre		-	40,439,752	40,439,752
	Bal c/d		<u>31,126,126</u>	<u>(20,976,328)</u>	<u>61,285,708</u>

- a. The MIS of Ksh**10,149,798** is for acquisition of integrated management information system (MIS) software and licenses which has not been depreciated as the project is not complete.
- b. The balance brought forward of Ksh. **20,976,328** has been transferred to fixed assets as the building was completed during the year.

4. The investment in Agri. and co-operative training and consultancy services (ATC) which was a department of the college and registered by certificate No.142828 as a company was as at 30th June 2007 worth Ksh **2,825,530** which was capital injected by Donor partners through the College and in these financial statements has been treated as balance carried down.

5. INVENTORIES	2012/2013	2011/2012
	Ksh.	Ksh.
Dry & perishable foods	710,975	715,282
Production materials	182,255	94,740
General Stationery	165,167	269,832
Cleaning materials	648,177	250,316
Electrical & Hardware	284,130	121,496
Drugs dispensary	596,439	413,481
Water Chemicals	-	190,800
	<u>2,587,144</u>	<u>2,055,947</u>

THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

6. TRADE AND OTHER RECEIVABLES	2012/2013	2011/2012
	Ksh.	Ksh.
(c) Fes outstanding	20,073,507	19,755,370
Seminar Debtors	19,295,005	19,766,130
Co-operative bank	-	1,800,000
Imprest outstanding	1,120,425	591,135
Dispensary bills outstanding	48,897	221,340
Salary advances outstanding	1,312,823	959,965
Deposits with suppliers	1,290,200	1,290,200
Rent & Water bills outstanding	1,500,800	925,120
(a) VAT Refund by Treasury	171,959	171,959
(b) Loss on exchange	309,744	309,744
(d) Provision for bad debts	(3,050,344)	(5,245,692)
	42,073,017	40,545,271

- a) VAT refund by treasury is as a result of VAT charged to USAID project which is exempted from VAT.
- b) Loss on exchange arose from fluctuation of exchange rates when USAID project ended. The management is recommending a write off of the loss to the board.
- c) Fees outstanding are balances for students of main campus, town campus, degree program, Meru campus and Mombasa Campus.
- d) Movement or provision for Seminar debtors.

MOVEMENT IN PROVISION FOR BAD DEBTS	2012/2013	2011/2012
	Ksh	Ksh
At Start of the Year	5,245,692	1,658,460
Provision for the Year	-	3,587,232
Received in the Year	(2,195,348)	-
	3,050,344	5,245,692

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7. CASH AND CASH EQUIVALENTS

	2012/2013	2011/2012
	Ksh.	Ksh.
Current A/c with Standard Chartered Bank	2,098,264	3,850,650
Current A/c with Co-operative Bank	264,049	1,257,616
Cash at hand	160,717	94,469
Collateral a/c with Co-operative Bank	3,107,360	3,107,360
Fees Deposit a/c with Co-op. Bank	685,597	33,923
Project Accounts	1,190,316	454,595
	<u>7,506,302</u>	<u>8,798,612</u>

8 .CAPITAL RESERVE FUND

At start of Year	617,901,139
Development Fund	265,789
Deficit for the Year	<u>-</u>
At end of Year	<u>618,166,928</u>

9. ACCUMULATED FUNDS (DEFICIT)

At start of Year	(81,007,565)
Deficit for the Year	<u>(7,324,273)</u>
At end of Year	<u>(88,331,838)</u>

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10. TRADE AND OTHER PAYABLES

	2012/2013	2011/2012
	Ksh	Ksh
Creditors	20,649,484	12,555,501
Provision for audit fee	290,000	290,000
Accruals	3,522,055	5,731,049
	24,461,539	18,576,550

11. GRANTS

DETAILS	2012/2013	2011/2012
	Ksh	Ksh
Grants from Government of Kenya	191,250,000	56,000,000
Grants from Swedish co-operative centre	4,400,000	4,000,000
Yatta Project	-	807,501
Frich Project	1,236,199	2,114,687
Development funds expensed(MOCDM)	11,734,211	8,497,378
Total	208,620,410	71,419,566

Development fund expensed is the money for capacity building, Research, and Renovations which were provided for under development budget but their expenditure is of recurrent in nature hence the amount spent of Kshs **11,734,211** has been recognized by transferring the same amount as income and expenditure from development vote to recurrent vote leaving a balance of Ksh **265,789** transferred to capital reserve fund.

