

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 16 APR 2024

DAY:
TUESDAY

PARLIAMENT
OF KENYA
LIBRARY

TABLED
BY:

OF

CLERK-AT
THE-TABLE:

HON. OWEN BANYA, MD
D. MAJORITY LEADER

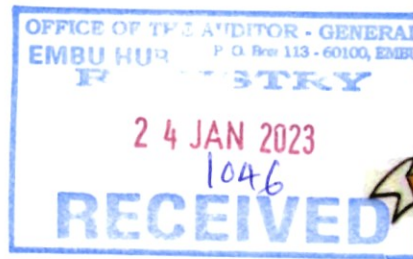
IMZOPU MWALE

THE AUDITOR-GENERAL

ON

**MERU UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

**FOR THE YEAR ENDED
30 JUNE, 2023**



**MERU UNIVERSITY OF SCIENCE AND
TECHNOLOGY**
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

	Page
TABLE OF CONTENTS	
ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS	iii
KEY ENTITY INFORMATION AND MANAGEMENT	iv
THE UNIVERSITY COUNCIL.....	viii
MANAGEMENT TEAM.....	xv
CHAIRPERSON'S STATEMENT	xvii
REPORT OF THE VICE CHANCELLOR.....	xix
STATEMENT OF MERU UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023.....	xxi
CORPORATE GOVERNANCE STATEMENT	xxvi
MANAGEMENT DISCUSSION AND ANALYSIS	xxx
ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xlviii
REPORT OF THE COUNCIL	1
STATEMENT OF COUNCIL'S RESPONSIBILITIES	li
REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY	lii
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF CHANGES IN NET ASSETS	3
STATEMENT OF CASH FLOWS	5
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
NOTES TO THE FINANCIAL STATEMENTS.....	8
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	32

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY	41
APPENDIX III: INTER-ENTITY TRANSFERS	43
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	44
APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES	45
APPENDIX VI: DISASTER EXPENDITURE REPORTING TEMPLATE	47

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

IPSAS	International Public Sector Accounting Standards
IPUCCF	Inter Public Universities Council Consultative Forum
MUST	Meru University of Science and Technology
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
VC	Vice Chancellor

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

Grants in Aid – an amount of money given by the government to a government department or social organization that is not a business.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Through the Legal Notice No.103 of July 18, 2008, the then Meru College of Technology was upgraded to a constituent college of Jomo Kenyatta University of Agriculture and Technology and renamed Meru University College of Science and Technology. On March 1, 2013, the University College acquired its fully-fledged university status and became Meru University of Science and Technology. The University is located 16 km from Meru town along Meru-Maua road in Meru County, Tigania West Constituency.

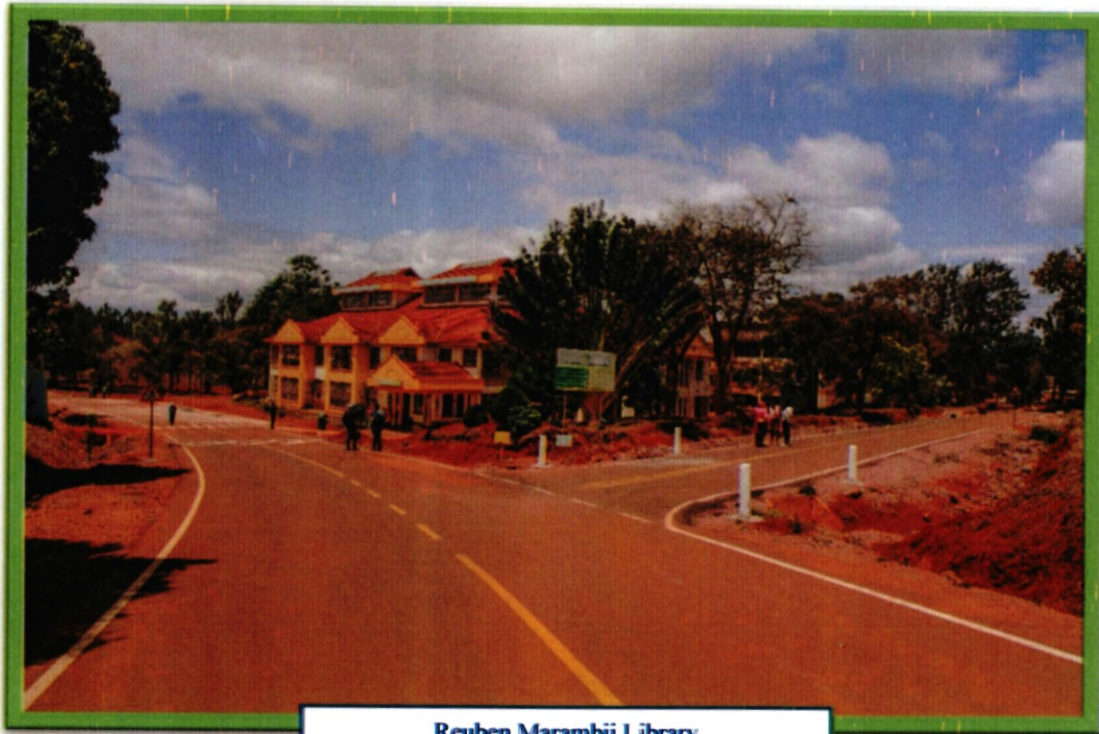
The University has the following schools, Institutes and Campuses;

