


REPUBLIC OF KENYA



 <b>THE NATIONAL ASSEMBLY</b> PAPERS LAID	
DATE: 12 AUG 2021	
DAY: Thurs	
TABLED BY:	D/Majority Whip Hon. Maoka Maore
CLERK-AT THE TABLE:	Halima Ahmed

REPORT

OF

THE AUDITOR-GENERAL

ON

THE TECHNICAL UNIVERSITY

FOR THE YEAR ENDED  
30 JUNE, 2019







THE TECHNICAL UNIVERSITY OF KENYA

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## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE, 2019

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

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<b>DATE:</b> 12 AUG 2021	
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<b>CLERK-AT THE-TABLE:</b>	Halima Ahmed

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## **I. BRIEF BACKGROUND ON THE UNIVERSITY AND MANAGEMENT**

### **(a) Background information**

The Technical University of Kenya came into existence upon the award of charter on 15th January, 2013. The University grew out of the defunct Kenya Polytechnic. The Kenya Polytechnic was for many years the leading institution for education and training at the tertiary level in Kenya. Over the years the institution was known throughout Kenya and the East and Central African region for her high quality graduates in the technical and vocational fields. The students at the institution were typically enrolled in programmes that prepared them for diploma and certificate level qualifications. At its founding in 1961, the institution was designed to provide education and training in the technical and vocational fields to those who were already in employment.

The Technical University of Kenya has since exponentially expanded. The student population stands at 15,000 spread across the three faculties, where over 60 academic programmes are on offer. The students are tutored by some of the best scholars in this region using most modern workshop and laboratory equipment, and supported by up to date library resources. The University has retained its mandate as a TVET institution, in line with the vision 2030.

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## **Vision**

To be a top rated University of technology.

## **Mission**

To provide technological education and training and to contribute towards the advancement of society through research and innovation.

## **(b) Principal Activity**

The Technical University of Kenya summarises its core mandate as guided by the Charter as follows:

1. To provide post-secondary technological, professional, and scientific education and training up to and including degree level.
2. To undertake high quality research and dissemination of research outcomes, to advance knowledge and educate students in science, technology and innovation and other areas of scholarship that will best train for the real world in the 21<sup>st</sup> century and beyond.

## **(c) Key Management**

The university's day-to-day management is under the following key offices

- The Vice Chancellor
- Deputy Vice Chancellor – Administration, Planning and Infrastructure (API)
- Deputy Vice Chancellor – Academic, Research and Students (ARS)
- Deputy Vice Chancellor – Technology Innovation & Partnerships (TIP)
- Executive Dean - Faculty of Social Sciences & Technology (FSST)
- Executive Dean - Faculty Applied Sciences & Technology (FAST)
- Executive Dean - Faculty of Engineering Sciences & Technology (FEST)

## **(d) Fiduciary Oversight Arrangements**

- University Council
- The University Senate
- University Management Board (UMB)
- Finance and General Purpose Committee of University Council
- Audit Committee of Council.



**(e) Headquarters**

Technical University of Kenya Building

Haile Selassie Avenue

P. O. Box 52428-00200

Nairobi.

**(i) Principal Legal Advisor**

Attorney General

Office of the Attorney General &

Department of Justice

Sheria House, Harambee Avenue

P.O. Box 40112-00100

Nairobi, Kenya

**(f) Contacts**

Telephone +0254 (020) 2219929,3343672

E- mail: vc@tukenya.ac.ke, finance@tukenya.ac.ke

Website: www.tukenya.ac.ke

Haile Selassie Avenue

P. O. Box 52428-00200

Nairobi.

**(g) Bankers**

i. Kenya Commercial Bank Ltd.

Moi Avenue

P. O. Box 30081-00100

Nairobi.

ii. Co-operative Bank of Kenya Ltd.

Haile Selassie Avenue

P. O. Box 48231- 00100

Nairobi.

iii. Equity Bank

Moi Avenue

P. O. Box 8180-00100

Nairobi.

**(h) Independent Auditors**

Auditor- General,





Anniversary Towers, University

Way P.O. Box 30084 - 00100






Nairobi.

## II. THE UNIVERSITY COUNCIL

- |                                      |                                     |
|--------------------------------------|-------------------------------------|
| - Dr. Halima Saado                   | - Chairperson                       |
| - Ms. Isabella Ochola-Wilson,        | - Member                            |
| - Dr. Norah Chebet                   | - Member                            |
| - Eng. Joseph Nkadayo                | - Member                            |
| - FA. Alexander Ngui                 | -Member                             |
| - Mr. Bernard Malenya                | - Member                            |
| - Mr David Komen                     | - Member/Rep. National Treasury     |
| - Mr. Johnson Nanjakululu            | - Member/Rep. Ministry of Education |
| - Prof. Dr. Ing. Francis W. O. Aduol | - Member/Secretary                  |

