

REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**

*Paper laid*  
*By Hon Naomi Shaban,*  
*Dep Leader of Majority*  
*on Thurs 23/10/14*  
*[Signature]*

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OF KENYA  
LIBRARY



**REPORT**  
**OF**  
**THE AUDITOR-GENERAL**  
**ON**  
**THE FINANCIAL STATEMENTS OF**  
**UNIVERSITY OF KABIANGA**  
**FOR THE YEAR ENDED**  
**30 JUNE 2013**





REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

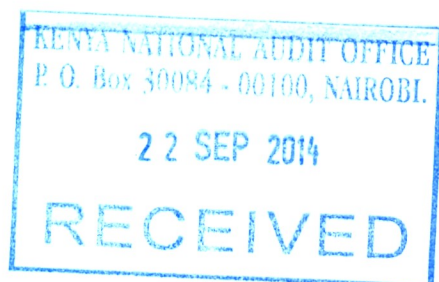
**ON**

**THE FINANCIAL STATEMENTS OF  
UNIVERSITY OF KABIANGA**

**FOR THE YEAR ENDED  
30 JUNE 2013**



**UNIVERSITY OF KABIANGA**  
**P.O BOX 2030-20200 KERICHO, KENYA**  
**TEL: 020-2172665**



**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR**

**THE YEAR ENDED 30<sup>TH</sup> JUNE, 2013**







# UNIVERSITY OF KABIANGA

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# UNIVERSITY OF KABIANGA

## INSTITUTIONAL INFORMATION

### ESTABLISHMENT

### LEGAL STATUS

The University is a body corporate established in Kenya under the Universities Act 2012.

### REGISTERED OFFICE

UNIVERSITY OF KABIANGA  
P.O Box 2030 - 20200,  
KERICHO.

### BANKERS

Co-operative Bank,  
Kericho Branch.

Kenya Commercial Bank  
Kericho Branch.

### INDEPENDENT AUDITORS.

Auditor -General,  
Kenya National Audit Office,  
P. O. Box 30084-00100,  
Nairobi.



## MEMBERS OF UNIVERSITY COUNCIL

<b>Chairman</b>	Dr. Florence Kiragu Nyamu OGW Ed.D. Ed. M (Harvard), B. Ed. (Science) (UoN)
<b>Vice-Chancellor</b>	Prof. Wilson K. Kipngeno – B.Sc, M.Sc (UoN), Ph.D (California, Riverside), MBS
<b>Members</b>	Mr. Gabriel. M. Muthwale B.Sc (UoN), M Ed.(Dalhousie), OGW Eng. Charles Koske B.Sc (Eng) (UoN), M.Sc (Eng) (Cranfield, UK), DSM Ms Millen N. Noni, M.Sc (Glasgow), B. Sc. (Geology) UoN Dr. Roba D. Sharamo B Sc. (KU) M.A.(Brandeis University, Waltham, USA), Ph.D (George Mason University, USA) Mr. Vincent A. Chokaa B.A, LLB, LLM (UoN),
<b>Ex-Officio members</b>	
<b>Principal Secretary, State, Department of, Education</b>	Dr. Belio Kipsang' B.A, M.A, Ph.D
<b>Principal Secretary, National Treasury</b>	Dr. Kamau Thugge EBS, Ph.D,
<b>In Attendance</b>	
<b>Deputy Vice-Chancellor (Academic &amp; Student Affairs)</b>	Prof. Joseph B. Ojiambo B.Sc, M.A Alise, (Loughborough), Ph.D (Pittsburgh), A.L.A (UK)
<b>Deputy Vice Chancellor (Administration &amp; Finance)</b>	Prof. Eric Koech B.Sc (UoN), M.Sc (Mc Gill) Ph.D (North Wales, UK)
<b>Ag. Finance Officer</b>	Mr. Willy K. Koech BBM (Accounting), (Moi), CPA (K)