Schools

- School of Agriculture & Food Science
- School of Business & Economics
- School of Computing & Informatics
- School of Education
- School of Engineering & Architecture
- School of Health Sciences
- School of Pure & Applied Sciences
- School of Nursing

Institutes & Campuses

- Sanitation Research Institute
- Mariene Research Institute
- Town Campus: Center for continued and professional studies
- Marimba Learning Centre



Reuben Marambii Library

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

(b) Principal Activities

i. The principal activities of the University are to:

- a) Provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to labour market needs;
- b) Play a leading role in the development and expansion of opportunities for higher education and research in agriculture, forestry, mining, energy, water and environmental sciences on arid and semi-arid lands;
- c) Contribute to industrial and technological development through innovations and technology transfer;
- d) Contribute to agricultural, industrial and technological development of Kenya in collaboration with industry and other institutions through transfer of appropriate technology.

ii. Vision—The vision of the University is to be a world class University of excellence in science and technology.

iii. Mission—To provide quality University education, training and research in science, technology and innovation.

iv. Core Values—The following are the University core values:

- Competitiveness
- Integrity
- Professionalism
- Quality
- Innovation

(c) Key Management

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

- The Council
- The Vice Chancellor
- University Senate
- University Management Board

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Romanus Odhiambo
2.	Deputy Vice Chancellor (Administration, Finance and Planning)	Prof. Charity W. Gichuki
3.	Deputy Vice Chancellor (Academic, Research and Students' Affairs)	Prof. Simon Thurania
4.	Registrar (Administration and Planning)	CHRP, Dr. Elijah Walubuka
5.	Ag. Registrar (Academic and Students' Affairs)	Dr. Stephen Karanja
6.	Finance Officer	CPA Nephath Njeru

(e) Fiduciary Oversight Arrangements

i) Audit Committee of the Council activities

The Audit Committee of the Council assists the Council in fulfilling its responsibilities with respect to accounting and management control, and financial reporting. Specifically, the Audit Committee is responsible for overseeing:

- The internal audit function and the work of external auditor,
- That the system of the management control in the University is robust and effective and protects the assets of the University on a reasonable and economic basis,
- Ensures that financial information is reliable and accurate,
- Monitors compliance with laws and regulations,
- Provides for proper authorization and recording of transactions.

ii) Finance Committee of the Council

The Finance Committee is responsible for monitoring and advising Council on the financial health of the university, including the financial strategy, budget setting, annual accounts, investment activity, and consideration of capital expenditure.

(f) The University Headquarters

Meru University of Science and Technology
Physical Address: Meru-Maua Road, 16 kilometres from Meru Town
P.O Box 972 – 60200, Meru

(g) The University Contacts

Telephone: (254) 0704 508 454
E-mail: finance@must.ac.ke, vc@must.ac.ke
Website: www.must.ac.ke
P.O Box 972 – 60200, Meru –Kenya

(h) The University Bankers

1. National Bank of Kenya – Meru Branch
P.O Box 1774 – 60200, Meru
2. Kenya Commercial Bank Ltd- Meru Branch
P.O Box – 178 – 60200, Meru
3. Equity Bank –Makutano Branch
P.O. Box 3137 -60200, Meru
4. Cooperative Bank- Makutano Branch
P.O. Box 1328-60200, Meru

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

(i) Independent Auditors

Auditor General
Office of the Auditor General,
Anniversary Towers, University Way,
P.O. Box 30084 GOP 00100,
Nairobi, Kenya

(j) Principal Legal Adviser

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

2. THE UNIVERSITY COUNCIL

The University Council is the University's highest governing body; responsible for setting the general strategic direction of the University, for ensuring proper accountability on management of its finances, property and investments and the general business of the University. It approves the University's key policies and plans pertinent to its three core functions: teaching, research and public service. In this regard, the University Council makes sure that the University always maintains high standards in the three core areas mentioned above. To ensure that MUST really does this, the Council reviews its performance from time to time. It also appoints persons to various leadership positions in the University.

The Council's conduct of business is guided by University Act No. 42 of 2012, Mwongozo Code of Conduct 2015, Commission for University Education Regulations and Standards 2014 and MUST Charter.

The University Council is composed of a Chairperson and eight other members. All the members other than the Vice Chancellor are drawn from outside the University. The Legal Officer serves as the Secretary to the Council.

