

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY	
DATE: 01 SEP 2021	
DAY: WED	
TABLED BY:	LOMP
CLERK-AT THE-TABLE:	S. Kabana

OF

THE AUDITOR-GENERAL

ON

**KAIMOSI FRIENDS UNIVERSITY
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2019**



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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

24 JAN 2020

RECEIVED

KAIMOSI FRIENDS UNIVERSITY COLLEGE (KAFUCO)

(A Constituent College of Masinde Muliro University of Science and Technology)

P.O. Box, 385 - 50309,
Chavakali-Kapsabet Road,
Kaimosi-Vihiga
Telephone: 0777 373 633
E-mail: principal@kafuco.ac.ke
Website www.kafuco.ac.ke

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2019

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

VISION, MISSION AND CORE VALUE

VISION

To be a University of Excellence in Teaching, Learning, Research,
Innovation and Holistic Development

MISSION

To provide quality education and training, research and innovation to
meet the needs of a dynamic Society

CORE VALUES

Academic excellence
Integrity
Innovation
Equity
Dynamism

Professionalism
Quality
Teamwork
Social responsibility

PHILOSOPHY

*Kaimosi Friends University College endeavors to be ranked amongst the world class
universities based on academic excellence and research that impacts on societal needs.*

MOTTO

Spring of Knowledge

STRATEGIC OBJECTIVES

KAFUCO will continue to focus on the following strategic objectives as set out in the strategic plan



- *To increase student enrolment equitably*
- *To develop and implement demand driven academic programmes*
- *To enhance quality assurance in teaching, development and research*
- *To institutionalize effective research, development and innovation.*
- *To harness human resources, increase and diversify funding*
 - *To enhance infrastructure, tools and equipment*
 - *To improve on governance and Management*
 - *Enhance collaboration and linkages*
 - *Enhance security*

PRINCIPAL ACTIVITIES OF THE UNIVERSITY COLLEGE

The principal activities of the University College are derived from the core functions as stipulated in the Universities Act 2012 and the University College statutes. The mandate of KAFUCO is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

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GENERAL INFORMATION

PRINCIPAL PLACE OF BUSINESS

Kaimosi Friends University College
Off Chavakali-Kapsabet Road,
P.O Box 385-50309
KAIMOSI, KENYA

INDEPENDENT AUDITORS

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O Box 30084 -00100 GPO
NAIROBI, KENYA

BANKERS OF THE UNIVERSITY

Co-operative Bank of Kenya
Limited
Mbale Branch.
P.O Box 816-50300
MARAGOLI

PRINCIPAL LEGAL ADVISER

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

Kenya Commercial Bank Limited,
Serem Branch.
P.O Box 122-50308
SEREM

UNIVERSITY COLLEGE CONTACTS

Telephone: 0777373633
E-mail: principal@kafuco.ac.ke
Website: www.kafuco.ac.ke

Kenya Commercial Bank Limited
Mbale Branch.
P.O Box 1123 -50300
MARAGOLI

Equity Bank Limited,
Mbale Branch.
P.O Box 545 -50300
MARAGOLI

HISTORICAL BACKGROUNG OF THE UNIVERSITY

Quick facts about Kaimosi Friends University College

- KAFUCO is the only University College located in the tropical rain forest in Kenya. It is the first and the only University in Vihiga County
- October, 2006 the East Africa Yearly Meeting of the Friends Church (Quakers) proposal to establish a University and submitted to Commission for University Education
- November, 2008 CUE paid the first visit to ascertain progress on the proposed establishment of a University
- July, 2011 CUE second inspection visit observed that no significant progress had been made
- 2012, Friends Church decided to explore the possibility of establishing the KTTC as a constituent College of a Public University
- 24th July, 2012 MMUST Council considered Friends Church request and recommended the establishment of Kaimosi Friends University College as her Constituent College
- 27th August, 2013 CUE inspected the facilities with a view to establishing the availability, adequacy and appropriateness for the proposed University College
- 30th January, 2014 CUE inspected the KTTC with view of establishing the proposed University
- 25th February, 2014 the Governor chaired a stakeholders' meeting which included representatives from MMUST, CUE, Moi University, JKUAT, KTTC and the local community geared towards establishing the University College.

Quick facts about Kaimosi Friends University College (Cont.)

- 11th February, 2014 MMUST appointed Prof. Ogoto, M. J. Nandi to coordinate MMUST steering committee in addressing accreditation issues with CUE
- 10th April, 2014, CUE recommended upgrade of KTTC to a constituent college of MMUST
- September, 2014 MMUST appointed Prof. Ogoto. M. J. Nandi Director of KAFUCO
- 1st September, 2014 MMUST seconded the first batch of 528 student and 46 staffs to KAFUCO
- 22nd May, 2015 KAFUCO was gazetted following the legal Notice No. 87 in the Kenya Gazette Supplement No. 65
- 1st February, 2016 MMUST Council appointed Prof. Ogoto, M. J. Nandi as Ag. Principal, Prof. Y.K. Ayodo as Ag. Deputy Principal (A&SA) and Prof. M. M. Amadalo as Ag. Deputy Principal (AF&P)
- 7th November 2016 the Ministry of Education appointed a Council for KAFUCO
- 2nd December 2016 KAFUCO Council was inaugurated
- 9th January 2017 KAFUCO received the first cohort of students
- 25th January, 2018 Cabinet Secretary of Education appointed Prof. Ogoto, M. J. Nandi as Principal, Prof. Y.K. Ayodo as Deputy Principal (A&SA) and Prof. M. M. Amadalo as Deputy Principal (F&D)
- 21st February, 2018 CUE visit for Technical Inspection of facilities for award of Charter
- 16th May, 2018 CS Education, Hon. Amb. Dr. Amina Mohamed visit to KAFUCO to assess the transition status between KAFUCO and KTTC
- Graduation of 127 Bachelor of Education and 52 Bachelor of commerce students for 1ST cohort and 7 Diploma in Business and 15 Diploma in Education

GOVERNANCE AND MANAGEMENT

MEMBERS OF THE UNIVERSITY COUNCIL

The Profiles for the university council members who were in office for the year 2018/2019 are presented here below:

CHAIRPERSON

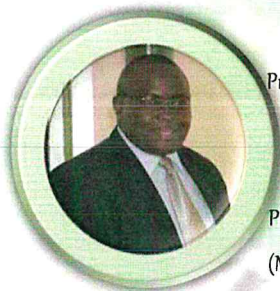


Dr. Bernadette Mungai,

PhD(KU), MBA(USIU), BBM(USIU)

YoB: 1959

Dr. Mungai is a Consultant and an Entrepreneurship Development Expert with twenty seven years experience in the African region. She has been a Team Leader on various donor funded projects – the British Council, DfID and The World Bank funded Private Sector Development Projects. She has also been involved in capacity building, strategic management and business development programmes. She has extensive experience in Africa having worked in Kenya, Ethiopia, Uganda, Tanzania, Rwanda, Ghana, Nigeria, South Africa, Zimbabwe and South Sudan.



Prof. Ogodo. M. J. Nandi,

Secretary

YoB: 1965.

PhD (Maseno University), MBA
(Moi University), MA (UoN) BA
(UoN).

Prof. Ogodo M. J. Nandi is a full Professor and currently the Principal of Kaimosi Friends University College. He has over twenty five years of teaching and research experience at University level and has published several texts books and articles in refereed journals. He has also won International research grants in multi-disciplinary research. He has taught and supervised many students at Masters and PhD level. Prof Nandi has served as Administrator for over fourteen years of which six year as head of department and eight years as a Director. He is a member of professional bodies and has also made several linkages with scholars in other countries.



FCPA Joseph Z. M. Abuta,

Member

YoB: 1951

MBAJKUAT), CPA (K), CPS (K)

FCPA Abuta Possesses wide experience of over forty years in corporate governance/management, company secretarial practice, public finance, auditing and executive management. He has served in various capacities as a tutor, accountant, finance manager, company secretary and CEO. He has published several professional articles for training and research use and participated/assisted in developing various rural based projects like schools, churches and health centers. CPA Abuta has received Merit /Commendation certificates for services offered to various institutions/organizations. Currently he is the Public Finance Expert at Kisumu Urban Project and a lead consultant in Machogu Abuta & Associates.



Dr. Ellie Osir,

Member

YoB: 1956.

Bsc, (UoN), PhD, (University of Arizona, USA)

Dr. Osir has wide experience in strategic planning and management. Has a large number of projects that he has developed having been in leadership position for about 12 years, mainly as head of a major research department between 1992 and 2005 and as interim Director of Research. Since 2006, he is a senior program specialist with the International Development Research Center (IDRC) responsible for the program on Science and Innovation in Southeast Asia and Africa, currently based at the Nairobi office. He has managed a large number of research projects in Asia covering various aspects of science, technology and innovation (STI), including biotechnology innovations and bio-safety policies. Dr. Osir is currently managing the \$14M Science Granting Councils Initiative for Sub-Saharan Africa which is jointly funded by the Canada's International Development Research Centre (IDRC), United Kingdom's Department for International Development (DFID), and South Africa's National Research Foundation (NRF).



Ms. Jane W. Wambugu,

Rep National Treasury

YoB: 1965

MBA-Finance (KEMU), CPA (K)

Mrs. Jane W. Wambugu was appointed Alternate Director to the Cabinet Secretary, the National Treasury in May 2017 where currently serving in Department of Public Investment & Portfolio Management. She has served in various Government Ministries as an accountant with more than 20 years' experience having worked as Project Accountant in Energy Sector donor funded projects for 5 years and 4 years as Deputy Head of Accounts Unit respectively. Member of Institute of Public Accountant of Kenya (ICPAK) and member of Institute of Certified Investment Financial Analyst (ICIFA).



CPA Romana Kimende,

Member

YoB: 1966.

B.Ed, Econ & Bus (KU), MBA (ANU, Aus) CPA (K) Dip. Accounting (S.QLD, Aus).

CPA Romana has a wealth of experience in financial management and education administration from the public and private sectors as well as Non-Governmental organizations in Kenya. She has held various management positions with the United Nations Development Programme (UNDP) Kenya, CARE International, Ministry of Education, Ministry of Finance and Ministry of Trade and has experience in managing secondary school Boards. She chairs the KAFUCO Audit Committee and is a member of the Human Resources Committee. She is currently a Consultant in Financial Services & Project Management.



Dr. Josephine Waudo,

Member

YoB: 1955.

PhD, (KU), M.Ed (UON), BED, (UoN), Higher National Diploma, (KIPC), Cert Teacher Education, (State of Israel).

Dr. Waudo is currently a Council Member-Kitale National Polytechnic and has taught as a Part-Time Lecturer, Mount Kenya University. She has been working as an Acting Deputy Director- Research in charge of Policy, Planning & Strategy Division in the Directorate of Research Management and Development at Ministry of Education Science and Technology Headquarters. She was once an Assistant Director Quality Assurance and Standards Officer in charge of Teacher Education Development at MoE Headquarters and Senior Inspector of Schools in charge of Grading and Re-grading of Teachers Sub Section and in addition coordinated Social Studies Subject at the MoE Headquarters.



Ms. Jacqueline Ingutiah,

Member

YoB: 1980.

LLB (Moi University), MA

(Coventry University), MCI Arb

Ms. Ingutiah is an Advocate of the High Court of Kenya currently the Project Lead at Advocates for International Development (A4ID) heading the Business and Human Rights Programme. Previously, Ms. Ingutiah worked at Federation of Women Lawyers (FIDA) Kenya as a Senior Legal Counsel where she provided legal aid services for needy women and engaged in advocacy for social and legislative reforms in Kenya. In addition, she engaged in regional advocacy at the East African Community and African Commission on Human's and People's Rights (ACHPR). Jacqueline holds a Masters of Arts Degree in Peace and Reconciliation Studies from Coventry University and LLB from Moi University. She is a member of the Law Society of Kenya, FIDA Kenya and Chartered Institute of Arbitrators. In addition, she is the Vice- Chairperson of the West Kenya Law Society, mediator under the Judiciary Court Annexed Mediation Pilot Project and a member of the Ethics Review Committee at Jaramogi Oginga Odinga Teaching and Referral Hospital.



Ms. Nerreah Anyango Olick

Rep State Department of

University Education &

Research.

Master of Ed, B. Ed (KU), B. Ed (KU), Diploma in Public Management (Hiroshima University, Japan).

Ms. Olick is is currently Deputy Director of Education;- In-charge of Primary Education. She has a wealth of experience in education administration having held various management positions. Previously, Ms. Olick worked as Regional Director of Education, County Director of Education and District education officers for over 10 year in various parts of the Country. She is a council member of Alupe University College, National Children Service, East African Regional Ballgames and KICD.

MEMBERS OF THE UNIVERSITY COLLEGE MANAGEMENT BOARD

The Key management personnel who held office during the financial year ended 30th June, 2019 and who had direct fiduciary responsibilities are presented here below:



Prof. Ogodo. M. J. Nandi
Principal

PhD. (Maseno University), MBA (Moi University), MA (UoN), BA (UoN)



Prof M. M. Amadalo,
Deputy Principal,
(Finance &
Development)

PhD (KU), Med(KU),
Bed,(Sc),Hons(UoN).



Dr. E. Okwako,
Ag. Deputy Principal, (ASA)
Dean SESS

PhD, M.Phil (Moi University), B.Ed
(Arts),Hons (Kenya University).



Dr. Samwel Munda,
Assistant Registrar (Academic
Affairs)

PhD. (MMUST), M.Ed (Mgt) Egerton
University, B.Ed(Sc).



CPA Irine Lumatete,
Dep Finance Officer

MBA (Finance)-UoN, Bcom-
(Accounting)-UoN, CPA (K).



Dr. Kelvin K. Omieno.
Ag. Dean, School of
Computing & Informatics
 Ph.D. Information Systems (JOUST),
 Msc. Information Technology, Bsc.
 Computer Science (MMUST).



Dr. P. A. Mugesani,
Senior Assistant Registrar
(HR & Admin)
 B.Ed. (Arts) Hons (KU), MBA
 (HRM)(KU), PhD (HRM)JUAT



Dr. D. Were
CoD, Educational Foundations,
Psychology & Management
 PhD in Disaster & Humanitarian
 Assistance (MMUST), M.Phil,
 (University of Oslo) B.Ed.