No.	COUNCIL NAMES	QUALIFICATION	EXPERIENCE
1	 Dr. Halima Saado Chairperson Appointed 10/3/2017	BSc (Moi), MSc, PhD (Kwa Zulu-Natal)	Head of Research at the International Centre for Humanitarian Affairs-Kenya Red Cross Society
2	 Ms. Isabella Ochola-Wilson Appointed 10/3/2017	BA (Dar-es-Salaam) MBA (British Columbia)	<input type="checkbox"/> Business and Organizational Management. <input type="checkbox"/> Consultant <input type="checkbox"/> Entrepreneur
3	 Dr. Norah Chebet Talam Langat Appointed 10/3/2017	B.Ed (Sc.) MPH (Moi) PhD (Maseno)	Public Health Specialist (Epidemiology and Disease control specialty)  HIV Prevention Programme Manager US Department of Defense (US DoD)/Water Reed Project-Kericho
4	 Eng. Joseph Nkadayo, MBS Appointed 10/3/2017	BSc (UoN), MSc (Birmingham)	Registered Civil Engineer Licensed Consulting Engineer



5.	 <p>FA, CPA, Alexander Ngui Appointed 10/3/2017</p>	BA, MBA (UoN)	<input type="checkbox"/> Certified Investment and Financial Analyst (CIFA) <input type="checkbox"/> Certified Public Accountant <input type="checkbox"/> Banker
6.	 <p>Mr. Bernard Malenya Appointed 10/3/2017</p>	BSc (New Brunswick), MSc (Illinois)	Business Development Consultant and Educator
7.	 <p>Mr. David Komen Appointed 14/10/2015</p>	BA (Nairobi), MSc (Bradford)	<input type="checkbox"/> Economist <input type="checkbox"/> Representing National Treasury
8.	 <p>Mr. Johnson Nanjakululu Appointed 4/6/2019</p>	B.Ed (Kenyatta University) M.Ed(UoN)	<input type="checkbox"/> Deputy Director of Education <input type="checkbox"/> Representing Ministry of Education
9.	 <p>Prof. Dr. Ing. Francis Aduol</p>	BSc Eng. MSc, MA (Nairobi), Dr-Ing (Stuttgart), MISK, FIET, LicSurv.	<input type="checkbox"/> Professor of Geospatial Engineering <input type="checkbox"/> Vice-Chancellor, TU-K

### III. MANAGEMENT TEAM

#### The Vice Chancellor



**Prof. Dr-Ing. Francis Aduol, BSc Eng. MSc, MA (Nairobi),  
Dr-Ing (Stuttgart), MISK, FIET, LicSurv.**

Deputy Vice Chancellor, Technology,  
Innovation and Partnerships

Deputy Vice Chancellor – Academics,  
Research and Students

Deputy Vice Chancellor,  
Administration, Planning and Infrastructure



**Prof. Paul M. Shiundu**  
BSc (Nairobi), CPGS (Cambridge), PhD (British  
Columbia)

Executive Dean, Faculty of Engineering  
Sciences & Technology (FEST)

Executive Dean, Faculty of Applied  
Sciences and Technology (FAST)

Executive Dean, Faculty of Social  
Sciences & Technology (FSST)



**Prof. Eng. Alex Muumbo**  
BTech (Moi), MSc (Bradford),  
PhD Nagoya-Japan



**Prof. Gatheri F. Kimani**  
BEd, MSc (KU), PhD (UNSW)



**Prof. Peter M. Matu**  
BA, MA (Nairobi), PhD (Free State)



#### IV. STATEMENT FROM THE CHAIRMAN OF COUNCIL

The Technical University of Kenya (TU-K) was established through the elevation of The Kenya Polytechnic University College (KPUC) to full university status. TU-K was established as the first Technical University in Kenya in line with the provisions of the Universities Act, 2012. The technical university is a new type of university in Kenya, whose mandate shall be to offer higher education and research in technology. The Technical University, as a concept, was being created in Kenya with the objective to be a technological force behind the Vision-2030 drive and the general economic development of the nation. This has come about from the realisation that most countries that have been able to make major technological breakthroughs were heavily propelled through this by their technological universities.

As an institution of higher learning, TU-K offers degrees at the undergraduate and postgraduate levels. In this respect it will be noted that in the education of technical personnel at the university level, institutions of higher learning in Kenya have over the years only focused on the training of professionals at the level of engineers, architects, surveyors, planners, and estate managers. The education and training of the technologist has however been totally neglected in this structure. Given that the technologist is usually the 'driving engine' in the actual industrial production, it should be no surprise that Kenya has been unable to make serious breakthrough in industrialisation. To this extent, in addition to producing graduates at the fully professional degree level, TU-K continues in the tradition that had been set by its predecessor in offering as well degrees aimed at producing technologists.