## UNIVERSITY OF KABIANGA

### CORPORATE INFORMATION

#### OFFICERS OF THE UNIVERSITY

##### CHANCELLOR

**Prof. Richard Musangi, PhD, EBS**

B.Sc (Agric.) (London), M Sc. (Imperial University, London), Ph.D (London),

##### CHAIRMAN OF COUNCIL

**Dr. Florence Kiragu Nyamu, OGW**

B. Ed. (Science) (UoN), Ed.M., Ed.D (Harvard)

##### Ag. VICE-CHANCELLOR

**Prof. Wilson K. Kipngeno, MBS**

B.Sc, M.Sc (UoN), Ph.D (California Riverside),

##### Ag. DEPUTY VICE-CHANCELLOR (ADMINISTRATION, PLANNING AND FINANCE)

**Prof. Eric Koech**

B.Sc (UoN), M. Sc (Mc Gill-Canada) Ph.D (North Wales-UK)

##### Ag. DEPUTY VICE- CHANCELLOR (ACADEMIC AND STUDENT AFFAIRS)

**Prof. Joseph B. Ojiambo**

B.Sc, M.A. Alise (Loughborough), Ph.D (Pittsburgh), A.L.A (UK)

##### Ag. FINANCE OFFICER

**Mr. Willy K. Koech**

BBM (Accounting) (Moi), CPA (K)

##### Ag. DEPUTY REGISTRARS

**Rev. Edwin K. Too**

B.Th (Kenya Evangelical University), M.Div (A.I.U), M.Ed (University of Manchester, UK)

**Mr. Peter K. Kimalel**

B.A, PGD (Moi)

##### UNIVERSITY LIBRARIAN

**Ms. Patricia Chebet**

B.A (Econ., Socio., Litt) (Kurukshetra Univ. India), BLIS, MLIS (Bundelkhand Univ., India),



# UNIVERSITY OF KABIANGA

## THE UNIVERSITY INFORMATION

### VISION, MISSION AND CORE VALUES

#### VISION:

To be a leading University in scientific innovation for the betterment of humanity.

#### MISSION:

To create, preserve and transfer knowledge and technology through quality and entrepreneurial education, research, extension, and partnership with government, industry and non-state actors whilst ensuring a sustainable environment.

#### CORE VALUES:

1. Promoting and defending intellectual and academic freedom, scholarship, innovation and relentless search for truth.
2. Fostering teamwork, collaboration, creativity and innovation,
3. Effective communication, tolerance and a culture of peace.
4. Valuing excellence, quality and service, openness, consultation, efficiency and effectiveness.
5. Recognizing competence, meritocracy, exemplary leadership, equality, integrity and national patriotism.
6. Continually improving services in order to remain competitive and relevant.

## UNIVERSITY OF KABIANGA

### REPORT OF THE CHAIRMAN OF COUNCIL

I am pleased to present the University of Kabianga Annual Financial Report for the year ended 30<sup>th</sup> June 2013. The University made great strides this year not only in terms of increasing the number of academic programmes offered but also in enhancing access to higher education. The major milestone during the year was elevation from University College to fully fledged status. Initially it was a Constituent College of Moi University until 1<sup>st</sup> March 2013 when it was Chartered.

The Vision of the University is to be recognized nationally and internationally as a leading University in scientific innovation for the betterment of humanity.

The University Council is mandated to mobilize resources and utilize them effectively and efficiently to promote higher education. This mandate is enshrined in our reviewed Strategic Plan 2010-2017.

The Council is pleased with the efforts of the University Management and the bold steps that the University has undertaken to initiate mechanisms of enhancing the quality and relevance of degree programmes offered by the University. Through its Kapkatet facility, the University has contributed in the field of biomedical field the courses offered through theses programmes.

It also gives me great pleasure to note that the University attained the ISO 9001:2008 Standards during the year under review. The first surveillance audit conducted during the year indicated that the University has continued to sustain such standards. The continued certification signals the continual improvement and maintenance of quality service provision by the University through accountability, transparency and improved efficiency to be a world class University.

The University Council continues to appreciate the financial support from the Government in running the University and ensuring that our programmes run smoothly as planned.

Once again, I would like to appeal to the Government to consider increasing Exchequer funding for both Recurrent and Development budgets to enable the University achieve its core mandate in the provision of quality teaching and research.

Finally I thank all our partners, collaborating institutions and students for their continued support and dedication and urge that we strive to achieve greater heights of excellence in the coming years.

