

EGERTON



UNIVERSITY

www.egerton.ac.ke

ANNUAL REPORT

&

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR

ENDED

JUNE 30, 2017

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

Transforming Lives through Quality Education

Egerton University is ISO 9001:2008 Certified.



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I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

i. Background

Egerton University is the premier Agricultural public University in Kenya. It was founded in 1939 under the name Egerton Farm School. By 1955, it was upgraded and renamed Egerton Agricultural College. It became a constituent college of the University of Nairobi in 1986 and a year later in 1987 became a fully fledged University following the Enactment of the Egerton University Act of 1987. This Act was repealed and replaced by the Universities Act No 42 of 2012.

ii. Vision

A world class University for the advancement of humanity.

iii. Mission

To offer exemplary education to society and generate knowledge for national and global development.

(b) Principal Activities

The Core business of the University as provided by the Universities Act No 42 of 2012 of the Laws of Kenya includes:

- Advancement of knowledge through teaching, scholarly research and scientific investigation;
- Promotion of learning in the student body and society generally;
- Promotion of cultural and social life of society;
- Support and contribution to the realization of national economic and social development;
- Promotion of the highest standards in, and quality of, teaching and research;
- Education, training and retraining higher level professional, technical and management personnel;
- Dissemination of the outcomes of the research conducted by the university to the general community;
- Facilitation of life-long learning through provision of adult and continuing education;
- Fostering of a capacity for independent critical thinking among its students; and
- Promotion of gender balance and equality of opportunity among students and employees.
- Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

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(c) Key Management

The University's day-to-day management is under the following key organs:

- University Council
- University Management Board
- The Senate

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility are shown on page 11.

(e) Fiduciary Oversight Arrangements

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education, Science and Technology 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 University Council Charter.

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary Ministry of Education Science & Technology and the Vice Chancellor.

(f) Headquarters

P.O. Box 536 - 20115, EGERTON
KENYA

(g) Contacts

Tel: (254) 051-2217891/2/051-2217781
E-mail: info@egerton.ac.ke
Website: www.egerton.ac.ke

(h) Bankers

1. Kenya Commercial Bank Ltd,
Egerton University Branch,
P.O. Box 248 – 20115,
EGERTON

2. Co-operative Bank of Kenya Ltd.
P.O. Box 2982 – 20100,
NAKURU

3. Barclays Bank of Kenya Ltd.
P.O. Box 66- 20100
NAKURU

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(i) **Independent Auditors**
Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) **Principal Legal Adviser**
Sheth & Wathigo Advocates
Vickers Building
P.O. Box 611 – 20100
Nakuru, Kenya

CHANCELLOR



PROFESSOR SHEM OYOO WANDIGA, EBS, FRSC
EBS, Frsc, B.Sc (Howard University), M.Sc. (Maryland), Ph.D (Reserve University)
YOB: 1939

WORK EXPERIENCE

A long working experience in academia, research, consultancy, administrative and advisory
UON: Professor; DVC (Administration & Finance); Principal College of Biological & Physical
Science; COD Chemistry Dept.; Snr. Lecturer; Lecturer (inorganic Chemistry.
Co-ordinator University Investment Project; Chairman Kenya National Academy of Sciences;
Chairman International Geosphere-Biosphere Programme Kenya Committee; Chairman
Constitutive Committee of African Union of Pure & Applied Chemistry and a member Kenya
Chemical Society.
Kenya's Representative to UNESCO Executive Board; Expert Consultants to UNEP; Member of
General of the International Council of Scientific Unions; Chairman Programme and External
Relations Commissions of UNESCO Executive Board; Member World Conference on Science
Case Western Reserve University & University of Maryland; Teaching Assistant.
Inter American University: Temporary Assistant Professor of Chemistry.
Just to mention a few of his expansive work experiences

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II. THE UNIVERSITY COUNCIL



NAME: Dr. Ben Chumo

YOB: 1956

POSITION/KEY RESPONSIBILITIES:

Council Chairman; Chairman of Appointments Committee

QUALIFICATION: B.A (UoN), M.BA (UoN), Ph.D (JKUAT)

WORK EXPERIENCE

KPLC: MD & CEO, Chief Manager HR & Administration, Employees Benefits Manager, Principal Administration Officer, Principal HR Officer (Training & Development), Principal HR Officer (Coast Region), Principal HR Officer (Administration), Senior HR Officer (Manpower Planning, Recruitment, Training & Development), Senior HR Officer (Nairobi Area), HR Officer (Training School), Assistant HR officer (Staff Housing).



NAME: Mr. Joshua Nyangidi Otieno

YOB: 1976

POSITION/KEY RESPONSIBILITIES:

Council Member;

QUALIFICATION: B.Ed. (KU), MBA. (KU)

WORK EXPERIENCE

KCA University: Manager, Centre for Entrepreneurship & Leadership; Lecturer KCA University; Lead Researcher in the Africa Bio-diversity Conservation and Innovation Centre & CIC Insurance Company, Business Consultant and Trainer at Kenya Market Trust and Parsons Ltd. Business Trainer, Africa Youth Trust; Part-time Lecturer: JKUAT, Kenyatta University & Moi University



NAME: Mr. Joseph Mwaura Kamau

YOB:

POSITION/KEY RESPONSIBILITIES:

Council Member - Rep. P.S. The National Treasury

QUALIFICATION: B.A. (UoN), MBA-Finance (KAIST), Masters of Finance & Banking (Moi)

WORK EXPERIENCE

Government of Kenya National Treasury Investment Officer, Equity Bank (K) Ltd Operations Manager Corporate Division, Standard Chartered Bank (K) Ltd Customer Service Manager Langata.

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NAME: Dr. Charity C. Nyaga

YOB: 1955

POSITION/KEY RESPONSIBILITIES:

Council Member;

QUALIFICATION: B.Ed. (UoN), M.Ed (KU), Ph.D (KU).

WORK EXPERIENCE

Ministry of Education: Deputy Director of Education; Senior Assistant Director of Education

Kiini Mixed Boarding Secondary School: Principal Graduate Teacher I; Principal Graduate Teacher II;

Njuri Mixed Boarding Secondary School: Principal Graduate Teacher II; Senior Graduate Teacher; Head Teacher; Graduate I

Kyeni Girls High School: Graduate Teacher I; Graduate Teacher

Mukuuni Secondary School: Untrained Teacher



NAME: Mr. Mugambi J. Nyaga

YOB: 1963

POSITION/KEY RESPONSIBILITIES:

Council Member - Rep. P.S. Ministry of Education, Science & Technology

QUALIFICATION: B.A(UoN), MBA(Moi University),

CPSK

WORK EXPERIENCE

Deputy Director, HRM & Development services; Head of HR Department in the Ministries of;- Executive of the President (Cabinet Affairs Office) and Education (University Education)

Senior Assistant Director, HRM; Head of HR Department in the Ministries of;- Local Government, Regional Development & Prisons Department

Assistant Director, HR Audit, With PSC of Kenya;

Ministry of Finance: Ag. Deputy Director HRM; Principal HR Officer

Senior HRM Officer – Office of the president;

District Personnel Officer in Meru South & Mbeere districts;

Deputy District Personnel Officer, Isiolo District;

Personnel Officer II, Kenya Airports Authority

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NAME: Mrs. Alasa O. Hirsi

YOB: 1962

POSITION/KEY RESPONSIBILITIES:

Council Member, Chairperson Grievances Handling & Appeals Committee; Chairperson Sealing & Honorary Degree Committee; Member Audit, Governance & Risk Management Committee; Member Planning, Development & Fund-Raising Committee; Member Appointment Committee.

QUALIFICATION: Dip. Clin. Med (KMTC), HND (KMTC) MPH (Western Cape)

WORK EXPERIENCE

Consultant with UNFPA, Commissioner – Poverty Eradication Commission, Assistant Project Officer – UNICEF, Lecturer – KMTC Nairobi, District Clinical Officer – Garissa District



NAME: Ms. Esther Mukoa Wabuge

YOB: 1976

POSITION/KEY RESPONSIBILITIES:

Council Member;

QUALIFICATION: B.Ed (Moi), M.Sc. (JKUAT).

WORK EXPERIENCE

Project Officer Training, Management Sciences for Health (MSH) – Leadership, Management & Sustainability (LMS) Project.

Associate Consultant, Kenya National AIDS Strategic Plan. Kenya HIV/AIDS Private Sector Business Council (KHBC): Head of Programme & Stakeholder Development; Head of Training & Business Development
Namawanga Girls' High School: Biology & Homescience teacher

Research Officer, Community Management & Training Services (CMTS.EA)

Part-time Lecturer, Kisumu Polytechnic



NAME: Mr. John Nyakawa Ondari

YOB: 1970

POSITION/KEY RESPONSIBILITIES:

Council Member;

QUALIFICATION: B.A. (UoN), M.A. (UoN)

WORK EXPERIENCE

Strategic Advisor, Kenya Water Security & Climate Resilience Program

Senior WASH Advisor, SNV Netherlands Development Organisation, Kenya.

Long Term Technical Advisor, Kenya Water & Sanitation Programme.

Lemma Development Consultants Ltd: Managing Director; Research Director

Economist (WSS Financing Consultant), World Bank, Water & Sanitation Program - AF

Economist/ Statistician, Ministry of Planning & the Treasury



NAME: Prof. Rose A. Mwonya

YOB: 1950

POSITION/KEY RESPONSIBILITIES

Vice-Chancellor

QUALIFICATION

Dip (Egerton), B.Sc., M.Sc, Ph.D. (Iowa)

WORK EXPERIENCE

Egerton University: Vice Chancellor; Deputy Vice-

Chancellor (Academic Affairs); Dean of Students; Director

Centre of Women Studies and Gender Analysis; Chairperson

Dept. Of Agriculture & Home Economics; Professor,

Associate Professor, Senior Lecturer, Lecturer

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NAME: Dr. Reardon Olubayo

YOB: 1946

POSITION/KEY RESPONSIBILITIES:

Council Chairman; Chairman of Appointments Committee

QUALIFICATION: DVM (Kiev), M.Sc (UoN), Ph.D (Utrecht)

WORK EXPERIENCE

Consultant in Research & Development, Research Scientist (ICRPE),

Senior Research Scientist (KARI), Ministry of Agriculture.

Retired on 17th February 2017



NAME: Mr. Josiah Okumu

YOB: 1949

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairman Planning, Development & Fund-Raising Committee; Member Finance, Human Resources & General Purpose Committee; Member Sealing & Honorary Degree Committee; Member Appointment Committee.

QUALIFICATION: B.Ed. (UON), M.Ed. (Wales)

WORK EXPERIENCE

Coordinator – Open and Distance Learning (Maseno University),

Director – Kenya Institute of Special Education, Director – City

Education (Nairobi), Senior Deputy Director of Education – Head of

Secondary Education Division, Deputy Director of Education – Head

Office, Assistant Director of Education, Deputy Provincial Education

Officer – Nairobi Province, Senior Education Officer incharge of

Diploma Teachers' Colleges, Education Officer I

Retired on 17th February 2017



NAME: Mr. Dan N. Nguchu

YOB: 1945

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairman Finance, Human Resources & General Purpose Committee; Member Planning, Development & Fund-Raising Committee; Member Appointment Committee.

QUALIFICATION: B.Sc. (Haile Sellasie), MBA (USIU).

WORK EXPERIENCE

Director - Rudan Group of Schools, Deputy Managing Director –

Consolidated Bank of Kenya, Deputy General Manager – Cooperative Bank

of Kenya, District Agricultural Officer – Kericho district

Retired on 17th February 2017

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NAME: Mr. Paul M. Mwangi

YOB:

POSITION/KEY RESPONSIBILITIES:

Council Member - Rep. P.S. Ministry of Education, Science & Technology, Finance, Human Resources & General Purpose Committee; Audit, Governance & Risk Management Committee; Tegemeo, Academic & Research Committee; Grievances Handling & Appeals Committee; Appointment Committee.

Retired on 17th February 2017



NAME: Dr. William K. T. Chong

YOB: 1953

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairman Tegemeo, Academic & Research Committee Member Audit, Governance & Risk Management Committee; Member Grievances Handling & Appeals Committee;

QUALIFICATION: BVM (UON), M.Sc. (Reading).

WORK EXPERIENCE

Director of Veterinary Services Kenya, Registrar – Kenya Veterinary Board of Management Member: KARI, Kenya Veterinary Vaccines Production Institute, Pharmacy & Poisons Board, Faculty of Veterinary Medicine (UON), Council Member – Agricultural Society of Kenya, National Permanent Delegate to the Office of International Epizootics (OIE) Paris, France

Retired on 17th February 2017



NAME: Mrs. Monica K. Kilonzo

YOB: 1951

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairperson Audit, Governance & Risk Management Committee; Member Tegemeo, Academic & Research Committee; Member Grievances Handling & Appeals Committee.

QUALIFICATION: B.Ed. (UON), M.Ed. (Bristol)

WORK EXPERIENCE

Director – Kenya Institute of Special Education, Secretary General – Kenya National Commission for UNESCO, Provincial Director of Education – Nairobi Province, Principal – Highridge Teachers College, Senior Principal Administrative Officer – TSC headquarters, Principal – St. Angela's Girls High School (Kitui), Head Teacher – Machakos Girls High School, Teacher – Machakos Boys High School

Retired on 17th February 2017

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III. UNIVERSITY MANAGEMENT BOARD



NAME: Prof. Rose A. Mwonya

YOB: 1950

POSITION/KEY RESPONSIBILITY

Vice-Chancellor

QUALIFICATION

Dip (Egerton), B.Sc., M.Sc, Ph.D. (Iowa)

WORK EXPERIENCE

Egerton University: Vice Chancellor; Deputy Vice-Chancellor (Academic Affairs); Dean of Students; Director Centre of Women Studies and Gender Analysis; Chairperson Dept. Of Agriculture & Home Economics; Professor, Associate Professor, Senior Lecturer, Lecturer



NAME: Prof. Alexander K. Kahi

YOB: 1968

POSITION/KEY RESPONSIBILITY

Deputy Vice-Chancellor (Academic Affairs)

QUALIFICATION

B.Sc., M.Sc, (Egerton), Dr. Sc. Agr. (Hohenheim)

WORK EXPERIENCE

Egerton: Deputy Vice-Chancellor (Academic Affairs); Dean Fac. Agriculture; Chairman Dept. Of Animal Science; Professor, Associate Professor, Senior Lecturer, Lecturer, Asst. Lecturer; Teaching Assistant Dept. Animal Science. Kyoto University (Japan): Visiting Professor, Postdoctoral Research Scientist.

Consultant ILRI – SLU Project; Consulting Scientist – Livestock Recording Centre (Naivasha); Visiting Scientist – AGBU (University of New England); Consultant – AGRP (Ethiopia); Consultant – Applied Genetic Network (Germany); Graduate Fellow – ILRI (Dairy Research Project); Visiting Researcher – Wageningen University.



NAME: Prof. Isaac O. Kibwage

YOB: 1954

POSITION/KEY RESPONSIBILITY

Deputy Vice-Chancellor (Administration, Planning & Development)

QUALIFICATION

B.Pharm (UoN), M.Pharm, Ph.D (K.U. Leuven), FPSK, CSci. C.Chem, MRSC

WORK EXPERIENCE

Egerton University: Deputy Vice-Chancellor (Administration, Planning & Development)

University of Nairobi: Principal of the College of Health Science, Dean of Faculty/School of Pharmacy, Chairman of Department, Professor, Associate Professor, Senior Lecturer,



NAME: Prof. John Gowland Mwangi

YOB: 1951

POSITION/KEY RESPONSIBILITY

Deputy Vice-Chancellor (Research & Extension)

QUALIFICATION

Dip (Egerton), B.Sc. M.Sc. (Georgia), Ph.D. (Ohio State)

WORK EXPERIENCE

Egerton University: Deputy Vice-Chancellor (Research & Extension); Professor (Agricultural Education & Extension)



NAME: Prof. Lenah Nakhone Wati

YOB: 1956

POSITION/KEY RESPONSIBILITY

Principal (Nakuru Town Campus College)

QUALIFICATION

B. Sc., M.Sc. (U.O.N), Ph.D. (Nottingham)

WORK EXPERIENCE

Principal NTCC; Director NTC; Egerton University – Associate Prof, Snr. Lecturer, Lecturer of Soil Science; Research Officer at Kenya Marine & Research Institute Kisumu; Research assistant UON; Research Officer – National Agricultural Laboratories.