The University recognises Kenya Vision 2030 economic blue-print strategy of realising knowledge led economic development. TU-K is therefore committed to enhancing its competitiveness in the higher education sector globally in line with its vision of being the top rated university of technology. The University will offer education and training that strategically focuses on application of technological knowledge and innovative skills as well as engaging in research geared towards solving immediate and future societal challenges.

On behalf of the Members of the Council, it is my pleasure to present the Annual Report and Financial Statements of The Technical University of Kenya for the year ended 30<sup>th</sup> June 2019.

  
University Secretary & Chief Legal Officer  
For: **CHAIRPERSON OF UNIVERSITY COUNCIL**

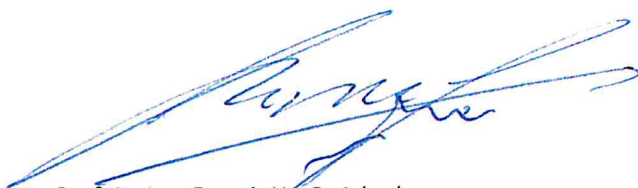
## V. REPORT OF THE VICE CHANCELLOR

It is my pleasure to present the Annual Report and Accounts of the Technical University of Kenya for the year ended 30 June 2019. The institution has been operating under very constrained financial situation ever since it was upgraded to the Kenya Polytechnic University College in 2007. The Government recurrent capitation received has not been sufficient for the smooth running of its operations. The financing constraint has forced the University to curtail some of its planned activities by under-spending on certain essential and core areas of its mandate such as teaching and learning, procurement of specialised materials and laboratories. The adverse financial environment has in addition led to accumulation of bills.

In spite of the above mentioned financial challenges, TU-K currently offers 67 degree and 52 diploma programmes. Presently, the University has over 3,000 students in engineering, the largest number by a single institution in Kenya. Through its outreach programmes, TU-K has made tremendous efforts to demystify science among the youth with a view to encouraging them to take science-oriented courses. This has seen the proportion of students applying for places in science and technology rise to 81%. The University also engages in research with emphasis on practical solutions of immediate and future societal problems.

During the year under review, the University recorded a deficit of KSh. **685,657,193** out of total income from Government, donors and internally-generated funds all amounting to KSh. **2,572,620,339** against an expenditure of KSh. **3,258,277,531**. I am proud of the management and staff and greatly appreciate their ability and commitment towards achieving the University's vision, mission and objectives.

I wish to thank the University Council for dedicating their time and effort to steer and provide governance support to the University affairs. I express my sincere gratitude to the Government of Kenya, Ministry of Education, development partners and other stakeholders for their continued support. This has gone a long way towards building a solid institution that is true to its mandate and stakeholders' expectations.



Prof. Dr-Ing. Francis W. O. Aduol

**Vice-Chancellor and Secretary to University Council**



## **VI. REPORT OF THE UNIVERSITY COUNCIL**

The Council submits its report together with the audited financial statements for the year ended June 30, 2019 which show the state of the university's finances.

### **Principal activities**

The Technical University of Kenya summarises its core mandate as guided by the Charter as follows:

1. To provide post-secondary technological, professional, and scientific education and training up to and including degree level.
2. To undertake high quality research and dissemination of research outcomes, to advance knowledge and educate students in science, technology and innovation and other areas of scholarship that will best train for the real world in the 21<sup>st</sup> century and beyond.

### **Results**

The results of the University for the Year ended June 30, 2019 are set out on page 1.

### **University Council**

The members of the university council who served during the year are shown on page (v).

### **Auditors**

The Auditor General is responsible for the statutory audit of the university in accordance with the Public Finance Management (PFM) Act, 2012.

By Order of the University Council



Prof. Dr-Ing. Francis W. O. Aduol

**Vice-Chancellor & Secretary to University Council**

## VII. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITIES

Public Finance Management Act, 2012 and the State Corporations Act, require the Council to prepare financial statements for TU-K which gives a true and fair view of the state of affairs of the University at the end of a financial year and the operating results for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy its financial position. The Council is also responsible for safeguarding the assets of the University.

The Council is 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, 2019. 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 is of the opinion that the University's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2019, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the 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 the next twelve months from the date of this statement.

The University's financial statements were approved by the Council and signed on its behalf by:



University Secretary & Chief legal Officer  
For: **CHAIRPERSON OF COUNCIL**



Prof. Dr-Ing. Francis W. O. Aduol  
**VICE-CHANCELLOR**



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: [info@oagkenya.go.ke](mailto:info@oagkenya.go.ke)  
Website: [www.oagkenya.go.ke](http://www.oagkenya.go.ke)



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON THE TECHNICAL UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of The Technical University of Kenya set out on pages 1 to 15, which comprise the statement of financial position as at 30 June, 2019 and the statement of financial performance, statement of cash flows, statement of changes in accumulated funds, and statement of comparison of budget and actual amounts 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 35 of the Public Audit Act, 2015. 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The Technical University of Kenya as at 30 June, 2019, 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 Universities Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Going Concern Uncertainty

The University recorded a deficit of Kshs.685,657,193 (2018: Kshs.835,034,947) thereby reducing revenue reserves from negative Kshs. 2,410,709,305 as at 30 June, 2018 to negative Kshs.3,096,366,498 as at 30 June, 2019. Further, the current liabilities of Kshs.3,651,682,442 exceeded the current assets of Kshs.985,267,111 resulting to a negative working capital of Kshs.2,666,415,331.