The following are the Council members who served during the period:

Current Council Members

Dr. Jane Kiringai—Chairperson of the Council



Dr. Kiringai holds a PhD in Economics from University of Nottingham, UK, a Masters in Development Economics from Williams College, US, a Bachelor of Philosophy in Economics and a Bachelor of Science in Mathematics and Computer Science both from the University of Nairobi

Dr. Kiringai is a seasoned economist with experience spanning over twenty years. She started her career as an economist in the Ministry of Finance determining the aggregate budget framework and ministerial and sectoral budget ceilings.

Before joining Commission for Revenue Allocation, she worked as a Senior Economist with the World Bank covering a broad range of economic development issues, including macroeconomic analysis and forecasting, public expenditure management and fiscal decentralization. She has also worked with other development institutions including Department for International Development (DFID), the European Commission Delegation, and as a Policy Analyst with Kenya's Policy think tank, Kenya Institute for Public Policy Research and Analysis (KIPPRA).

Dr. Kiringai was appointed as the Chairperson of the University Council for a period of three years with effect from 10th March 2023.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Jannet Ominde Atika—Council Member



Jannet holds a Master of Business Administration (MBA) degree in strategy from the University of Nairobi, an under graduate degree in Economics and Sociology from Egerton University, various executive and management trainings from Strathmore Business school- Kenya, IESE Business school- Spain, Cranfield School of Management -UK and Lagos Business school -Nigeria. Jannet is an Executive Coach and Holds a diploma in Executive Coaching from the Academy of Executive Coaching (AoC).

Jannet has cumulative 28 years work experience attained in commercial fields specifically cutting across Sales, Marketing, Public Relations and Customer Experience. She spent a total 21 years at Safaricom PLC where she nurtured an illustrious career rising to Director—Customer Experience, a role she held for 6 years leading a team of over 2,500 staff and a budget of KShs. 5.6 billion annually. She is the founder of CXP consulting group, a team of experts helping organizations position customer experience at the core of their daily

business with the aim of making Experience their competitive advantage.

Jannet is the vice chairperson of Women Corporate Directors (WCD) Kenya Chapter. She is the Chairperson of the membership sub-committee at WCD- Kenya and a board member WCD, Kenya Chapter Board. She also has been a member of the board at the Institute of Customer Experience- Kenya (ICX Kenya) where she served two terms.

Jannet was appointed as an independent member of University Council for a period of three years with effect from 10th March 2023. She is currently the Chairperson of the Audit committee.

Lucy Rimanto Molonket – Council Member



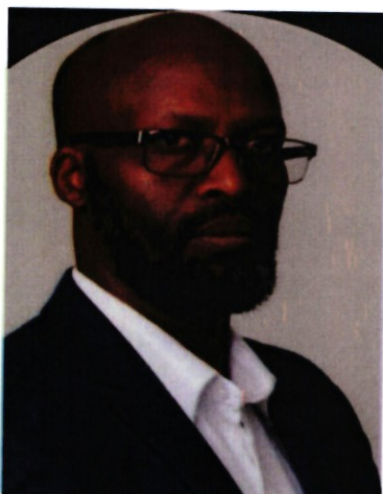
Lucy holds a Master's degree in Business Administration from Jomo Kenyatta University of Agriculture and Technology (JKUAT), a Bachelor of Commerce Degree in Marketing from the University of Nairobi (UON) and a professional Diploma in Sales and Marketing from the University of Nairobi. Lucy is a Graduate of the Advanced Management Programme (Strathmore-IESE Business School, Barcelona Spain) and Senior Management Leadership Programme from Antai College of Economics and Management—Shanghai, China. She also holds certificates in Executive Leadership Development from Lagos Business School (Pan African University) and Gordon School of Business, in Pretoria South Africa.

She is a career Marketer with over 15 years' vast experience within the NGO Sector, Banking Sector and the Public Sector. Currently she is a Consultant and runs her private businesses in the Construction Industry, Food Production and Livestock Farming.

Lucy was appointed as an independent member of University Council for a period of three years with effect from 10th March

2023. She is currently the Chairperson of the Human Resources Committee.

Silvester Kibiwott Kinyor- Council Member



Silvester Kibiwott Kinyor holds a Bachelor's degree with Second Class Honors, Upper Division, in Technology - Electrical and Communications Engineering. Additionally, he possesses a Master of Business Administration (MBA) IESE Business School. He has several certifications, including the Project Management Professional (PMP)® certification, and the PRINCE2 Project Management Methodology. His is a member of several professional bodies such as the Energy Regulatory Commission (EPRA), Institution of Engineers of Kenya (IEK), Engineers Board of Kenya (EBK), and the National Construction Authority (NCA).