SIGNATURE: Florence K. Nyamu DATE: 27 Sept. 2013

DR. FLORENCE K. NYAMU, OGW  
CHAIRMAN – UNIVERSITY OF KABIANGA COUNCIL

## UNIVERSITY OF KABIANGA

### VICE CHANCELLOR'S REPORT

I have the pleasure to present the 1<sup>st</sup> Annual Financial Report for University of Kabianga for the year ended 30<sup>th</sup> June 2013. University of Kabianga, formerly Kabianga University College (Constituent College of Moi University) attained fully status on 1<sup>st</sup> March 2013.

During the year under review, the University received an increased government grant to finance its recurrent budget from **KShs 232.3 million** in the **FY 2011/2012** to **KShs 443.1 million** in **FY 2012/2013**. Development grants provided by the Government decreased from **KShs. 250 million** in **FY 2011/2012** to **KShs 230 million** in **FY 2012/2013**.

I am delighted to note that there was a remarkable improvement in internally generated funds from **205.3 million** in 2011/2012 to **276.5 million** in 2012/2013. This represents a 34% growth and is attributed to the growth in student enrolment. This is an indication that the University is attractively cutting a niche in the competitive market share. During the year 2012/2013, the number of students increased from 3187 to 4300.

University of Kabianga continued to make substantial progress during the year in terms of development. The University completed Phase III of the Lecture Theatre and Steel Water Storage Tank. Phase II of Student Hostel that can accommodate 400 students is at advanced stage of completion besides the Lecture Theatre Phase II and ICT Infrastructure Network which are currently at advanced stage of completion. All these projects were funded by the government through GOK Development grants. In general, the University had a total asset base of **KShs 1,392.4 million** from **KShs. 981.4 million** in the previous financial year. Thus as at 30<sup>th</sup> June 2013, the University net worth stood at **KShs. 946.4 million** compared to **KShs. 586.2 million** in the previous FY 2011/2012 resulting in a growth of 61%.

I would like to thank the staff of the University for their determination and effort that resulted into the elevation of the University to fully fledged status and continued ISO 9001:2008 certification. This is a great achievement considering that the University is still young and growing.

Indeed I am grateful for the financial support the Government of Kenya has continued to offer to the University and support and guidance of Council during the year that ended 30<sup>th</sup> June 2013. Finally, I would like on behalf of the University to thank all stakeholders for their co-operation that saw us complete the year successfully.

SIGNATURE.....

DATE: 27/9/2013.....

**PROF WILSON.K. KIPNGENO**  
**VICE CHANCELLOR, UNIVERSITY OF KABIANGA**



**UNIVERSITY OF KABIANGA**  
**STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES**

The Council are required to cause to be prepared financial statements for each financial year, which give a true and fair view of the financial affairs of the University as at the end of the financial year, and of its surplus or deficit for that year. The Council Members are required to ensure that the University maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. They are also responsible for safeguarding the assets of the University.

The Council members accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Exchequer and Audit Act. The Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the University as at 30<sup>th</sup> June 2013 and of its surplus/deficit for the year then ended. The Council Members further accept responsibility for the maintenance of accounting records that may be relied on in the preparation of the financial statements, as well as adequate systems of internal financial control.

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

**SIGNED ON BEHALF OF THE COUNCIL BY:**

*R. Nyanam*  
CHAIRMAN

*Wood*  
VICE CHANCELLOR

27 Sept. 2013  
DATE

27/9/2013  
DATE



# REPUBLIC OF KENYA

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Fax: +254-20-311482  
E-Mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke

P.O. Box 30084-00100  
NAIROBI



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR- GENERAL ON UNIVERSITY OF KABIANGA FOR THE YEAR ENDED 30 JUNE 2013

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the University of Kabianga set out on pages 10 to 25, which comprise the statement of financial position as at 30 June, 2013, and the statement of comprehensive income, statement of changes in reserves 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 Financial Reporting Standards 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 on these financial statements based on the audit and report in accordance with the provisions of Section 15 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 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**

### **1.0 Non-Current Assets**

As reported in the previous financial year, the property, plant and equipment of Kshs.1,041,072,753 as at 30 June, 2013 under notes 1(c) and 2 to the financial statements includes Kshs. 60 million being the value of 110 acres of land on which the University stands. According to the available information, the University is in the process of transferring the land to its name from the defunct Kipsigis County Council. However, until the process is completed, it is not possible to confirm the ownership status of the parcel of land.