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NAME: Dr. Thomas K. Serrem

YOB: 1962

POSITION/KEY RESPONSIBILITY

Registrar (Human Capital & Administration)

QUALIFICATION

B.Ed (Nairobi), M.Ed. (Manchester), D.Ed. (Bristol)

WORK EXPERIENCE

Egerton University – Registrar (Admin); Ag. Registrar (Admin); Deputy Registrar (Admin); Snr. Assistant Registrar (Central Services); Deputy Registrar (Academic Affairs); Snr. Assistant Registrar (Admissions); Assistant Registrar (Academic Affairs); Administrative Assistant
Marketing Representative – Xerox Kenya Ltd.



NAME: Prof. Seth F. O. Owido

YOB: 1954

POSITION/KEY RESPONSIBILITY

Registrar (Academic Affairs)

QUALIFICATION

B.Sc., M. Sc. (U.O.N), Ph.D. (Illinois)

WORK EXPERIENCE

Egerton University: Registrar AA; Deputy Registrar AA
Kabarak University: Acting Academic Registrar; Academic Dean
Egerton University: Director Quality Assurance; Director Board of Undergraduates; Associate Prof., Snr. Lecturer, Lecturer in Soil Physics & Water Management; COD Soil & Water Management Dept; Research Officer National Agricultural Research Laboratories.



NAME: Prof. Alfred C. Kibor

YOB: 1950

POSITION/KEY RESPONSIBILITY

Director (Research & Extension)

QUALIFICATION

B.V.M., M.Sc. (U.O.N), Ph.D. (Edinburgh)

WORK EXPERIENCE

Egerton University: Director (Research & Extension); Associate Professor; Senior Lecturer (Veterinary Pathology, Microbiology & Parasitology)



NAME: Mr. Moses O. Ouma

YOB: 1978

POSITION/KEY RESPONSIBILITY

Finance Officer

QUALIFICATION

C.P.A (K), B.Agbrn (Egerton), MBA (KU)

WORK EXPERIENCE

Finance Officer - Egerton; Accountant - Kenyan Rural Roads Authority; Auditor Kenya National Audit Office; Accountant - The Mater Hospital (Nairobi)



NAME: M/s Janegrace Kinyanjui

YOB: 1967

POSITION/KEY RESPONSIBILITY

University Librarian

QUALIFICATION

BA (Egerton), MSc. (SISA-Addis Ababa)

WORK EXPERIENCE

Egerton University – University Librarian;
Kabarak University – University Librarian, Deputy University Librarian, Senior Assistant Librarian;
Egerton University – Assistant Librarian, Senior Library Assistant

IV. CHAIRMAN'S STATEMENT

I have the pleasure to present an overview of the University performance for the year ended 30th June 2017. Notwithstanding the many challenges facing the University's operating environment, especially the presence and continuous entry of public and private universities in Nakuru and other major towns in Kenya, Egerton University continues to implement and focus on its mission and objectives.

Governance

We are focussed to position Egerton University as centre of excellence in agricultural training, research, extension services and policy formulation to promote food security as part the University's contribution towards the achievement of vision 2030 through flagship projects.

During the year Prof. Isaac O. Kibwage was appointed Deputy Vice Chancellor (Administration, Planning and Development). I congratulate and wish him success as serves the University.

The University has put initiatives for the turnaround of Ngongongeri and the ARC Hotel to make them viable commercial enterprises now run as Egerton University Investment Company under the management of a Managing Director.

Financing and Policies

During the year ended 30th June 2017, Egerton University was mainly funded through the Government Capitation (49 %) and Appropriation in Aid (A-I-A) (51 %) for its recurrent expenditure.

I wish to finally thank the Government of Kenya, Council members, Management and Staff for their dedication and participation over the year in striving to make Egerton a world class University for the advancement of Humanity.

Dr. Ben Chumo, Ph.D
Chairman, Egerton University Council

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V. REPORT OF THE VICE-CHANCELLOR

During the financial year ended 30 June 2017, the university continued to stay focussed on the path to achieving its vision of being a world class university for the advancement of humanity. Toward this end, the focus remained on enhancing the quality of academic programs and enhancing the research output including increasing the collaborations with other institutions.

The university achieved a number of milestones in the year ended 30 June 2017. Key among them was the fact that the university hosted the World environment day, an internationally recognised day for focussing on the concerns of the environment and the challenges faced. Furthermore, the university won funding to train student from all over Africa, especially at the post graduate level, under the following programs:

- a. The world bank funded African Centre of Excellence in Sustainable Agriculture and Agribusiness Management (CESAAM) was launched by the Cabinet Secretary, State Department of Higher Education Dr. Fred Matiangi at Safari Park Hotel, Nairobi. The university received the first disbursement of the funds amounting to Ksh 112.5Million and the first batch of students have already reported to begin their studies.
- b. The university also commenced the Master Card Foundation funded program during the year ended June 2017 of which Ksh 31.1 million was received. The project commenced successfully and the first batch of students have already commenced their studies under full scholarship.

In a bid to meet the requirements for offering post graduate training under the above programs, the university embarked on a modernization of Riverside hostels to convert them to post graduate students hostels. Some staff houses were also renovated and converted to student hostels.

Administrative challenges during the year were mainly in the form of industrial action by staff, who went on strike from January through March 2017. This disrupted university services, thus hampering revenue collection while at the same time escalating costs of operations. In campuses like Nairobi and Nakuru, no learning took place for the three months while the university continued to pay rents leading to massive losses.

As a result of the industrial action stated above, revenue shortfalls were realised, leading to the situation in which the university reported a total net deficit for the year ended June 2017 of Ksh 532Million. The main areas of revenue shortfall were as follows:

Areas that had revenue shortfalls during the year 2016-2017

Revenue Source	Ksh (Millions)			
	Actual	Budgeted	Shortfall	Achieved
GoK Recurrent Capitation	2,768,256	2,802,256	(34,000)	99%
Students Fees & other local revenues	1,572,899	2,129,688	(556,789)	74%
Totals	4,446,030	4,931,944	(485,914)	

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As shown in the table above, the achievement for Internally generated revenue amounted only to 79% for reasons stated above. This resulted into very difficult financial situation for the university.

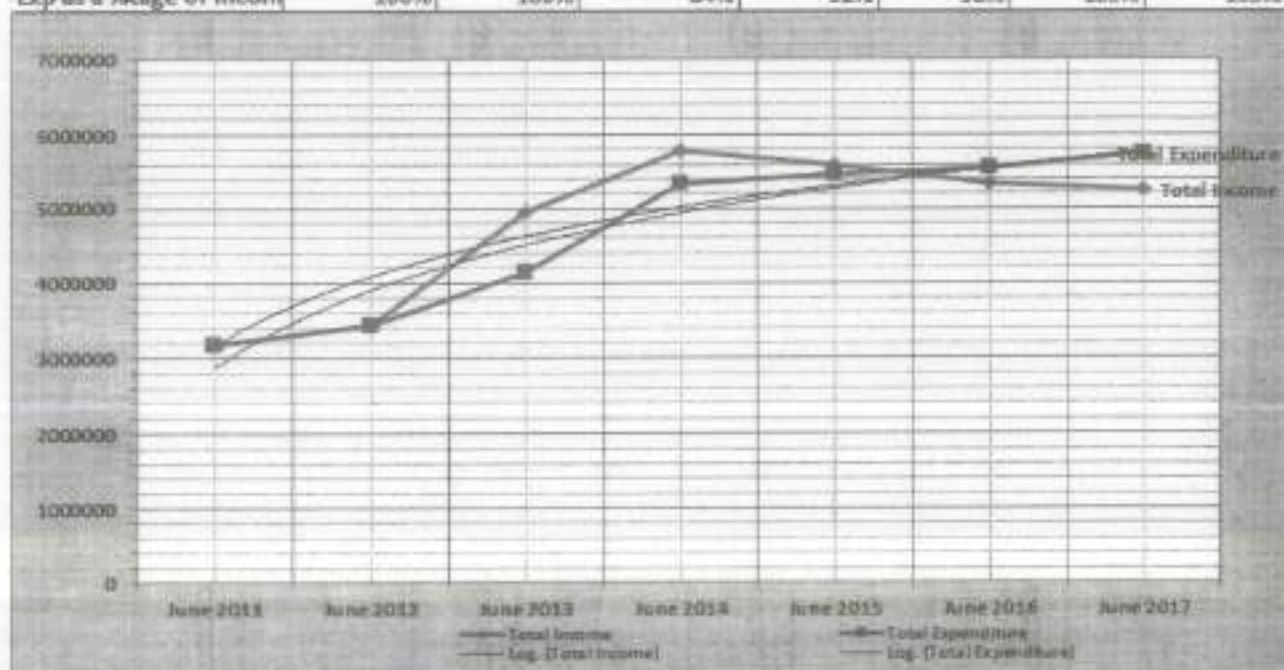
Over the last seven years the following are the trends of surpluses(deficits) realised by the end of each financial year:

The Surplus/Deficit of the University have been as shown in table and figure below over the last seven years:

Seven-year Surplus/Deficit Trends

INCOME AND EXPENDITURE TRENDS OVER THE LAST SIX YEARS

Income/Expenditure	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017
Total Income	3,184,186	3,434,769	4,942,489	5,773,804	5,597,399	5,357,174	4,968,163
Total Expenditure	3,188,852	3,426,046	4,132,707	5,324,991	5,458,943	5,522,944	5,417,001
Surplus/(Deficit)	(4,666)	8,723	809,782	448,813	138,456	(165,770)	(448,838)
Exp as a %stage of income	100%	100%	84%	92%	98%	103%	109%



Seven-year Surplus/Deficit Trends

In the year 2016 and 2017, income declined marginally while expenses continued to rise, resulting a net deficit position. In fact, the deficit actually increased in the year to June 2017.

The decline in revenue in the year 2016 resulted from decline in student numbers (due to graduation of the double intake group /11A&/11B). Expenditures however remained largely constant. In the year ended June 2017, the decline in revenue was largely attributed to the staff strike of January to March 2017. The student numbers also, since they declined in 2016 did not rise again in 2017.

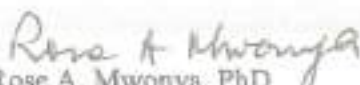
Student numbers remained largely constant during the year ended June 2017 and did not rise as had been anticipated at the time of budgeting. Hence while expenses remained largely constant, income was not realized resulting into a deficit situation as above. The deficit arises therefore mostly out of pending bills not yet settled but already accrued and expenses in the year in which they were incurred.

It is noteworthy however that the entire reported deficit of Ksh 448.8 million is accounted for by non- operating/adjustment expenses charged amounting to Ksh 176.8 million (depreciation Ksh 150.8 million, Tuition Waiver Ksh 19.6 million, Bad debts provision Ksh 7.1 million) and by recurrent revenue shortfall of Ksh 556.8 million as shown in table 1 above.

The university expected the future to get tougher in terms of the operating environment. The GoK funding is reducing by the year. At the same time the pool of self sponsored students from whom the university has been getting some revenue is also dwindling. For example, all KCSE candidates of year 2016 were absorbed by the GoK under the regular programs. This partly explains why the self-sponsored students' numbers did not rise as had been projected. This situation is expected to continue into the future.

The university is therefore taking drastic steps to diversify its revenue sources away from reliance on students. The new focus is on Income Generating Units of the university like the firm, the hotel among others. At the same time the university is implementing austerity measures at all times and embracing automation so as to cut operating expenses in the coming years.

Notwithstanding the above situation, the University's operating capacity is however not badly affected and continues to operate as a going concern.


Prof. Rose A. Mwonya, PhD
Vice Chancellor

VI. CORPORATE GOVERNANCE STATEMENT

COMMITTEES OF COUNCIL

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education, Science and Technology 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 University Council Charter.

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary Ministry of Education, Science & Technology and the Vice Chancellor. The functions of the Council are:

- (i) Administer the property and funds of the University in a manner and for purposes which shall promote the best interests of the University; but the Council shall not charge or dispose of immovable property of the University without prior approval of the Chancellor;
- (ii) Receive on behalf of the University or a constituent college, donations, endowments there from to the constituent college or other bodies or persons;
- (iii) Provide for the welfare of the staff and students of the University;
- (iv) Enter into association with other Universities or other institutions of learning, whether within or outside Kenya as the Council may deem necessary and appropriate; and
- (v) After consultation with the Senate, make regulations governing the conduct and discipline of the students of the University.

The Committees have delegated authority to assist the Council effectively carry out its obligations.

The University Council and its Committees are supported by the University Management Board which consists of ten members.

The Council has seven committees namely:

1. Finance, Human Resources and General Purposes Committee
2. Audit, Governance and Risk Management Committee
3. Planning, Development & Fund-Raising Committee
4. Tegemeo, Academic and Research Committee
5. Grievances Handling and Appeals Committee
6. Sealing and Honorary Degree Committee
7. Appointments Committee

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The Terms of Reference for the Committees of Council are:

1. Finance, Human Resources and General Purposes Committee

The Committee recommends to the Council for its approval the annual report and financial statements, annual estimates and expenditure, recommend policies on Finance and Human Resource to Council for approval, decide on disciplinary matters for staff in Grade XIII-XV, and shall pay due regard to the necessity to refer matters of major importance to the Council for final approval.

2. Audit, Governance and Risk Management Committee

The Committee ensures compliance to internal control processes, accurate preparation of financial reporting of results, operations and statements in compliance with legal and statutory requirements and standards, ensures the University complies with internal and external audits, develop risk management strategies, monitor institutional governance, and monitor compliance of the performance contract, and quality assurance.

3. Planning, Development & Fund-Raising Committee

The Committee mobilizes financial resources for the development of the University, take charge for all arrangements for planning and development of the University and construction of new buildings, advocate on behalf of the University and enhance the marketing of the University locally and internationally, provide advice and assistance to Deputy Vice-Chancellor (Administration, Planning and Development) with respect to corporate sponsorship and private source fund raising activities, and pay due regard to the necessity to refer matters of major importance to the Council for final approval.

4. Tegemeo, Academic and Research Committee

The Committee advises on the development and implementation of academic and research programmes and policies; make recommendations for the sourcing, administration and distribution of scholarships; oversee a reward scheme for excellence in teaching, research and extension; receive regular reports from and provide advice to the Deputy Vice-Chancellor (Academic Affairs) and the Deputy Vice-Chancellor (Research and Extension) on the development of policy and procedures relating to academic and research; approve the Tegemeo Institute's annual budget, business plans and policies; ensure good management and identify risk and internal controls in the Tegemeo Institute; promote and integrate good corporate governance at the leadership management and in all levels of the Tegemeo Institute; strategize on the Tegemeo Institute's development and sustainability; and consider and report any matter referred to it by the Council and Senate.

5. Grievances Handling and Appeals Committee

The Committee oversees staff, students and other stakeholder's grievances; and staff and students appeal against disciplinary action.

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6. Sealing and Honorary Degree Committee

The Committee authorizes affixing of the University seal to appropriate documents on behalf of the Council; and nomination of distinguished personalities in various fields for the conferment of honorary degrees of the University.

7. Appointments Committee

The Committee appoints Professors and Staff in Grade 15; search candidates for position of Principal's; Deputy Vice-Chancellors and Vice-Chancellor and make recommendations to the Council; and consider disciplinary matters for Principals and Deputy Vice-Chancellor's and recommend to Council.