Ms. Linet Mayavi, Advocate
In-Charge Legal Affairs Office
 LLB (Hons) KU, Post Graduate Dip,
 Law (KSL). Dip. Public Relations
 (ICM)



Ms. C. Shikuku,
Assistant Librarian
 Diploma (Information Studies)
 Kenya Polytechnic, Bsc (Information
 Science) Moi University, Msc (Moi
 University).



CHAIRPERSON'S STATEMENT



I feel honored and duty-bound to present an overview of the University College performance for the year ended 30th June 2019. The University College Council played its rightful role in the University College's operations. The council has remained steadfast and united in support of efforts by KAFUCO management in transforming the University College into a regional and globally leading centre of academic and research excellence. I am pleased that during the period under review, major renovations, ICT infrastructure and higher voltage power installations were undertaken to improve service delivery in teaching and research.

The University Council is focused to position KAFUCO as spring of knowledge in providing quality education, teaching, research and innovation that meet the needs of a dynamic society needs. KAFUCO has been keen on addressing national aspirations by conforming to national policies such as the Big Four agenda, Kenya Vision 2030 and Sustainable Development Goals. During the year ended 30th June 2019, KAFUCO was mainly funded through Government of Kenya capitation (66%) and Appropriation in Aids (34%) for its recurrent expenditure.

The University College was able to remain on course in its performance albeit with explained shortfalls due to financial constraints. The University College remains committed to playing a vital role in transforming higher education in terms of sustainable, long term growth. The Council will continue to work closely with Management in provision of high quality and all-round education as enshrined in its mission.

I wish to finally thank the Government of Kenya, Council members, Management and staff for their continued support over the year in striving to make KAFUCO a World Class University that impacts on societal needs.

DR. BERNADETTE MUNGAI, PhD.
CHAIRPERSON, KAIMOSI FRIENDS UNIVERSITY COLLEGE COUNCIL

PRINCIPAL'S STATEMENT



I have the pleasure to present the Annual Report and Financial Statements of Kaimosi Friends University College (KAFUCO) for the year ended June 30, 2019 as per the Universities Act 2012 and the Public Audit Act 2015.

Financial resources and management has been instrumental in delivering on the core mandate of the University College. KAFUCO was mainly funded through Government Capitation to a tune of KES 410.569M which included recurrent of KES 172.738M, development vote of KES 146.950M and KES 90.885M from appropriation in Aid (A-I-A). It has not been easy, but with co-operation from our stakeholders and Council members' guidance, the University College was able to operationalize its core functions. The University College is greatly indebted to the Government for the continued financial support it has received to date.

During the year under review the University College had a deficit of KES 55.308M as compared with surplus of KES 16.868M for the year ended 30th June, 2018. As an emerging University College, KAFUCO faces the challenge of expanding its financial resources base and generating increased levels of A.I-A. KAFUCO intends to find new sources of funding; exercise more gainful use of existing facilities; and be more prudent in resource management. In this regard, the University has established an Income Generating Unit and implemented a Fee Policy for student tuition fees in order to expand its financial resource base and generate increased levels of A-I-A.

The University College shall actively continue to engage in building international research partnerships and networks and locally respond to National Research Funding (NRF) grant competitions. We intend to develop an even stronger focus on the short, medium- and long-term impact of our research when planning our activities and collaborations and when evaluating our performance. Increased Students' enrolment and focus on The Big 4 agenda remain a priority.

On behalf of KAFUCO I wish to take this opportunity to express my gratitude to the Government and all our development partners who have continued to support the University College in its endeavor to grow. I also wish to thank the Council members for their oversight and counsel during the period under review. I am also indebted to Management and Staff for their dedication to duty over the past three formative years of KAFUCO's growth and development.

PROF. OGODO, M.J. NANDI
THE PRINCIPAL

CORPORATE GOVERNANCE STATEMENT

I. Ownership

KAFUCO is a body corporate Gazetted on 22nd May, 2015 as a constituent college of Masinde Muliro University of Science and Technology under the Gazette Legal Notice No. 87 Kenya Gazette supplement No 65. The University College is whole owned by Government of Kenya.

2. Responsibility of the University College

Council

The University College Council is responsible and accountable to the Government of Kenya through the State Department for University Education and Research for ensuring that the University complies with the Universities Act 2012, the University Statutes (2013) and adheres to the highest standards of Corporate Governance as prescribed in the State Corporations Act and the code of Governance for State Corporation (Mwongozo).

3. Remuneration of the University College Council members.

The University College Council members other than the Principal and the ex-official members do not receive a salary. They are however paid a sitting allowance for every meeting attended. The sitting allowance paid to the Council members is disclosed in note 6 of the financial statements.

4. Conflict Of Interest

The Council has complied with Mwongozo provisions paragraph I.3 that expects each Council member to act honestly at all times and not to place themselves in a situation where their personal interest conflict with

those of the organization. In addition, in compliance with paragraph I.I6, Council members disclose all real or perceived conflict of interest registered in a register maintained and updated accordingly.

However, the Council is yet to develop a policy on Conflict of Interest as envisaged by paragraphs 2.6 and 4.3. The Policy is among those scheduled for development to provide a framework to manage these conflicts.

5. Risk Management

The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The Council is responsible for risk management and has an approved policy and procedure document for risk management. The University College conducts risk assessment on regular basis which informs the internal audit plan. The University College has a risk management committee which oversees the risk management. The University College has an Internal Audit department to carry out risk based internal audit on a quarterly basis. The University Council through its Audit and Compliance Committee received regular reports during the year on internal control and risk.

Moreover, the University College management conducts legal compliance reviews which are reported to the Council. The University College has an in-house legal officer to advice on legal issues.

6. Statement of Compliance

The Council Members confirm that Kaimosi Friends University College has throughout the year ending 30 June 2019 complied with the entire statutory and regulatory requirements and has been managed in accordance with the Principal of Corporate Governance

7. Committees of the University College Council

In order to facilitate the smooth running of its affairs, the University Council establishes such committees with the membership and with such terms of reference as it may deem fit. The following committees were in place during the year ending 30th June, 2019.

- a. Finance & Resource Mobilization Committee
- b. Audit, Governance, Risk Management & Compliance Committee
- c. Human Resources Policy Committee
- d. Academic, Strategy, Planning, Development and Innovation Committee

The University Council nominates the Chairperson of each committee of the Council provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the University Council and the Principal are ex-officio members of every committee of the Council.

Finance & Resource Mobilization Committee

The committee provides oversight and advice on matters relating to the University College financial position, annual estimates, resource mobilization and investments and pay due regard to the necessity to refer matters of

major importance to the Council for final approval.

Audit, Governance, Risk Management & Compliance Committee

The Committee oversee and advise on matters relating to the safety of assets; operations of adequate systems; control processes, preparation of accurate financial reports in compliance with legal and statutory requirements and standards; internal and external audits; risk management strategies; institutional governance; monitoring of performance contract; and quality assurance.

Human Resource Committee

The Committee oversees the formulation and subsequent monitoring/review of policies and strategies on employment of all University staff, including policies on recruitment and selection, staff development and training, performance management schemes and salaries, administrative practices and other conditions of service.

Academic, Strategy, Planning, Development and Innovation Committee

The Committee advise and oversees the strategic development and implementation of academic and research programmes; physical facilities and infrastructures plan; quality assurance for excellence in teaching, research and innovation and protection of intellectual assets.

FINANCE AND RESOURCE MOBILIZATION COMMITTEE

- | | | |
|------|------------------------|------------------------------------|
| i. | FCCA Joseph Z. M Abuta | Chairman |
| ii. | Dr. Ellie Osir | Member |
| iii. | Ms Nerreah A. Olick | Representing Ministry of Education |
| iv. | Ms. Jane Wambugu | Representing the Treasury |
| v. | Principal | Secretary |

ACADEMIC, STRATEGY, PLANNING AND DEVELOPMENT COMMITTEE

- | | | |
|------|-------------------------|------------------------------------|
| i. | Dr. Ellie Osir | Chairman |
| ii. | FCCA. Joseph Z. M Abuta | Member |
| iii. | Dr. Josephine D. Waudu | Member |
| iv. | Ms Nerreah A. Olick | Representing Ministry of Education |
| v. | Ms. Jane Wambugu | Representing the Treasury |
| vi. | Principal | Secretary |

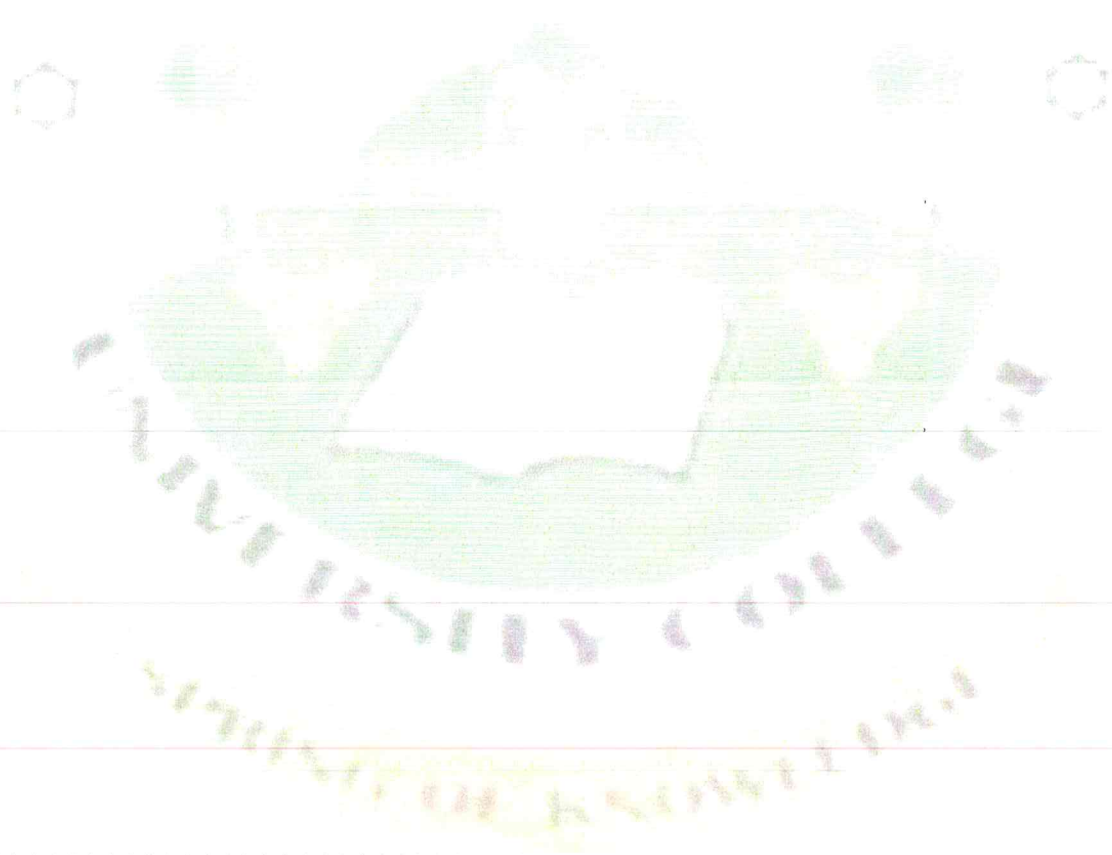
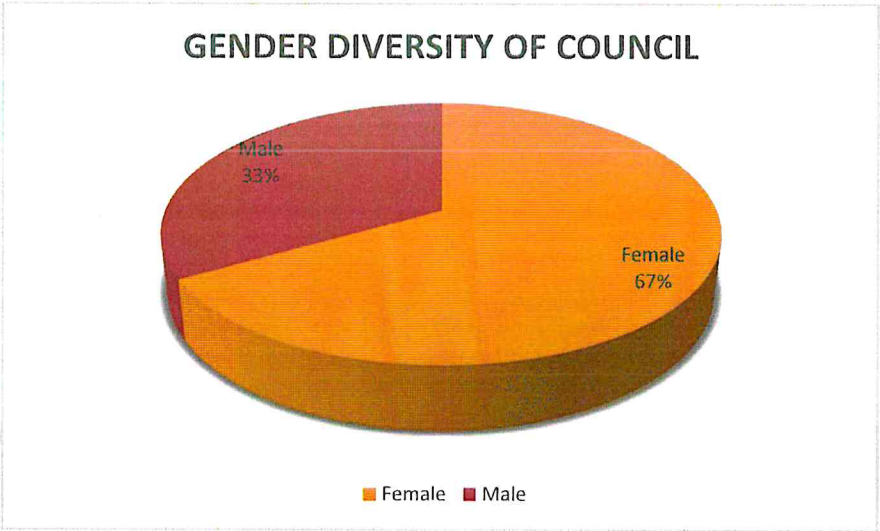
HUMAN RESOURCE COMMITTEE

- | | | |
|------|----------------------------|------------------------------------|
| i. | Ms. Jacqueline O. Ingutiah | Chairperson |
| ii. | Dr. Josephine D. Waudu | Member |
| iii. | CPA. Romana Kimende | Member |
| iv. | Ms. Nerreah A. Olick | Representing Ministry of Education |
| v. | Ms. Jane Wambugu | Representing the Treasury |
| vi. | Principal | Secretary |

AUDIT, GOVERNANCE, RISK MANAGEMENT & COMPLIANCE COMMITTEE

- | | | |
|------|----------------------------|------------------------------------|
| i. | CPA Romana Kimende | Chairperson |
| ii. | Ms. Jacqueline O. Ingutiah | Member |
| iii. | Ms Nerreah A. Olick | Representing Ministry of Education |
| iv. | Ms. Jane Wambugu | Representing the Treasury |
| v. | Internal Auditor | Secretary |

Gender Diversity of the Council



University College Council meetings

During the FY 2018/19 Council developed and implemented a work plan (Council Almanac). Council and its committees held a total of twenty seven meetings (both ordinary and special meetings). Quarterly meetings are normally held as per State corporation Act 446, PFM Act 2012 and performance contracting regulations for the purpose of complying with the statutory timeliness stipulated in these laws for submission of reports to Government Agencies. During the Year under review, Council and its Committees held their meetings regularly with the summary of its meeting being as below:

Council Members	Position in Council (Chairperson/CEO/Member)	Gender	Date of Appointment DD/MM/YYYY	Expiry of Appointment DD/MM/YYYY	Membership & attendance	University College Council	Finance & Resource Mobilization Committee	Human Resource Committee (HR)	Academic, Strategy, Planning, Development and Innovation Committee, (ASPD&I)	Audit, Governance, Risk Management and Compliance Committee, (AGRMC)
Dr. Bernadette Mungai	Chairperson, Council	F	07/11/2016	07/11/2020	Membership	√	X	X	X	X
					Attendance	8/8	1/6	X	X	X
Prof. Ogodo, M. J. Nandi	Principal / Secretary	M	25/01/2018	25/01/2023	Membership	√	√	√	√	X
					Attendance	8/8	6/6	4/4	5/5	X
FCPA Joseph Z. M. Abuta	Chairman, FRM Committee	M	07/11/2016	07/11/2019	Membership	√	√		√	X
					Attendance	7/8	6/6	X	5/5	X
Ms. Jacqueline O. Ingutiah	Chairperson, HR Committee	F	07/11/2016	07/11/2019	Membership	√	X	√	X	√
					Attendance	8/8	X	4/4	X	4/4
Dr. Ellie O. Osir	Chairperson, ASPD&I Committee	M	07/11/2016	07/11/2019	Membership	√	√	X	√	X
					Attendance	7/8	2/6	X	2/5	X
CPA Romana Kimende	Chairperson, AGRMC Committee	F	07/11/2016	07/11/2019	Membership	√	X	√	X	√
					Attendance	7/8	X	4/4	X	4/4
Dr. Josephine D. Waudo	Member	F	07/11/2016	07/11/2019	Membership	√	X	√	√	X
					Attendance	7/8	2/6	4/4	5/5	X
Ms. Jane W. Wambugu	Representative, CS, National Treasury	F	10/5/2017	10/5/2020	Membership	√	√	√	√	√
					Attendance	7/8	5/6	3/4	4/5	3/4
Ms. Nereah Olick	Representative, PS, State Department for University Education & Research	F	04/06/2018	04/06/2019	Membership	√	√	√	√	√
					Attendance	7/8	5/6	2/4	4/5	2/4

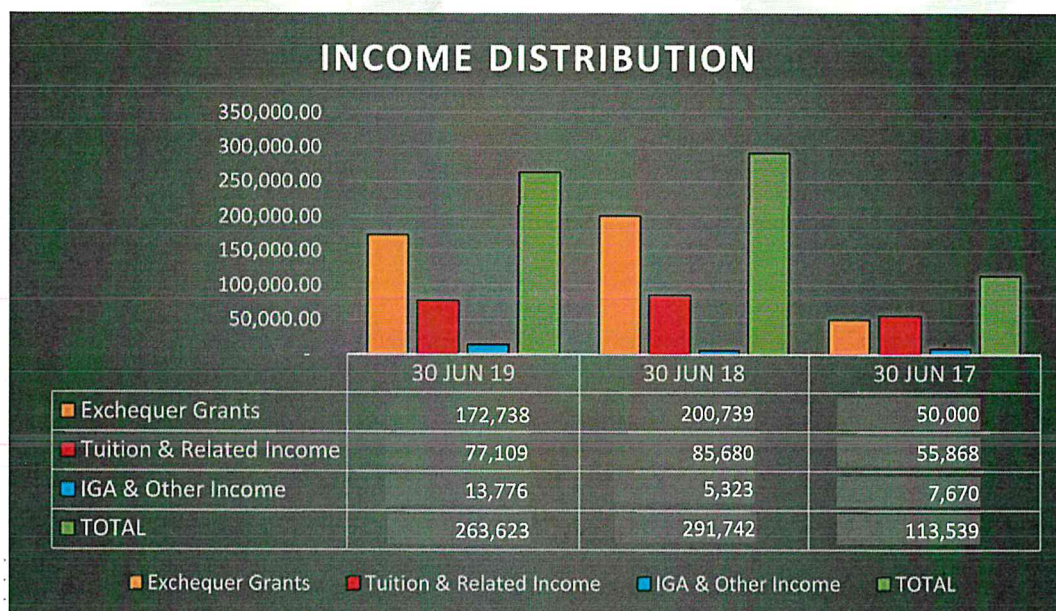
MANAGEMENT DISCUSSION AND ANALYSIS

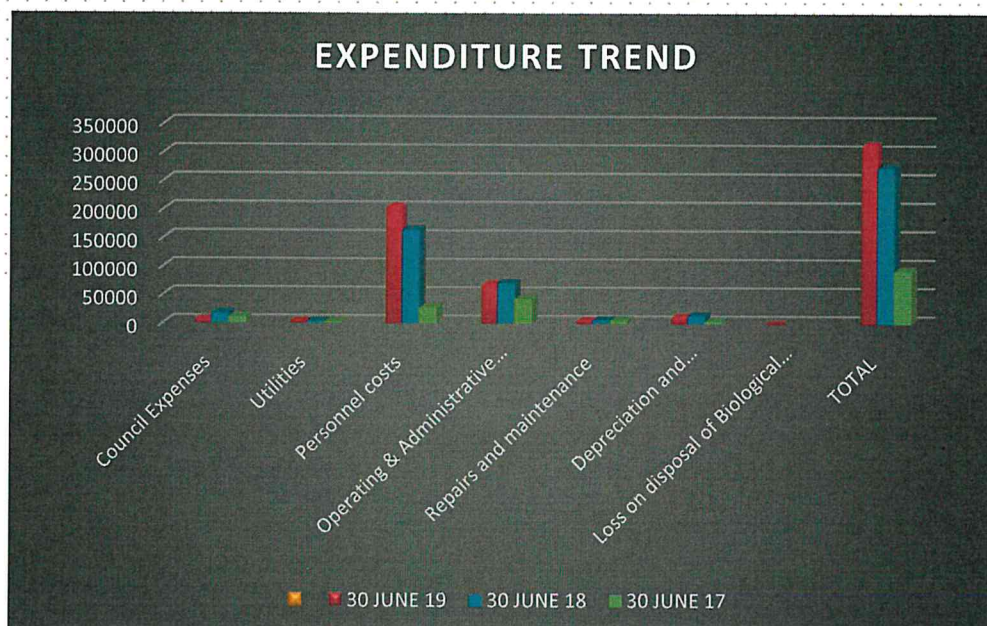
We have the pleasure to present the Annual Report and Financial Statements of KAFUCO for the period ended June 30, 2019 as per the Universities Act 2012 and the Public Audit Act 2015.

The University College recorded an aggregate income of **KES 263.623 Million** as at end of the year, with the recurrent grant from the Exchequer of **KES 172.738 million**. Internally generated revenue stood at **KES 90.885 million** as at end of the year consisting of Tuition Fee and related income of **KES 77.109 million**, Income generating activities and other Income at **KES 13.776 million**. In General the University College recorded a decline in financial performance with a deficits of **KES 55.308 million** as compared with a surplus of **KES 16.868 million** during previous year. The University College is in initial phase of commencing Income generating activities that are aimed to smoothen the seasonal income trend and to expand its financial resource base and generate increased levels of appropriation in Aid (A-I-A).

INCOME

Particular	30JUN-19	30JUN-18	30 JUN-17	30JUN-19	30JUN-18	30JUN-17
	KES '000'	KES '000'	KES '000'	%	%	%
Exchequer Grants	172,738	200,739	50,000	66%	69%	44%
Tuition & Related Income	77,109	85,680	55,868	29%	29%	49%
IGA & Other Income	13,776	5,323	7,670	5%	2%	7%
TOTAL	263,623	291,742	113,539	100%	100%	100%

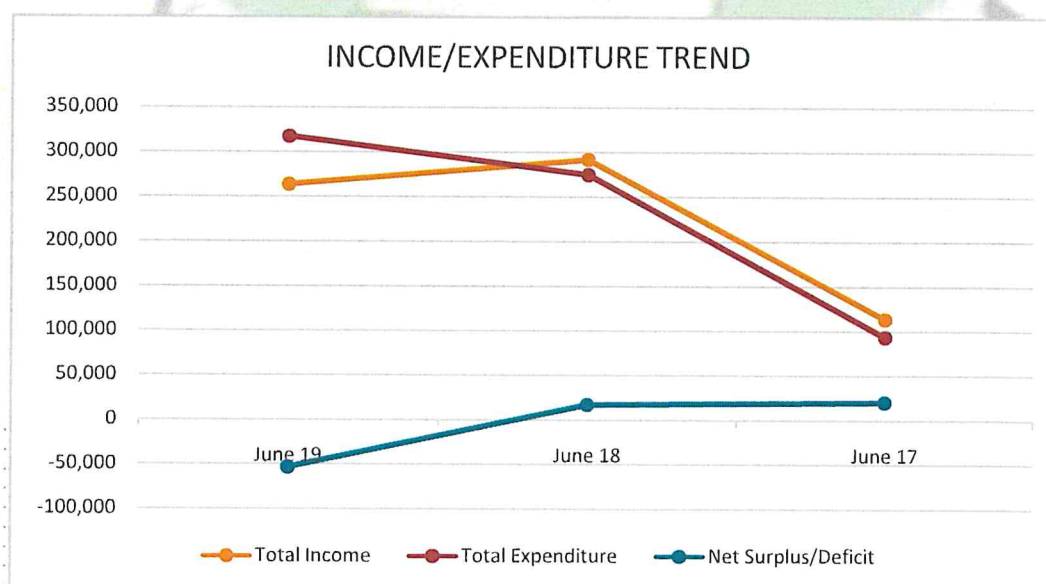




TOTAL INCOME VERSUS TOTAL EXPENDITURE

The relationship between income and expenditure is as tabulated below. There has been seasonal trend in the performance of the institution.

Income/Expenditure Trend In KESs "000"			
	30 JUNE-19	30JUN-18	30 JUNE-17
Total Income	263,623	291,742	113,539
Total Expenditure	318,930	274,874	93,637
Net Surplus/Deficit	(55,308)	16,868	19,902

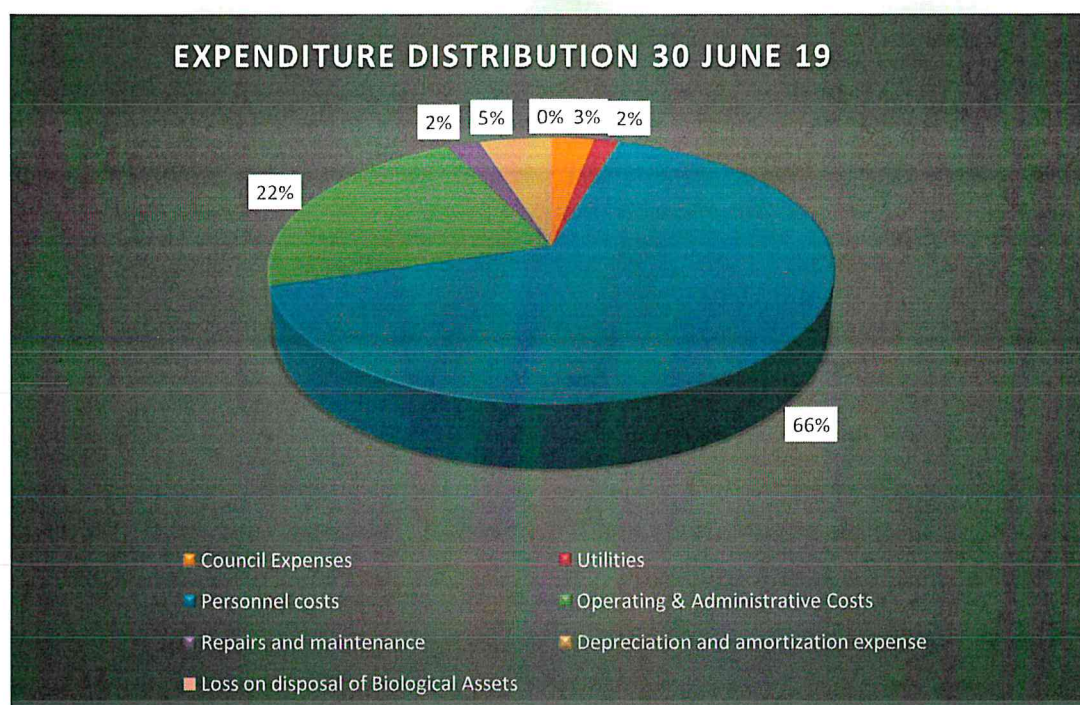


EXPENDITURE

Personnel emoluments continued to comprise the largest part of the expenditure during the year at 66% of total expenditure while all other expenses constituted the balance of 34%. The table below illustrates the expenditure trends with the overall total expenditure rising steadily during the year.