### **2.0. Trade and Other Receivables**

The trade and other receivables balance of Kshs.106,918,173 include a balance of Kshs.15,009,521 due from Moi University which has been outstanding for a long period of time. In the circumstances, it has not been possible to confirm the recoverability of the debt and that, the trade and other receivables balance of Kshs. 106,918,173 is fairly stated.

### **3.0. Trade and Other Payables**

Similarly and as reported in the previous year, the trade and other payables balance of Kshs.104,419,958 excludes capital works creditors amounting to Kshs.10,914,582 as per the certificates of work completed numbers 16 and 18 that relates to the financial year 2011/2012 which affects the opening balance of Kshs.66,207,108 as at 1 July 2012.

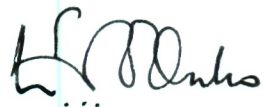
In addition, the balance of the trade and other payables includes Kshs.6,227,733 payable to Moi University which has been outstanding for a long time. In the circumstances, it is not possible to confirm that the trade and other payables balance of Kshs.104,419,958 as at 30 June 2013 is fairly stated.

## **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University College as at 30 June 2013, and



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.

A handwritten signature in black ink, appearing to read 'E. Ouko', with a horizontal line underneath.

**Edward R.O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**15 September 2014**

**UNIVERSITY OF KABIANGA**  
**STATEMENT OF COMPREHENSIVE INCOME**

**UNIVERSITY OF KABIANGA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013**

	NOTE	2013 KShs	2012 KShs
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Property, Plant and Equipment	1(c) & 2	1,041,072,753	755,826,411
Biological Assets	1(i) & 3	35,679,081	35,480,900
		<u>1,076,751,834</u>	<u>791,307,311</u>
<b>CURRENT ASSETS</b>			
Inventory and stores	1 (d) & 4	7,083,907	4,152,021
Trade and other receivables	1 (l) & 5	106,918,173	63,780,074
Cash and Cash Equivalents	1 (j) & 6	201,533,490	122,185,900
		<u>315,535,570</u>	<u>190,117,995</u>
<b>TOTAL ASSETS</b>		<u><u>1,392,287,404</u></u>	<u><u>981,425,306</u></u>
<b>RESERVES AND LIABILITIES</b>			
Capital Reserves	7	600,680,778	364,642,056
Revaluation Reserve	8	222,604,382	142,157,100
Revenue Reserve	9	123,183,583	79,432,607
		<u>946,468,743</u>	<u>586,232,663</u>
<b>NON-CURRENT LIABILITIES</b>			
Loan	10	300,000,000	300,000,000
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	104,419,958	66,207,108
Bank Overdraft	12	-	4,576,538
Other liabilities and provisions	13	33,398,703	24,409,897
		<u>137,818,660</u>	<u>95,193,543</u>
<b>TOTAL CAPITAL RESERVES AND LIABILITIES</b>		<u><u>1,392,287,404</u></u>	<u><u>981,426,206</u></u>

The financial statements were approved by the University Council on 27/5/13 2013 and signed on its behalf by:

.....  Vice-Chancellor

.....  Chairman of Council

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 KShs	2012 KShs
<b>INCOME</b>			
Exchequer grants	1(b) & 14	443,108,404	232,308,404
Tuition fees	1(b) & 15	197,463,550	148,681,450
IGA Income	1(b) & 16	63,872,467	50,573,637
Other Income	1(b) & 17	15,223,152	6,059,401
		<u>719,667,573</u>	<u>437,622,892</u>
<b>EXPENDITURE</b>			
Employment Expenses	18	401,233,598	272,632,009
Administration and Central Services	19	186,397,034	128,756,583
Marketing Expenses	20	20,415,725	8,589,479
Board Expenses	21	15,589,085	9,230,033
Establishment Expenses	22	557,100	474,130
Finance Expenses	23	51,724,056	6,548,589
		<u>675,916,597</u>	<u>426,230,823</u>
<b>TOTAL EXPENDITURE</b>			
		<u>675,916,597</u>	<u>426,230,823</u>
<b>SURPLUS/ (DEFICIT) FOR THE YEAR</b>		<u>43,750,976</u>	<u>11,392,069</u>