Silvester is an accomplished Electrical Engineer with an extensive background in the Electrical and Telecommunications industry, spanning over 15 years. His expertise and experience have been instrumental in driving advancements and implementing successful projects across the African region. His specialization in solar energy solutions has established him as a Solar Expert, allowing him to

contribute to the development and implementation of sustainable and eco-friendly energy solutions. He has overseen the installation and implementation of Telecommunication Towers, ensuring seamless connectivity and coverage for telecommunication networks. Additionally, he has played a crucial role in providing green energy solutions to these towers, contributing to sustainable practices in the industry. His expertise extends beyond telecommunication projects, as he has also spearheaded the deployment of Smart Water meters, enabling efficient and accurate monitoring of water consumption. Furthermore, he has been involved in the strategic rollout of fiber optics infrastructure to various sites, buildings, and homes, facilitating reliable and high-speed internet connectivity for clients.

Silvester has held various significant positions in renowned telecommunications organizations. These include roles such as Chief Technical Officer, Project Director, Supervision Engineer, and Implementation Engineer. He has also worked with prominent companies such as Safaricom Kenya, Huawei Kenya, Telkom Kenya, Airtel, Alcatel Lucent, Tanzania Telecommunication, and Rwandatel.

Silvester was appointed as an independent member of University Council for a period of three years with effect from 10th March 2023. He is currently the Chairperson of the Finance Committee of the Council.

Martin Kinoti - Council Member



Martin is an Animal Nutrition specialist and practitioner and holds a BSc. (Animal Production) from Egerton University and an MSc. (Applied Nutrition) from University of Nairobi. He has also undertaken several practical training sessions in livestock nutrition and management in England, USA, Belgium, and Israel and has been active in the regional livestock and animal feed sectors for the last 24 years.

Martin has extensive public, NGO and private sector experience, having worked in government livestock extension services and donor funded agricultural projects before moving into the private sector 22 years ago. After 11 years with Unga Group where he rose to become Head of Technical Services, he founded Nutrimix Limited, a company specializing in the manufacture and distribution of feed supplements and additives, as well as offering consultancy services in the area of livestock feeding and management. Martin has, and continues to practice as a consultant

in feed formulation and TMR for many feed millers and dairy farms respectively. He has also been active in applying proven scientific concepts in development of specialty products for the local livestock sector. Martin

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

has undergone training in Finance for Non-Finance Managers, Pension Fund Trusteeship, Change Management, Corporate Governance and is also a member of the Technical Committee on Animal Feeds at Kenya Bureau of Standards and the Secretary General of the Association of Kenya Feed Manufacturers, AKEFEMA.

His three-year term as an independent member Council started on 10th March 2023. He is currently the Chairperson of the Academic Committee of the Council.

Dr. Jacob Gekonge Kwaba- Council Member



Dr. Jacob G. Kwaba holds a PhD in Administration, Management and Policies from Masinde Muliro University of Science and Technology, Master in Education and Administration and Bachelor in Education (History and CRE Option), P1 Certificate from St. Paul Teachers' Training College, and a Diploma in CRE from Nyeri Pastoral Centre.

Dr. Kwaba has over 33 years' experience in an array of specializations. He has wide experience in administration, financial management and auditing. He has been a Gusii Mwalimu SACCO (Treasurer) delegate for the last 24 years. He was also a school principal for more than twenty-five (25) years. As an Academic he has supervised a number of post graduate students, and has published widely in international journals in the field of administration and management of public sectors. He has also been a part-time lecturer at Mt. Kenya University since 2012.

Dr. Kwaba runs various mentorship programmes that target the upcoming administrators and managers. He has worked as a senior consultant in the board of Gusii Mwalimu SACCO.

His three-year term as an independent member Council started on 10th March 2023.

Rose Kwena- Council Member (Representative of The Principal Secretary, National Treasury)



Rose holds a Master of Science from Lindenwood University, USA (Corporate Communications with Emphasis in Marketing) in addition to Bachelor of Arts Political Science & Arabic) from University of Nairobi. She is an Associate of Toronto Leadership Centre, an honoured 2010 warrior of the Marketing Society of Kenya, an Alumni of UCLA, World Bank – Annenberg Summer Institute, and a member of International Association of Business Communicators (IABC).

Rose has 15 years of experience in financial Inclusion in informal sector space. She is currently the CEO of Kenya National Entrepreneurs Savings Trust (KNEST), spearheading the Government initiative to mainstream the over 17 million marginalized Informal Sector workers in the pensions arrangement.

Rose has led various innovative reforms in the pensions industry and financial inclusion, including spearheading the development of the 'Trustee Development Program – Kenya (TDPK) in 2021 – a certificate program that has enhanced governance in the management of pension

schemes by Trustees in Kenya and the region. She also spearheads the Financial Services Regulators partnership with KICD to develop the 'financial literacy curriculum for schools' that has been imbedded in the Competency Based Curriculum.

Rose was the Country Coordinator at the OECD/International Network on Financial Education (INFE) from 2009 to 2019 and sat on the (INFE) Technical committee and was a member of the Working Groups on

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Financial Education for Micros, Small & Medium Enterprises (MSMEs), Aging Populations and Financial Education in the workplace. She is a regular speaker at various OECD and world Bank conferences focused on developing financial literacy initiatives.