Council Meetings Attendance Financial Year 2016/2017

a) Attendance – 4th July 2016 to 27th September 2016

No	Council Member	FHR&G P 4/7/16	AG&R M 20/7/16	TA&R 21/7/16	PDF 21/7/16	TOOGP 9/8/2016	CEM 10/8/16	FCM 11/8/16	GHA 31/8/16	SCM 13/9/16	TOJEH B 13/9/16	FHR&G P 27/9/16
1	Paul M Mwangi	X	X	X		X	X	X	X	X	X	X
2	Josiah O Okumu	X			X	X	X	X		X	X	X
3	Dan Ngari Ngunjiri	X				X	X	X		X	X	X
4	DR. Reardon Okubayo					X	X	X		X	X	
5	Alasa Hiri		X		X	X	X	X	X	X	X	
6	Dr William K Toroitich Choge		X	X		X	X	X	X	X	X	
7	Monica K Kilonzo		X	X		X	X	X	X	X	X	
8	Prof Rose Mwonje	X	X	X	X	X	X	X	X	X	X	X

b) Attendance – 24th October 2016 to 16th December 2016

No	Council Member	C&UMBW OP&R 24 TO 27/10/16	SJF,HR&GP APD&I 28/10/16	SCM 29/10/16	CMC & UMB 3/11/16	FER&GP 29 & 24/11/16	CM 24/11/16	AGARM 1/12/16	SHDC 2/12/16	GC 9/12/16	SCM 14 th 16/12/16
1	Paul M Mwangi	X	X	X		X	X	X		X	X
2	Josiah O Okumu	X	X	X	X	X	X		X	X	X
3	Dan Ngari Ngunjiri	X	X	X		X	X			X	X
4	DR. Reardon Okubayo	X		X	X		X			X	X
5	Alasa Hiri	X	X	X	X		X	X		X	X
6	Dr William K Toroitich Choge	X		X	X		X	X		X	X
7	Monica K Kilonzo										X
9	Prof Rose Mwonje	X	X	X	X	X	X	X	X	X	X
10	Prof. S.O. Wandiga				X					X	

c) Attendance – 26th January to 16th February 2017

No	Council Member	AG&RM 26/1/17	TA&R 27/1/17	PDF 31/1/17	FIR&GP 25 & 24/1/16	EOPC 2/2/17	SCM 2/2/17	GHA 9/2/17	SPDFCC 10/2/17	EMCC 11/2/17	SCM 11/2/17	SCM 14/2/17	FCM 15/2/17	VCP 16/2/17
1	Paul M Mwangi	X	X		X		X	X		X	X		X	X
2	Joseph O Okumu			X	X		X		X	X	X	X	X	X
3	Don Ngugi Ngũchu			X	X		X		X	X	X	X	X	X
4	DR. Remon Ombayo					X	X			X	X	X	X	
5	Alasa Hirsi	X		X		X	X	X	X	X	X	X	X	X
6	Dr. William K. Toroitich Chong	X	X					X		X	X	X	X	X
7	Monica K. Kilonzo	X	X									X	X	
8	Prof. Rose Mwonya	X	X	X	X	X	X	X	X	X	X	X	X	X
9	Prof. S.O. Wandiga													

d) Attendance – 31st March to 29th June 2017

No.	Council Members	SCM 31/3/17	ITWENA CM 11/4/17	UCO 22/5/17	UCO 23/5/17	CM 24/5/17	WED 5/6/17	SHDC 12/6/17	GC 16/6/17	GBC 29/6/17
1	DR. BEN CHUMO	X	X	X	X	X	X		X	
2	CHARITY C. NYAGA	X	X	X	X	X	X		X	X
3	ALASA O. HIRSI	X	X	X	X	X	X	X	X	X
4	JOHN N. ONDARI	X	X	X	X	X	X		X	X
5	MUGAMBI J. NYAGA	X		X		X	X		X	
6	ESTHER M. WABUGE		X	X	X	X			X	X
7	JOSHUA N. OTIENO	X	X	X	X	X	X	X	X	X
8	PROF. ROSE A. MWONYA	X	X	X	X	X	X	X	X	X
9	PROF. S.O. WANDIGA			X	X				X	X

No.	Key	Description
1	AG&RM	Audit, Governance & Risk Management Committee
2	CEM	Council Evaluation Meeting
3	CM	Council meeting
4	CM & UMB	Consultative meeting with University management Board
5	EMCC	Egerton Man Cross country
6	FHR&GP	Finance, Human Resources & General Purposes Committee
7	GC	Graduation Ceremony
8	GHA	Grievances Handling & Appeals Committee
9	PDF	Planning Developments & Fund raising Committee
10	SC	Sealing Committee
11	SCM	Special Council Meeting
12	SHDC	Sealing and Honorary Degree Committee
13	TA&R	Tegemeo, Academic & Research Committee
14	TOOGP	Tour of On-going Projects
15	FCM	Full Council Meeting
16	TOJEBH	Tour of Jubilee Exchange House Building
17	C&UMBWOP&R	Council & UMB Workshop on Procurement and Review of Strategic Plan
18	F	Special Joint Finance, Human Resource & General Purposes & Planning, Development & Fund raising
19	CM, C & UMB	Council Meeting with the Chancellor & UMB Members
20	EOPC	Evaluation of Performance Contract
21	SPDFCC	Special Planning, Development & Fund raising Committee of Council
22	VCP	Visiting Capital Projects
23	ITWFNACM	Induction Training Workshop for Newly Appointed Council Members
24	UCO	University Council Orientation
25	WED	World Environment Day
26	GBC	Ground Breaking Ceremony for the Construction of the Ultra Modern Library

VII. MANAGEMENT DISCUSSION AND ANALYSIS

PART I: ANALYSIS OF THE STATEMENT OF FINANCIAL PERFORMANCE

i. Revenue

The revenues of the University have been as shown in table 1 and figure 1 below over the last seven years:

Table 1: Seven-year Revenue trend

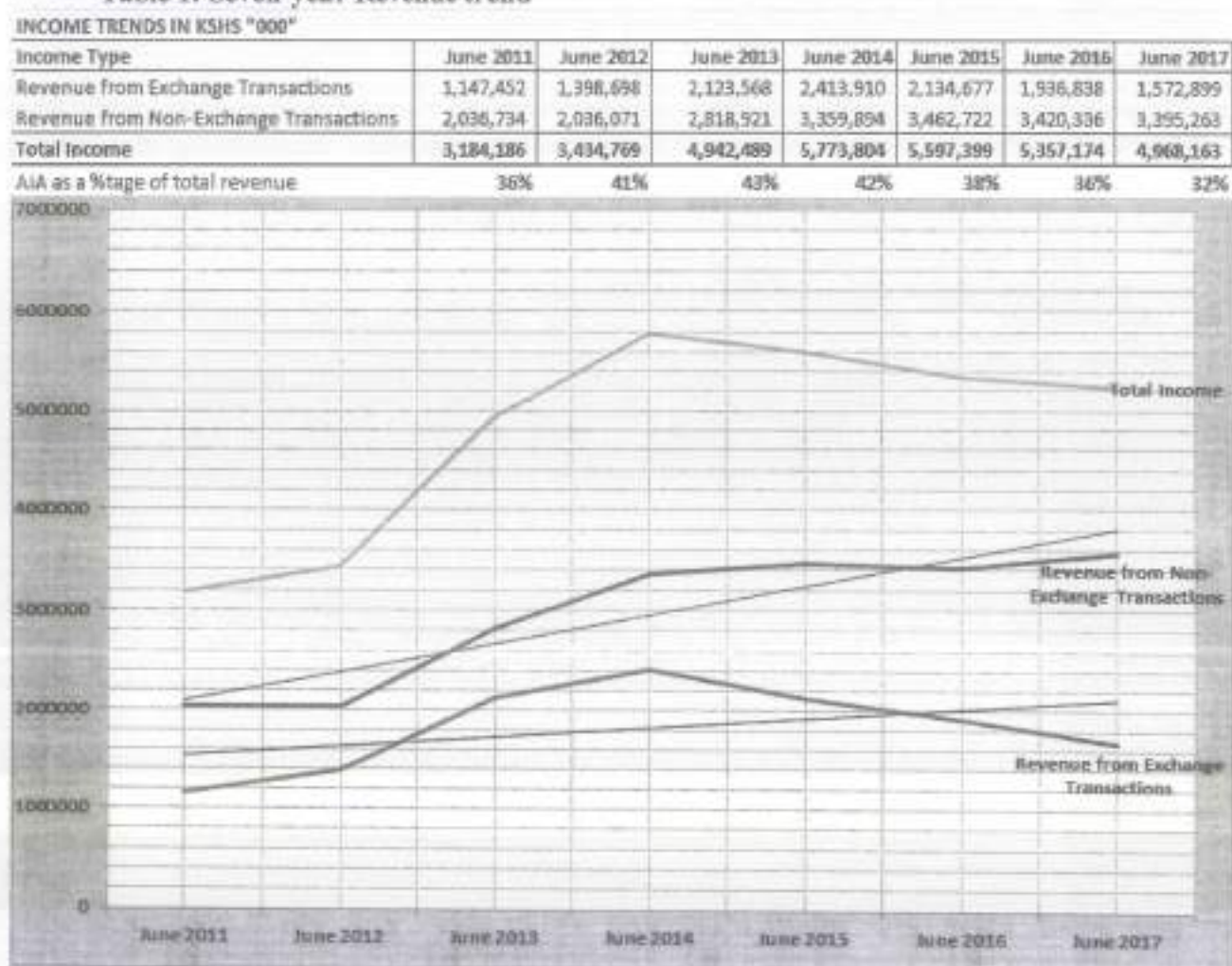


Figure 1: The trend of Revenue over the last seven years

The University's revenue has declined in the last two financial years. GoK and other donors remained the biggest source of income over the last seven years averaging 62% (June 2017-67%) of all revenue. These are the sources described as revenue from Non-exchange transactions.

Local AiA accounted for a seven-year average of 38% (June 2017-32%) of all income (Revenue from exchange transactions)

Note that the external sources of funding accounted for 67% of all revenue for the year ended June 2017. This is higher than the seven-year average, meaning that the University is becoming more dependent on external funding, which is not very desirable. Steps are being made to reverse this situation in the coming years.

ii. Expenses

Notwithstanding the shortfalls in revenue as above, expenses remained largely constant especially those expenses that do not depend on level of activity in the University e.g. Staff costs.

Sensing the expected revenue shortfall after midyear, the Management instituted austerity measures aimed at containing expenditure to the best extent possible. The following table 2 and figure 2 indicate the expenditure trends over time:

Table 2: Seven-year expenditure trends

EXPENDITURE TRENDS OVER THE LAST SEVEN YEARS IN KSHS *000*								
Expenditure Type	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017	Note
Staff Costs	2,257,514	2,095,121	2,505,905	3,213,145	3,094,213	3,158,178	3,113,900	10
Other Expenses	931,538	1,332,925	1,026,804	2,111,846	2,364,730	2,364,766	2,303,101	11-20
Total Expenses	3,188,852	3,428,046	4,132,707	5,324,991	5,458,943	5,522,944	5,417,001	
Staff Costs Proportion	71%	61%	61%	60%	57%	57%	57%	

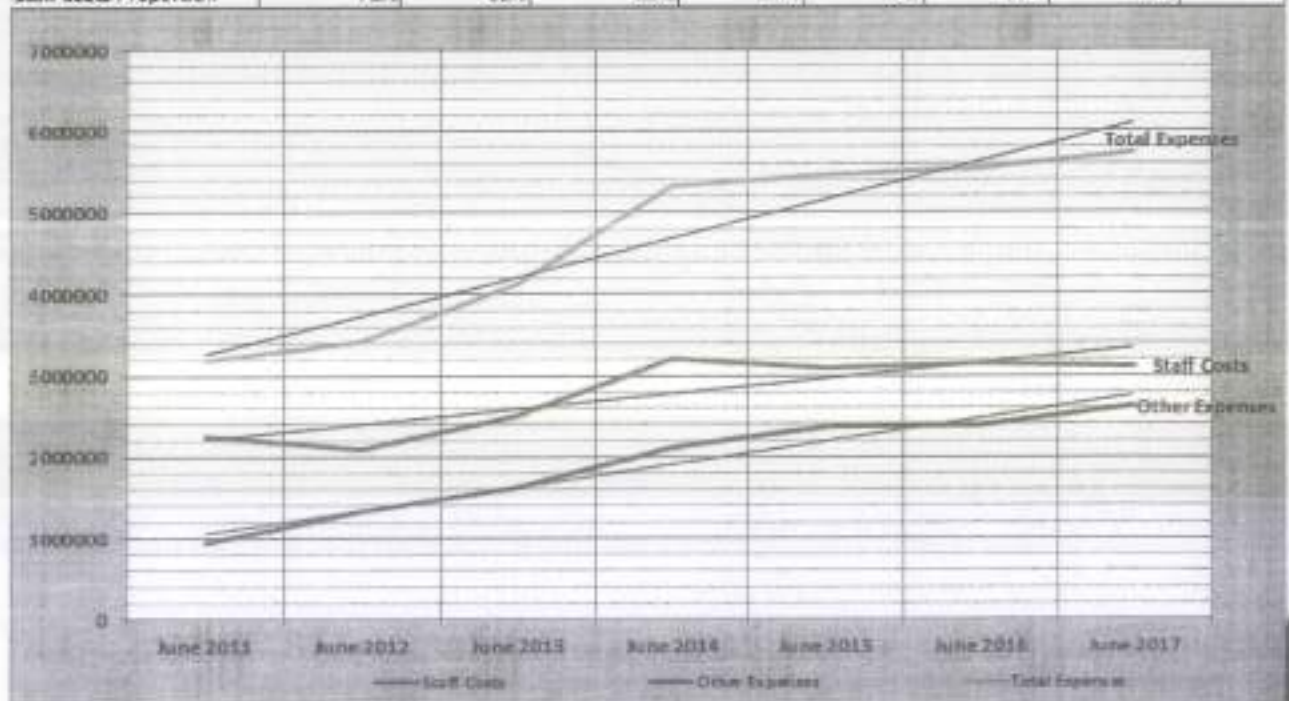


Figure 2: The trend of Expenditure over the last seven years

As shown above, the expenses of all categories continued to rise over the last seven years as shown by the above trend analysis where staff cost constitute the highest proportion of expenses with a seven-year average being 60% (June2017-56%). The composition of staff

costs in total costs has however continued to fall from 71% as at June 2011 to 56% in June 2017. This is a good indicator, mostly attributed to minimal expansion of the staff payroll over the indicated period.