**UNIVERSITY OF KABIANGA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 KShs	2012 KShs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	43,750,976	11,392,069
Adjustments for :-		
Depreciation	31,474,208	31,474,208
<b>Operating surplus before working capital changes</b>	<b>83,225,184</b>	<b>42,866,277</b>
Increase/Decrease in stocks and stores	(2,931,886)	2,635,799
Increase/(decrease) in Trade and other payables	38,212,850	(1,025,678)
Increase/ (Decrease) in Bank Overdraft	(4,576,538)	4,576,538
(Decrease)/increase in other liabilities and provisions	16,988,806	8,348,871
Decrease/(increase) in Trade and other receivables	(43,138,099)	(34,901,088)
<b>Net cash from operating activities</b>	<b>79,780,318</b>	<b>(22,500,719)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Non-currents assets	(236,720,552)	(236,720,552)
<b>Net cash flows from investing activities</b>	<b>(236,720,552)</b>	<b>(236,720,552)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Development Grants	236,038,722	79,952,532
Long Term Loan	-	300,000,000
<b>Net cash flows from financing activities</b>	<b>236,038,722</b>	<b>379,952,532</b>
Net increase in cash and cash equivalents	79,347,590	33,876,581
Cash and cash equivalents at the beginning of the year	122,185,900	88,309,319
<b>Cash and cash equivalents at the end of the year</b>	<b>201,533,490</b>	<b>122,185,900</b>

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

	Capital Reserves	Revaluation Reserves	Revenue Reserves	Total
	KShs	KShs	KShs	KShs
As at 1 July 2011	284,689,524	142,157,100	68,040,538	494,887,162
Development Grants	79,952,532			79,952,532
Surplus/(Deficit) for the Year	-		11,392,069	11,392,069
<b>As at 30 June 2012</b>	<b>364,642,056</b>	<b>142,157,100</b>	<b>79,432,607</b>	<b>586,231,763</b>
As at 1 July 2012	364,642,056	142,157,100	79,432,607	586,231,763
Development Grants	236,038,722			236,038,722
Surplus/(Deficit) for the Year			43,750,976	43,750,976
Biological Assets		447,282		447,282
Buildings		55,000,000		55,000,000
Land		25,000,000		25,000,000
<b>As at 30 June 2013</b>	<b>600,680,778</b>	<b>222,604,382</b>	<b>123,183,583</b>	<b>946,468,743</b>

**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation and form of presentation**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Financial statements are prepared on the historical cost basis of accounting modified by revaluation of certain assets. The financial statements are presented in Kenya Shillings (KShs)

**(b) Revenue Recognition**

Income from students is recognized as it accrues unless collectability is in doubt

Interest income is accrued on a time preparation basis

Exchequer grants and other grants from the government are recognized as income in the period in which they relate.

**(c) Fixed Assets and Depreciation**

Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off of carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates in use are:

Building	2%
Furniture, plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%

Freehold land is not depreciated as it is deemed to have an infinite life

**(d) Stocks**

Stocks are valued at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of operation, including direct material costs, labour and production overhead necessary. Net realizable value is the price to which the stock can be realized in the normal course of operation after allowing for the costs of realization and, where appropriate, the cost of conversion from its existing state to a realizable condition. Provision is made for obsolete, slow and defective stocks.

**(e) Retirement benefit costs**

The university operates a contributory pension scheme for eligible employees. The assets of the scheme are held in a separate trustee administered fund that is funded by both the University and the employees.



**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

The university also contributes to a statutory pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to KShs 200 per employee per month.

The university's contribution to the above scheme is charged to the income and expenditure in the year to which they relate.

**(g) Provisions**

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a settle the obligation and a reliable estimate can be made of the amount of the obligation.

**(h) Research and development**

Research and development expenditure is charged to the Income and Expenditure Account in the year in which it is incurred.