In 2007, Rose served on the Kenya Cultural Centre Governing Council as member and later as the Chair from 2008-2009.

She is the alternate to Principal Secretary, The National Treasury in the Council. Her three-year term as a Council member started on 10th March 2023.

Fredrick Ndambuki- Council Member(Representative of the Principal Secretary, State Department of University Education and Research)



Fredrick Ndambuki is the alternate to Principal Secretary, State Department of University Education and Research in the Council.

His three-year term as the alternate to Principal Secretary, State Department of University Education and Research in the Council started on 10th March 2023.

Prof. Romanus Odhiambo—Vice Chancellor



Prof. Odhiambo holds a PhD in Statistics from Kenyatta University and MSc in Statistics from Kenyatta University. He also holds an Executive Master of Science in Organizational Development from USIU and a Bachelor of Education (Double Mathematics) from Kenyatta University. Prof. Odhiambo is a professor of Statistics with over 26 years' experience in academics and research. He has served in a number of administrative, leadership positions at JKUAT over the years as: chairman of an academic department for two successive terms, dean of a faculty for two successive terms, and Deputy Vice-Chancellor (Academic Affairs) for 10 years. He has distinguished himself in organizational development and management aspects such as resource mobilization, projects management and leading change. He has also

supervised a number of students at Masters and Doctoral level. He is a member of International Biometric Society (IBS), Institute of Mathematical Statistics (IMS) and Kenya Inter-University Association of Mathematicians and Computer Science.

He has served as Vice-Chancellor since 6th August 2018.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Ms Sharon Koskei - Council Secretary



Miss Koskei holds a Bachelor of Laws degree (LL. B) from the University of Nairobi and Diploma in Law from the Kenya School of Law. She holds a Master of Laws (LL.M – International Business Law) from the University of Cumbria, United Kingdom. She has institutional affiliation to the Law Society of Kenya (LSK).

Miss Koskei is an experienced Advocate of the High Court of Kenya with a demonstrated history of working in the legal industry with more than 5 years of exceptional and diversified experience in public law, commercial law and corporate governance. She started her career in private practice before transitioning to public service and has a proven track record of providing the highest possible level of legal service to senior management. She is a strong legal professional skilled in negotiation, legal writing, corporate law and board of directors' management.

She was appointed to the position of the University Legal Officer and the Secretary to the University Council on April 15, 2021.

Former Council Members

Prof. Bosire Monari Mwebi served as the chairman of Council of Meru University of Science and Technology from 2nd December 2020 to 9th March 2023.

Muriira M'mbwiria served as member of the Council from 10 March 2020 to 9th March 2023.

Stephen Kimani Gatama served as member of the Council from 10 March 2020 to 9th March 2023.

Dick Waswa Wekesa served as member of the Council from 10 March 2020 to 9th March 2023.

Pauline Jeruto Kurgat served as member of the Council from 10 March 2020 to 9th March 2023.

Dr. Naomi Kipuri served as member of the Council from 10 March 2020 to 9th March 2023.

Paul P Mungai served as the representative of the Principal Secretary, State Department of University Education and Research in Meru University of Science and Technology Council from 4th June 2020 to 9th March 2023.

CPA FA Dr. Solomon T. Ngahu, MCISI was the PS- the National Treasury representative in the Council from 22 April 2020 to 9th March 2022.

CPA Damaris Nyasuguta Onsomu—was the PS, the National Treasury representative in the Council from 10th March 2022 to 9th March 2023.

Council Committees

Academic Committee

- i. Martin Kinoti—Chairman
- ii. Fredrick Ndambuki
- iii. Dr. Jacob Kwaba
- iv. Jannet Atika
- v. Prof. Romanus Odhiambo

HR Committee

- i. Lucy Molonket—Chairperson
- ii. Fredrick Ndambuki
- iii. Sylvester Kinyor
- iv. Prof. Romanus Odhiambo

Audit Committee

- i. Rose Kwena—Chairperson
- ii. Jannet Atika
- iii. Lucy Molonket
- iv. Dr. Jacob Kwaba

Finance Committee

- i. Sylvester Kinyor—Chairman
- ii. Martin Kinoti
- iii. Rose Kwena
- iv. Prof. Romanus Odhiambo

**Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023**

4. KEY MANAGEMENT TEAM

Management team that served during financial year 2022/2023



The Vice Chancellor

Prof. Romanus Odhiambo

B.Ed. Sci. (KU), M.Sc.(KU), EMOD (USIU), Ph.D. (KU)

**The Deputy Vice Chancellor (Administration,
Finance And Planning)**

Prof. Charity W. Gichuki, BVM. (UoN), Ph.D. (Glasgow)



DVC (Academic, Research And Students Affairs)

Prof. Simon Thurania

B.Ed. Arts (KU), M.Ed. (KU), Ph.D. (University of Maryland-USA)



Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

A.g. Registrar (Academic, Research And Students Affairs)

Dr. Stephen Karanja

B. Ed. Sci. (KU), MSc. (KU), Ph.D (JKUAT)



Registrar (Administration And Planning)

CHRP, Dr. Elijah Walubuka FIHRM, FKIM
BA (Daystar), MBA (Egerton), Ph.D. (Kabarak)

Finance Officer

CPA Nephath Njeru

B. Com (KU), MBA(JKUAT), CPA(K)



Council Secretary/Legal Officer

Miss Sharon Koskei

LL.B (UoN), Diploma in Law (KSL), LL.M (University of Cumbria, United Kingdom)



5. CHAIRPERSON'S STATEMENT

It is with great pleasure that I present to you Meru University of Science and Technology annual report for the financial year 2022/2023. This report gives a brief overview of activities at MUST in the course of the fiscal year as we carried out our missions of teaching, research and service delivery.

Since we originally welcomed our first cohort of slightly more than 45 undergraduate students in the year 2009, we have expanded to about 9,000 students and over 14,000 alumni. Our graduates are now highly sought after by employers and our alumni have established themselves as valued members of society. Our faculties have established themselves as highly competent academics and researchers, and our staff have been



recognized and honored for their hard work and accomplishments.

The theme of FY 2022–2023 may well be *opportunity arises from adversity*. The opportunity to be uncharacteristically adaptable and responsive has taught our university a number of lessons that are enabling us to construct a prosperous future, without in any way diminishing the destruction and instability of the previous three years. The usage of technology has advanced quickly, resulting in creative ways of gathering, communicating, teaching, and learning. This is one of the most visible silver linings. It is unlikely that the University will ever return to contact-only teaching and learning, but we do have a very fascinating hybrid option to take into the post-pandemic future given the enhanced learning experience and flexibility afforded by the online format.

Strategic positioning

The vision of the Council is a truly prosperous Meru University of Science and Technology that relies on innovation, technology transfer and commercialization of research outcomes by staff and students of the University. Accordingly, the Council is committed to building an ecosystem that promotes innovation, intellectual property management, technology transfer and entrepreneurship. The Council has set about changing the mind-set of academics by getting them to see themselves as academic entrepreneurs. After all, innovation is the result of research, one of the primary responsibilities of all academics. If researchers set about using research to solve problems of our immediate society and by extension global problems, they can with the help of the University benefit from these solutions when they are licensed to industry and commercialized.

We are dedicated to navigating this great University to global status. Our aim is to steer MUST into a leading top notch premier research university in science and technology. As a Council, we are committed to building a network of collaboration across the globe that positions MUST as the university of choice in research and innovation. International collaboration enables universities to make significant research and innovation leaps by sharing and building on each other's areas of expertise. It also elevates all of our teaching and learning, and research facilities to a new level. In FY 2022/23, our university continued to develop partnerships with

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

prominent institutions and networks across the world. During the financial year, MUST operationalized the international liaison office to facilitate the development of more international institution-wide partnerships across the six continents.

Changes in the Council and Management

On 9th March 2023, the tenure of the entire former Council under the chairmanship of Prof Bosire Mwebi came to an end and a new Council was appointed to serve for a three-year period starting from 10th March 2023. I wish to sincerely thank Prof Bosire and his team for the years of service and dedication to our board. I acknowledge that their contributions of ideas, energy, and enthusiasm have been invaluable. For the last four years, we did not have a substantive Deputy Vice Chancellor (ASA). In June 2023, the Council appointed Prof. Simon Thurairira as the Deputy Vice Chancellor (ASA) for a five year term.

Sustainability

The policies, governance and internal controls promote the attainment of the strategic goals and objectives of the university and promote its future operational and financial sustainability. Based on forecasts and available cash resources, there is no reason to believe that the MUST will not be sustainable. Furthermore, to manage key risks, MUST has and maintains an efficient and effective process of risk management. Accordingly, Council is not aware of any key current risk, imminent or forecasted that may threaten the sustainability of the University.

Appreciation

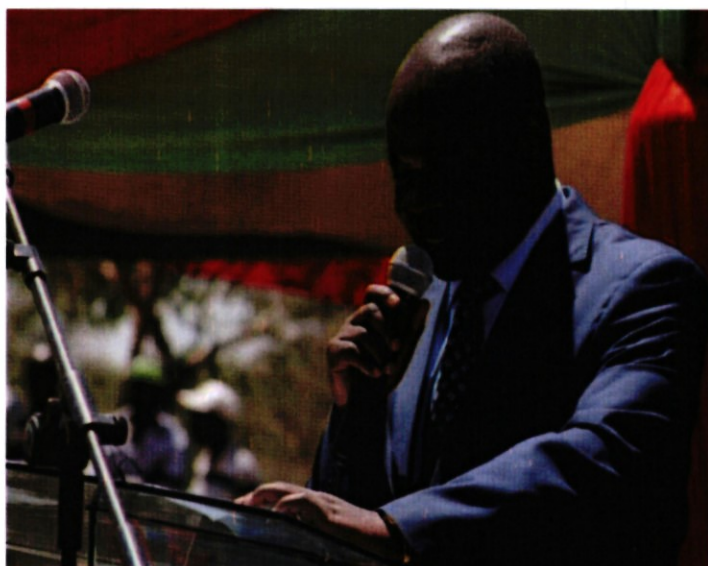
I extend my sincere gratitude to all our stakeholders including but not limited to our Chancellor, Dr. James Mwangi, all MUST staff, students, alumni, partners, and funders for your unwavering commitment to serve humanity through your mission at MUST. Without you MUST would not be what it is. Thank you all.



