



REVENUE RECOGNITION POLICY:

Introduction

To provide clear, consistent guidance to individuals conducting activities and receiving payments on the University's behalf, the following guidelines are provided to assist in the determination of whether a transaction creates revenue for the University under Generally Accepted Accounting Principles.

This policy applies to all transactions conducted in the ordinary course of business of the University, its faculty, staff and students.

Definition of Revenue

Revenues are inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both), that are applicable to the current reporting period, from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations.

Revenue Recognition

Revenues are recognized based on accrual accounting in accordance with generally accepted accounting principles (GAAP). The revenue recognition principle is a feature of accrual accounting that requires that revenues are recognized on the income statement in the period when

realized and earned—not necessarily when cash is received. Realizable means that goods or services have been received by the customer, but payment for the good or service is expected later. Earned revenue relates to goods or services that have been provided or performed, respectively.

Types of Revenue

1. Tuition and Fees

The University recognizes revenue from tuition and fees when earned (i.e., when each semester begins) rather than when paid. Tuition and fees are recorded over the terms for which they relate. Deposits and prepayments of tuition and fees are recorded as deferred until the start of the term for which they are intended. Tuition is recorded in the financial statements net of discounts for scholarships.

2. Conferences, Training & Seminars

Certain schools may organize and hold conferences, short courses and seminars on areas relating to the courses offered in their normal course of business. These activities are recorded as sales and services of educational departments. Revenue is recognized when earned, i.e., when goods are delivered or services are rendered.

Prepared by:

Lucy Getange (Finance Officer)

Signature 

Checked for Quality Control by:

Nicholas Mwaura (Acting Director, Quality Control)

Signature: 

Approved by:

Dr. John Muriithi (DVC Finance & Administration)

Signature..... 