PART 2: ANALYSIS OF STATEMENT OF FINANCIAL POSITION

The following analysis presents a seven-year movement observed in the financial status of the University as at the end of each of the financial years:

i. Property, Plant and Equipment

Table 3: Seven-year Net Book Values of Property Plant and Equipment (Ksh “000”)

PROPERTY, PLANT & EQUIPMENT-NET BOOK VALUES IN KSHS “000”

Type of Property	Ksh “000”			Percentage proportions		
	Land & Buildings	W.I.P	Other Assets	Land & Buildings	W.I.P	Other Assets
30/6/2011	1,068,936	2,227,871	108,418	31%	65%	3%
30/6/2012	1,055,826	2,472,661	136,247	29%	67%	4%
30/6/2013	2,796,293	590,458	309,393	76%	16%	8%
30/6/2014	2,981,957	1,115,261	218,499	69%	26%	5%
30/6/2015	3,449,562	809,501	174,448	78%	18%	4%
30/6/2016	3,412,879	1,064,636	186,423	73%	23%	4%
30/6/2017	3,339,556	1,256,699	165,458	70%	26%	3%

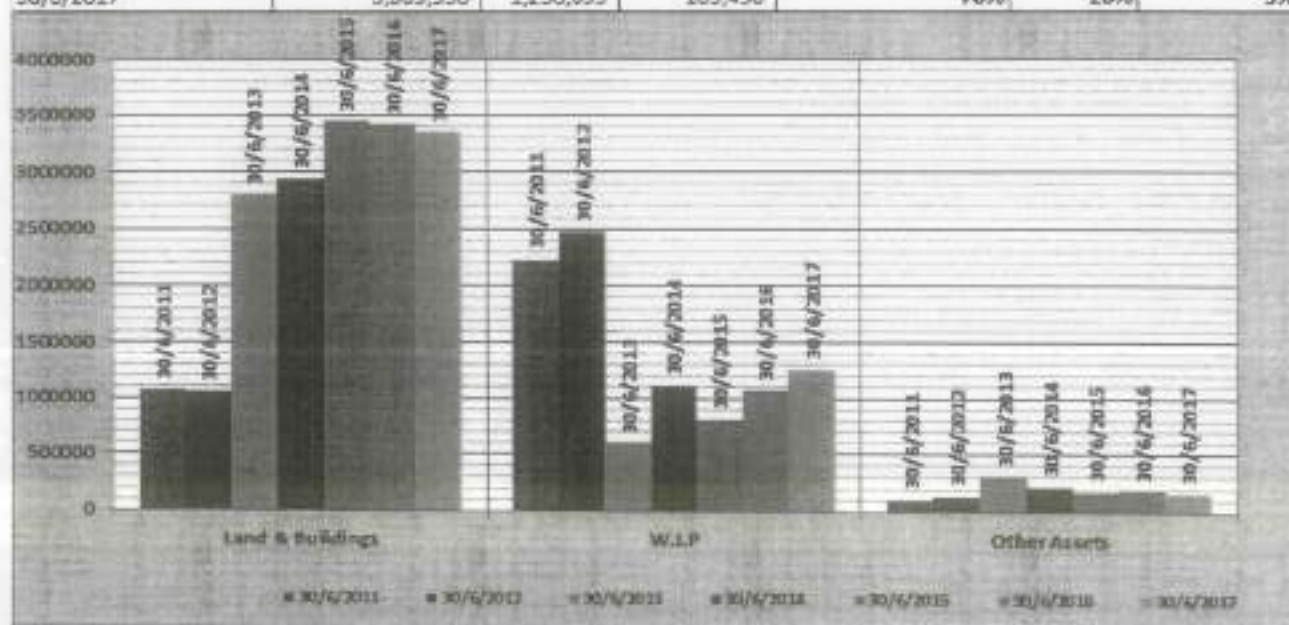


Figure 3: The make-up of Property, Plant and Equipment (Ksh “000”)

The graphs in figures 3 & figure 3 above show a rise in work in progress (W-i-P) and decreases in land and buildings over the year 2016/2017. The increase in work in progress is due to the ongoing works, mostly at the physical sciences complex. These trends are consistent with purchase of land in Nakuru town in 2013 and completion of stalled students' hostels/kitchen previously held as work in progress. Other assets remained relatively the same.

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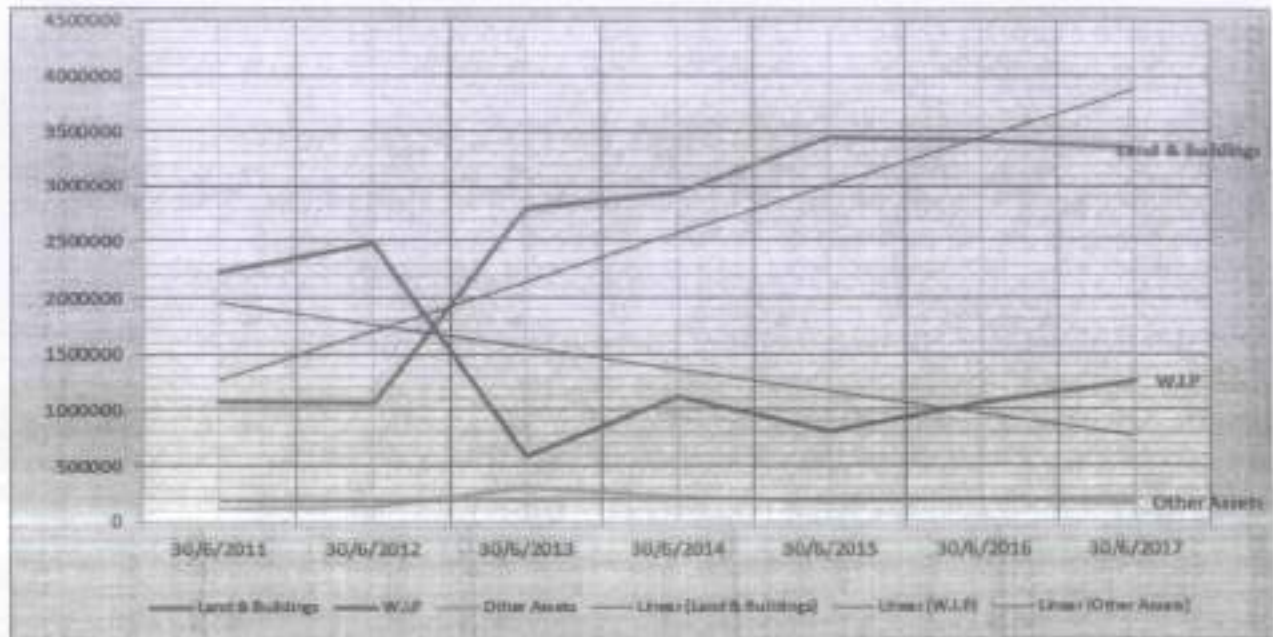


Figure 4: The composition of net book values of the University's assets over the seven-year period

The total assets of the University however continued rise over the seven-year period as shown by the following trend in figure 5:

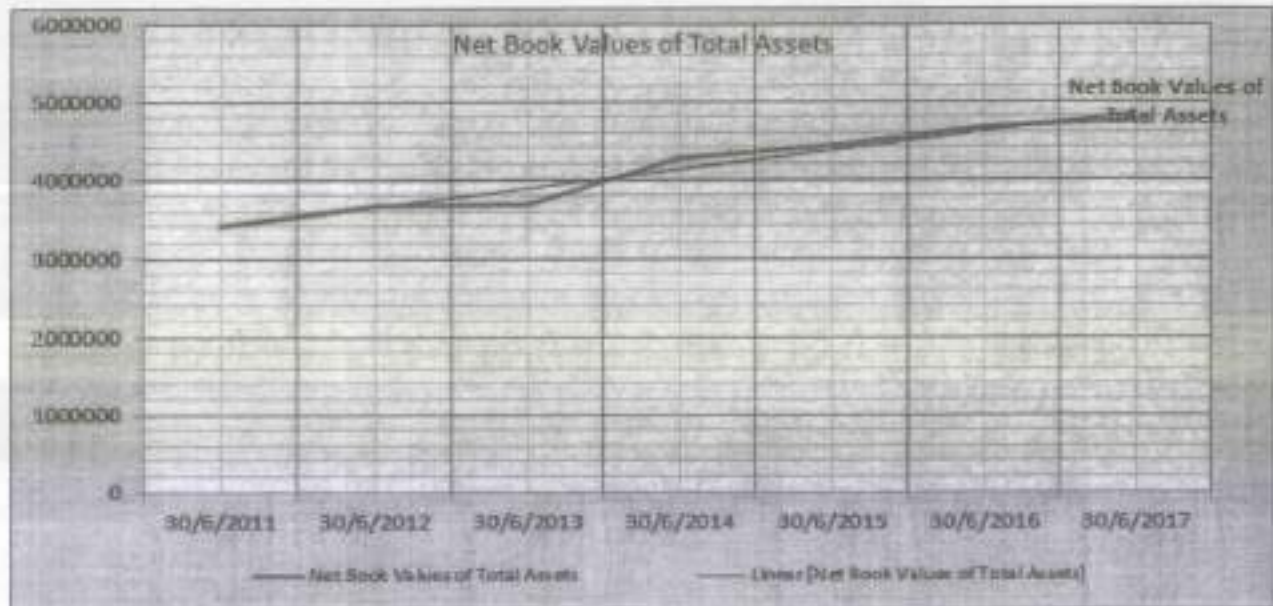


Figure 5: The trend of Total Property, Plant and Equipment over the seven-year period (Kshs "000")

ii. Working Capital

The Net Working capital is indicated by the difference between current assets and current liabilities. The following table 4 and Figure 6 indicate the net working capital of the University over the last seven years:

Table 4: Seven-year Net Working Capital figures (Ksh “000”)

Current Assets	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017
Total Current Assets	648,484	949,906	1,543,194	1,714,188	1,983,942	1,529,420	1,450,774
Total Current Liabilities	353,206	863,105	717,718	1,012,161	1,376,617	1,252,520	1,571,436
Net Working Capital	295,278	86,801	825,476	702,027	607,325	276,900	(120,662)

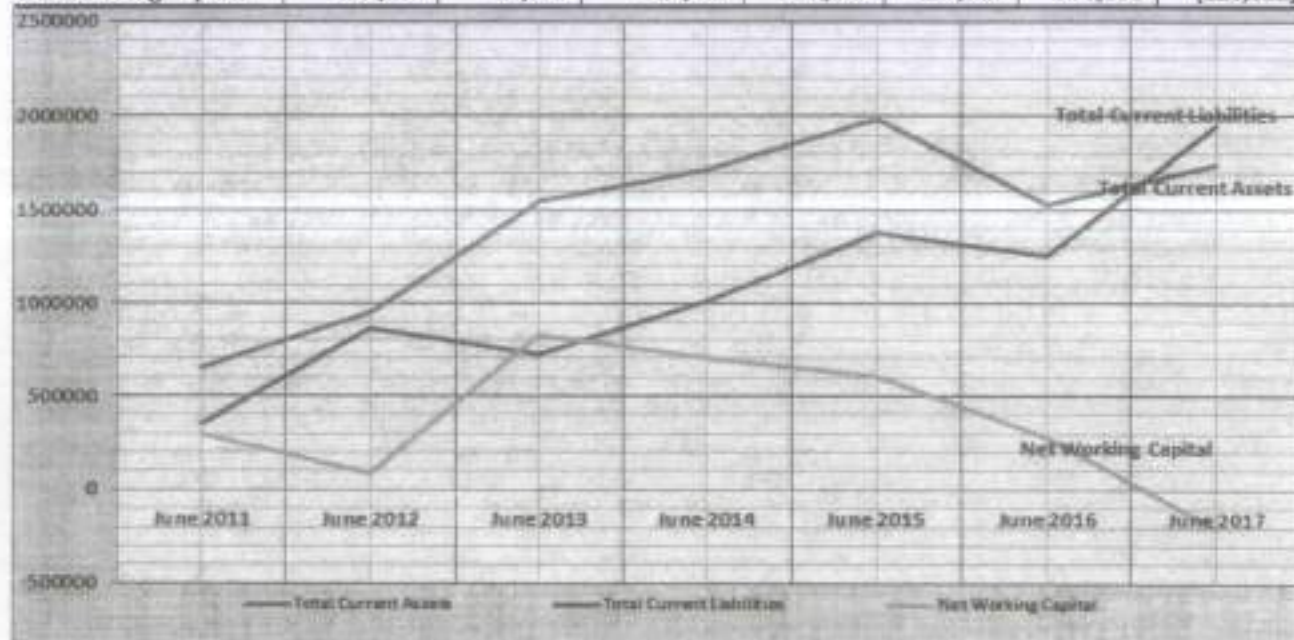


Figure 6: The trend of Net Working Capital over the seven-year period (Ksh 000”)

Net Working Capital Trend

The Net working capital remained in positive territory throughout the six years but dipped to negative territory in the year ended June 2017. This is because for the first time in the year ended June 2017, we recognized the balances of research funds as Deferred Income, a liability in line with new reporting requirements. The deferred Income reported with liabilities amount to **Ksh 285.4 Million**.

Notwithstanding the above, the University remains constrained in terms of cash flows and will have difficulty meeting its short term financial obligations as and when they fall due. This difficulty is exemplified by the ratios indicated here below:

Current and quick ratios

While Current ratio (current assets/current liabilities) and quick ratio ((Current Assets-Inventory)/Current liabilities) declined over the seven-year period, the ratios remained in healthy territory at more than 1:1 except in the year ended June 2017 when it fell to 0.87 and quick ratio of 0.82 as shown in Table 7 below.

Table 5: Seven-year trend of Current and Quick Ratios

Current Assets	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017
Current ratio	1.84	1.10	2.15	1.69	1.44	1.22	0.92
Quick ratio	1.67	1.01	2.06	1.42	1.39	1.14	0.87

The optimal quick ratio is 1:1 or higher, which means that current liabilities can be met from current assets without the need to sell inventory and agricultural assets. This is important since University inventory is not for sale, but rather for use in the processes of service delivery-hence may never be sold.

As shown in table 5 and figure 7, both ratios declined steadily over the seven-year period. It however still remained at above 1:1 up June 2016, only falling to dangerous levels below 1.1 in the year ended June 2017. This is not good enough. The higher it is above 1:1 the better. Deliberate steps are being taken to improve this ratio to optimal levels otherwise the University may end up so cash trapped that operations will be adversely affected.

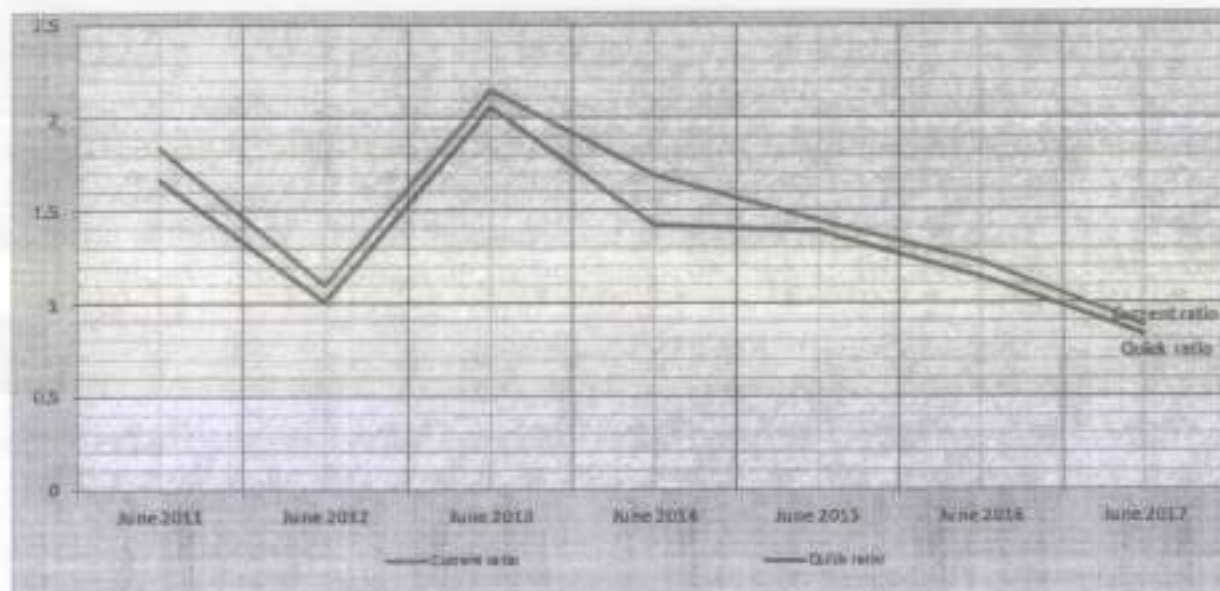


Figure 7: The trend of Current and Quick ratios over the seven-year period

VIII CORPORATE SOCIAL RESPONSIBILITY STATEMENT

1. Seeds of Gold Magazine

The Seeds of Gold Magazine published by the Nation Media Group every Saturday since its launch on the February 15th, 2014 is a farmers' knowledge sharing magazine. Egerton University is contributing to the Magazine through writing of articles and providing expert answers to questions posted to the Magazine by readers of the magazine. In addition to offering expert answers posed by readers and farmers, 24 articles have been published, authored by staff from various faculties: Agriculture Veterinary Medicine, Sciences and Environment with more participation by the Agriculture and Veterinary Medicine faculties.