The University was therefore unable to meet its financial obligations as and when they fell due. In particular, the University was unable to remit other payroll deductions, insurance premium deductions, bank loan deductions, SACCO deductions and other statutory obligations of Kshs.171,542,521, Kshs.6,023,111, Kshs.24,155,338, Kshs.68,539,255 and Kshs.1,319,419,039 respectively all totalling to Kshs.1,589,679,264. The University also failed to pay audit fees totaling Kshs.5,868,000 for six (6) financial years from 2012/2013 to 2017/2018.



The University's financial statements have therefore been prepared on a going concern basis on the assumption of continued financial support from the National Government, bankers and creditors.

## **2. Unsupported and Long Outstanding Receivables**

As disclosed in Note 10 to the financial statements, the statement of financial position reflects a balance of Kshs.905,080,493 under trade and other receivables. However, the balance included Kshs.104,350, Kshs.500,000 and Kshs.562,501 being deposits to suppliers, Nyayo Vehicle Project and dishonored cheques respectively which have been outstanding for a long period of time and whose supporting analysis ledgers and documents were not provided for audit review.

In the circumstances, recoverability of the long outstanding trade and other receivables of Kshs.1,166,851 is in doubt.

## **3. Land Without Ownership Documents and Capitalized Expenditure**

As previously reported, the property plant and equipment balance of Kshs.5,583,865,251 includes four (4) parcels of land owned by the University with an estimated total value of Kshs.3,068,000,000 and which were registered in the name of the defunct Kenya Polytechnic. Further, and as similarly reported in 2017/2018, the work-in-progress balance of Kshs.1,069,095,555 includes an expenditure of Kshs.1,542,800 in respect of consultancy services on Human Immunodeficiency Virus (HIV) which was capitalized contrary to Paragraph 13 of International Public Sector Accounting Standards No.17-Property, Plant and Equipment which defines property, plant and equipment as tangible assets held for use in the production or supply of goods or services.

In the circumstances, it has not been possible to confirm the accuracy, completeness and ownership status of the property, plant and equipment balance of Kshs.5,583,865,251.

## **4. Unsupported Trade and Other Payables**

As previously reported, included in the trade and other payables balance of Kshs.3,651,682,442 as at 30 June, 2019, are payables totalling Kshs.346,758,826 as listed below whose supporting documents were not provided for audit review:

<b>Description</b>	<b>Amount (Kshs.)</b>
Contractors and General Creditors	134,189,361
Provision for NCC - Land Rates	3,221,572
UON Salary Reimbursement	16,818,189
Third Party Funds	191,450,619
Insurance Premium Documents	1,079,085
<b>Total</b>	<b>346,758,826</b>

In the circumstances, the accuracy and completeness of trade and other payables amounting to Kshs.346,758,826 could not be confirmed.



## **5. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.71,961,537 which, as disclosed in Note 9(a) to the financial statements, includes amounts of Kshs.729,614, Kshs.105,738, Kshs.300,000 and Kshs.534,648 held in Students' Deposit Savings, Needy Students, Fixed Deposit and Hostel Fund bank accounts respectively. However, and as previously reported, cashbooks and bank reconciliation statements for the accounts were not provided for audit verification.

Under the circumstances, the accuracy, existence and completeness of the cash and cash equivalents balance of Kshs.71,961,537 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The Technical University of Kenya Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,865,247,311 and Kshs.2,748,258,095 respectively, resulting to an under-funding of Kshs.116,989,216 or 4% of the budget. Similarly, the University incurred a total expenditure of Kshs.3,258,277,531 against a total budget of Kshs.3,067,995,702 resulting into an over-expenditure of Kshs.190,281,830 or 6% of the budget. The University exceeded its budgetary allocation for almost all the expenditure items.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

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### **Non-Compliance with Reporting Template**

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Progress on follow up of audit matters reported in the prior year were not provided in the financial statements contrary to the reporting guidelines issued by the Public Sector Accounting Standards Board (PSASB).

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### **Responsibilities of Management and those Charged with Governance**

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the University or to cease operations.



Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**19 July, 2021**





## IX. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

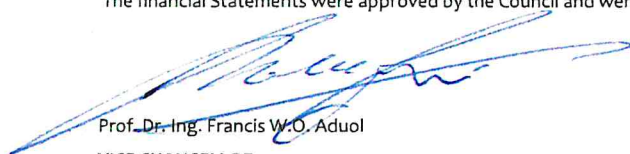
	Notes	2019 Kshs.	2018 Kshs.
<b>INCOME</b>			
<b>Revenue from non-exchange transactions</b>			
Government Grants: Recurrent	4(a)	1,630,524,659	1,473,059,861
Donor Funds	4(b)	32,068,186	53,420,593
<b>Revenue from exchange transactions</b>			
Rendering Services	5(a)	892,722,532	607,322,422
Other Income	5(b)	17,304,962	1,553,900
<b>Total Revenue</b>		<b>2,572,620,339</b>	<b>2,135,356,776</b>
<b>EXPENSES</b>			
Employee costs	6(a)	2,674,140,431	2,507,235,160
Depreciation and amortization expense	6(b)	109,763,977	116,111,496
General Expenses	6(c)	351,805,797	258,173,083
Purchases of Water and Electricity	6(d)	46,176,385	38,228,984
Contracted services	6(e)	32,824,880	19,575,375
Repairs and Maintenance	6(f)	35,238,748	24,627,701
Remuneration of Council members	6(g)	7,515,313	5,627,925
Audit fees	6(h)	812,000	812,000
<b>Total Expenses</b>		<b>3,258,277,531</b>	<b>2,970,391,723</b>
<b>Surplus(Deficit) for the year</b>		<b>(685,657,193)</b>	<b>(835,034,947)</b>

**X. STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2019**

		2019 Kshs.	2018 Kshs.
<b>ASSETS</b>	<b>Notes</b>		
Trade and Other Receivables	10	905,080,493	939,587,581
Cash and Cash Equivalents	9(a)	71,961,537	72,044,463
Inventories	11	8,225,081	6,316,194
<b>NON CURRENT ASSETS</b>		<b>985,267,111</b>	<b>1,017,948,238</b>
Property, Plant and Equipment	7	5,583,865,251	5,536,870,579
<b>TOTAL ASSETS</b>		<b>6,569,132,362</b>	<b>6,554,818,817</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	3,651,682,442	3,127,335,958
Bank Overdraft	9(b)	-	13,502
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,651,682,442</b>	<b>3,127,349,460</b>
<b>FUNDS</b>			
Capital Fund	3(a)	1,956,733,087	1,781,095,331
Revenue Reserve	3(c)	(3,096,366,498)	(2,410,709,305)
Revaluation Surplus	3(b)	4,057,083,331	4,057,083,331
		2,917,449,920	3,427,469,357
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>6,569,132,362</b>	<b>6,554,818,817</b>

The financial Statements were approved by the Council and were signed on its behalf by :



Prof. Dr. Ing. Francis W.O. Aduol  
**VICE CHANCELLOR**



FA, CPA, Ben Sanda  
**Ag. FINANCIAL CONTROLLER**

**XI. STATEMENT OF CHANGES IN ACCUMULATED FUNDS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<u>Capital Fund</u>	<u>Revaluation Reserve</u>	<u>Revenue reserve</u>	<u>Total</u>
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2017	1,781,095,331	4,057,083,331	(1,575,674,358)	4,343,756,007
Funds received during the year	-	-	-	-
Surplus for the Year			(835,034,947)	(835,034,947)
As at 30 June 2018	1,781,095,331	4,057,083,331	(2,410,709,305)	3,508,721,060

	<u>Capital Fund</u>	<u>Revaluation Reserve</u>	<u>Revenue reserve</u>	<u>Total</u>
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2018	1,781,095,331	4,057,083,331	(2,410,709,305)	3,508,721,060
Funds received during the period	175,637,756			175,637,756
Surplus for period			(685,657,193)	(685,657,193)
As at 30 June 2019	1,956,733,087	4,057,083,331	(3,096,366,498)	2,917,449,920



## X1II. STATEMENT OF CASH FLOWS

Notes	2019 Kshs.	2018 Kshs.
<b>Cash flow from operating activities:</b>		
<b>Receipts</b>		
Government Grants	1,630,524,659	1,473,059,861
Donor funds	32,068,186	53,420,593
Tuition Fees	892,722,532	607,322,422
Other Incomes	17,304,962	1,553,900
	<b>2,572,620,339</b>	<b>2,135,356,776</b>
<b>Payments</b>		
Compensation of employees	2,674,140,431	2,507,235,160
Goods and services	477,395,244	406,024,177
	<b>3,148,513,554</b>	<b>2,913,259,337</b>
(Increase)/Decrease in current receivable	34,507,089	(686,858,743)
(Increase)/Decrease in inventory	(1,908,886.50)	(4,423,430)
Increase in payables	524,346,483	1,496,377,594
<b>Net cash from Operating Activities</b>	<b>(18,948,530)</b>	<b>27,192,860</b>
<b>Cash flows from investing activities</b>		
Purchase of property plant and Equipment	(156,758,650)	(32,191,002)
<b>Net Cash flows used in investing activities</b>	<b>(156,758,650)</b>	<b>(32,191,002)</b>
<b>Cash flows from financing activities</b>		
Development grants received	175,637,756	-
<b>Net Cash flows used in financing activities</b>	<b>175,637,756</b>	<b>-</b>
<b>Net increase/decrease in cash and Cash Equivalent</b>	<b>(69,423)</b>	<b>(4,998,141)</b>
<b>Cash and Cash equivalents at beginning of period</b>	<b>72,030,961</b>	<b>77,029,102</b>
<b>Cash and Cash equivalent at end of period</b>	<b>71,961,538</b>	<b>72,030,961</b>