**(i) Agricultural assets**

Biological assets are measured at fair values less estimated point of sale costs

**(j) Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand, bank balances, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances and short-term investments

**(k) Foreign Currencies**

Transactions in currencies other than the Kenya Shilling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in the surplus or deficit for the period.

**(l) Receivables**

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated doubtful debts.

**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**(m) Payables**

Payables are stated at their nominal value.

**(n) Government grants**

Government grants are recognised when there is reasonable assurance that the University will comply with conditions attached to them and that the grants will be received. The grants are recognised as income in the period to which they relate and presented as a credit in the Income and Expenditure Account separately

UNIVERSITY OF KABIANGA  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2013

2. Property, Plant and Equipment

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
<b>COST/VALUATION</b>	<b>KShs</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs</b>	<b>KShs.</b>
As at 1st July, 2012	60,000,000	581,348,398	95,299,708	17,970,712	7,801,682	8,171,796	25,880,367	796,472,663
Additions	-	-	208,175,115	8,137,457	9,146,141	3,735,455	7,526,384	236,720,552
Transfer to Buildings	-	-	-	-	-	-	-	80,000,000
Revaluation	25,000,000	55,000,000	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 30 June, 2013	85,000,000	636,348,398	303,474,823	26,108,169	16,947,823	11,907,251	33,406,751	1,113,193,215
<b>DEPRECIATION</b>								
Bal as at 1st July, 2012	-	14,489,098	-	4,279,489	5,527,681	2,671,275	13,678,711	40,646,254
Disposals	-	-	-	-	-	-	-	-
Charge for the year	-	12,726,968	-	3,263,521	5,643,625	1,488,406	8,351,688	31,474,208
Bal as at 30 June, 2013	-	27,216,066	-	7,543,010	11,171,306	4,159,681	22,030,399	72,120,462
<b>NET BOOK VALUE</b>								
As at 30 June, 2013	85,000,000	609,132,332	303,474,823	18,565,159	5,776,517	7,747,570	11,376,352	1,041,072,753
As at 30 June, 2012	60,000,000	566,859,300	95,299,708	13,691,223	2,274,001	5,500,521	12,201,656	755,826,411



**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued )**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**3. BIOLOGICAL ASSETS**

As at year-end, the University had the following consumable biological assets.

Tea	3,150,000	3,500,000
Livestock	2,337,700	2,586,800
Cypress Trees	3,189,000	3,000,000
Pine Trees	3,663,800	3,500,000
Eucalyptus Trees	22,972,500	22,500,000
Grevellia Trees	300,900	300,000
Macadamia Nut Trees	27,514	24,500
Bananas	37,668	69,600
	<u>35,679,082</u>	<u>35,480,900</u>

**4. INVENTORIES AND STORES**

7,083,907	4,152,021
<u>7,083,907</u>	<u>4,152,021</u>

**5. TRADE AND OTHER RECEIVABLES**

Amounts falling due within one year:-

Student fees debtors	61,263,229	49,624,270
Provision for doubtful Debts	(3,063,161)	(2,480,736)
Receivable Capitation Grants (GoK)	32,692,367	-
Farm Debtors	1,016,217	-
Other debtors (Moi University)	15,009,521	16,636,540
	<u>106,918,173</u>	<u>63,780,074</u>

**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**

	2013	2012
	KShs	KShs
<b>6. CASH AND CASH EQUIVALENTS</b>		
Kenya Commercial Bank (PSSP)	1,713,928	1,492,888
Short-Term Deposits	187,832,703	85,666,622
Kenya Commercial Bank ( GSSP)	5,298,420	5,607,245
Kenya Commercial Bank (Accommodation)	396,822	283,795
Co-operative Bank of Kenya( PSSP)	970,445	3,424,023
Co-operative Bank of Kenya( GSSP)	565,467	763,702
Co-operative Bank of Kenya (Operations)	1,618,962	-
Co-operative Bank of Kenya (Capital Dev)	3,039,640	24,899,759
Petty Cash	97,104	47,866
	<b>201,533,490</b>	<b>122,185,900</b>
<b>7. CAPITAL RESERVES</b>	<b>600,680,778</b>	<b>364,642,056</b>
<b>8. REVALUATION RESERVES</b>	<b>222,604,382</b>	<b>142,157,100</b>
<b>9. REVENUE RESERVES</b>	<b>131,183,583</b>	<b>79,432,607</b>
<b>10. NON CURRENT LIABILITIES</b>		
Co-operative Bank Loan (20yr)	300,000,000	300,000,000
<b>11. TRADE AND OTHER PAYABLES</b>		
Amounts falling due within one year:-		
Moi University	6,227,733	6,227,733
Recurrent Creditors	25,913,947	20,523,998
Capital Creditors	18,330,290	4,607,659
KUC Pension Scheme	14,515,897	4,183,787
Retention- WIP	34,466,891	27,158,331
Students' Holding Accounts	4,965,200	3,505,600
	<b>104,419,958</b>	<b>66,207,108</b>
<b>12. BANK OVERDRAFT</b>	<b>-</b>	<b>4,576,538</b>