EXPENDITURE

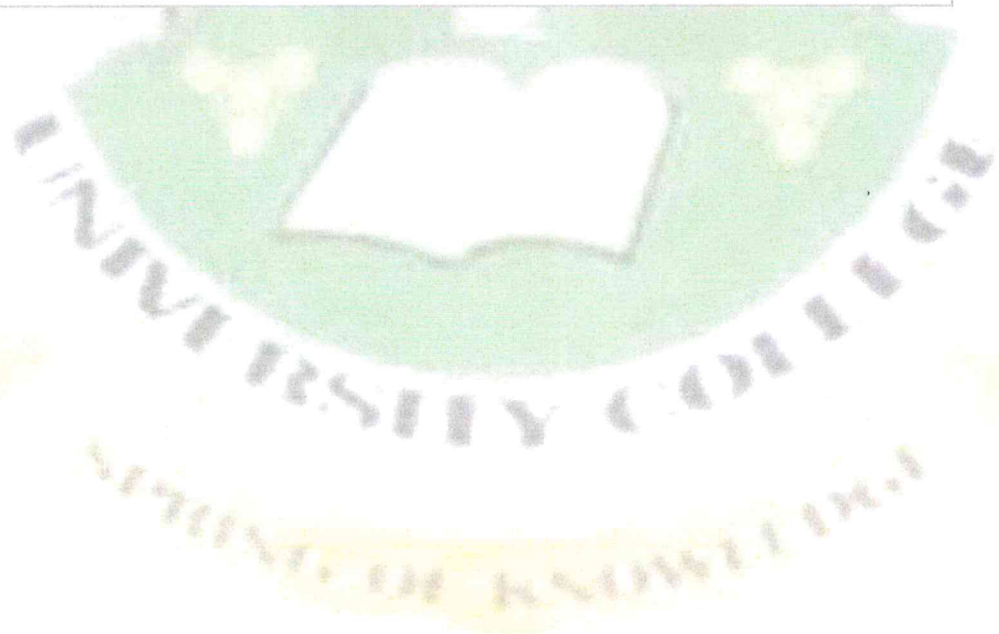
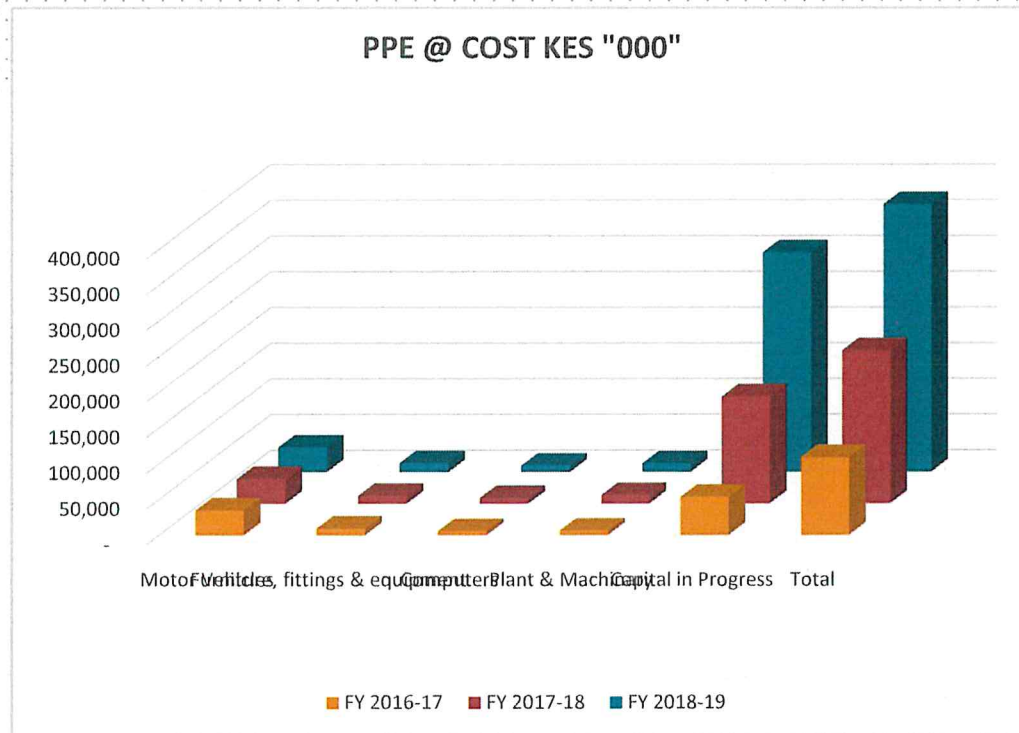
Particular	30 JUN19	30 JUN18	30 JUN17	30 JUN19	30 JUN18	30 JUN17
	KES '000'	KES '000'	KES '000'	%	%	%
Council Expenses	9,284	17,264	11,014	3%	6%	12%
Utilities	5,098	3,114	2,449	2%	1%	3%
Personnel Costs	206,886	164,443	27,444	66%	60%	29%
Operating & Administrative Costs	70,296	70,501	42,846	22%	26%	46%
Repairs and maintenance	7,152	5,802	5,711	2%	2%	6%
Depreciation and amortization expense	15,377	13,750	4,173	5%	5%	4%
Loss on Disposal of Biological Assets	32	-	-	0%	-	-
Total Expense	314,125	274,874	93,637	100%	100%	100%



To ensure the achievement of academic excellence, the University College has focused most expenses on enhancing teaching in a progressive manner

PROPERTY, PLANT & EQUIPMENT

The university's Property plant and equipment has also grown overtime as shown in the table below.

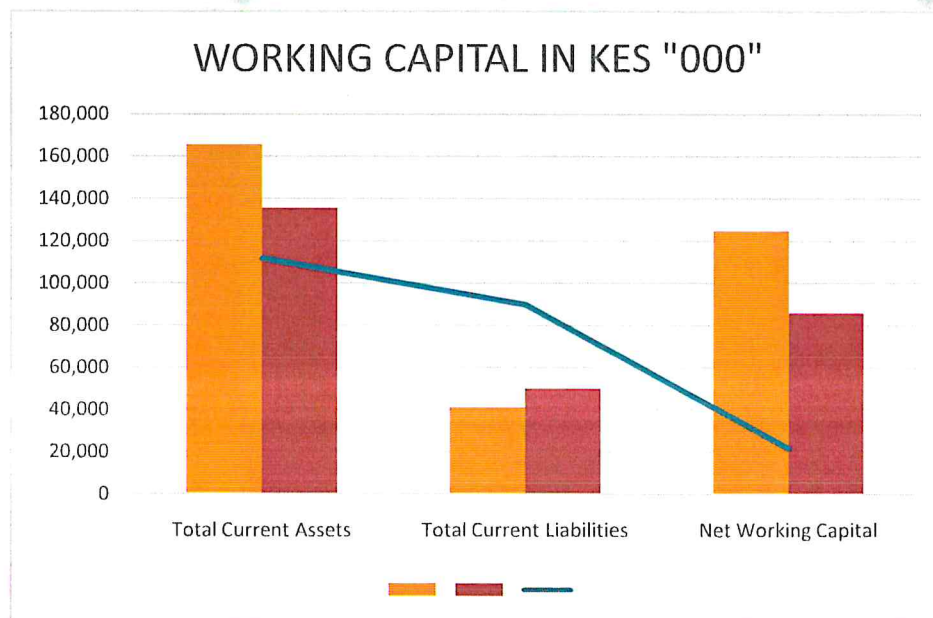


WORKING CAPITAL

The University has had a healthy Working capital position with positive net current assets position as shown below:

Particulars 30 JUNE-1930 JUNE-18 30 JUNE-17

	KES'000'	KES'000'	KES'000'
Total Current Assets	113,564	135,584	165,587
Total Current Liabilities	87,442	49,923	40,966
Net Working Capital	26,122	85,660	124,621



COMPLIANCE WITH STATUTORY REQUIREMENTS.

The University College complies with statutory requirements as follows:

1. PAYE

Income Tax Act, 1973, Laws of Kenya, places on employers an obligation to deduct and remit monthly income tax for all employees and be remitted to the pay master general on or before 9th day of the following month. The University has complied with the deadline for remission.

2. NSSF

The NSSF Act, 2013, Laws of Kenya, requires employers to deduct and remit NSSF deductions on monthly basis and remit the same on or before 9th of the following month. The University has been remitting the deductions to NSSF on time.

3. NHIF

NHIF Act, 1998, Laws of Kenya, requires the employer to deduct the NHIF dues and remit the same on or before the 9th of the following month. The University College has complied with the NHIF Act.

4. HELB

HELB Act, 1995, Laws of Kenya, requires employers to deduct from the wages or remuneration of the loanee(s) the amount of any loan as instructed by the Board and submit within 15 days after the end of each month. The University College has effected HELB loans as required and submitted the same within the stipulated fifteen days after the end of each month.

5. NITA

Industrial Training Levy Act CAP 237 requires employers to pay KESs 50/= per employee, including temporary, casual and apprentices per month. The University College has effected NITA payments as required and submitted the same within the stipulated timelines which is the last working day of the month.

The University College is cognizant of the fact that compliance is a continuous process. To this effect it has put measures in place to ensure the institution maintains the required threshold of compliance to best corporate Governance principles.

MAJOR RISKS FACING THE ENTITY

The University College's principal financial assets are, trade receivables and cash and short term deposits which arise directly from its operations. The institution has financial liabilities comprising trade and other payables.

KAFUCO is exposed to the following risks:

- i) Market risks
- ii) Liquidity risk
- iii) Credit risks

The University College Council has overall responsibility for the establishment and oversight of the University College's risk management framework.

The institution's risk management policies has been established to identify and analyze the risks faced by the University College, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect

changes in economic conditions and the University College's activities.

i) Market risk:-Low Student Enrolment

The University College is more likely to experience low student enrolment due to competition which may result in the reduction of revenue.

ii) Liquidity risk:-Low Funding

Liquidity risk is the risk that the KAFUCO will not be able to meet its financial obligations as and when they fall due. The University College's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University College's reputation. Typically the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All capital investments are funded by the Government. However, Low funding levels by the Government may result to liquidity issues and slow development in infrastructure which can lead to congestion & inadequate facilities.

iii) Credit risk

Credit risk is the risk of financial loss to the University College if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. KAFUCO receives fees from

students which minimizes the credit risk exposure.

Classification of credit risk bearing assets

The table below represents University's maximum exposure to credit risk as at 30 June 2019.

ASSETS	FY 2018/19
Current Assets	KES
Cash and Cash Equivalents	68,154,113
Receivables from Exchange	21,166,355

All the University's receivables are fully performing and are expected to be received. Cash and cash equivalents include cash in hand and deposits held with banks.

MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS

Currently the University College has no material arrears in pending bills, tax default, outstanding staff and pension obligations on the pension scheme as it meets all its statutory obligations as they fall due.

There is no major financial impropriety reported by internal audit/ Audit, Governance, Risk Management & Compliance Committee of the University College Council and external auditors. Consequently, the University College has responsive governance structures and practice in the Council and top Management.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

In line with fulfilling its mandate, 'service to society' University College through its Corporate Social Responsibility (CSR) Programme take in to account its economic, social and environmental impact in the way it runs its operation as a business, in which students and staff members give their time and expertise. The University College subscribes to an ethos of service to and relevance in the community, through its Community Engagement and Outreach, and Linkage and Partnership policies.

During the year 2018/19, the University College took part in various CSR activities as listed below:

I. Engagement with the BodaBoda operators from Hamisi Sub-County

Boda Boda operation, a fast growing sector, is a major form of transport in the area, preferred by our students as well as some staff due to convenience and inaccessible roads in the village. The riders are part of our stakeholders and partners. The safety, livelihood and development of the operators as well as commuters are thus a concern to the University College. In this regard, on 28th March, 2019 KAFUCO organized an activity for the Boda Boda operators from the Hamisi Sub-county. The engagement was multipronged; Marketing, collaboration, and partnering. The activity involved issuance of reflector jackets for enhanced visibility on the road thus ensuring their personal protection.



2. Tree planting at Kaimosi Forest

KAFUCO is the only university in Kenya located in the Tropical rain forest. Kaimosi forest is situated in western region and conservation of this forest is one of the major objectives of KAFUCO.



Principal Prof. Nandi leads members of staff in tree planting exercise

3. Disability Mainstreaming Seminar Held at KAFUCO



The seminar was held on Friday 15th March 2019 at Kaimosi Friends University College. The facilitator was Mr. Manyonge who is the Advisor - National Council of Persons with Disability. The seminar focused on the background and purpose of disability mainstreaming, focus on mainstreaming, determination of Disability, categories of Persons with Disability (PWD) and thematic areas objectives and strategies of Disability Mainstreaming which entails employment, remuneration and compensation, procurement, advocacy and inclusion.

REPORTS OF THE DIRECTORS

ACADEMIC & STUDENT AFFAIRS DIVISION



Ag. Deputy Principal
(Academic & Student Affairs)

Teaching and research is a key pillar of all academic institutions and in the year 2018/2019, Kaimosi Friends University College (KAFUCO) academic staff members excelled in many aspects. The Academic and Student Affairs division mandate is to ensure quality teaching, learning, innovation and holistic development as outlined in

the vision of the University College are achieved.

During the FY 2018/2019, the division organized and engaged in various core activities through its subdivisions and schools that were geared towards our vision.

The division of Academic and Student Affairs is divided into two sub divisions:

- (i) Academics
- (ii) Students Affairs

ACADEMICS

Under academics we have Schools and Departments headed by the Deans and Chair of Departments' respectively. There are four Schools in the division as listed below:-

- (i) School of Education and Social Sciences(SESS)
- (ii) School of Science (SOS)
- (iii) School of Business and Economics (SOBE)
- (iv) School of Computing and Informatics (SCIT)

From 2019/2020, the University College will be offering programmes from Certificate to Doctorate level.

KAFUCO has two (2) Senate approved Ph.D Programmes, five (5) Master Programmes, fifteen (15) Bachelor Programmes, six (6) Diploma courses four and (4) Certificate courses. The University College endeavors to develop her new programs that suit the University College philosophy and Academic niche.

KEY STATISTICS AT A GLANCE

Academic Staff

The University College has the following Academic Staff:-

1. Professor	1
2. Associate Professor	1
3. Senior Lecturers	3
4. Lecturers	10
5. Tutorial Fellows	13

Total number of Academic Staff 28

Full-time to Part- time Ratio

School/Faculty	Full-time lecturers	Part-time Lecturers	Ratio
School of Education & Social Science(SESS)	14	44	1:4
School of Business & Economics (SOBE)	7	24	1:3
School of Science(SoS)	10	30	1:3
School of Computing and Information Technology(SCIT)	4	14	1:4

The University College is understaffed with full-time to part-time lecturers' ratio standing at a dismal of 1:4 as compared to the ideal case of 1:2 as per Commission of University Education requirement. The University College is committed to recruit additional academic staff in line with the Commission for University Education requirements.

Staff to Student Ratio

School /Faculty	Lecturers	Students	Ratio
School of Education and Social Science(SESS)	74	1114	1:15
School of Business and Economics(SOBE)	31	407	1:14
School of Science (SoS)	40	201	1:5
School of Computing and Information Technology	18	64	1:4

Student Population

KAFUCO had the first batch of students from MMUST in 2014/2015 Academic Year, and further seconded in 2015/2016 Academic Year. Since then KAFUCO admitted her very own students in 2016/2017, 2017/2018 and 2018/2019 Academic Years.

Student numbers continue to grow in line with the University College plans.

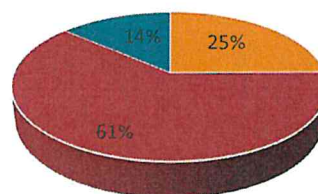
Student Numbers

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total Student Numbers	550	1201	1723	1819

The University College currently has students enrolled in Bachelor's, Diploma and Certificate programme as indicated below: -

Master Degree	2
Bachelor Degree	1744
Diploma Level	63
Certificate Level	10
Total	1819

Current Student Population per School



- School of Business & Economics 451
- School of Education & Social Science 1118
- School of Science, Computing & Informatics 250

SCHOOL OF EDUCATION AND SOCIAL SCIENCES (SESS)

School of Education and Social Sciences is one of the Schools in Kaimosi Friends University College.

During the Financial Year 2018/2019, the school wishes to register her appreciation to the Council, Management and the staff both teaching and non-teaching for their efforts to see that the school grows and runs its core activities smoothly.

Departments

The School of Education and Social Sciences (SESS) initially had four departments under which the above programmes are offered namely:-

- (i) Department of Languages and Literature
- (ii) Department of Social Sciences
- (iii) Department of Curriculum Studies
- (iv) Department of Psychology, Foundations and Management

Currently the School has three departments of which the Department of Curriculum and Instructional Technology has been merged with the Department of Psychology, Foundation and Management to one department.