**TECHNICAL UNIVERSITY OF KENYA**  
**XIII.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**  
**Budget Approved on the Cash Basis**  
**(Classification of Payments by Functions)**

	Actual Amount	Final Budget	Difference Final Budget and Actual
	Kshs	Kshs	Kshs
<b>CASH INFLOWS</b>			
Government Grants-Recurrent	1,630,524,659	1,630,524,659	-
Grants , Dev't Partner t (Donor Partner )	207,705,942	278,690,000	70,984,058
Rendering Services	892,722,532	909,407,260	16,684,728
Other Income -Recurrent (IGU)	17,304,962	46,625,392	29,320,430
<b>Total Receipts</b>	<b>2,748,258,095</b>	<b>2,865,247,311</b>	<b>116,989,216</b>
<b>CASH OUTFLOWS</b>			
Employee Costs	2,674,140,431	2,643,081,820	(31,058,611)
Council Expenses	7,515,313	7,803,872	288,559
Bulk Purchases of Water and Electricity	46,176,385	40,588,632	(5,587,753)
Repairs & Maintenance	35,238,748	22,326,174	(12,912,574)
Depreciation	109,763,977	-	(109,763,977)
Contracted Professional Services	32,824,880	15,394,510	(17,430,371)
Provision for Audit Fees	812,000	812,000	-
<b>General Expenses</b>		-	
Printing and Advertising expenses	22,857,695	15,365,213	(7,492,482)
Land Rates and Rentals	12,302,151	20,011,790	7,709,639
Staff Training Expenses	12,691,566	8,927,287	(3,764,279)
Hospitality Supplies and Services	32,372,092	21,697,761	(10,674,330)
Medical & Insurance Expenses	49,501,224	49,095,241	(405,983)
Specialized, Teaching Materials & Supplies	145,408,030	138,620,152	(6,787,878)
Provision for Bad Debt	(3,834,121)	-	3,834,121
General Supplies	36,147,400	26,502,548	(9,644,852)
Communication Supplies & Services	23,328,314	25,226,567	1,898,253
Foodstuffs supplies	8,857,665	5,964,923	(2,892,742)
Gas & Lubricants	2,176,355	1,552,803	(623,552)
Other Operating Expenses	9,997,426	25,024,409	15,026,983
<b>Total Payments</b>	<b>3,258,277,531</b>	<b>3,067,995,702</b>	<b>(190,281,830)</b>
<b>NET CASH OUT FLOWS</b>	<b>(510,019,437)</b>	<b>(202,748,390)</b>	<b>307,271,046</b>

\* Actual amounts encompass both cash and third party settlements.

\*\* The "Difference..." column is not required. However, a comparison between actual and the original or the final budget, clearly identified as appropriate, may be included.

#### **XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

##### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The TU-K 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. 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 direct method. The financial statements are prepared on accrual basis.

##### **2. Summary of significant accounting policies**

###### **(a) Revenue recognition**

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the University and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the university's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the university's activities as described below.

- i) Revenue from the sale of goods and services is recognised in the year in which the University delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government are recognised in the year in which the university actually receives such grants.
- iii) Finance income comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Rental income is recognised in the income statement as it accrues using the effective lease agreements.
- v) Other income is recognised as it accrues.

###### **(b) In-kind contributions**

In-kind contributions are donations that are made to the University in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the university includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 30 JUNE 2018

**(c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

Land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Land	-
Buildings	2.5%
Motor Vehicles	25%
Furniture & Fittings	12.5%
Computer & Printers	30%
Office Equipment	12.5%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

**(d) Intangible assets**

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**(e) Inventories**

Inventories are stated at the lower of cost and net realisable value.

XIV. NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**(f) Trade and other receivables**

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**(g) 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. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**(h) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the University or not, less any payments made to the suppliers.

**(i) Retirement benefit obligations**

The University operates a defined contribution scheme for all full-time employees. The scheme is administered by Alexander Forbes and is funded by contributions from both the university and its employees. The university also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The university's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KSh. 200 per employee per month.