8. Rehabilitation of River Njoro and the Mau Escarpment

This is a vision 2030 flagship project by Egerton University whose main objective is to restore water flows to Lake Nakuru. The rehabilitation is in line with the main objective of the Kenyan Government of achieving a clean and secure environment by 2030. During the year 2016/2017, the University Part of the activities includes:

- ❖ Rehabilitation and cleaning up of Njoro River
- ❖ Construction of cleaning troughs
- ❖ Tree planting trees at Entiyani, source of Njoro River



A section of the polluted River Njoro

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A section of the
Rehabilitated
River Njoro

3. Successfully organised the fourth Mau-Egerton Cross Country at Njoro Campus

This is an annual event organised by the University to create awareness about the need to conserve the environment and mobilise resources for the rehabilitation of the Mau Escarpment and Njoro River.

The event was held on 11th February 2017 and attracted thousands of athletes from across the country. The event attracted corporate participants like Nation Media Group, Kenya Commercial bank among others.

The trees donated were planted at Entiyani area in Narok County and along riparian sections of Njoro River.



Participants during the 4th edition of Mau-Egerton Cross-Country event held in February 2017

3. Environmental clean-up and tree planting at Mwisho wa Lami Centre, Mau Narok.

As part of the activities culminating in the celebration of World Environment Day at Egerton University, environmental clean-up and tree planting was done in Mwisho wa Lami Centre, Mau Narok in June 2017. This was an initiative of the Faculty of Environment and Resource Development in conjunction with Nakuru County Government.



Prof. Nakhone Wati, NTCC Principal plants a tree at Mwisho wa Lami, Mau Narok



A participant during the environmental clean-up at Mwisho wa Lami

IX. REPORT OF THE COUNCIL

The Council submits their report together with the financial statements for the year ended June 30, 2017 which show the state of the University's financial affairs.

Principal activities

The principal activities of the University are shown on page 3.

Results

The results of the University for the Year ended June 30, 2017 are set out on page 39.

Council

The members of the University Council who served during the year are shown on page 6 - 10.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Part VI of the Public Audit Act 2015.

By order of the Council

X. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITY

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


The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2017, and of the University's financial position as at that date. The council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

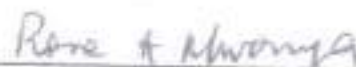
Nothing has come to the attention of the Council to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The University's financial statements were approved by the Council on 25th September 2017 and signed on its behalf by:



Mr. John N. Ondari
Chairman, Council Finance Committee



Prof. Rose A. Mwonya, PhD.
Vice Chancellor

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON EGERTON UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Egerton University set out on pages 39 to 81, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229(6) of the constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Egerton University as at June 30, 2017, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 of the laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Students Fee Accounts

1.1 Inactive Student Accounts

The statement of financial position reported a figure of Kshs.1,002,975,178 under receivables from exchange transactions. Included in the figure is student debtors of Kshs.714,563,872 out of which a sum of Kshs.581,635,560 relates to students who were in various courses in the academic year 2016/2017. The balance of Kshs.132,928,312 relates to students who were in the system prior to 30 June, 2016. It was unclear why the University only made a general provision of doubtful debts of one per cent (1%) over the years. In addition, the University continues to recognize student debtors amounting to Kshs.132,928,312 as current even though no certainty and ability of recovering such

debts within the financial year was demonstrated. Further, the current year debt of Kshs.581,635,560 is alarming and a demonstration of inefficient system of student debtors management.

1.2 Unreconciled Tuition and Related Fees

The statement of financial performance reflected tuition and related fees of Kshs.1,514,790,185 against a budgeted amount of kshs.1,704,2023,663 resulting to unrealized revenues totaling Kshs.189,413,478.

The Student Transaction Movement Report obtained from the Uni-Plus Academic Records Management System (ARMS) showed total tuition and related fees of Kshs.1,597,806,591. This figure was at variance with Kshs.1,514,790 reported in the statement of financial performance by Kshs.83,016,406.

The cash books and student transaction movement reports showed tuition total receipts of Kshs.1,686,995,127 and Kshs.1,742,047,034 respectively resulting to unexplained variance of kshs.55,055,907.

Although the management stated that the variances are as a result of errors in Uni-Plus ARMS reports since the system is still in development stage, documentation on system development showing the stage of completion of the system was not presented for audit. The weaknesses of the system were also not reported to the developer since no correspondence was presented for audit. With the high level of error rate in the system, the University is likely to continue losing revenue.

1.3 Potential Tuition and Other Fees

A nominal roll obtained from ARMS showed that 37,359 students were in session on various programmes/ courses during various semesters/ terms in the financial year 2016/2017. Considering the fees chargeable to each student per semester/ term, this translated to potential revenue amounting to Kshs.1,039,244,150 which varied with amounts reflected in the financial statements and supported by the Student Transaction Movement Report of Kshs.1,514,790,185 and Kshs.1,597,806,591 respectively.

Although, the management in their response noted that the auditor did not take into account all postgraduate students, and other students who might have been billed in arrears, there is an admission that revenue billing and collection system is highly compromised.

2.0 Property, Plant and Equipment

The property, plant and equipment balance as at 30 June 2017 of Kshs.4,758,649,018 includes Kshs.965,594,800 which is the value of 21 parcels of land owned by the University. However, the University did not have valuation reports for the parcels of land as at 30 June 2017. Further, out of these parcels, only ten with a total value of Kshs.632,916,500 have title deeds. Further, included in the property, plant and equipment balance are assets with total historical cost of Kshs.637,537,280 that were fully depreciated to zero net book value as at 30 June 2016. The assets are still in use

and the University continues to derive economic benefits from them although revaluations have not been made as required by financial reporting standards.

In the circumstance, the accuracy of the property, plant and equipment balance of Kshs.4,758,649,018 and ownership of related parcels of land cannot be confirmed.

3.0 Receivables- Outstanding Imprest

Included in balance of Kshs.1,002,975,178 reported in the statement of financial position as receivables from exchange transactions is a balance of Kshs.971,041,345 as at 30 June 2017 which includes Kshs.93,693,091 held by the staff as imprest. Further, analysis revealed that various imprests issued to officers dated as back as the year 1994. This was contrary to Clause 14 (c) of the financial rules and regulations of the University, which states that all imprests shall be surrendered within 48 hours on return from official duty or after procuring goods and services.

In the circumstance therefore, the recoverability and accountability of the outstanding imprests of Kshs.93,963,091 as at 30 June 2017 cannot be confirmed.

4.0 Liquidity Position

The current assets amounted to Kshs.1,692,554,435 against the current liabilities of Kshs.1,939,671,787 resulting to negative working capital of Kshs.247,117,352. In the circumstance, the University cannot meet its current obligations as they fall due casting doubt on the entity's going concern.

5.0 Loan to Egerton University Investment Company

The receivable from exchange transaction balance of Kshs.971,041,345 as at 30 June 2017 includes Kshs.145,400,000 in respect of loans advanced by the University to Egerton University Investment Company (EUICO). This represented loans advanced to the investment company by the University between the financial years 2012/2013 and 2014/2015. Out of the approved loans of Kshs.124,800,000, Kshs.74,000,000 repayable by 15th August 2017 was still outstanding as at the time of audit. The balance of Kshs.50,800,000 that was advanced earlier on and which no repayment period was expressly stated in the Council minutes was also outstanding.

In the circumstance, recovery of the Kshs.145,400,000 loan to EUICO is in doubt.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Egerton University in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in

the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Stalled projects

The statement of financial position reflects property, plant and equipment balance of Kshs.4,758,649,018 as at 30 June 2017 which includes work in progress (WIP) of Kshs.1,256,699,302.

According to Note 25(b) to the financial statements, the WIP includes construction of administration block Kshs.20,096,000, agronomy and horticulture Kshs.177,377,480, faculty of law building Kshs.123,916,482 and faculty of veterinary medicine Kshs.1,650,000 all valued at Kshs.323,039,882. However, the capital projects had stalled at various stages. In addition, documentation such as progress certificates to support the WIP balances have not been provided for audit verification.

Therefore, the accuracy of the balance of Kshs.323,039,882 in respect of work in progress could not be confirmed.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the University's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the Government intends to cease operations of the University.

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.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. Reasonable assurance is a high level of

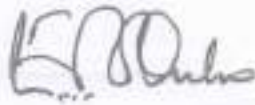
assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue sustaining 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 University to cease sustaining 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 University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

29 October 2018

XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

Particulars	Note	2016-2017 Kshs.	2015-2016 Kshs.
<u>Revenue from Non-Exchange Transactions</u>			
GoK Recurrent Capitation Grant	2(a)	2,768,255,899	2,778,675,366
Research & Extension Income-Main campus	3	347,537,665	382,606,219
Other Revenue from Non-Exchange Transactions	4	8,475,093	28,223,567
CESAAM ACE 2 Income	5	946,795	-
MCF TAGDEV Income	6	14,432,913	-
Tegemeo Income for the period	28	255,615,106	230,831,237
Total Revenue from Non-Exchange Transactions		3,395,263,471	3,420,336,389
<u>Revenue from Exchange Transactions</u>			
Tuition and Related Fees	7	1,409,916,035	1,722,236,975
Other Services Rendered	8	151,384,933	151,489,213
Interest Income	9	11,598,506	16,608,135
		1,572,899,474	1,890,334,324
Total Revenue		4,968,162,945	5,310,670,713
<u>Expenditure</u>			
Staff Costs	10	3,113,899,648	3,158,178,267
Council Expenses	11	20,520,297	25,998,490
Administrative and Central Services	12	846,678,113	908,233,534
Repairs and Maintenance Expenses	13	98,524,368	74,869,831
Academic Departments Expenses	14	523,496,868	476,794,391
Research & Extension Expenses	15	335,795,326	430,019,393
Expenses-IGU Inputs	16	84,894,926	75,257,585
Depreciation Expenses	17	150,880,491	164,849,572
CESAAM ACE 2 Expenses	18	946,795	-
MCF TAGDEV Expenses	19	14,432,913	-
Tegemeo Expenses for the period	28	250,365,674	224,452,711
		5,440,435,419	5,538,653,776
<u>Other gains/(Losses)</u>			
Gain (Loss) on Revaluation Investment-Shares		47,221	(157,404)
Decrease in Provision for bad debts		782,382	1,855,509
Gain (Loss) on Foreign Exchange		8,765,036	13,590,373
Gain/(Loss) on biological Assets		13,839,777	329,570
Gain/(Loss) on Disposal of Assets		-	91,500
	20	23,434,416	15,709,548
Deficit for the Period		(448,838,058)	(212,273,516)
Attributable to:			
Owners of the controlling entity		(448,838,058)	(212,273,516)

The notes set out on pages 44 to 78 form an integral part of these Financial Statements

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XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2016-2017 Kshs.	2015-2016 Kshs.
ASSETS			
Current Assets			
Cash in Bank and in Hand	21 (a)	593,975,116	427,018,007
Short Term Fixed Deposits	21 (b)	-	180,755,388
Contingent Deposit	17(c)	50,000,000	50,000,000
Receivables from Exchange Transactions	22	1,002,975,178	1,056,553,392
Receivables from Non-Exchange Transactions	22 (c)	50,820	-
Inventories	23	41,946,407	67,103,895
Agricultural Assets	24	35,540,747	21,700,970
		1,724,488,268	1,803,131,653
Non Current Assets			
Property, Plant& Equipment	25(a)	4,761,713,274	4,663,938,265
Investments	26	275,457	228,236
		4,761,988,731	4,664,166,500
Total Assets		6,486,476,999	6,467,298,153
LIABILITIES			
Current Liabilities			
Negative Cash Balances	21 (d)	241,780,778	283,795,760
Trade and Other Payables	27 (a)	857,173,580	776,226,391
Provisions and Accruals	27 (b)	370,497,123	383,445,794
Deferred Income	27 (c)	343,765,065	193,898,762
		1,813,216,545	1,537,366,708
Total Liabilities		1,813,216,545	1,537,366,708
Net Assets		4,673,260,453	4,929,931,445
General fund		4,022,431,074	3,876,767,538
Accumulated Surplus(Deficit)		650,829,379	1,053,163,907
Total Capital and Liabilities		4,673,260,453	4,929,931,445
<i>Rose A Mwangi</i>		<i>Moses O. Ouma</i>	<i>Mr. John N. Ondari</i>
Prof. Rose A. Mwangi, Ph.D Vice Chancellor		Moses O. Ouma (CPAK) Finance Officer ICPAK Member No. 4924	Mr. John N. Ondari Chairman, Finance Committee of the University Council
Date:		Date:	Date:

XIV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

Particulars	Note	Capital Reserves Kshs.	Revenue Reserves Kshs.	Total Kshs.
Period ended 30 June 2016				
Balance as at 01/07/2015		3,775,783,011	1,265,437,423	5,041,220,434
Capital Grants	2(b)	100,984,527		100,984,527
Deficit from operations			(212,273,516)	(212,273,516)
Balance as at 30/06/2016		3,876,767,538	1,053,163,907	4,929,931,445
Period ended 30 June 2017				
Balance as at 01/07/2016		3,876,767,538	1,053,163,907	4,929,931,445
Capital Grants	2(b)	145,663,536		145,663,536
Prior year Adjustments			46,503,530	46,503,530
Deficit from operations			(448,838,058)	(448,838,058)
Balance as at 30/06/2017		4,022,431,074	650,829,379	4,673,260,453

XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2017

Particulars	Note	2016-2017 Kshs.	2015-2016 Kshs.
Operating Activities			
Deficit for the year		(448,838,058)	(212,273,516)
Adjustments for			
Depreciation	17	150,880,491	164,849,572
Adjustments in Reserves for prior years items		46,503,530	
Movement in Provisions for the year	27 (b)	87,051,328	2,463,237
Movement in Deferred Income for the year	27 (c)	149,866,303	
(Profit)/Loss on disposal of Assets	8	-	(91,500)
(Gain)/Loss on Revaluation of Shares	20	(47,221)	157,404
Investment Income	9	(11,598,506)	(16,608,135)
Interest Expense	12	16,563,851	22,092,547
		(9,618,282)	(39,410,391)
Changes in Working Capital			
(Increase)/Decrease in Biological Assets	24	(13,839,777)	(826,700)
(Increase)/Decrease in Receivables	22 (a)	53,527,395	535,531,641
(Increase)/Decrease in Inventories	23	25,157,487	(14,749,700)
Increase/(Decrease) in Payables	27 (a)	80,947,188	(125,509,328)
		145,792,293	394,445,913
Cash Generated from Operations		136,174,011	355,035,523
Investing Activities			
Interest/Bank Charges Paid	12	(16,563,851)	(22,092,547)
Purchase of Property, Plant and Equipment	21(a)	(248,655,500)	(395,277,547)
Interest earned from Investments	12	11,598,506	16,608,135
Cash on Disposal of Assets	8	-	91,500
		(253,620,845)	(400,670,458)
Financing Activities			
GoK Capital Grants	2(b)	145,663,536	100,984,527
Net Cash from Financing Activities		145,663,536	100,984,527
Net Increase/(Decrease) in Cash and Cash Equivalents		28,216,702	55,349,591
Cash and Cash Equivalents at the start of the period		373,977,635	318,628,044
Cash and Cash Equivalents at the Close of the period	21 (a)	402,194,337	373,977,635

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XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2017