I. Academic Programmes

(a) Current Programmes

SESS currently offers the following programmes:

Degree Programmes

- (i) Bachelor of Education (B.ED) Arts
- (ii) Bachelor of Social Work
- (iii) Bachelor of Criminology
- (iv) Bachelor of Education(French)
- (v) Bachelor of Disaster Management and International Diplomacy
- (vi) Bachelor of Education(Science)

Diploma Programmes

- (i) Diploma in Criminology
- (ii) Diploma in Social Work

Certificate Programmes

- (i) Certificate in Criminology

(b) New Programmes to be offered

In addition to the current programmes that the school has been offering in the financial year 2017/2018, the School reports that several other programmes have been approved by

the MMUST Senate and are now rolled out to the market. These programmes include the following:-

A). Bachelors Programmes

- i. Bachelor of Education in Early Childhood.

B). Masters Programmes.

- i. Master of Education in English Language.
- ii. Master of Arts in Religion.
- iii. Master of Science in Physics.
- iv. Master of Arts in Comparative Literature

C). Doctorate Programmes

- i. Doctor of Philosophy in Religion
- ii. Doctor of Philosophy in Comparative Literature

Graduates 2017/2018 Financial Year

The School of Education and Social Sciences made strides in the Financial Year 2017/2018 by having a total of 142 students' graduate in various disciplines.

Number of graduates from various disciplines

- (i) Bachelor of Education (B.ED) Arts 127 Graduants
- (ii) Diploma in Social Work 9 Graduants
- (iii) Certificate in Social Work 1 Graduate
- (iv) Diploma in Criminology 1 Graduate
- (v) Certificate in Criminology 4 Graduate

List of First Class Students

REG NO	NAME	OVERAL L MEAN	CLAS S
EDA/027 6/2014	Gidali A. Hastings	72.31	ENG/ LIT
EDA/002 7/2014	Kilonzo Willington	71.86	KIS/R EL
EDA/042 2/2014	Wanda W. Christine	71.37	HIS/ KIS

SCHOOL OF SCIENCE (SOS)



The School of Science -SoSCI is committed to be the nerve center of the University College in matters scientific. We strive to be a vibrant and versatile school in teaching, research, innovations, linkages and outreach. Through cutting edge research, we are actively involved in offering solutions to our dynamical societal challenges.

The School currently is constituted of Departments of Biological & Agricultural Sciences, Mathematics & Statistics and Physical Sciences. The school boasts of having nurtured the Department of Information Technology to sprout out as the School of Computing and Information Technology-SCIT. The departments are dedicated to offering quality education to our esteemed students. The school is actively engaged in cutting edge research spanning across disciplines such as: - materials science and modelling, environmental chemistry, medical entomology and parasitology.

The school has expanded their academic program base: - we are delighted to offer Master of Science (Physics) and equally thrilled to soon roll out Bachelor of Science (Nursing). We intend to address and positively impact directly on the dynamical societal needs of our immediate communities, national government and global interests.

Academic Programmes

- i) Bachelor of Science in Mathematics with Information Technology
- ii) Bachelor of Science (Mathematics & Economics with Information Technology)
- iii) Bachelor of Science (Applied Statistics with Information Technology)
- iv) Bachelor of Science (Agricultural Economics & Resource Management)
- v) Bachelor of Science (Nursing)
- vi) Master of Science (Physics)



Biology students at mangroves site at the Kenyan coast to study their ecology, importance and conservation.



Agriculture students at the Sian Roses flower farm in Eldoret.

The School of Science was highly successful in rolling out the prescribed curriculum to our students.

The school is eagerly anticipating for the arrival of the donated equipment from The Reagent Project, Inc USA. The donated equipment includes; Thermo biosafety cabinet, Norlake Freezer, VWR Salinity Meter, PerkinElmer P34I FTIR polarimeter (with computer and software) and Shimadzu XDR.

SCHOOL OF BUSINESS AND ECONOMICS (SOBE)

The School of Business and Economics is committed to fulfilling its vision of becoming recognized as the leading Business school connecting the region and the world. The school's operational and infrastructural transformation will have far-reaching implications on the future of the University and its stakeholders. Its perpetual effort provides the evidence of collective progress for the University. The school's significant enrollment is a testament of its ability to deliver on its mandate with the support and coordination of all of the University College's stakeholders. The recognition of the school's ceaseless efforts to provide excellence in Economics and Business education has enabled the school to become a hub for Research, Innovation and Entrepreneurship. The school intends to build a network with Regional and International Researchers to promote multidisciplinary, high impact and globalized research.

The School of Business and Economics has three departments above programmes namely:

- i. Departments of Business Administration Management Sciences
- ii. Department of Finance and Accounting
- iii. Department of Economics

Academic Programmes

a) Current Programmes

Degree Programmes

1. Bachelor of Commerce
2. Bachelor of Science in Economics

Diploma Programmes

- I. Diploma in Business Management: Options include:-
 - Accounting
 - Banking & Finance
 - Business administration
 - Entrepreneurship
 - Marketing
 - Human resource Management
 - Purchasing & Supplies Management

Certificate programmes

- Certificate in Business Management

b). New Programmes to be offered

New programmes approved by Senate to be offered in the academic year 2019/2020.

- I. Masters of Business Administration
2. KASNEB courses on offer
 - i. Diploma in Credit Management
 - ii. Accounting Technicians Diploma
 - iii. Certified Credit Professionals
 - iv. Certified Public Accountant
 - v. Certified Secretary
 - vi. Certified Investment and Financial Analyst
 - vii. Certified Procurement and Supply Chain Professional
 - viii. Associate in Procurement and Supply Chain.

Graduates 2017/2018 Financial Year

The academic year 2017/2018 provided an important milestone for the School of Business and Economics. We introduced our MBA programs in Accounting, Finance, Procurement, Human Resource, Marketing and Operations and Systems Management. As a school we celebrated our first graduating class and reflected on everything that has been achieved in such a short space of time including the 2018 graduating class that reunited approximately 200 students' who first shaped the course of the university college in 2014.

b) Number of graduates from various disciplines

- (vi) Bachelor of commerce (B.com) 52 Graduands spread as follows:
 - Accounting option: 13
 - Finance option: 24
 - Purchasing and supply chain management 10
 - Operations and systems management: 5
- (vii) Diploma in business management : 10

c) List of the percentage scores (year one to four) of First Class Students

REG NO	NAME	OVERAL L MEAN	OPTION
Bcm/0252 /2014	Adhiambio Vincensia Emmanuel.	70.5	Accounting
Bcm/5002 /2014	KahendaLyndah	74.0	Accounting

SCHOOL OF COMPUTING AND INFORMATICS (SCIT)

The school of Computing and Information Technology (SCIT) is the newest and fourth school in Kaimosi Friends University College (KAFUCO). On Friday 8th February 2019 the Principal appointed Dr. Kelvin Omieno as the Acting Dean, School of Computing and Information Technology (SCIT). The School was formerly housed under the School of Science and Computing (SOSCI) as a department of Computing and Informatics.

During the FY 2018/2019, the school had only one undergraduate programme (BSc in Information Technology) and engaged in various core activities that were geared towards our vision.

The School currently has Department of Information Technology and Informatics running. The school also houses Open Distance and e-learning section aimed at improving access to quality University College academic programmes and internationalization of programmes.

From 2019/2020, the University College will be offering programmes from Certificate to Masters levels.

Programmes Offered in the School

SCIT has two (2) Undergraduate programmes, One (1) Diploma programme and One (1) Certificate programme as follows.

1. Bachelor of Science in Information Technology
2. Bachelor of Science in Computer Science
3. Diploma in Information Technology
4. Certificate in Information Technology

CENTRE FOR OPEN AND DISTANCE LEARNING

KAFUCO's Open, Distance and e-Learning offers courses that are quality yet flexible to allow students handle the many situations that need their attention when constrained by location.



The Learning Management System

e-Learning entails use of blended mode of delivery for common courses and the use of e-learning to supplement face to face classes.

Each school has a Learner support Assistant who will be assisting the Directorate in ensuring that all materials are uploaded on time at the LMS.

The ODeL policy has been prepared and approved at the Dean Committee and University College Academic Board and is expected to be operational in the next academic year.

Collaboration.

Currently the Directorate is in the process of signing an MOA with Commonwealth of Learning (CoL). This will offer the Commonwealth Digital Education Leadership Training in Action(C-DELTA) as a non-credit course and Technology Enabled Learning (TEL) through research, consultation, capacity building, and monitoring and evaluation programmes for 2 to 3 years. This is meant to assist the Directorate in setting up the Infrastructure and capacity building among the staff.

Research is one of the core functions of KAFUCO. This is embodied in the mission of the University College that aims at excellence provision of quality education and training, research and innovation to meet the needs of the ever-changing society. The section supports training of graduates to not only acquire knowledge but also contribute to its creation; service provision to society and human resource development; and take part in nation building. All these have the overall impact on the realization of Kenya's Vision 2030, Sustainable Development Goals and the Big 4 Agenda. The Institution requires all members of the academic staff and students to be involved in research activities at several levels of their training and professional career. The KAFUCO pool of researchers is relatively small but enthusiastic in collaborative projects to enhance its research capacity.

The success of the section's activities is anchored on academic staff and students spread across the four (4) Schools of the University College. The research outputs from our researchers target innovations and patents which should subsequently be transferred to the community for information and technology uptake.

The section, chairs the University College Research and graduate Studies Board. The Board is composed of 8 members representing all the four schools. This Board has the mandate to set agenda and review all proposals for research to be carried out at KAFUCO and approve admission of postgraduate students in accordance to relevant policies.

KAFUCO focuses on research projects that will help provide solutions to problems prevailing within the local, national ethics and objectives.

I. Visiting University of Salisbury Research Delegation led by Prof. F. Namwamba

Kaimosi Friends University College through Dr. Annette Busula host Prof. Fulbert Namwamba from Salisbury University-Maryland on 3rd January, 2019. This was made possible through Carnegie African Diaspora Fellowship Program. The institutional research interest focused on

Environmental Sciences under the project: *International Research Linkages Bridge to Boost Research, Innovation and Outreach*.

<https://www.iie.org/en/Programs/Carnegie-African-Diaspora-Fellowship-Program/Selected-Projects/May-2019>



2. Collaboration and Partnership

During the year KAFUCO signed an MoU with Vihiga green movement (MAHERI) which will see KAFUCO being engaged on matters of community outreach and innovation such as a forestation/ environmental conservation and establishing a centre for both agricultural and biogas research site in KAFUCO.

The plans are underway for a possible partnership.

3. Seminars and Training

On 7th Feb 2019 KAFUCO Held the 2nd research Capacity Building Seminar for academic staff on Grants Proposal writing which was attended by 36 participants including 3 facilitators. Areas covered were: Funding opportunities for Research Training, How to write a Convincing and winning proposal, Research as a life-long career path, lessons on grantsmanship, public engagement and action planning.

On 3rd - 8th June, 2018 at the University of Yaounde-Cameroon, one of faculty member attended an expert workshop on "Holistic approach to water Resources Management in Africa". The conference was replete with social and natural sciences perspectives in management of water resources on the continent drawing researchers from chemistry, biology, hydrology, civil engineering and

psychology among other disciplines from different countries of Africa.



Dr. Victor Shikuku (circled) in a group photo with some of the workshop attendees.

On 22nd October to 2nd November, 2018 one of faculty member attended the 5th African School on Electronic Structure Methods and Applications (ASESMA) held at Addis Ababa Science & Technology University (AASTU)-Ethiopia <http://indico.ictp.it/event/8354/>. The workshop drew participants from fourteen (14) African states including (Kenya, South Africa, Congo-Bravaville, Congo-Kinshasha, Benin, Rwanda, Nigeria, Togo, Cameroon, Zambia, Burundi, Sudan, Ghana and Ethiopia).



Dr. Felix Saouma (circled) with some of the participants.

Publications Output 2019

- Jetske G. de Boer, Annette O. Busula, Jet ten Berge, Tessa S. van Dijk, and Willem Takken (2019) artemether–lumefantrine administration affect mosquito olfactory behaviour and fitness? I18:28 <https://doi.org/10.1186/s12936-019-2646-9> Does
- "Molecular quantification of *Plasmodium* parasite density from the blood retained in used RDTs"
- Ailie Robinson, Annette Busula, Julian Muwanguzi, Stephen Powers, Daniel Masiga, TeunBousema, Willem Takken, Jetske de Boer, James Logan, Khalid Beshir, and Colin Sutherland. *Scientific Reports*. volume 9, Article number: 5107 (2019)
- Nabeta, K.N.S., Mohochi, S.E., & Nyandiba, C.N. (2019). Women, Politics, Language Shift and Maintenance: Case of Lullogoli in DiglossicUriri Sub-County, Migori County, Kenya. *International Journal of Innovative Research & Development*, pg. 95-100. DOI No. : 10.24940/ijird/2019/v8/i3/MARI9009

STUDENT AFFAIRS

Student Affairs is headed by the Dean of Students and is responsible for among other things Counseling, Discipline, Hostels and Accommodations, Sports, Catering and general students' welfare. All these divisions work together to ensure that the students get the best so as to concentrate on the core function that is academics.

The Office of the Dean of Students deeply appreciates the fact that the successful completion of our rigorous academic programmes largely depends on the existence of a firm and supportive welfare service that is dedicated to the creation of a conducive learning environment as well as facilitating an all-round development of a physically, psychologically, and spiritually healthy individual. As such our ambition is to address the holistic growth, development and well-being of students in support of the university's vision, mission, and objectives.

Financial aid composition

Kaimosi Friends University College is a Public University; therefore three quarters of the students admitted apply for the Government loan through The Higher Education Loan Board (HELB).

In the financial year 2018/2019, the University College managed to get financial aid from the following organization;

Donor & sponsors	No of students	Amount
The Maniben& Mohamed ally Rattansi Educational Trust	2	51,100

Clubs, Societies and Tamasha Events

Our students are active and have been engaged in a variety of events that mold them to be all round as they graduate from University.

Students are encouraged to form clubs and through them they have participated in many events. Some of the best performing clubs are Debating, Scouts and Maestro.

On a yearly basis the students take part in cultural event(Tamasha),and this year we were able to take part in a successfully organized event that show case our cultural diversity.