**(j) Comparative figures**

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

**(k) Subsequent events**

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, 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 30 JUNE 2019

3 NET ASSETS

	3a Capital Fund	3b Revaluation Reserve	3c Revenue reserve	Total
At 30 June 2018	1,781,095,331	4,057,083,331	(2,410,709,305)	3,508,721,060
Funds received during the Period	175,637,756	-	-	175,637,756
Surplus for the Year			(685,657,193)	(685,657,193)
As at 30 June 2019	1,956,733,087	4,057,083,331	(3,096,366,498)	2,917,449,920

2019  
Kshs. 2018  
Kshs.

Government Development Grants 175,637,756

4 REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2019 Kshs.	2018 Kshs.
4a Government Recurrent Grants	1,630,524,659	1,473,059,861
4b Donor Funds	32,068,186	53,420,593
Total	1,662,592,845	1,526,480,454

5 REVENUE FROM EXCHANGE TRANSACTIONS

	2019 Kshs.	2018 Kshs.
5(a) Rendering Services	892,722,532	607,322,422
5(b) Other Income	17,304,962	1,553,900
Total Exchange Revenue	910,027,494	608,876,322
6(a) Employee Costs	2019 Kshs.	2018 Kshs.
Personal Emoluments	2,462,422,595	2,288,194,984
Employer Contributions	178,169,901	199,417,174
Domestic Travel	20,651,097	16,488,559
Foreign Travel	12,896,837	3,134,443
Total	2,674,140,431	2,507,235,160



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 30 JUNE 2019

	2019 Kshs.	2018 Kshs.
6(b) Depreciation and Amortization	109,763,977	116,111,496
6(c) General Expenses		
Printing, Advertising & Publicity	22,857,695	9,242,658
Land Rates & Rental Expenses	12,302,151	19,741,401
Staff Training Expenses	12,691,566	11,594,798
Hospitality Suppliers & Services	32,372,092	10,038,435
Medical & Insurance Expenses	49,501,224	23,994,308
Specialized ,Teaching Materials & Supplies	145,408,030	64,809,109
Provision for bad debts(Increase/ Decrease)	(3,834,121)	76,317,638
General Supplies	36,147,400	25,048,733
Communication Supplies & Services	23,328,314	8,459,140
Penalties	8,503,800	
Foodstuffs Supplies	8,857,665	5,885,324
Gas & Lubricants	2,176,355	3,041,538
Other Operating Expenses	1,493,626	
<b>Total</b>	<b>351,805,797</b>	<b>258,173,083</b>
6(d) Bulk purchases of water and electricity		
Bulk purchase of water	12,386,180	12,734,516
Bulk purchase of Electricity	33,790,206	25,494,468
	<b>46,176,385</b>	<b>38,228,984</b>
6(e) Contracted Services	<b>32,824,880</b>	<b>19,575,375</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	2019 Kshs.	2018 Kshs.
<b>6(f) Repair and Maintenance</b>		
Maintenance of Motor Vehicles	14,775,532	14,062,984
Maintenance of other Assets	20,463,215	10,564,717
<b>Total</b>	<b>35,238,748</b>	<b>24,627,701</b>
<b>6(g) Remuneration of Council members</b>		
Sitting Allowances	4,708,813	3,817,425
Honoraria	2,806,500	1,810,500
	<b>7,515,313</b>	<b>5,627,925</b>
<b>6(h) Provision for audit fees</b>	<b>812,000</b>	<b>812,000</b>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 30 JUNE 2019

7. PROPERTY, PLANT & EQUIPMENT

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLES KSHS	FURNITURE & COMPUTERS, FITTERS KSHS	PRINTER & SOFTWARE KSHS	MACHINERY & EQUIPMENT KSHS	WORK IN PROGRESS KSHS	TOTAL KSHS.
Depreciation Rates	0%	2-50%	25%	12-50%	30%	12-50%		
<b>COST/VALUATION:</b>								
<b>At 30 June 2018</b>	3,068,000,000	1,167,170,000	53,904,368	53,789,094	90,922,151	878,286,965	944,027,972	6,256,100,550
Valuation/Additions	-	-	17,725,250	2,150,344	11,291,832	523,641	125,067,583	156,758,650
<b>At 30 June 2019</b>	3,068,000,000	1,167,170,000	71,629,618	55,939,438	102,213,983	878,810,606	1,069,095,555	6,412,859,199

DEPRECIATION:

**At 30 June 2018**

Charges for the year

**As at 30 June 2019**

NET BOOK VALUE:

At 30 June 2019	3,068,000,000	926,301,118	22,953,505	26,775,852	25,507,707	445,231,514	1,069,095,555	5,583,865,251
At 30 June 2018	3,068,000,000	950,052,428	12,879,424	28,450,630	25,147,750	508,312,375	944,027,972	5,536,870,579

(1). In the opinion of the Council there is no impairment in the value of property, plant and equipment.