Particulars	Note	Original Budget 2016/2017 Kshs.	Adjustments 2016/2017 Kshs.	Revised Budget 2016/2017 Kshs.	Actual as Comparable Basis 2016/2017 Kshs.	Performance Difference 2016/2017 Kshs.
Revenue from Non-Exchange Transactions						
GoK Recurrent Capital Grant	2(a)	2,802,255,900	-	2,802,255,900	2,768,255,899	(34,000,001)
Research & Extension Income-Main campus	3	427,800,445	-	427,800,445	347,537,605	(80,262,780)
Other Revenue from Non-Exchange Transactions	4	-	-	-	8,475,093	8,475,093
CESAAM ACE 2	5	-	-	-	946,795	946,795
MCF TAGDEV	6	-	-	-	14,432,913	14,432,913
Tegemeo Income	28	-	-	-	255,615,306	255,615,306
Total Revenue from Non-Exchange Transactions		3,230,056,345	-	3,230,056,345	3,395,263,471	165,207,126
Revenue from Exchange Transactions						
Tuition and Related Fees	7	1,860,993,663	-	1,860,993,663	1,409,916,935	(451,077,628)
Other Services Rendered	8	229,903,991	-	229,903,991	162,963,439	(66,920,553)
Savings b/f	97	31,790,000	-	31,790,000	-	-
		2,129,687,654	-	2,129,687,654	1,572,889,474	(517,998,181)
Total Revenue		5,359,743,999	-	5,359,743,999	4,968,162,945	(351,791,054)
Expenditure						
Staff Costs	10	3,159,181,000	(105,076,038)	3,054,104,962	3,113,899,648	59,794,687
Council Expenses	11	18,500,000	5,000,000	23,500,000	20,520,297	(2,979,703)
Administrative and Central Services	12	819,607,996	58,494,621	878,102,617	846,678,113	(29,424,504)
Repairs and Maintenance Expenses	13	78,500,000	48,062,872	126,562,872	98,524,368	(28,038,505)
Academic Departments Expenses	14	547,164,559	18,819,447	565,984,006	523,494,888	(42,489,118)
Research & Extension Expenses	15	457,800,445	-	457,800,445	335,795,326	(122,005,119)
Expenses-IGU Input	16	65,000,000	-	65,000,000	84,894,926	19,894,926
Depreciation Expenses	17	9,000,000	(9,000,000)	-	150,880,491	150,880,491
CESAAM ACE 2 Expenses	18	-	-	-	946,795	946,795
MCF TAGDEV Expenses	19	-	-	-	14,432,913	14,432,913
Tegemeo Expenses	28	-	-	-	250,365,674	250,365,674
Refund of Borrowings for CBA	99	16,400,000	(15,000,000)	1,400,000	-	-
Total Expenditure		5,171,154,000	(699,098)	5,170,454,902	5,440,435,419	271,389,518
Other gains/(Losses)						
Other gains/(Losses)	20	-	-	-	23,434,416	-
		-	-	-	23,434,416	-
Surplus/(Deficit) from Recurrent Budget		185,590,000	699,098	189,289,098	(448,838,058)	(624,171,572)
Bank Loan	96	700,000,000	-	700,000,000	-	(700,000,000)
GoK Development Grant	2(b)	330,042,801	-	330,042,801	345,665,536	(184,379,265)
Capital Expenditure	25(a)	1,216,632,801	699,098	1,210,331,899	248,655,500	(970,676,398)
Surplus (Deficit) for the Period		0	(0)	0	(551,830,023)	(537,874,438)

Notes on the Budget

- The differences between actual and budgeted amounts are within reasonable limits
- The differences between the original and the revised budget were due to reallocations within the same total budget.

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XVII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Egerton University is established by and derives its authority and accountability from Universities Act No 42 of 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activities are outlined on page 3.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.</p> <p><i>The University adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the University.</i></p>

Standard	Impact
<p>IPSAS 34: Separate Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p><i>The University is a parent company and has prepared separate financial statements</i></p>
<p>IPSAS 35: Consolidated Financial Statements</p>	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other entity - Its exposure or rights to variable benefits from involvement with the other entity - Its ability to control the nature, timing and amount of benefits from the other entity. <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p><i>The University is a parent company and has prepared separate financial statements and therefore the standard does not apply.</i></p>
<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p><i>The University does not have investments in associates or joint ventures and therefore the standard does not apply.</i></p>

Standard	Impact
IPSAS 37: Joint Arrangements	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p><i>The University does not have an interest in a joint arrangement and therefore the standard does not apply.</i></p>
IPSAS 38: Disclosure of Interests in Other Entities	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p><i>The University does not have an interest in other entities and therefore the standard does not apply</i></p>

ii. **Early adoption of standards**

The University did not early – adopt any new or amended standards in year 2017.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Revenue Recognition**

i) **Revenue from Non-Exchange Transactions**

To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) 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 University. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or University 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.

c) Taxes

The University is tax exempt as per the Income Tax Act, 2014.

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 University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during their estimated useful life, using the straight-line method. Assets acquired during the year attract full depreciation charge.

The annual rates used are:-

Buildings	-	2.5%
Machinery & equipment	-	20%
Furniture & fittings	-	12.5%
Dairy equipment / plant / tractors	-	10%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) Property, Plant and Equipment (Continued)

Motor vehicles	-	25%
Library books	-	20%
Computers and Appliances	-	33.3%

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.

f) Research and Development Costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

g) Financial Instruments

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.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the University has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of Financial Assets

The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

g) Financial Instruments (Continued)

Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial Liabilities

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.

h) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

h) Inventories (Continued)

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

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

i) Agricultural Assets

Agricultural activity is the management by the University of the biological transformation and harvest of biological assets. Biological Asset is a living animal or plant. There are three groups of agricultural assets: -

Agricultural Produce: Is the harvested product of the University's biological assets.

Bearer Biological Assets: Are those that are used repeatedly or continuously for more than one year in an agricultural activity e.g. breeding stocks (including fish and poultry), dairy animals, and sheep

Consumable Biological Assets: Are those that are held for harvest as agricultural produce such as animals and plants for one-time use e.g. beef animals, fish in farms, crops such as maize and wheat.

Biological assets are measured on initial recognition and at each reporting date at its value less costs to sell except where fair value cannot be measured reliably. In such case the biological asset shall be measured at cost less any accumulated depreciation and any impairment loss as per IPSAS 27.

j) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

j) Provisions (Continued)

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.

Provision for bad debts

A general provision for bad and doubtful debts is provided for at the year-end at 1% of outstanding general and student debtors.

k) Nature and Description of Capital Reserves

The University has a capital reserve which represents the government's interest in the net assets/equity of the university and is a combination of contributed capital by the government and the aggregate of the university's accumulated surpluses or deficits and reserves that reflect the net assets/equity attributable to the university's operations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

l) 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.

m) Employee Benefits

Retirement Benefit Plans

The University provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an University pays fixed contributions into a separate University (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.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future

contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) 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.

o) Related Parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

o) Related Parties (Continued)

Members of key management are regarded as related parties and comprise the council members and senior managers.

- The National Treasury – During the financial year we received Ksh. 2,768, 2555,899 under recurrent budget and Ksh. 145,663,536 under development budget as indicated in note 2a and 2b respectively; through the Ministry of Education Science & Technology. The National Treasury Principal Secretary or his representative sits in the University Council
- Ministry of Education Science & Technology – The Principal Secretary or his representative of this ministry sits in the University council.
- Council – The university council has 9 members. During the year the council expenses was Ksh. 20,524,297 as indicated in Note 11 to financial statements.
- Key Management Personnel – This includes all those staffs in grade 16 and above. Their remuneration in the year was Ksh. 45,275,111 as indicated in Note 10a to the financial statements.
- The University also owns fully Egerton University Investment Company which is limited by guarantee.

p) Service Concession Arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

q) Cash and Cash Equivalents (Continued)

convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative Figures

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

5. 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.

Estimates and Assumptions

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

Useful Lives and Residual Values

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

- The condition of the asset based on the assessment of experts employed by the University

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 27.

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

t) **Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

u) **Financial Risk Management**

The University manages liquidity risk exposure by operating short term fixed deposits accounts that are highly liquid. To manage the credit risk, the University has a debt policy in place.

Note 2(a) Income - GoK Recurrent Capitation Grants		
	2016-2017	2015-2016
Particulars	Kshs.	Kshs.
<u>GoK Capitation Grants</u>		
July	230,687,992	234,937,992
August	230,687,992	234,937,992
September	230,687,991	234,937,992
October	230,687,991	234,937,992
November	230,687,991	234,937,992
December	230,687,991	234,937,992
January	230,687,991	214,647,749
February	230,687,991	234,937,992
March	230,687,991	234,937,992
April	230,687,991	234,937,992
May	230,687,991	234,937,992
June	230,687,997	214,647,700
Total GoK Recurrent Grants	2,768,255,899	2,778,675,366
Note 2(b) Income-GoK Development Grants		
	2016-2017	2015-2016
Particulars	Kshs.	Kshs.
September	19,438,545	-
December	19,438,545	-
March	32,176,646	-
April	18,948,732	55,750,000
May	23,727,235	-
June	31,933,833	45,234,527
Total GoK Development Grants	145,663,536	100,984,527

Particulars	2016-2017 Kshs.	2015-2016 Kshs.
AICAD-RE02-Income	354,038	17,424,142.55
DAAD/EBR-RE05-Income	17,120,236	18,485,143.10
Department of Defence-RE06-Income	73,826,600	74,602,600.00
Dryland Farming-RE07-Income	3,919,179	5,030,792.30
Economics Department-RE08-Income	802,433	2,340,553.50
Fingerponds-RE10-Income	-	6,560,798.10
Gift Shop-RE11-Income	1,845,370	1,166,080.00
Globalite-RE13-Income	1,453,698	1,729,870.00
Greenhouses-RE14-Income	5,516,265	1,866,666.00
KAPP GRANTS-RE18-Income	5,260,405	15,015,715.50
Natural Resources-RE20-Income	-	4,285,833.30
NORAGIC-RE21-Income	13,551,875	16,299,786.35
OSSREA Young Scholars-RE22-Income	1,407,550	7,019,359.00
PRA-RE23-Income	50,070	-
Research & Extension-RE25-Income	7,296,080	12,891,475
ROSA Project-RE27-Income	-	5,129,564
TAMOU 01C-RE29-Income	11,905,593	9,979,044
Training-RE33-Income	1,891,440	4,400,369
Vertisol Management-RE34-Income	607,391	2,425,260
OSSREA Post-Doctoral-RE37-Income	610,486	584,782
ECOLIVE Project-RE40-Income	1,454,859	1,825,841
Wetland Ecosystem-RE41-Income	1,484,340	3,381,428
Limnology-RE42-Income	10,643,917	8,758,905
ECO-HELB-RE43-Income	6,791,674	7,892,912
Global Fund-RE44-Income	21,201,325	12,392,530
Confucious Institute-RE45-Income	17,720,895	32,740,430
DOLLAR Account-RE46-Income	18,108,772	28,177,967
EURO Account-RE47-Income	122,712,775	78,968,381
AMREF Global Fund-RE48-Income	-	1,229,991.0
	347,537,665	382,606,219
Note 4 : - Other Non-Exchange Income		
Mau Egerton Cross Country Income-MAIN	2,782,520	2,175,600
Mau Egerton Cross Country Income Noncash Sponsors	322,600	2,329,344
Partners Recurrent Grants -Other Recurrent Grants	-	227,112
Partners Donations & Grants -Donations	-	23,491,511
Partners Rec. Grants -Overheads Grants(Tegemeo)	5,369,973	-
	8,475,093	28,223,567

Note 5 : - CESAAM ACE 2		
INCOME-R&E-CESAAM ACE 2	946,795	-
	946,795	-
Note 6 : - MCF TAGDEV		
Income - R&E MCF TAGDEV	14,432,913	-
	14,432,913	-
Total Non-Exchange Income	371,392,467	410,829,786
Note 7 : - Income-Tuition and Related Fees		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Application Fee	9,598,827	20,492,315
Registration Fee	27,864,660	25,342,900
Student I/D	3,343,350	2,656,660
Activity Fees	22,365,600	20,238,000
Student medical fee	37,872,500	33,227,035
Examination Fee	70,912,100	61,144,200
Material Development	78,967,000	71,009,400
Graduation Fees	22,107,450	27,822,078
Library Fee	47,385,200	42,373,765
Tuition Fee	987,902,992	1,379,403,284
Tuition Fees- Bridging Cours	5,494,950	4,181,468
Student Supervision Fee	8,065,400	2,870,000
Field Attachment fee	35,659,100	34,455,070
Student Laboratory fee	24,419,060	22,972,500
Academic Trascripts	59,400	42,200
Certificate Storage Charges	239,900	141,400
Student Damages Charges	5,587,988	1,404,050
Library Fine	237,748	280,991
Test & Vaccination- NTCC	1,120,000	969,340
Gowns Hire & Penalties	324,580	870,317
Credit Transfers	2,362,140	654,224
Remarking & Retake	10,041,880	4,659,023
Short Courses	7,984,210	11,530,285
	1,409,916,035	1,768,740,505

Note 8 : - Income-Other Services Rendered		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Accommodation Fees-Halls	75,881,391	72,163,088
Alumni Membership Fees	6,600	-
Ambulance Fee	5,630	17,805
Bed Charges	44,442	42,000
Clinical Charges-medical	4,041,781	5,376,899
Consultation Fees	47,565	44,610
Dental Fees	273,370	321,173
Drugs	2,816,440	5,115,111
Miscellaneous Income	2,560,730	407,021
Hire of Conference Facilities	74,945	23,450
Hire Of Furniture	16,900	3,000
House Rent	12,007,503	13,005,912
Income from Animal Health dept	628,850	830,190
Income from Nutrition	-	56,000
Income from UNISA	80,142	-
Lab Test	2,718,034	3,054,686
Meals-catering	18,534,949	19,706,105
Photocopying Charges	12,450	48,849
Sale Of Birds	74,730	-
Sale of Cattle	23,500	-
Sale of Dairy Products	6,801,923	8,627,165
Sale Of Eggs	251,980	-
Sale of Firewood	11,000	24,000
Sale Of Goats	11,000	23,000
Sale of Horticultures	104,570	444,120
Sale of Maize	80,000	-
Sale Of Milk & Dairy Products	2,474,492	2,850,550
Sale Of Pigs	104,700	109,990
Sale Of Rabbits	22,500	-
Sale Of Sheep	13,000	-
Sale of Stationery	155,006	49,402
Sale of Text Books	67,599	425,691
Tailoring Income	1,022,977	2,327,582
Tendering Charges	124,000	233,000
Income from OUTZ-IGU	1,909,653	1,719,911
Electronic Studio Income-NTCC	2,000	63,000
Collaborative Colleges Income(AICO & KIPC)	69,600	343,672
Mortuary Income - IGU	3,460,900	2,196,752
Visiting Group Levy- Main	3,278,800	2,756,500
Ward Charges-IGU	1,038,544	-
Insurance Payroll deduction Commission	2,620,308	2,732,710
Insurance Refunds/Rebates	502,046	940,829
Visitors Accomodation Charges	517,240	209,680
Electricity Charges	357,745	547,445
Key-cutting Charges	2,550	10,920
Manpower Development Income	4,980,545	3,095,879
Sale of Tree Seedlings	22,790	800
Income from Games	-	14,750
Hire of Laboratory facilities	267,000	96,000
Salary Refunds/lieu of notice	1,201,074	1,423,967
	151,384,933	151,489,213

Note 9 : - Interest Income		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Interest Income Fixed Deposits		
July	3,912,189	1,300,500
August	670	-
December	6,666	10,404,511
January	7,685,647	3,265
June	-	4,899,860
Total Interest Income from fixed deposits	11,598,506	16,608,135

Note 10 : - Staff Costs

Note 10 (a) : - Key Management Personnel Remuneration

Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
BASIC SALARY	23,294,540	31,444,072
HOUSE ALLOWANCE	3,822,516	4,811,214
DUTY ALLW	2,029,645	2,563,500
MEDICAL ALLW	274,469	319,200
ENTERTAINMENT ALL	1,065,290	1,378,400
PROFESSORIAL ALLW	430,000	540,000
RESPONSIBILITY ALLW	2,422,290	3,139,833
PHONE ALLW	666,161	749,200
BOOK JOURNAL/ICT ALLW	10,500	25,305
DOMESTIC SERVANT ALLW	2,443,226	2,761,667
HOME WATER AND ELEC	662,839	745,633
NON USER CAR ALLOWANCE	1,001,290	1,128,667
LEAVE ALLOWANCE	109,052	110,910
SSP ALLW	2,384,385	3,269,989
STAFF EDUCATION FUND	-	23,076
PENSION EMPLOYER CONTRIBUTION	4,658,908	5,898,639
	45,275,111	58,909,304