Mr and Ms Kafuco, 2018/2019

The KAFUCO tamasha day was held on Friday 22nd March, 2019 with sporting events during the day and a climax of selecting the Mr. and Ms. KAFUCO 2019 during the evening hours. The event was marked with various participants from the teaching and non-teaching staff, the students and entire KAFUCO community. This was also a venture for various students who ended up shooting their music videos and launching their Audio/video albums

Student participation in games and sports

Sports, is an important aspect of the program offered at Kaimosi Friends University College. Through competitive sports, students learn how to integrate in spheres outside the learning environment, they nurture and tap their potential and also more significantly, learn how to win and lose with grace and dignity. All these are coordinated from the Dean of Students Office.

The teams participated in Inter-University Games (Kenya University Sports Association), Regional Level games, National Championship and Localized Tournaments to expose them.

The 2018/2019 performance of sports teams was as follows:

TEAM	EVENT	RANK
Swimming (m)	KUSA Western	1
Swimming (w)		3
Hockey (m)	KUSA Western	5
Hockey (w)		4
Soccer (m)	KUSA Western	4
Basketball (w)	KUSA National Championship	10
Netball (w)	KUSA National Championship	7



KAFUCO NETBALL TEAM



KAFUCO TAE KWONDO TEAM



KAFUCO HOCKEY TEAM



KAFUCO BASKETBALL TEAM



Prof. M.M Amadalo Deputy
Principal (Finance &
Development)

INTRODUCTION

The finance department remained a central player in ensuring the operations and delivery of services by the University College to meet its mandate of undertaking

Teaching, Learning, Research, Innovation and Holistic Development. This report is to present the key performance highlights of the division of Finance and Development for the Financial Year 2018/19.

BUDGET

The University College Budget was in line with the national budget medium term expenditure framework (MTEF). The University College budget objectives were in line with the sector budget objectives as per the vision 2030, millennium development plans and other guiding policies of the National Government. During the Plan period, the University College in realizing our mandate of teaching, research and innovation, the budget estimates recognizes that the national government economic development agenda dubbed "The Big Four" agenda is a blueprint plan to address bottlenecks holding back the four key economic enablers: manufacturing, food security and nutrition, universal health care and housing. The university college endeavored to align its budget to foster "The Big four" agenda.

However, KAFUCO faced a major setback, which is inadequate funding. She had proposed a recurrent budget of **KES 557.205M** out of which **KES 422.755M** was to be drawn from the exchequer and **KES 134.450M** would be internally generated. During the reporting period there was reduction in exchequer recurrent grant with the University College realizing **KES 172.738M** recurrent vote from the exchequer and an overall decrease of **KES 43.569M** in total internally generated revenue due to reduction in the number of students.

Despite, budget constraints KAFUCO endeavors to actualize and realizes its goals and objectives, and deliver its mandate to students, staff and other stakeholders.

INCOME

In the period covering 2018/19, KAFUCO total revenue was **KES 410.573M** from **KES 328.080M** realized in the previous year. This was made up of **KES 172.738M** from the exchequer recurrent **KES 146.950M** from Exchequer capital development grant and **KES 90.885M** from internal sources.

EXPENDITURES

In the year 2018/19, the University College's total expenditure was **KES 318.930M** that included **KES 206.886** personal emoluments representing 66% of the total recurrent expenditure.

INVESTMENTS

In order to achieve the objective of improving teaching and learning, the University College has invested in physical facilities. The University College continued to make substantial progress during the year in terms of development. During the year, the University College made various investments of fixed assets totaling to **KES. 157.979M**. this included ongoing building construction, renovations and branding works at **KES 157.979M**,

The University College could not have achieved the progress realized so far without the much needed financial support from the Government of Kenya during the period under review.

Below are key projects that the University is currently undertaking:

ONGOING PROJECTS

Following the National Government directive of not initiating new development projects before completion of the previous ones, Kaimosi Friends University College undertook the following two projects: continuation of tuition block and renovation and branding works.

Renovation and branding of existing physical facilities were informed by Commission of University Education (CUE) recommendations that, *inter alia*, both teaching and non-teaching staff should have offices that kowtow to their

standards and that the institution should have laboratories to support graduates. And that lecture rooms and halls should conform to their standard.

Phase I of branding and renovation works encompassed removal of asbestos roofs from various buildings while phase II, undertaken in 2018-2019 financial year, included the following:

- i. Conversion of classrooms into lecture halls, theaters;
- ii. Conversion of workshops into science laboratories;
- iii. Renovation of offices and equipping them with work stations;
- iv. Renovation of the dining hall and kitchen (equipping the kitchen with Liquefied Petroleum Gas system) and;
- v. Renovation of 8 No. dormitories to hostels.

WORK IN PROGRESS

I.I Tuition Block and Associated works: Kshs. 159,655,770.00



This is a vision 2030 flagship project. Its 52.15 % complete.

I.2 Renovation and Branding works Kshs. 78,128,805.00





Ongoing renovation of hostels



Ongoing renovation of lecture rooms, theaters and halls



I.3 Practically Completed Projects



Recently completed Main Administration Block



Recently completed internal road works and security lighting

Gate, Road works and Associated Works



STATEMENT OF UNIVERSITY COLLEGE COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act cap 446 require the Council members to prepare financial statements which give a true and fair view of the state of affairs of KAFUCO at the end of the year and the operating results of KAFUCO for year ending 30 June, 2019. The Council members are also required to ensure that KAFUCO keeps proper accounting records which disclose with reasonable accuracy the financial position of KAFUCO. The Council members are also responsible for safeguarding the assets of the KAFUCO.

The Council members are responsible for the preparation and presentation of the KAFUCO's financial statements, which give a true and fair view of the state of affairs of KAFUCO for and as at the year ending 30 June, 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 KAFUCO; (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 KAFUCO; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

Council members accept responsibility for KAFUCO's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act Cap 446. They are of the opinion that KAFUCO's financial statements give a true and fair view of the state of KAFUCO's transactions during the year ending 30 June, 2019, and of KAFUCO's financial position as at that date. Council members further confirm the completeness of the accounting records maintained for KAFUCO's, which have been relied upon in the preparation of the KAFUCO's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The KAFUCO's financial statements were approved by the Council on 13/12/2019... and signed on its behalf by:

.....*B. Mungai*.....

Dr. Bernadette Mungai,

Chairperson of Council, KAFUCO

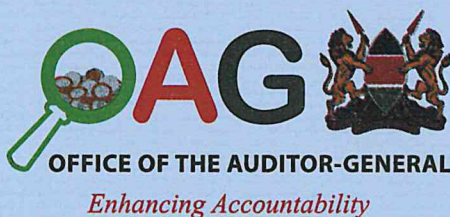
(Signature)

Prof. O. M. J. Nandi

Principal, KAFUCO

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KAIMOSI FRIENDS UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kaimosi Friends University College set out on pages 42 to 62, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, the financial statements present fairly, in all material respects, the financial position of Kaimosi Friends University College 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 Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kaimosi Friends University College 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 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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

The audit report for the previous year highlighted several issues in respect to cash and cash equivalents, trade and other payables, and property, plant and equipment. The financial statements for the year under review do not provide disclosure on the progress made in resolving these issues and therefore do not fulfil the reporting requirements set by the Public Sector Accounting Standards Board.

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

1. Irregular Procurement of Fuel and Lubricants

Expenditure records examined indicated that Management appointed a local fuel distributor to supply fuel and lubricants to the College for one year. However, no service agreement was signed with the firm and no Local Purchase Order was issued for the supplies made as required by procurement regulations.

Therefore, Management breached public procurement regulations and lacked recourse in the event the supplier failed to undertake the contract as expected.

2. Failure to Observe One-Third Salary Deductions Rule

Section 19(3) of the Employment Act, 2007 provides that the total amount of all deductions which may be made by an employer from the wages of an employee at any one time shall not exceed two-thirds of such wages. However, examination of the payroll for the year indicated that net salaries paid to nine (9) members of staff were less than a third of their respective basic pay.

Consequently, the Management was in breach of the Law and also put the employees at the risk of pecuniary embarrassment.

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 SYSTEMS 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 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 ability of the College to continue 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 dissolve the College 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 financial reporting process, reviewing the effectiveness of how Management 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 College's 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 applicable 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 ability of the College to continue to sustain its services. 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 College to cease to continue to sustain its services.
- 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 College 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 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

13 August, 2021

FINANCIAL STATEMENTS

KAIMOSI FRIENDS UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL PERFORMANCE
AS AT 30 JUNE 2019 (Figures in KES '000')

		FY 2018-19	FY 2017-18
	Note	KES	KES
Revenue from Non-exchange transactions			
Exchequer Grants	I	172,738	200,739
		172,738	200,739
Revenue from exchange transactions			
Tuition Fees	2	43,670	52,111
Other Tuition Related Income	3	33,439	33,569
IGA Income	4	8,063	5,080
Other Incomes	5	5,713	243
		90,885	91,003
Total revenue		263,623	291,742
Expenses			
Council Expenses	6	9,284	17,264
Utilities	7	5,098	3,114
Personnel costs	8	206,886	157,042
Operating & Administrative Costs	9	70,296	77,902
Repairs and maintenance	10	7,152	5,802
Depreciation and amortization expense	11	20,182	13,750
Loss on Disposal of Biological Assets		32	-
Total expenses		318,930	274,874
Surplus / deficit for the period		(55,308)	16,868
Gain arising from change Biological Assets		15	-
Adj. Surplus/deficit B/f		25,196	19,902
surplus/deficit C/f		(30,096)	36,770

.....
Dr. Bernadette Mungai,
Chairperson of Council, KAFUCO

.....
Prof. O. M. J. Nandi
Principal, KAFUCO

N/B. The financial statement is to be read in conjunction with the notes to and forming part of the financial statements set out in pages 47 to 60

KAIMOSI FRIENDS UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 JUNE 2019 (Figures in KES '000')

		FY 2018-19	FY 2017-18
	Note	KES	KES
Assets			
Current assets			
Cash and cash equivalents	12	68,154	99,164
Receivables from exchange transactions	13	21,166	26,197
Receivables from non-exchange transactions	14	20,399	2,428
Inventories	15	3,844	7,795
Total Current Assets		113,564	135,584
Non-current assets			
Property, plant and equipment	16	33,930	46,841
Intangible Assets	23	19,218	-
Biological Assets	17	175	480
Work In Progress	16	283,210	149,254
Total non-current assets		336,534	196,575
Total assets		450,098	332,160
Liabilities			
Current liabilities			
Trade and other payables	18	39,310	36,031
Employee benefit obligation	19	22,045	-
Payments received in advance	20	10,353	2,886
Special Accounts & Grant	21	2,491	1,789
Provision		13,244	9,217
Total current liabilities		87,442	49,923
Non-current liabilities			
Refundable deposits from customers	22	2,114	1,780
Total non-current liabilities		2,114	1,780
Total liabilities		89,556	51,703
Net assets			
Accumulated surplus		(30,096)	36,769
Capital Grants		390,638	243,688
Total net assets		360,542	280,457
Total net assets and liabilities		450,098	332,160

.....
Dr. Bernadette Mungai
Chairperson of Council, KAFUCO

.....
Prof. O. M. J. Nandi
Principal, KAFUCO

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KAIMOSI FRIENDS UNIVERSITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 30 JUNE 2019 (Figures in KES '000')

	CAPITAL FUND	REVENUE RESERVE	FAIR VALUE ADJUSTMENT	TOTAL
At July 1, 2017	207,350	19,902	-	227,252
Capital Grant	36,338	-	-	36,338
Surplus for the year	-	16,867	-	16,867
At June 30, 2018	243,688	36,769	-	280,457
At July 1, 2018	243,688	36,769	-	280,457
Adjustment	-	(11,573)	-	(11,573)
	243,688	25,196	-	268,884
Capital Grant	146,950	-	-	146,950
Fair Value adjustment on Biological Assets	-	-	15	15
Surplus for the year	-	(55,308)	-	(55,308)
At June 30, 2019	390,638	(30,111)	15	360,542

.....
Dr. Bernadette Mungai
Chairperson of Council, KAFUCO

.....
Prof. O. M. J. Nandi
Principal, KAFUCO

N/B. The financial statement is to be read in conjunction with the notes to and forming part of the financial statements set out in pages 47 to 60

Notes


Breakdown of Adjustment Amount

- Student Invoice adjustment amounting to KES 8,828,985 due to students who deferred and repeated but had been invoiced in prior year
- Student HELB ID Card expenditure for prior year un-posted during the period KES 1,100,000
- Prior years manual transactions receipted to correct student balance instead of being brought forwards as opening balance amounting to KES 1,965,051
- Operating expenditure items wrongly classified as furniture, fitting and equipment in FY 2017-18 amounting to KES 759,687
- Laboratory material expense of Ksh. 1,793,764 which had been wrongly included in the financial year under review as operating & administrative costs, has been adjusted to opening balance equity since it related to the prior year.