(2). All classes of the University assets were valued to fair market values by independent contracted professional valuers, Syagga and Associates Limited. The valuation report included also assets bought during the year. The report was issued in September 2011.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 30 JUNE 2019

7. PROPERTY, PLANT & EQUIPMENT

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLES KSHS	FURNITURE & FITTINGS KSHS	COMPUTERS, PRINTER & SOFTWARE KSHS	MACHINERY & WORK IN EQUIPMENT KSHS	PROGRESS KSHS	TOTAL KSHS
Depreciation Rates		0.025	0.25	0.125	0.3	0.125		
COST/VALUATION:								
At 1 July 2017	3,068,000,000	1,167,170,000	46,374,000	49,401,653	73,266,555	877,579,770	942,117,570	6,223,909,548
Valuation/Additions	-	-	7,530,368	4,387,441	17,655,596	707,195	1,910,402	32,191,002
As at 30 June 2018	3,068,000,000	1,167,170,000	53,904,368	53,789,094	90,922,151	878,286,965	944,027,972	6,256,100,550
DEPRECIATION:								
As at 30 June 2017	-	192,757,253	36,731,803	21,274,088	54,996,793	297,358,536	-	603,118,474
Charges for the year	-	24,360,319	4,293,141	4,064,376	10,777,607	72,616,054	-	116,111,496
As at 30 June 2018	-	217,117,572	41,024,944	25,338,464	65,774,401	369,974,590	-	719,229,971
NET BOOK VALUE:								
At 30 June 2018	3,068,000,000	950,052,428	12,879,424	28,450,630	25,147,750	508,312,375	944,027,972	5,536,870,579
At 30 June 2017	3,068,000,000	974,412,747	9,642,197	28,127,565	18,269,762	580,221,234	942,117,570	5,620,791,075

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**8. TRADE AND OTHER PAYABLES**

	<b>2019</b>	<b>2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Auditor General	5,684,000	4,872,000
Contractors & General Creditors	134,189,361	56,630,967
Provision for NCC - Land Rates	3,221,572	3,221,572
UoN Salary Reimbursement	16,818,189	48,033,224
Provision for Gratuities	206,543,280	145,305,143
Staff Pension Fund	1,442,670,836	1,289,321,188
Third Party Funds	191,450,619	5,516,568
Statutory Obligations	1,380,844,357	1,409,677,046
Sacco Deductions	68,539,255	111,883,108
Bank Loan Deductions	24,155,338	23,156,808
Insurance Premium Deductions	6,023,113	1,079,085
Other Payroll deductions	171,542,521	28,639,248
Deposits Control Account		
	<b>3,651,682,442</b>	<b>3,127,335,958</b>

**9. CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Cash in hand	959,801	637,322
Production Unit Account- 110163686	9,289,594	6,835,133
Hostel Fund Account- 1101631791	948,557	909,190
Fund Account-01109148224	1,270,773	1,242,021
Cash at Bank- Coop Collection account	12,251,467	14,260,630
Cash at Bank- Equity Collection account	4,338,968	10,929,364
Students Deposit-Caution Money	60,215	4,545,815
Machine Replacement Fund	1,018,110	1,021,305
Staff Pension Fund	574,687	577,882
Students Deposit savings Fund	729,614	729,614
Needy Students Fund	105,738	105,738
Fixed Deposit	300,000	300,000
Cash at Bank- KCB Collection account	9,123,009	3,591,335
Enterprise Development Fund-1101631953	1,063,439	4,426,062
Production Unit Savings	427,093	428,159
KESSP Account	11,795	
Main Account- 1109148135	27,987,869	20,000,505
Kasarani TTI Account-1160726485	1,500,808	1,504,388
	<b>71,961,537</b>	<b>72,044,463</b>

**9(b). BANK OVERDRAFT**

Main Account- 1109148135	-	-
Production Unit Account- 110163686	-	-
Hostel Fund Account- 110914224	-	-
Fund Account	-	-
KESSP Account	-	13,502
	<u>-</u>	<u>13,502</u>

The above bank overdrafts were the cashbook credit balances. The bank accounts were not overdrawn.

The carrying amounts of the cash and cash equivalents are denominated in Kenya Shillings.

There is a bank guarantee of Kshs. 1.5 Million for the supply of motor vehicle fuel by Kenya Shell Ltd.

**10. Trade and Other Recievables**

	2019	2018
	Kshs.	Kshs
Outstanding Staff Imprest	22,502,629	25,032,448
Salary Advances	4,315,776	1,374,397
Outstanding Students fees	977,659,736	1,016,412,506
Deposits to Suppliers	104,350	104,350
Nyayo Vehicle Project	500,000	500,000
Dishonored cheque	562,501	562,501
Ministry of Education	-	-
Total Debtors	1,005,644,992	1,043,986,202
Provision for bad debts (10%)	(100,564,499)	(104,398,620)
	<u>905,080,493</u>	<u>939,587,581</u>

Provision for bad debts: It is the policy of the university to provide for bad debts at 10% the outstanding debtors

**11. INVENTORY**

	2019	2018
	Kshs.	Kshs
INVENTORY	8,225,081	6,316,194

Inventory is mainly composed of stationery and other consumables. The value of inventories was arrived at after stock take exercise that was conducted by Board of Survey Committee





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