Note 10 (b) : - Staff Personnel Remuneration

Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Basic Salary	1,382,100,999	1,373,274,997
House Allowance	749,052,747	758,144,472
Duty/Risk/Extr. Allowance	64,625,531	68,241,977
Commuter Allowance	225,855,863	249,862,742
Medical Allowance	84,635,757	81,091,444
Hardship Allowance	2,547,450	2,480,632
Remunerative Allowance	34,835,416	33,274,982
Basic Salary Arrears	-	1,472,206
Examination allowance	1,073,017	1,198,783
Non Practice allowance	21,973,645	24,897,333
Entertainment Allowance	1,515,129	2,371,258
Acting Allowance	1,557,256	1,527,203
Professorial Allowance	6,794,247	6,758,710
Responsibility Allowance	3,326,161	2,656,941
Manpower/Staff Ed	113,647	139,816
Leave Allowance	23,701,933	21,376,162
Special Duty Allow	413,258	601,092
Uniform Allowance	366,779	8,556,504
Ambulance Allowance	68,761	30,000
Phone allowance	1,684,077	1,450,839
Call Allowance	16,408,258	17,593,000
SSP Allowance (Staff)	60,067,089	59,506,485
BOOK JOURNAL/ICT ALLOWANCE	8,265,000	8,395,355
NSSF-Employer Contribution	3,102,611	1,803,400
Pension-Employer Contribution	222,148,827	223,972,495
Gratuities	85,118,141	72,886,932
Home Water & Electricity	606,710	600,000
Domestic Servant	25,806	208,490
Non use of Car	10,323	-
Top-Up Allowance	948,528	948,528
Assistants Allowance	360,000	89,682
Passage and Baggage	1,082,160	4,259,681
Staff Training Expenses	8,648,181	12,181,947
Graduate Scholarships	6,087,500	4,413,000
Staff Education Fund Expenses	8,252,610	8,464,588
Staff Fees Waiver	19,634,900	21,949,950
Staff Uniforms	8,655,709	594,627
NITA Charges	1,184,800	1,198,200
Pension Grade I-IV	-	3,399,445
Casual Labor Expenses	15,475,810	17,395,068
	3,072,545,156	3,099,268,963
Total Staff Costs	3,117,820,267	3,158,178,267

Note 11 : - Council Expenses		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Sitting Allowances	18,782,267	25,665,950
Meals	364,980.00	-
Accommodation	1,202,000.00	-
Others Council Expense	171,050	332,540
	20,520,297	25,998,490

Note 12 : - Administration and Central Services Expenses		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Office Stationery -Main	25,083,401	14,620,543
Advertising -Main	11,946,680	47,213,519
Postage And Telephone -Main	8,073,847	7,747,053
Electricity & Water -Main	117,808,940	136,646,383
Official Entertainment -Main	529,732	1,491,184
Vehicle - Insurance -Main	-	626,161
Contracted Security Services -Main	39,089,236	38,218,717
General Insurances - Properties -Ma	59,149,201	66,058,456
Legal Charges -Main	5,917,710	4,761,162
Strategic Initiative-ISO 22000/9001	4,373,495	8,040,710
Computer Stationery -Main	831,400	2,626,260
Audit Fees And Expenses -Main	2,436,000	2,520,000
Rent And Rates -Main	115,658,098	119,338,884
Conference And Seminars -Main	17,597,040	23,709,377
Staff Subscription to Professional	810,502	4,660,561
University Subscription to Other Bo	13,509,844	10,564,192
News Papers, Journals & Videos -Mai	3,815,310	3,730,567
Shows & Exhibitions Expenses -Main	8,415,480	10,089,983
Internet Services -Main	51,537,683	33,708,427
Office Running Expenses -Main	13,637,290	14,383,770
Students Union Expenses-Main	5,081,651	2,726,780
Computer Maintenance -Main	13,202,153	198,386
Bank Charges , Interest & Comm -Main	16,563,851	22,092,547
Other Board Comm. - Jab, Fac., Dept	9,028,844	7,414,402
Cleaning And Sanitary Services -Mai	58,914,345	47,709,671
Strategic Initiative General Main	5,007,269	10,771,716
Fuel & Gas Main	391,247	417,600

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Flagship Projects - Main	-	141,000
Publicity -Main	25,306,915	46,696,246
Open Days Expenses -Main	-	3,304,605
Awards & Prizes-Mau Egerton Cross Country	679,000	728,550
Noncash expense-Mau Egerton Cross Country	322,600	-
Other expenses-Mau Egerton Cross Country	3,501,757	3,326,738
Taxes	722,560	1,052,010
Performance Contract Service Delivery	2,959,823	1,744,413
Grade I-IV Retirement Benefit Scheme	5,998,851	6,998,020
Asset Tagging & Valuation Expenses	-	435,000
Environmental Impact Assessment	236,817	794,908
Disability Mainstreaming	379,515	44,740
Program Self Assessments	1,250,600	827,350
World Ploughing Contest	582,594	617,052
World Environmental Celebration	44,725	-
Travelling And Subs. Staff	71,401,796	74,866,495
External Travelling	9,113	-
Staff Funerals Expenses	2,973,720	3,017,789
Staff Hospitalization Expenses	113,279,480	107,526,930
Staff Sports Welfare -Main	3,035,965	1,773,311
Team Building Activities -Main	1,359,603	971,288
Expense- MEDICAL SUPPLIES	-	770,809
Expense- PRODUCTION INPUTS-IGU	-	328,420
Expense- Purchase of Farm Inputs-IGU	-	6,062
MEDICAL SUPPLIES	4,222,429	10,174,786
	846,678,113	908,233,534

Note 13: - Repairs and Maintenance Expenses

Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
REP. & MAINT. - EQUIPMENTS	633,488	3,457,261
REP. & MAINT. VEHICLE REP.	11,991,751	11,234,919
REP. & MAINT. REP. & MAINT. -FENCING	18,129	-
REP. & MAINT. WATER SUPPLY & SEWERAGE	5,291,039	9,153,787
REP. & MAINT. REP. & MAINT. -Building	271,250	-
REP. & MAINT. MAINTENANCE OF STATIONS	57,445,566	24,392,142
REP. & MAINT. FUEL AND OILS -VEHICLES	22,873,143	26,631,723
	98,524,368	74,869,831

Note 14 : - Academic Departments Expenses		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Teaching Claims (Part time Lecturers)	395,327,943	308,988,510
PRINTING AND PUBLISHING-Main	537,873	1,062,935
TEACHING MATERIALS-Main	13,894,793	15,244,773
LABORATORY MATERIALS-Main	165,132	-
GRADUATION EXPENSES-Main	16,132,833	17,858,336
School based Allow,Claims/Expenses	338,310	-
SPORTS EXPENSES (STUDENTS)-Main	3,021,688	3,025,792
TEACHING PRACTICE & ATTACHMENT	15,225,731	28,471,540
STUDENTS WORK STUDY EXP.-Main	12,214,701	7,486,734
ACADEMIC FIELD TRIPS-Main	16,958,057	27,248,330
SPORTS (INTER-UNIVERSITIES)-Main	4,237,413	7,571,348
SUB. & ACCOM. -EXTERNAL EXAMINERS-Mai	14,506,606	20,485,879
Students Registration Expenses	2,062,320	5,939,225
Students Scholarship Expenses	-	3,794,500
Students Leadership Devpt Program Exp	2,345,088	1,593,491
Post Graduate Practicum	850,722	500,850
Students ID Expenses	1,278,390	845,000
TEACHING SERVICES-Main	1,834,030	640,000
Curriculum Review -Main	2,315,642	1,200,395
Quality Assurance Audit Academic -Main	1,565,860	1,702,295
E-Learning Expenses -Main	3,432,216	18,519,909
Student Affairs Expenses -Main	2,721,329	787,520
STUDENT ATTACHMENT	12,530,193	3,827,030
	523,496,868	476,794,391

Note 15 : - Research & Extension Expenses		
Particulars	2016-2017 Kshs.	2015-2016 Kshs.
Research Expenses-E500-Expenses		4,387,000
AICAD-RE02-Expenses	815,458	2,216,960
DAAD/EBR-RE05-Expenses	15,819,372	29,309,968
Department of Defence-RE06-Expenses	40,258,530	60,153,561
Dryland Farming-RE07-Expenses	1,438,749	16,077,385
Economics Department-RE08-Expenses	425,370	4,432,818
Fingerponds-RE10-Expenses	1,671,775	6,320,655
Gift Shop-RE11-Expenses	1,824,775	1,606,279
Global Fund for TB-RE12-Expenses	9,030	603,475
Globalite-RE13-Expenses	1,040,055	1,787,949
Greenhouses-RE14-Expenses	1,734,465	1,566,172
KAPP GRANTS-RE18-Expenses	15,470,891	4,795,937
Natural Resources-RE20-Expenses	2,775,542	4,488,944
NORAGIC-RE21-Expenses	16,622,762	22,355,096
OSSREA Young Scholars-RE22-Expenses	5,574,291	11,155,111
PRA-RE23-Expenses	2,677,060	3,108,420
Research & Extension-RE25-Expenses	24,523,893	42,989,424
ROSA Project-RE27-Expenses	3,148,312	482,635
TAMOU 01C-RE29-Expenses	11,405,759	11,777,266
TEAL Library-RE32-Expenses		44,961
Training-RE33-Expenses	2,553,317	1,102,744
Vertisol Managemnt-RE34-Expenses	1,110,017	2,365,918
OSSREA Post-Doctoral-RE37-Expenses	2,702,091	1,228,773
ECOLIVE Project-RE40-Expenses	3,476,747	2,666,216
Wetland Ecosystem-RE41-Expenses	2,628,762	3,887,230
Limnology-RE42-Expenses	9,658,724	8,227,479
ECO-HELB-RE43-Expenses	9,042,170	5,307,470
Global Fund-RE44-Expenses	5,820,261	29,400,681
Confucious Institute-RE45-Expenses	21,892,681	19,171,531
DOLLAR Account-RE46-Expenses	28,283,852	21,512,985
EURO Account-RE47-Expenses	101,390,615	102,917,053
AMREF Global Fund-RE48-Expenses		2,571,298
	335,795,326	430,019,393

Note 16: - IGU Expenses		
	2016-2017	2015-2016
Particulars	Kshs.	Kshs.
Travelling And Subs. Staff -IGUs	754,245	883,670
Casual Labor Expenses-IGU	2,612,746	2,408,339
Advertising -Main	-	661,200
Cleaning Materials -IGU	161,121	-
Office Running Expenses -Main	10,000	-
Bank Charges , Interest & Comm.-IGU	586,272	805,608
Cleaning And Sanitary Services -IGU	20,865,600	25,191,845
REPAIRS & MAINTN. - EQUIPMENTS-IGU	17,500	123,638
REPAIRS & MAINTN. FURNITURE-IGU	10,000	-
REPAIRS & MAINTN. MAINTENANCE OF STATIONS-IGUs	12,187,176	4,533,508
Teaching Claims (Part time Lecturers)	2,810,852	1,250,596
LABORATORY MATERIALS-IGU	-	517,325
PRODUCTION INPUTS	37,973,612	33,105,289
Purchase of Farm Inputs	4,804,422	3,574,394
Purchase of Stationery for Resale	585,468	708,897
TAP EXPENSES	-	483,177
Mortuary(Funeral Home) IGU	1,515,911	1,010,100
	84,894,926	75,257,585

Note 17: - Depreciation Expenses		
	2016-2017	2015-2016
Particulars	Kshs.	Kshs.
Depreciation-Buildings-Egerton Buildings	73,322,578	74,133,846
Depreciation-Plant & Machinery-Dairy Institute mach	6,587,483	6,106,858
Depreciation-Furniture-N	8,358,654	8,468,420
Depreciation-Equipments- Equipments	25,890,978	24,343,809
Depreciation-Library Books-N	12,426,248	12,620,103
Depreciation-Motor Vehicles-N	12,935,650	16,104,853
Depreciation-Computers & Software-Computer & Access	11,358,900	23,071,683
	150,880,491	164,849,572

Note 18 : - CESAAM ACE 2 Expenses		
	2016-2017	2015-2016
Particulars	Kshs.	Kshs.
CESAAM -Travelling & Subsistence -R&E	382,900	-
CESAAM -Bank Charges -R&E	9,079	-
CESAAM- Promote Regional Research	554,816	-
	946,795	-

Note 19 :- MCF TAGDEV Expenses		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Project Coordinator at Egerton University	3,956,601	
Project Assistant at Egerton University	2,364,627	
English language teacher at Egerton University	252,849	
Faculty release time at Egerton University	1,607,531	
Interview Students	532,560	
Cost of publicising the Project and its scholarship	122,764	
Set up programme unit at partner universities	16,656	
University meetings to disseminate project lessons	95,117	
University fees for undergraduate students	751,575	
University fees for postgraduate students	1,952,604	
Student Welfare Costs	2,103,114	
Staff Laptops	336,109	
Office furniture for the project offices	60,979	
University Printers	279,257	
Expense - other	570	-
	14,432,913	-

Note 20:- Other (Gains)/Losses		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Gain (Loss) on Revaluation Investment-Shares	47,211	(157,404)
Main Campus-Bad Debts w/off-(Increase)/Decrease in Provision	406,677	1,020,214
Nairobi Campus-Bad Debts w/off-(Increase)/Decrease in Provision	88,239	87,344
IGUs-Bad Debts w/off-(Increase)/Decrease in Provision	(4,990)	(420)
R& E-Bad Debts w/off-(Increase)/Decrease in Provision	152,616	(152,616)
Nakuru Campus-Bad Debts w/off-(Increase)/Decrease in Provision	68,441	869,348
Baringo Campus-Bad Debts w/off-(Increase)/Decrease in Provision	77,921	60,481
Ecampus-Bad Debts w/off-(Increase)/Decrease in Provision	(6,522)	(28,842)
Bad Debts w/off- (Increase)Decrease in Provision	782,382	1,855,509
Main Campus Dollars- Gain (Loss) on FOREX	301,564	-
Dollars- Gain (Loss) on FOREX	2,633,290	153,046
EUROs- Gain (Loss) on FOREX	5,830,182	13,437,326
Dollars- Gain (Loss) on FOREX	-	-
Gain (Loss) on FOREX	8,765,036	13,590,373
Main Campus-Gain/(Loss) on biological Assets	20,000	(50,000)
IGUs-Gain/(Loss) on biological Assets	13,256,477	(8,130)
R& E-Gain/(Loss) on biological Assets	563,300	387,700
Gain/(Loss) on biological Assets	13,839,777	329,570
Gain/(Loss) on Disposal Of Assets	-	91,500
	23,434,416	15,709,548

Note 21 (a) :- Cash in Hand and in Bank		
Particulars	2016-2017 Kshs.	2015-2016 Kshs.
Bank balances		
Main - Bank Balances	70,999,234	21,142,360
Nairobi City Campus - Bank Balances	-	6,833,472
IGUs - Bank Balances	2,426,239	2,176,277
Research & Extension Bank Balances	319,866,977	167,690,387
Nakuru Town Campus College - Bank Balances	10,566,346	7,018,009
Baringo Campus - Bank Balances	49,258	538,071
Ecampus - Bank Balances	941,817	896,984
Tegemeo Bank Balances	188,921,632	220,493,392
Cashbook Clearing Accounts	-	-
Total Bank Balances	593,771,502	426,788,951
Petty Cash		
Main - Cash in Hand	123,431	59,490
IGUs - Cash in Hand	65,814	77,566
Baringo Campus- Cash in Hand	14,299	-
Total Cash in Hand	203,614	229,056
Total Cash in Bank and in Hand	593,975,116	427,018,007
Note 21 (b) :- Short Term Fixed Deposits		
Particulars	2016-2017 Kshs.	2015-2016 Kshs.
Fixed Deposits Accounts		
KCB Bank	-	51,000,000
Co-operative Bank	-	129,755,388
Total Fixed Deposits	-	180,755,388
Note 21 (c) :- Contingent Deposits		
Particulars	2016-2017 Kshs.	2015-2016 Kshs.
Staff Mortgage Scheme		
KCB Bank	50,000,000	50,000,000
Total Fixed Deposits	50,000,000	50,000,000
Note 21 (d) :- Negative Cashbook Balances		
Particulars	2016-2017 Kshs.	2015-2016 Kshs.
Main - Negative Bank Balances	152,384,061	229,663,692
Nairobi City Campus - Negative Bank Balances	11,962,130	9,616,954
IGUs - Negative Bank Balances	14,066,516	26,562,343
Research & Extension Bank Balances	-	232,960
Nakuru Town CC - Negative Bank Balances	63,368,072	17,719,812
	241,780,778	283,795,760
Total Cash and Cash Equivalents	402,194,337	373,977,635