**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued )**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**3. BIOLOGICAL ASSETS**

As at year-end, the University had the following consumable biological assets.

Tea	3,150,000	3,500,000
Livestock	2,337,700	2,586,800
Cypress Trees	3,189,000	3,000,000
Pine Trees	3,663,800	3,500,000
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Grevellia Trees	300,900	300,000
Macadamia Nut Trees	27,514	24,500
Bananas	37,668	69,600
	<b>35,679,082</b>	<b>35,480,900</b>

**4. INVENTORIES AND STORES**

	7,083,907	4,152,021
	<b>7,083,907</b>	<b>4,152,021</b>

**5. TRADE AND OTHER RECEIVABLES**

Amounts falling due within one year:-

Student fees debtors	61,263,229	49,624,270
Provision for doubtful Debts	(3,063,161)	(2,480,736)
Receivable Capitation Grants (GoK)	32,692,367	-
Farm Debtors	1,016,217	-
Other debtors (Moi University)	15,009,521	16,636,540
	<b>106,918,173</b>	<b>63,780,074</b>



**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**

**13. OTHER LIABILITIES AND PROVISIONS**

Provision for audit fees	600,000	600,000
Provision for Valuation	-	300,900
Provision for Part time lecturers	18,209,970	10,807,360
Prepaid fees	22,588,733	12,701,637
	<u>33,398,703</u>	<u>24,409,897</u>

**14 CAPITATION GRANT**

July	32,692,367	19,359,034
August	32,692,367	19,359,034
September	32,692,367	19,359,034
October	32,692,367	19,359,034
November	83,492,367	19,359,034
December	32,692,367	19,359,034
January	32,692,367	19,359,034
February	32,692,367	19,359,034
March	32,692,367	19,359,034
April	32,692,367	19,359,034
May	32,692,367	19,359,034
June	32,692,367	19,359,034
	<u>443,108,404</u>	<u>232,308,404</u>

**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>KShs</b>	<b>KShs</b>
<b>1. TUITION INCOME</b>		
Tuition Fees	197,463,550	149,853,450
Tuition Waiver	-	(1,172,000)
	<b>197,463,550</b>	<b>148,681,450</b>
<b>16. IGA INCOME</b>		
Farm income	2,870,480	2,072,493
Catering	9,955,286	7,208,855
Guest House	2,045,845	2,976,599
Registration fees	292,100	307,300
EVH Administrative Fees	144,000	223,100
Students' ID charges	402,300	511,250
Examination fees	4,663,200	4,082,500
Insurance fees	242,000	148,500
Graduation Fees	928,500	460,500
Activity fees	3,144,000	3,127,000
Computer fees	419,200	320,000
Field trips/Teaching Practice	10,667,005	5,926,500
MBA Thesis	1,509,500	1,183,500
Clinical Officers' Council	-	260,000
BSc. Nursing Training Files and Indexing	770,400	684,000
Supervision	4,509,000	2,562,000
Medical fees	5,048,500	4,946,000
Amenity fees	3,295,000	3,204,000
KUSO	1,326,600	1,409,200
Accommodation	11,639,551	8,960,340
	<b>63,872,467</b>	<b>50,573,637</b>
<b>17. OTHER INCOME</b>		
Sale of tender documents	654,450	666,460
Photocopying receipts	4,218	6,588
Application fees	1,704,880	1,804,115
Interest income	10,701,678	2,242,912
Donation from Sponsors	50,000	995,000
Fines and penalties	95,972	31,529
Rental income	196,000	92,157
Seedlings	62,130	30,040
Misc. Income	118,391	190,600
Research Grants	951,433	-
Practical Subjects	600,000	-
Guest Lectures	36,000	-
Library Fees	48,000	-
	<b>15,223,152</b>	<b>6,059,401</b>
<b>18. EMPLOYMENT EXPENSES</b>	<b>401,233,598</b>	<b>272,632,009</b>