KAIMOSI FRIENDS UNIVERSITY COLLEGE
STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 30 JUNE 2019 (Figures in KES '000')

	Note	FY 2018-19	FY 2017-18
		KES	KES
Cash and cash equivalents at the beginning of the quarter		99,164	145,094
Cash flows from operating activities			
Receipts			
Recurrent Grants	1	172,738	200,739
Tuition Fees	2	43,670	52,111
Other Tuition Related Income	3	33,439	33,570
IGA Income	4	8,063	5,080
Other Incomes	5	5,713	243
		263,623	291,742
Payments			
Council Expenses	6	9,284	17,264
Utilities	7	5,098	3,114
Personnel costs	8	206,886	157,042
Operating & Administrative Costs	9	70,296	77,902
Repairs and maintenance	10	7,152	5,802
Adjustment: Gratuity Provision & loss on disposal		9,723	-
		308,440	261,124
(Increase)/Decrease in Trade & Other Receivables	13-14	(12,941)	(14,877)
(Increase)/Decrease in Inventory	15	3,951	(1,050)
Increase/(Decrease) in Trade & Other Payables	18-21	33,493	8,955
Net cash flows from operating activities		(20,314)	23,646
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible	16	(157,979)	(106,545)
Net cash flows used in investing activities		(157,979)	(106,545)
Cash flows from financing activities			
Capital Fund		146,950	36,338
Long Term Liabilities	21	334	631
Net cash flows used in financing activities		147,284	36,969
Net increase/(decrease) in cash and cash equivalents		(31,010)	(45,930)
Cash and cash equivalents at end of the quarter		68,154	99,164


Dr. Bernadette Mungai,
Chairperson of Council, KAFUCO


Prof. O. M. J. Nandi
Principal, KAFUCO

N/B. The financial statement is to be read in conjunction with the notes to and forming part of the financial statements set out in pages 47 to 60

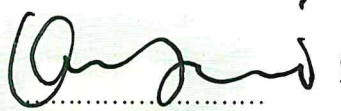
KAIMOSI FRIENDS UNIVERSITY COLLEGE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2019 (Figures in KES '000')

	Original Budget	Adjustment	Final Budget	Actual on Comparative basis	Performance Differences
	2018/19	2018/19	2018/19	2018/19	2018/19
REVENUE					
EXCHEQUER GRANTS	156,196	16,542	172,738	172,738	-
TUITION & OTHER TUITION RELATED INCOME	93,500	1,488	94,988	77,109	(17,879)
IGA INCOME	8,239	1,113	9,352	8,063	(1,289)
OTHER INCOMES	11,387	(3,124)	8,263	5,713	(2,550)
TOTAL INCOME	269,322	(16,019)	285,341	263,623	(21,718)
EXPENSES					
COUNCIL EXPENSES	11,784	(1,304)	10,480	9,284	1,196
UTILITIES	6,300	(500)	5,800	5,098	702
PERSONNEL COSTS	158,028	24,670	182,698	206,886	(24,188)
OPERATING & ADMINISTRATIVE COSTS	90,420	(10,624)	79,796	70,296	9,500
REPAIRS AND MAINTENANCE	2,790	3,777	6,567	7,152	(585)
TOTAL EXPENDITURE	269,322	16,019	285,341	298,716	(13,375)
SURPLUS/(DEFICIT)	-	-	-	(35,093)	(35,093)


.....

Dr. Bernadette Mungai,

Chairperson of Council, KAFUCO


.....

Prof. O. M. J. Nandi

Principal, KAFUCO

N/B. The financial statement is to be read in conjunction with the notes to and forming part of the financial statements set out in pages 47 to 60

Budget Notes

a) Tuition and other related incomes.

The budget was not achieved due to reduced number of student placement from KUCCPS. Also following the reduction in the recurrent budget from exchequers the University College was not able to attract more PSSP students as marketing activities were hindered.

b) Personnel costs.

The University College had budgeted for supplementary budget II of **KES 61,171,226** of which **KES 27,263,905.80** was to finance the payroll expenses shortfall. However, the supplementary budget II allocation was reduced to **KES 19,666,507** thus the university college was not able to cover the whole of the payroll and related expense. This led to over spending respective vote heads.

c) Operating and administrative costs

A remarkable under absorption in these costs can be attributed to the following:-

- i. Closures of University College due to student unrest that led to reduction in academic expenditure and other student related expense.
- ii. Slow implementation of ODeL Programs and the research and enterprise development section.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30JUNE2019

1. GENERAL INFORMATION

Kaimosi friends University College is established by and derives its authority and accountability from University Act 2012. KAFUCO is wholly owned by the Government of Kenya and is domiciled in Kenya. KAFUCO principal activity is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The KAFUCO financial statements have been prepared on a historical cost basis, unless stated otherwise. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying KAFUCO's accounting policies. There were no areas involving a higher degree of judgment or complexity, or where assumptions and estimates were significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KAFUCO.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements shall be prepared in accordance with International Public Sector Accounting standards as may be issued by the respective standard setting bodies from time to time. The financial statements shall be prepared under the historical cost convention.

b) Revenue recognition

i) Revenue from non-exchange transactions

Government Recurrent Grants and Donors Research Grants

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions

Student's fees

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

c) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation and Amortisation are calculated on the straight-line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

Description	Annual Rate
Buildings	2.5%
Plant& machinery	20%
Computer	33.3%
Motor vehicles	25%
Furniture, Fitting & equipment	12.5%
Intangible Assets	20%

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition,

intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets shall be amortised over their useful life on a straight line basis. Subsequent expenditures on intangible assets shall be recognized as an expense for the period that it is incurred.

f) Research and development costs

All research costs are expensed as incurred.

Development costs are capitalised only after technical and commercial feasibility of the resulting product or service have been established. All other treatments relating to research and development shall be as permitted by the standards.

g) Financial instruments

i) Financial assets

Initial recognition and measurement

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

ii) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

h) Inventories

Inventories are stated at the lower of cost and current replacement cost. Cost is determined by the first-in, first-out (FIFO) method. Current replacement cost represents the cost the entity would incur to acquire the asset on the reporting date.

i) Provisions

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

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The University does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

k) Changes in accounting policies and estimates

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

l) Employee benefits

The University provides retirement benefits for its employees. Defined contribution plans are postemployment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The University also contributes to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act, 2013.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which

they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) 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. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank net of bank overdrafts.

o) Comparative figures

The comparative prior year figures are shown against every item in the financial statements. Consistent accounting methods have been applied and changes made will be reported and the effect on reported results disclosed.

p) Significant judgments and sources of estimation uncertainty

The preparation of the University's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Management shall ensure compliance with the Standards where such events become manifest.

q) 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 30 June 2014.

r) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums on borrowings, and amortisation of ancillary costs incurred in the arrangement of borrowings. Borrowing costs incurred on qualifying assets will be treated as permitted by the IPSAS using the appropriate model.

s) Leases

A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an asset are passed to the lessee. All other leases are classified as operating leases. The University shall charge all the payments on operating leases to the surplus or deficit on a straight line basis over the period of the lease.

t) Investment Property

Investment property is land or buildings held (whether by the University or under a finance lease) to earn rentals or for capital appreciation or both, rather than production or sale in the ordinary course of operations. Investment property shall be recognized as permitted by the IPSAS using the appropriate recognition model.

u) Segment Reporting

The University will look at its organisational structure and internal reporting system for the purpose of identifying its service segments and geographical segments with a view to issue segment reports as permitted by the IPSAS

v) Impairment of cash generating assets

An impairment loss of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. An impairment loss shall be recognized immediately in surplus or deficit for the year and all other treatments shall be as permitted by the IPSAS

w) Impairment of Non-cash generating assets

An impairment loss of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount. An impairment loss shall be recognized immediately in surplus or deficit for the year and all other treatments shall be as permitted by the IPSAS

x) Agriculture

All biological assets (including those acquired biological assets through non exchange transaction) are measured at fair value less costs to sell, unless fair value cannot be measured reliably. Any change in the fair value of biological assets during a period is reported in surplus or deficit.

Particular	No.	Cost/Fair Value	FY 2017/18	FY 2018/19
		Per Each	Total Amount	Total Amount
Cows	3/I	160,000/120,000	480,000	120,000 2 Disposed Off (Death)
Calf (Female)	I	35,000	-	35,000
Calf (Male)	I	20,000	-	20,000
Total			480,000	175,000
Gain arising from change Biological Assets (480,000-320,000-175,000) = 15,000				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	30 JUNE-19 KES	30 JUNE-18 KES
Revenue from non-exchange transactions		
Exchequer Grants		
1. Recurrent Grants		
Recurrent Grants Receivables	172,738,376	200,738,551
Total Recurrent Grant revenue	172,738,376	200,738,551
Rendering of services		
2. Tuition Fees		
KUCCPS	29,030,400	52,111,400
PSSP	14,639,300	-
Total revenue from Tuition	43,669,700	52,111,400
3. Other Tuition Related Income		
Registration Fees	165,500	313,900
Teaching Practice/Attachment Fees	5,295,800	3,356,500
Student ID Cards	170,500	315,500
Examination Fees	6,772,500	7,807,800
Caution money	334,000	-
Amenity	1,661,000	1,739,000
Medical Fees	2,482,500	2,608,500
KUCCPS Processing Fees	394,500	859,500
Activity Fees	1,655,000	1,739,000
ICT Levy	8,275,000	8,695,000
Library Fees	4,993,700	5,217,000
Students Organisation Fees (KAFUSO)	662,000	695,600
Supplementary Exams	142,000	112,000
Supervision Fees	70,000	55,000
Application Fees	63,500	55,500
CUE Quality Assurance Fees	301,000	-
Total revenue from the Other Tuition Related	33,438,500	33,569,300
4. Income Generating Activities		
Accommodation Fees	2,633,940	2,503,000
Catering Income	4,857,150	2,570,480
Farm Income	572,296	6,155
Total IGA	8,063,386	5,079,635
5. Other Incomes		
Hire Of Bus	147,395	101,895
Donations	20,000	40,000
Hire of Hall & Conference facilities	1,612,374	24,660
Hire Of Playing Ground	17,000	22,000
Sale of Tender Documents	11,000	8,000
Miscellaneous Income	2,300	4,120
Remarking fee	820	3,750
Rent Income	-	38,537
Surcharge & Fines	3,901,787	-
Total Revenue from Other Income	5,712,676	242,962

6. Remuneration of directors*Sitting Allowance**Honoraria Allowance**Other Allowance**Subsistence Allowance***Total directors emoluments***N/B. In FY 2017/18 sitting allowance included subsistence allowance and Training expenses for council members)***7. Utilities***Electricity**Water***Total Utility Expenses****8. Employee costs***Basic salary**House Allowance**Commuting Allowance**Car Allowance**Responsibility Allowance**Acting Allowance**Entertainment allowance**Telephone Allowance**Domestic workers**Professorial Allowance**Risk Allowance**Tool Allowance**Extraneous Allowance**Passage and Baggage allowance**Part-time Teaching Payments**Employers Pension Contributions**Salary Locum Appointees**Gratuity**Leave Allowances**Other Allowance**Employers NSSF Contribution**Research/Book Allowance**NITA Employer Contribution***Total Employee costs****9. Operating & Administrative Expense***Academic Trip**Admission Expenses**Advertisements & Publicity**Anti-Corruption Expense**Bad & doubtful**Bank Charges**Audit Fees**Books & Journals**Carriage, Insurance and Freight Charges**Cleaning Materials**Coaching & Mentoring**Contracted Cleaning Service**Corporate Social Responsibility**CUE Inspection Expenses***30 JUNE-19****KES**

3,683,740

1,080,000

991,826

3,528,925

9,284,491**30 JUNE-18****KES**

15,641,699

1,080,000

542,301

17,264,000**30 JUNE-19****KES**

3,225,726

1,872,609

5,098,335**30 JUNE-18****KES**

2,015,107

1,098,510

3,113,617**30 JUNE-19****KES**

93,233,314

45,949,194

9,217,605

8,297,451

5,414,500

105,700

2,959,666

2,021,067

1,140,000

120,000

190,200

1,740

1,368,000

84,350

17,488,350

8,154,363

1,335,898

7,919,399

1,086,400

164,263

327,400

225,000

82,150

206,886,010**30 JUNE-18****KES**

75,920,627

34,706,059

8,179,665

4,951,566

4,050,600

295,548

2,052,333

1,411,000

918,333

121,667

164,200

1,450

1,075,500

353,130

13,877,197

6,096,265

672,366

7,719,000

777,410

816,278

283,200

-

-

164,443,394**30 JUNE-19****KES**

179,040

381,962

1,531,152

9,100

583,546

204,828

900,000

1,785,666

-

340,279

36,500

5,373,144

-

304,400

30 JUNE-18**KES**

-

780,000

1,099,292

458,700

2,910,781

62,879

800,000

3,996,111

1,081,500

582,000

-

-

585,360

2,198,000

<i>Cultural Week/Tamasha Expense</i>	300,000	-
<i>Disability & Gender Mainstreaming</i>	56,025	80,090
<i>Disposal of Assets</i>	32,000	-
<i>Examination Materials</i>	712,280	1,308,175
<i>External Examiners</i>	1,064,450	859,840
<i>External Travels & Accommodation</i>	-	66,905
<i>Facilitation Fees</i>	-	376,040
<i>Farm Expense</i>	2,366,587	982,890
<i>Fuel & Lubricants</i>	2,400,000	1,788,324
<i>Fumigation</i>	398,320	144,000
<i>HIV/Aids Expense</i>	117,224	294,850
<i>ICT Operating Expense</i>	128,260	-
<i>Internet Charges</i>	4,126,951	4,100,812
<i>Inter University Games</i>	747,830	-
<i>ISO certification</i>	-	223,200
<i>Laboratory Material Expense</i>	17,881	790,774
<i>Library expenses</i>	268,750	290,280
<i>Management & Academic Board Expense</i>	1,267,485	848,572
<i>Medical scheme staff</i>	2,322,749	-
<i>ODeL</i>	533,032	-
<i>Office Expenses</i>	725,298	176,061
<i>Outstanding Creditors</i>	581,280	-
<i>Payment of Medical Bills</i>	1,063,750	2,553,440
<i>Professional & Legal services</i>	533,540	25,000
<i>Performance Contracting Service</i>	1,161,495	998,328
<i>Postal and courier expense</i>	40,555	48,000
<i>Printing and publications</i>	264,060	163,000
<i>Property Insurance expenses</i>	564,656	5,861,197
<i>public celebrations & funerals</i>	1,240,154	-
<i>Public Complains</i>	900	-
<i>Purchase of Catering Items</i>	5,568,235	5,962,560
<i>Purchase of Medical Drugs</i>	2,873,186	1,808,000
<i>Purchase of Stationary</i>	2,038,624	4,391,410
<i>Recruitment, Appointments and Promotions</i>	-	236,672
<i>Rent, Rates & Leases</i>	-	187,000
<i>Research & Enterprise Development Expenses</i>	-	909,680
<i>Sanitary Services Expenses</i>	270,194	75,000
<i>Security Services</i>	8,482,900	5,503,500
<i>Seminars & Conference</i>	485,582	362,250
<i>SGC Elections & Training</i>	483,540	344,548
<i>Sport Equipment</i>	687,805	77,000
<i>Staff Training & Development</i>	2,066,956	2,810,840
<i>Staff uniform and protective gears</i>	115,000	309,902
<i>KAFUSO</i>	912,000	1,858,910
<i>KUCCPS Admission Expense</i>	375,000	-
<i>Subscriptions, License & Affiliation Expenses</i>	546,040	367,205
<i>Teaching Materials</i>	-	519,780
<i>Teaching Practice & Industrial Attachment</i>	4,586,145	3,047,723
<i>Tender Expense</i>	278,540	123,900
<i>Transport Expense</i>	73,396	-
<i>Travelling & Accommodation expenses</i>	5,506,006	4,928,133
<i>University College Research fund</i>	1,237,020	-
<i>Tuition Fee Waiver Expenses</i>	130,700	120,000
<i>Write off Expenses</i>	-	22,192
<i>Total Operating & Administrative Expense</i>	70,296,076	70,500,606