The approved development expenditure of Ksh. **51,000,000** was not disbursed to the university yet the projects are still ongoing.

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12. FEES

DETAILS	2012/2013	2011/2012
	Ksh	Ksh
Main Campus	64,415,448	62,332,869
Town Campus	7,863,500	12,965,376
Degree program.	20,421,822	13,993,765
Mombasa Camp	970,000	898,000
Meru campus	3,642,517	3,115,027
Students Fees Refunds	(2,320,290)	-
Total	94,992,997	93,305,037

13. OTHER INCOME

	2012/2013	2011/2012
	Ksh	Ksh
Income for the year from seminar activities	9,801,853	15,337,949
Rent Income	6,977,236	7,464,282
Miscellaneous income	9,522,873	6,116,653
Interest income	-	383,210
Profit on asset disposal	-	96,284
Total	26,301,962	29,398,377

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14. PERSONNEL COSTS		2012/2013	2011/2012
Personnel Emolument and Pension Expenses		146,317,564	78,036,856
Other Personnel Related costs		18,900,433	20,589,474
TOTAL PERSONNEL COSTS	14 (a)	165,217,997	98,626,330
OPERATING COSTS			
Telephone and Postal expenses		3,029,893	2,620,136
Water and Electricity Expenses		13,993,721	13,089,901
Medical expenses		7,892,805	5,847,042
General office Expenses		3,882,210	1,795,260
Consumable Stores		1,345,142	1,025,903
Purchase of Food & Rations		28,079,796	20,645,615
Students Expenses		10,438,917	9,606,900
Transport and Insurance		4,926,368	3,327,575
Repair and Maintenance		9,353,104	4,680,332
Official Entertainment		334,823	353,169
Advertising & Publicity		5,433,321	2,512,279
Computer Expenses		1,665,769	1,103,069
Contracted professional services		3,287,342	1,328,631
Town Campus		10,280,534	11,740,881
Degree program		12,689,982	14,389,840
Meru Campus		4,394,984	3,689,244
Swedish co-operative centre		5,529,530	4,263,429
14 Seater Matatu Sacco		-	337,900
Mombasa Campus		726,941	1,020,681
Research		4,258,345	394,600
Development of Training Programme		-	130,700
Purchase of Computers		84,000	-
Rent and Lease Charges		4,255,010	-
Development of Water and Sewage		-	589,192
Purchase of Cutlery		16,285	-
Renovations		6,035,576	1,429,412
Legal Fees (Management Information System)		2,090,000	3,507,628
Seminar Expenses		2,622,193	-
International Organization for Standardization		603,381	690,345
Yatta Project		-	1,248,062
Frich Project		1,236,199	1,267,660
TOTAL OPERATING COSTS	14 (b)	148,486,168	112,635,385

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15. EXPENSES ON COUNCIL & CONFERENCE

	2012/2013 Ksh	2011/2012 Ksh
Sitting allowance	5,121,000	2,473,578
Traveling Allowance	558,998	164,000
Night out allowance	884,515	1,687,190
Chairman Honoraria	1,107,741	880,000
Total	7,672,254	5,204,768

16. The amount of Ksh **290,000** is provision for audit fee for the financial year audit by Kenya national audit office.

17. Deficit for the year of Ksh **7,324,273** compared to last financial deficit of Ksh **41,775,028**.

18. **Disclosure: Ksh.45,124,338.70**

The contractor to the Management Information System project which has been under arbitration was awarded Ksh. **45,124,338.70** as damages by the arbitrator. The College management appealed to the High court of Kenya and the decision of the High court was in favor to the college. The contractor has indicated that he intends to go to the Court of Appeal.

19. **Contingent Liability.** Leave allowance for the year ending December 2012, had not been paid as at 30th June 2013. The amount will be paid during the 2013-2014 financial year.

20. **Employees** – the college has 180 permanent and pensionable employees. The college has transferred its unfunded pensionable from the Government of Kenya and have its own defined contribution Scheme.

21. **Finance cost-** These are bank charges for 2012-2013 financial year.

22. All the college transactions have been in Kenya Shillings.