**UNIVERSITY OF KABIANGA**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**19. ADMINISTRATION AND CENTRAL SERVICES EXPENSES**

Office Expenses	4,408,951	4,330,683
Travelling and accommodation	5,896,596	4,112,663
Telephones	2,519,070	1,883,763
Purchase of uniforms	257,040	157,455
Teaching materials	442,888	358,365
Works Study Programme	360,021	241,990
Vehicle running expenses	5,742,242	3,779,316
Cleaning materials	589,096	384,750
Insurance Expenses	3,858,787	3,190,946
Legal & Other Expenses	4,798,890	382,375
Official entertainment	141,505	133,550
Passage and baggage	733,553	342,926
Payment of Rent & Rates	7,482,066	7,945,941
Electricity, water and conservancy	5,604,138	5,585,025
Library books	4,375,091	6,651,393
Maintenance of Buildings	4,793,193	2,511,277
University medical scheme	6,394,443	2,943,892
Valuation/Consultancy	8,448,484	4,176,517
External examiners expenses	656,566	959,817
Provision for Valuation	-	300,000
Conferences and seminars	1,735,048	2,024,741
Show expenses	1,960,735	1,217,586
Maintenance of plant and equipment	1,822,092	1,421,541
Medical Drugs	1,523,310	3,662,658
Strategic Plan Implementation	-	1,280,800
University Research Programme	756,323	1,068,865
Open & Cultural Day Expenses	408,840	655,801
Maintenance of Catering and Hostels	1,137,101	930,035
Maintenance of Water supply & Sewerage	1,689,720	2,151,031
Meetings & Workshops	2,098,393	743,508
Contigent Liabilities	-	152,891
HIV Tower Programme	409,740	246,360
Bsc Nursing Training and Indexing	828,445	622,000
Graduation Expenses	3,635,776	5,602,571
Library Journals	396,650	182,335
Maintenance of Play Grounds	117,130	404,485
Minor works on water & sewerage	103,520	704,818



Academic Board Committee meetings	233,875	226,000
Internet connectivity expenses	1,664,263	1,372,329
External Travelling Expenses	645,161	156,700
Inter-University Games	516,912	158,220
Kericho Town Campus Expenses	-	593,620
Provision for bad & doubtful debts	3,065,014	2,480,736
Student Field Trips/Courses Expenses	4,548,924	1,767,532
Student Activities	2,571,538	1,268,008
Teaching Practice & Attachment	5,744,834	2,212,800
KUSO Welfare	1,323,740	612,162
Games and sports expenses	449,640	521,636
Depreciation	31,474,208	23,962,833
Purchase of Computer Software	-	159,020
Postal and telegram	270,569	180,574
Audit fee	600,000	600,000
Guest-house expenses	1,638,239	3,115,382
Kitchen Expenses	17,734,308	12,939,681
Farm Expenses	986,531	1,036,891
Lab Chemicals	6,571,569	1,947,791
University Charter Expenses	8,034,267	-
Master plan	10,788,000	-
Staff Development	1,410,000	

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<b>186,397,034</b>	<b>128,756,583</b>
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**20. MARKETING EXPENSES**

Publishing and printing	2,704,935	1,596,511
Advertising & Publicity	17,710,790	6,992,968
	<b>20,415,725</b>	<b>8,589,479</b>

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**21. BOARD EXPENSES**

Council Expenses	15,589,083	9,230,033
	<b>15,589,083</b>	<b>9,230,033</b>

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**22. ESTABLISHMENT EXPENSES**

Recruitment/Training Expenses	557,100	474,130
	<b>557,100</b>	<b>474,130</b>

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