10.Repairs and maintenance	30 JUNE-19 KES	30 JUNE-18 KES
Maintenance of Buildings & Stations	3,824,532	547,000
Maintenance of Computers & Other Electronics	394,400	1,932,824
Maintenance of Hostel Facilities	26,000	3,720
Maintenance of Motor Vehicles	1,204,136	1,879,000
Maintenance of Plant & Equipment	1,702,619	1,440,354
Total repairs and maintenance	7,151,688	5,802,898
11.Depreciation and amortization expense	30 JUNE-19 KES	30 JUNE-18 KES
Property, plant and equipment	15,377,066	13,749,990
Intangible Asset	4,804,480	-
Total depreciation and amortization	20,181,546	13,749,990
12.Cash and cash equivalents	30 JUNE-19 KES	30 JUNE-18 KES
Current Account		
Total cash and cash equivalents	68,154,113	99,163,658
CO-OP PSSP FEES A/C-1129698477700	1,955,540	6,845,675
EQUITY KUCCPS FEES - 960271081548	1,410,102	1,233,764
KCB SAVINGS A/C MMUST-KAIMOSI - 1164385291	1,022,400	880,950
KCB SAVINGS A/C KAFUCO DEPOSIT -1203735065	2,524,432	17,278,027
KCB KAFUCO CAPITAL DEV A/C-1203709862	59,477,130	66,307,799
KCB-KAFUCO PAYMENTS A/C-1203735030	1,625,863	6,617,443
CASH IN HAND	138,646	-
Total Cash and cash equivalents	68,154,113	99,163,658
13.Receivables from exchange transactions	30 JUNE-19 KES	30 JUNE-18 KES
Current receivables		
Student Debtors	21,259,548	23,171,602
MMUST HELB/CDF	1,634,600	4,314,003
HELB	-	1,622,202
Sundry debtors	571,742	-
Less: Provision for Doubtful Debt 10%	2,299,535	2,910,781
Total current receivables	21,166,355	26,197,026
14. Receivables from non-exchange Transactions	30 JUNE-19 KES	30 JUNE-18 KES
Current receivables		
Staff Imprest Debtors		
Insurance Claim Receivables	444,690	2,428,000
Gov't Recurrent Grants Receivables	288,000	-
Total Receivables from non-exchange Transactions	19,666,507	-
	20,399,197	2,428,000
15.Inventories	30 JUNE-19 KES	30 JUNE-18 KES
Central Stores:- Stationary	1,164,251	687,259
Central Stores:- Cleaning	-	316,279
Central Stores:- Catering	51,576	91,712
Medical Drug Stores	838,282	2,113,059
Maintenance Store	848,108	699,272
Teaching Lab Store	941,922	3,200,000
Farm Stores	-	-
Games and Sports Stores	-	687,805
Total inventories at the lower of cost and net realizable value	3,844,139	7,795,386

	Motor vehicles	Furniture, fittings & equipment	Computers	Plant and machinery	Capital In Progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2017	34,394,800	8,971,380	5,497,648	6,095,264	52,994,094	107,953,186
Additions	-	1,978,620	2,193,352	5,633,100	96,259,619	106,064,691
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-
At 1- July 2018	34,394,800	10,950,000	7,691,000	11,728,364	149,253,713	214,017,877
Additions	-	2,237,390	988,256	-	157,979,091	161,204,737
Disposals	-	-	-	-	-	-
Transfer/adjustments	-	(868,214)	-	-	(24,022,400)	(24,890,614)
At end of year - June 2019	34,394,800	12,319,176	8,679,256	11,728,364	283,210,404	350,332,000
Depreciation and impairment						
At 1 July 2018	-	-	-	-	-	-
Depreciation	8,598,700	2,490,162	4,395,865	2,438,106	-	17,922,833
On Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30 June 2018	8,598,700	2,490,162	4,395,865	2,438,106	-	17,922,833
Depreciation	8,598,700	1,539,897	2,892,796	2,345,673	-	15,377,066
On Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/adjustment	-	(108,524)	-	-	-	(108,524)
At 30 June 2019	17,197,400	3,921,535	7,288,661	4,783,779	-	33,191,374
Net book values						
At 30 June 2019	17,197,400	8,397,641	1,390,595	6,944,585	283,210,404	317,140,625
At 30 June 2018	25,796,100	8,459,838	3,295,135	9,290,258	149,253,713	196,095,044

Note:

a. Transfers and Adjustments:

Operating expenditure items wrongly classified as furniture, fitting and equipment in FY 2017-18 amounting to KES 868,214 and 108,524 being depreciation of the same.

b. The University College is yet to undertake valuation of land and building. The non-current assets shown in note 16 do not include the value of the 203 acre pieces of land and existing building.

c. ERP amounting to KES 24 Million has been transferred from capital projects (PP&E) and a full year amortisation provided.

	30 JUNE-19	30 JUNE-18
17. Biological Assets	KES	KES
<i>Cows</i>	175,000	480,000
Total Biological Assets	175,000	480,000
	30 JUNE-19	30 JUNE-18
18. Trade and other payables from exchange transactions	KES	KES
<i>Trade payables</i>	11,000,849	21,629,280
<i>Capital Creditors</i>	840,623	-
<i>WHT- VAT, Corp & Related</i>	1,109,305	1,676,049
<i>Retention Fees</i>	26,359,062	12,725,670
Total trade and other payables	39,309,840	36,030,999
	30 JUNE-19	30 JUNE-18
19. Employee Benefit Obligations	KES	KES
<i>PENSION</i>	1,169,566	-
<i>UNION DUES</i>	-	-
<i>SACCOS</i>	687,817	-
<i>Staff Insurance</i>	-	-
<i>Staff Bank Loans</i>	-	-
<i>NHIF</i>	188,150	-
<i>NSSF</i>	(2,600)	-
<i>HELB-Loan Repayment Staff</i>	-	-
<i>Western University Benevolent Fund</i>	-	-
<i>Net Pay</i>	12,125,484	-
<i>PAYE</i>	7,844,355	-
<i>KAFUCO House Rent</i>	-	-
<i>WELFARES</i>	31,900	-
Total Employee Benefit Obligations	22,044,673	-
<i>N/B. Net pay includes outstanding part-time lecturer payment.</i>		
	30 JUNE-19	30 JUNE-18
20. Payments received in advance	KES	KES
<i>Fee prepayments</i>	10,352,905	2,885,511
Total Payment Received in Advance	10,352,905	2,885,511
	30 JUNE-19	30 JUNE-18
21. Special Accounts & Grant	KES	KES
<i>HELB Loan Fund</i>	303,000	268,000
<i>CDF/Sponsorship</i>	2,187,760	1,520,900
Total Special Accounts & Grants	2,490,760	1,788,900
	30 JUNE-19	30 JUNE-18
22. Refundable deposits from customers	KES	KES
<i>Consumer deposits (Caution Money)</i>	2,114,000	1,780,000
Total deposits	2,114,000	1,780,000

23	INTANGIBLE ASSETS SCHEDULE FOR 2018/19FY AS AT 30TH JUNE 2019			
	Particulars	ERP System	Others	Total
	Rate (%)	0.2	0.2	
	Cost	Shs	Shs	Shs
	At 1 July 2018	-	-	-
	Additions	24,022,400	-	24,022,400
	Disposals	-	-	-
	Transfers/adjustments	-	-	-
	At 30th June 2019	24,022,400	-	24,022,400
	Depreciation and impairment:			
	At 1 July 2018	-	-	-
	Adjustments-Over-depreciation	-	-	-
	On disposal	-	-	-
	Amortisation/Impairment for the Period	4,804,480	-	4,804,480
	At 30th June 2019	4,804,480	-	4,804,480
	NBV At 30th June 2019	19,217,920	-	19,217,920

N/B: The ERP amounting to KES 24 Million has been separated and transferred from capital projects' work-in-progress and a full year amortisation provided.

24) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions were raised in this Financial Year are as below.

Particulars	KES '000'
i. Provision for Gratuity	7,919
ii. Audit Fees	900
iii. Provision for Doubtful Debt of 10%	2,300

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The auditing process for financial year 2018/19 accounts is on-going. We will provide follow up on issues from the auditor when the process is complete.



APPENDIX II: SUMMARY OF PROJECTS STATUS REPORT

KAIMOSI FRIENDS UNIVERSITY COLLEGE

Summary of salient details -of ongoing projects 30.06.2019

S/No	Project Name	Cost of Project or Contract Value (KES)	Actual cumulative expenditure	Timeline			Actual project status	Progress Status
	Ongoing			Start	Expected completion date	Revised Completion date		
1.	Proposed Construction of Tuition Block and Associated Works KAFUCO/EST/01/16-17	159,655,770.00	73,642,004	24.01.2017	30.11.2017	30.05.2019	52.15%	Stalled
2.	Proposed Construction of Library Extension and Associated Works KAFUCO/EST/05/16-17	16,199,570.00	17,732,060	06.02.2017	05.02.2018	24.05.2018	93.53%	On going
	Proposed Construction of Library Extension Phase II KAFUCO/EST/02/17-18							
3.	Proposed renovations and Branding works at KAFUCO – Lot I KAFUCO/EST/01/18-19	18,538,320.00	13,669,890	22.11.2018	21.05.2019	None	73.83%	On going
4.	Proposed renovations and Branding works at KAFUCO – Lot II KAFUCO/EST/02/18-19	28,850,500.00	24,621,287	22.11.2018	21.05.2019	None	85.43%	On going
5.	Proposed renovations and Branding works at KAFUCO – Lot III KAFUCO/EST/03/18-19	30,739,985.24	27,150,000	22.11.2018	21.05.2019	None	87.53%	On going
6.	Proposed renovation Tana Hostels, ICT and other related works	31,200,000.00	7,157,181	25.03.2019	09.09.2019	None	22.94%	On-going
7.	Proposed Construction of Modern Daily Unit KAFUCO/IGU/01/18-19	45,999,999		25.03.2019	09.09.2019	None	1.40%	On-going
8.	Supply, Delivery, Assembly, Installation and Commissioning of IMIS with Associated Server Hardware and Operating System	25,752,000.00	24,022,400	03/10/2017	11/30/2018	None	94.72%	On

	KAFUCO/ICT/01/17-19							going
9.	Supply, Installation, Testing & Commissioning of Fiber Backbone Infrastructure, Structured Cabling, Data Center with Associated LAN Active Devices for Offices and Classes at Kaimosi Friends University College KAFUCO/ICT/T03/2018-19	34,399,462.22	23,470,388.91	11/28/2018	11/27/2019	None	68.14%	On going
10.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College KAFUCO/ICT/T04/2018-19	3,986,184.65	3,382,856.96	11/28/2018	11/27/2019	None	85%	On going
11.	Supply, Installation, Testing & Commissioning of Interactive White Boards with the Associated Devices for Classes at Kaimosi Friends University College KAFUCO/ICT/T05/2018-19	4,620,484.80	3,929,484.80	11/28/2018	11/27/2019	None	85.04%	On going
	Practically complete projects							
12.	Development of Land Use Master Plan for Kaimosi Friends University College KAFUCO/EST/05/2018-2019	9,160,000.00	9,160,000.00	22.11.2018	21.05.2019	None		"

APPENDIX III: INTER-ENTITY TRANSFERS KAIMOSI FRIENDS UNIVERSITY COLLEGE

Break down of Transfers from the State Department of Education & Research **Financial Year 2018/2019**

a Recurrent Grants			
	Bank Statement Date	Amount (KES)	Indicate the FY to Which the Amounts relate
	8Aug-18	13,016,315	2018/19
	10 Sept -18	13,016,315	2018/19
	1Oct-18	13,016,315	2018/19
	12 Nov -18	13,016,315	2018/19
	6 Dec-18	12,235,337	2018/19
	7 Jan -19	11,454,358	2018/19
	8 Feb -19	13,016,316	2018/19
	25 Mar -19	13,016,316	2018/19
	28 Mar -19	12,235,335	2018/19
	2 May -19	13,016,316	2018/19
	6 May -19	13,016,316	2018/19
	28 May -19	13,016,316	2018/19
	30 June- 19	19,666,507	2018/19
	TOTAL	172,738,376	

b Development Grants			
	Bank Statement Date	Amount (KES)	Indicate the FY to Which the Amounts relate
	6 Dec -18	32,408,465	2018/19
	20 Feb -19	39,851,023	2018/19
	25 Mar -19	21,112,051	2018/19
	31 May -19	53,578,299	2018/19
	TOTAL	146,949,838	

The above amounts have been communicated to and reconciled with the parent ministry

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Head of Finance

Kaimosi Friends University College

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Head of Accounting Unit

Ministry of Education, Science & Technology



KAIMOSI FRIENDS UNIVERSITY COLLEGE

(A Constituent College of Masinde Muliro University of Science and Technology)

ANNUAL REPORT & FINANCIAL STATEMENTS JUNE 30, 2019

P.O. Box, 385 - 50309,
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E-mail: principal@kafuco.ac.ke

Website www.kafuco.ac.ke

*See
P's file*

9/9/19

KAIMOSI FRIENDS UNIVERSITY COLLEGE (KAFUCO)

(A Constituent College of Masinde Muliro University of Science and Technology)

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Kaimosi - 50309
Kenya

Office of the Principal

Our Ref: KAF:/COR: 100012/VOL.3 (16)

You Ref: TBA

5th September, 2019

Chief Administrative Secretary and Principal Secretary
Ministry of Education
State Department of University Education and Research
Jogoo House 'B'
Harambee Avenue
P. O. Box 9583-00200
NAIROBI



Attn: Chief Finance Officer

Dear Prof.

RE: FY 2018/2019 INTER-ENTITY TRANSFERS FOR CONFIRMATION

The above subject hereby refers.

Reference is made to The National Treasury Circular No. 6/2019, REF: AG.3/88/VOL.VII(7) dated 15th May, 2019 on the above captioned matter.

Enclosed herewith, please find the Kaimosi Friends University College FY 2018/2019 summary of inter - entity transfers.

We thank you for your continued support.

Yours Faithfully

Prof. Ogodo, M. J. Nandi
PRINCIPAL

APPENDIX III: INTER-ENTITY TRANSFERS KAIMOSI FRIENDS UNIVERSITY COLLEGE

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 Head of Finance
 Kaimosi Friends University College

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 Head of Accounting Unit
 Ministry of Education, Science & Technology
 Chief Finance Officer