Note 22 (a) : - Receivables from Exchange Transaction		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Receivables-Outstanding Imprest	93,693,091	93,262,062
Receivables-Salary Advance Staff	70,000	-
Receivables-Student Debtors	714,563,872	777,592,412
Receivables-General Debtors	1,416,890	16,013,992
Receivables-Internal Debtors	11,898,899	21,411,172
Receivables- E.U. Investment Co. Ltd	145,400,000	145,400,000
Other Deposits-Deposits E A O Cyfiders	61,800	56,000
Other Deposits-Deposits KPL CO Ltd	852,325	849,325
Other Deposits-Rent Deposits	10,218,150	9,904,494
Other Deposits-Deposits NAWASCO-NTCC	20,000	-
	978,195,028	1,064,489,457
Note 22 (b) :- Provisions for Bad Debts		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Provisions Main Campus	5,315,864	5,722,541
Provisions Nairobi City Campus	966,024	1,054,263
Provisions IGUs	5,410	420
Provisions R & E	-	152,616
Provisions Nakuru Town Campus	721,577	790,018
Provisions Baringo Campus	109,444	187,365
Provisions Ecampus	35,364	28,842
	7,153,683	7,936,065
Net Receivables from Exchange Transaction	971,041,345	1,056,553,392
Note 22 (c) :- Receivables from Non-Exchange Transaction		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
General Debtors-Mau Egerton Cross Country	50,820.00	-
Total Receivables	971,092,165	1,056,553,392

Note 23 :- Inventories		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Inventories-Stocks Central & Substores	10,129,375	11,482,190
Inventories-Stocks Stationery	9,347,361	12,366,855
Inventories-Stocks Cleaning Materials	49,250	50,286
Inventories-Stocks Consumables	19,819,108	39,955,348
Inventories-Stocks Medical drugs	-	-
Inventories-Shop stock-IGU	2,601,314	3,249,215
	41,946,407	67,103,895

Note 24: Agricultural Assets**Note 24 (a) :- Biological Assets - Bearer Assets**

Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Livestock TDU-IGU	30,268,600	16,661,120
Livestock Kenyatta Campus-IGU	3,260,000	2,184,000
Security Dogs-Main	140,000	120,000
Livestock Chemeron Field Station	1,772,800	1,209,500
	35,441,400	20,174,620

Note 24 (b) :- Consumable Assets

Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Crops TDU-IGU	63,015	542,600
Crops Kenyatta Campus-IGU	36,332	983,750
	99,347	1,526,350
Total Agricultural Assets	35,540,747	21,700,970

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Note 25: Non Current Assets
 Note 25(a) : Property, Plant & Equipment

Particulars	Land Kshs.	Buildings Kshs.	WIP Kshs.	Dairy Equipments/Pls at/Tractors Kshs.	Furniture, Fittings Kshs.	Other Equipments Kshs.	Library Books Kshs.	Motor Vehicles Kshs.	Computer and Appliances Kshs.	Totals Kshs.
Cost or Valuation										
As at 01/07/2015	965,594,800	2,927,905,131	809,500,652	35,890,888	166,533,231	512,740,758	134,195,691	175,251,741	375,748,125	6,103,660,776
Year adjustments EUICO										
Additions During the year			292,586,387	39,660,335	2,096,920	18,814,825	15,903,086	15,292,193	10,983,900	395,277,547
WIP Transferred to Assets		37,450,699	(37,450,699)							
As at 30/06/2016	965,594,800	2,965,355,830	1,064,636,339	75,491,123	168,630,201	531,555,584	150,098,487	190,643,934	386,732,025	6,408,738,323
Year adjustments EUICO										
Additions During the year			192,062,963	2,798,500	1,806,700	30,976,273	9,613,831	669,045	10,728,188	248,655,500
As at 30/06/2017	965,594,800	2,965,355,830	1,256,699,302	78,289,623	170,436,901	562,531,856	159,712,318	191,312,979	397,460,213	6,747,393,823
Depreciation										
As at 01/07/2015		443,938,163		31,344,676	126,115,146	457,916,968	105,564,995	153,224,597	351,845,941	1,669,990,466
Change for the year		74,113,846		6,106,838	8,488,420	24,343,809	12,620,103	16,104,853	23,071,683	164,849,572
As at 01/07/2016		518,072,009		37,451,514	134,603,567	482,260,777	118,185,098	169,329,449	374,917,624	1,834,839,858
Change for the year		73,322,578		6,587,483	4,358,654	25,890,978	12,426,248	12,935,650	11,348,900	150,890,491
Current Dep Net of Disposals		591,394,587		44,039,017	142,962,221	508,151,755	130,611,346	182,265,099	386,276,524	1,985,680,549
NBV-30 June 2017	965,594,800	2,373,961,243	1,256,699,302	34,250,607	37,464,680	54,380,101	28,101,972	9,947,880	11,183,689	4,361,713,274
NBV-30 June 2016	965,594,800	2,447,253,821	1,064,636,339	38,039,590	34,046,634	49,294,807	31,913,389	21,314,485	11,814,490	4,663,930,265

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Note 25 (b) - Work-In-Progress				
Particulars	2016-2017	30-Jun-17	30-Jun-17	2015-2016
	Kshs.	Additions	Transfers	Kshs.
WIP-Buildings-Constr. Of Admin. Building-Main	20,096,000	-	-	20,096,000
WIP-Buildings-Constr. Of Egerton Universi Main Gate-Main	3,418,776	3,418,776	-	-
WIP-Buildings-Construction Of Science Complex-Main	832,699,282	145,666,128	-	687,033,154
WIP-Buildings-Construction Of Agronomy & Horticulture-Mai	177,377,480	-	-	177,377,480
WIP-Buildings-Const. Of ICT Infrastructure-Main	72,091,047	19,591,720	-	52,499,327
WIP-Buildings-Faculty Of Law-NTCC-Main	123,916,482	-	-	123,916,482
WIP-Buildings-Renovabon Of Buidings-Njoro-Main	6,373,094	6,373,094	-	-
WIP-Buildings-Faculty of Veterinary Medicine-Main	1,650,000	-	-	1,650,000
WIP-Buildings Construction- Police Post-Main	2,594,166	530,269	-	2,063,897
WIP- Zoning of the University	1,919,286	1,919,286	-	-
WIP-WIP- University Library	14,563,690	14,563,690	-	-
Total	1,256,699,302	192,062,963	-	1,064,636,340

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Note 27 (a) :- Trade and Other Payables		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Payroll Payables	161,575,869	175,007,625
Trade Creditors-N	199,163,153	183,763,559
Payable Clearing A/C	5,501,756	9,234,066
Internal Creditors-N	1,960,295	3,909,827
Taxes-Withholding Tax Payable	2,339,064	1,730,071
Taxes-Value Added Tax (VAT) Payable	6,595,179	5,447,233
Other Payables-Students Caution Money	69,777,040	59,001,540
Other Payables-Students Union Fees	646,058	1,224,098
Other Payables-Contractors' Retention Mo		24,596,576
Other Payables-CDF Clearing a/c	6,016,415	4,873,545
Other Payables-HELB Clearing a/c	5,239,050	4,868,000
Other Payables-Other Sponsors Clearing a	13,359,865	6,510,375
Other Payables-Alumni Fees-Main	10,371,100	6,283,300
Unidentified Bank Deposits - Main	23,900,130	17,676,434
Other Payables-AGEC Dollar Clearing A/c	2,393,612	3,594,032
Other Payables-AERC Project Clearing A/c	2,713,514	-
Student Prepaid fees	345,421,279	268,506,112
	857,173,579	776,226,391
Note 27 (b) :- Accruals and Provisions		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Accruals Main Campus	64,931,990	55,554,888
Accruals Nairobi City Campus	111,907,000	77,316,800
Accruals Nakuru Town Campus	159,098,133	124,114,107
Accruals Baringo Campus	34,560,000	26,460,000
	370,497,123	283,445,794
Note 27 (c) :- Deferred Income		
Particulars	2016-2017	2015-2016
	Kshs.	Kshs.
Deferred Income - NCC	18,906,959	
Deferred Income Tegemeo	157,077,570	193,898,762
Deferred Incomes R&E CESAAM ACE 2	111,648,205	
Deferred Incomes R&E TAGDEV	16,668,670	
Deferred Income - NTCC	39,463,661	
	343,765,065	193,898,761.67

Note 28 :- Tegemeo Institute Financial Reports

Note 28 (a) :- Tegemeo Institute Incomes & Expenditures

PROJECT NAME	Deferred Income	Other Income	Additional Funding During the year	Jun-17		Interest Income/EXG rate differences	Total Income for the year
				Total Expenses for the year	Income matched to Expenditure		
TAPRA I	(403,659)		118,960	(1,635,700)	(1,635,700)	-	(1,635,700)
TAPRA II	12,331,810	(170,827)	95,399,667	87,512,052	87,512,052	427,818	87,512,052
OVERHEAD		(169,057)	4,729,188	5,369,973	5,369,973	-	4,560,131
MLE	(107,091,942)	-	-	40,006,817	40,006,817	-	40,006,817
RCT	(14,957,878)	-	2,060,000	7,631,650	7,631,650	-	7,631,650
3ie	(6,392,036)	-	18,893,480	17,418,422	17,418,422	-	17,418,422
TZB	(57,758,304)	-	73,124,400	67,212,905	67,212,905	-	67,212,905
GLCI	(882,328)	-	-	-	-	-	-
ELLA	96,899	-	5,287,093	5,093,419	5,093,419	-	5,093,419
ReNAPRI	(1,558,448)	-	566,332	790,073	790,073	-	790,073
ISSD	(13,907,908)	-	2,189,745	13,959,634	13,959,634	-	13,959,634
KDB	(1,013,894)	-	2,632,212	265,957	265,957	-	265,957
P4P	(2,431,520)	-	5,531,622	6,331,779	6,331,779	-	6,331,779
MMP	-	-	1,571,906	1,130,555	1,130,555	-	1,130,555
FAO/CPE		-	2,338,300	665,736	665,736	-	665,736
AGRA	142,534	-	-	408,600	408,600	-	408,600
EGERTON	-	-	-	-	-	-	-
GISAMA	(72,088)	-	-	-	-	-	-
PAM/KMDP ACCOUNT	-	-	2,291,261	267,628	-	-	2,291,261
TAMPA II ACCOUNT	-	-	-	(1,723,942)	-	-	-
INTEREST/FOREX GAIN/(LOSS)	-	1,971,814	-	(339,884)	-	-	1,971,814
TOTAL	(193,898,762)	1,631,930	216,734,166	250,365,674	252,161,873	427,818	255,615,106

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Note 28 (b) :- Tegemeo Institute Deferred Incomes Summary

PROJECT NAME	Jun-17			Jun-16		
	DEFERRED INCOME (FUND BALANCES)	RESERVE C/D	Combined	Deferred Income	Reserve	Combined
TAPRA I	2,158,319	-	2,158,319	821,731	-	821,731
TAPRA II	(4,187,204)	-	(4,187,204)	(12,564,151)	-	(12,564,151)
OVERHEAD	-	17,997,920	17,997,920	-	18,945,734	18,945,734
MLE	67,085,125	-	67,085,125	107,654,442	-	107,654,442
RCT	9,386,218	-	9,386,218	15,000,628	-	15,000,628
3ie	7,867,094	-	7,867,094	6,612,356	0	6,612,356
BMGF BASELINE	63,669,798	-	63,669,798	57,713,448	0	57,713,448
FAC	882,328	-	882,328	-	-	-
GLCI	96,776	-	96,776	882,328	-	882,328
WORLD BANK/KAPAP	1,334,707.11	-	1,334,707	-	-	-
ELLA	2,138,019	-	2,138,019	(96,899)	-	(96,899)
ReNAPRI	3,380,149	-	3,380,149	1,558,448	0	1,558,448
ISSD	1,631,363	-	1,631,363	13,603,710	0	13,603,710
KDB	441,351	-	441,351	1,013,894	0	1,013,894
P4P	1,672,564	-	1,672,564	2,431,520	-	2,431,520
AGRA	(551,134)	-	(551,134)	(142,534)	0	(142,534)
EGERTON	-	38,767	38,767	-	38,767	38,767
GISAMA	72,088	-	72,088	72,088	-	72,088
PAM/KMDP ACCOUNT	-	2,275,342	2,275,342	-	234,309	234,309
TAMPA II ACCOUNT	-	4,381,687	4,381,687	-	2,512,674	2,512,674
INTEREST/FOREX GAIN/(LOSS)	-	7,150,945	7,150,945	-	4,061,124	4,061,124
TOTAL	157,077,570	31,844,062	188,921,632	194,561,008	25,792,608	220,353,616

Note 28 (c) : Tegemeo Institute Cash at Bank				Jun-17	Jun-16
BANK A/C NAME	BANK A/C NO.	CASHBOOK BALANCE (KES)	CASHBOOK BALANCE (USD in KES equivalent)	TOTAL CASHBOOK BALANCES	TOTAL CASHBOOK BALANCES
Egerton University A/C Tegemeo TAPRA-NIC	1000237228	2,695,560	-	2,695,560	906,139
Egerton University-Tegemeo Inst TAPRA II-NIC	1000020334	13,810,716	-	13,810,716	6,381,583
Egerton University-Tegemeo Institute-NIC	1001783811	15,994,168	58,514,482	74,508,650	113,566,092
Egerton University-Tegemeo Inst- BFCCP-NIC	1000015411	17,356,047	62,183,798	79,539,845	76,582,998
Egerton Univ-Tegemeo Institute - KBSP-NIC	1000015748	2,780,187	9,217,788	11,997,975	20,017,190
Egerton University Tegemeo Institute-NBK USD	0200-3005240200		(553,404)	(553,404)	(54,257)
Egerton University Tegemeo Institute-NBK	0100-3005240200	70,494	-	70,494	77,644
Egerton University PAM/KMDP -NBK	01003-043688-00	2,223,429		2,223,429	206,396
Egerton Univ. Tegemeo TAMPA II-NIC	1000235926	4,628,366		4,628,366	2,669,831
					-
TOTAL		59,558,968	129,362,664	188,921,632	220,353,615.99

XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1	Overdue Outstanding staff imprests	The University adheres fully to the government regulations regarding issue and surrender of temporary imprests however the nature of some imprests such as for research activities makes them outstanding for a long period of time. Aggressive follow-up is being made for the imprests held by former staff through legal means	FO	Unresolved	By end of FY 2017/2018
2	Students Caution money refund	Management has taken appropriate disciplinary action on the imprest holder and initiated recovery to remedy any losses that may have occurred	FO	Unresolved	By end of FY 2017/2018
3	Tuition waiver	Management has provided evidence of compliance with all clauses of the CBA to the audit team, awaiting their response	DVC(APD)	Unresolved	By end of FY 2017/2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Advances to Egerton University Investment Company with no clear repayment plan	It is expected that these advances will be repaid when the company begins to make profit. A repayment plan is being worked on between the university and the company	VC	Not Resolved	2017/2018
5	Violation of public procurement law on Insurance Services	The documents that were not provided to the audit team for verification have been retrieved awaiting audit review.	DCPO	Unresolved	By end of FY 2017/2018
6	Weak Control over Oils, Fuels and Motor vehicle	Improvements have been made in the Management of these oils and fuels, especially in terms of record keeping	DVC(APD)	Unresolved	By end of FY 2017/2018
7	No titles to some Land Parcels	The process of acquiring these ownership documents for all the University lands is at advanced stage for the remaining three parcels.	Legal Officer	Not resolved	By end of FY 2017/2018