Dr. Jane Kiringai, PhD
Chairperson of the Council

6. REPORT OF THE VICE CHANCELLOR

It is my great pleasure to present MUST Annual Reports and Financial Statements for the financial year 2022/2023. The year has been a challenging year, particularly financially, as the world emerges from the shadow of the COVID-19 pandemic. At the start of the fiscal year, it was anticipated that the COVID-19 pandemic's pent-up demand would be released to spur growth. However, the start of the Russia-Ukraine war brought new uncertainties, exacerbated the pandemic-related supply bottlenecks already in place, and complicated the recovery efforts. High inflation and stricter local financing requirements caused actual household incomes to fall, which had a



negative impact on university finances. Overall, the University maintained its good track record of financial stability in FY 2022/23 despite the challenging economic environment. Although many factors influence operational and financial sustainability, one key ratio is monitored carefully at MUST, namely the current ratio. Although as at 30 June 2023, the ratio was not sufficiently healthy, at 0.4, it was only temporary and we can comfortably conclude that MUST is in an operationally sustainable position.

Our performance

In the year under review, the University continued to influence tertiary education in Kenya by expanding its undergraduate and graduate enrolment. For example, enrolment increased from 6,858 in 2019/20 to 8,661 students in 2022/23. This increase is a testimony to the University's mission of extending access and participation. In March 2023 the University graduated 1,004 students.

During the year 2022/23, MUST generated a total of KShs. 1,224,607,743 compared to KShs. 1,254,466,392 generated in the previous year. The Expenditure for the year was KShs. 1,311,040,826 as compared to KShs. 1,408,523,355 for the previous year. The deficit declined from KShs. 154,056,964 in FY 2021/22 to KShs. 86,433,082 in the year under review. The university completed three semesters in the FY 2021/22 as compared to two semesters in the FY 2022/23 hence the decrease in both revenue and expenditure in FY2022/23.

Capital Development

During the year, the University continued with the construction of the Nursing and Public Health building as well as development of the sports fields. In addition, the University is on course with the construction of three projects namely: library, laboratory and administration blocks at Mariene Research Institute. MUST spent KShs. 194,480,823 on capital expenditure during the year under review.

Challenges

In 2022/2023, the Kenyan higher education sector continued to deal with the challenges of declining state funding, and rising students' debt. These challenges had significant implications for MUST's functioning and its long-term sustainability. Taking a proactive approach to managing the risks, the University delayed non-essential capital projects, employed strict processes for the appointment of staff among other austerity measures.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Way Forward

Our main responsibility is to provide education. It's critical that our students are taught by knowledgeable academic staff and inspiring researchers. Additionally, transferable skills are crucial for our students' success when they graduate from the university. We also underscore that creating a good and life-enhancing environment for our students is essential to the student experience. With that, MUST will be attractive to students. With the implementation of the new university funding model, it is critical to attract as many students as possible. Under the funding model, the government will give students scholarships as opposed to a capitation to the university.

We are pleased with our achievements this far and are determined to prove ourselves equal to challenges ahead. Even though we are proud of our accomplishments, we need to work even harder and remain committed to realizing MUST's vision and mission. Thank you.



Prof. Romanus Odhiambo, Ph. D.

Vice Chancellor

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

7. STATEMENT OF MERU UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the entity's performance against predetermined objectives.

The University has seven strategic pillars and objectives within its Strategic Plan for the years 2020-2024. These Strategic Pillars are as follows:

1. Academic Excellence
2. Science and Technology
3. Institutional Development
4. Research, Innovation and Extension
5. Service Delivery
6. Collaborations, Partnerships and Linkages.
7. Financial Management

MUST develops its annual work plans based on the above seven pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2022/23 period for its seven strategic pillars as indicated in the table below:

S/N	Strategic Pillar	Objective	Key Performance Indicator	Activities	Achievements
1	Academic excellence	To promote access to quality teaching and learning.	<ul style="list-style-type: none"> • Departmental reports on needs assessment • New programs developed • Evaluation reports on the existing curricula • Updated programs • No of e-Learning modules developed • Report of pedagogy training • Copies of approved new curricula • marketing drives conducted • Web and social media postings • Copy of advertisements • Number of the print, e-books and added sitting space 	<ul style="list-style-type: none"> • Market needs assessment and development of new academic programs • Evaluation of existing curricula and market needs • Incorporation of ICT in teaching and learning • Increase use of eLearning modules • Conduct annual pedagogy • train academic staff • Develop new curricula • Conduct marketing drives • Use of social media and University website to increase programme visibility 	<ul style="list-style-type: none"> • Interventions in teaching and learning have established the University as a market leader in educating a unique brand of graduates who are self-reliant, dependable, competent and innovative thinkers who will lead progressive development. • MUST's population has grown to approximately 9,000 students in niche programmes that address current and emerging issues in different sectors of the global economy. • 41 curricula developed since 2019 <ul style="list-style-type: none"> • PhD – 4 • Masters – 9 • Undergraduate – 10 • Certificate (MUST) - 1 • TVET programmes – 17

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

			<ul style="list-style-type: none"> • Increase resources and capacity 	library and	<ul style="list-style-type: none"> • Market needs assessment conducted. • Curricula reviewed in line with the CUE guidelines. • All curricula were reviewed as per CUE requirements – passed in 15th Regular Senate of 13th August 2020. The effective date is September 2020. • Student admission and registration automated. • Student management portal upgraded.
2	Science and technology	To enhance the development and transfer of science and technology	<ul style="list-style-type: none"> • Functional network in place • Acquisition of computers. • Signed SLA's • Payment for License agreements • IT policy developed and approved. • Implemented Network Access policy • Upgraded bandwidth. • Approved extra bandwidth request • Signed SLA's with service provider. • Organogram developed awaiting approval. • Approved robust ICT policy/Procedures 	<ul style="list-style-type: none"> • Develop Network infrastructure. • Upgrade the ERP System. • Signing of Service level agreements • Develop IT security policy • Implement a centralized and unified network access policy management. • Upgrade Internet Bandwidth. • Develop and implement ICT organogram. • Realign the ICT procedures with the related department operations 	<ul style="list-style-type: none"> a) Improved network infrastructure to ease service delivery. b) Quality services to the University in line with Policy requirements. c) Increased number of student computers. d) Improved competence in use of ICT. e) Enhanced technical skills. f) Improved service delivery to the University. g) Compliance in use of software tools. h) Acquisition of computers done on need basis. i) Network infrastructure Continuous process. EC-B, EC-C, Sanitation research laboratory and LAN and Wireless extension for existing offices scheduled for FY 2021/2022 j) Staff trained on Information security management system (ISMS). k) BYOD policy approved. l) Implementation of virtual labs to be done in FY 2022/2023 m) Proposed internet upgrade to be done
3	Institutional	To enhance	<ul style="list-style-type: none"> • Equipment bought 	<ul style="list-style-type: none"> • Purchase of quality equipment for 	<ul style="list-style-type: none"> • Conducive environment for teaching, learning, research,

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

<p>development</p>	<p>sustainable institutional development</p>	<ul style="list-style-type: none"> • Designs of the Nursing and health science building developed • Phase I of the Engineering complex complete and Phase III on going. • Innovation centre furnished • Water tank constructed and water reticulated • Walk ways constructed • Construction of sports and recreation facilities on going. • Boundary wall plans developed • Development of Mariene Research centre on course. • CCTV and Biometrics installed. 	<p>Science and Technology</p> <ul style="list-style-type: none"> •Design and develop the Nursing and Health science building •Construct Phase II and III of the Engineering Complex building •Furnishing and equipping of the IIEC •Construct water tank and reticulation system •Construction of ramps, lifts and walkways •Construct and equip a sports and recreation facilities •Construction of boundary wall •Develop Mariene Research University College •Develop security infrastructure, facilities and partnerships 	<p>innovation and service delivery.</p> <ul style="list-style-type: none"> •MUST has improved and developed the institution's physical facilities, infrastructure and capital equipment, to deliver its core mandate, develop the institution, generate income and transfer knowledge and technology. • Annual HRP carried out • Required competences recruited • Seeking approval to recruit some more • Staff training policy under review • Staff training committee in place. • Training needs assessment established. • Job descriptions reviewed • Work from home policy developed awaiting council approval. • Employee assistance program in place. • Staff medical scheme in place. • Health education offered annually.
<p>4 Research, innovation and extension</p>	<p>To develop and apply research, innovation and extension</p>	<ul style="list-style-type: none"> • Training Report • grant agreement • Copies of internal call for proposals • Appointment letters for peer reviewers • Conference proceedings • Extension services report • Number of mobile apps developed 	<ul style="list-style-type: none"> •Training of staff in grant writing •Support of multi-disciplinary research •Funding of more internal calls •Establish internal peer review mechanism •Participation in conferences •Conduct extension services to the community •Use of social media for technology transfer 	<ul style="list-style-type: none"> a) Increase in donor funded research projects. b) Extension services are being conducted as a result of our various projects with the community, examples include: <ul style="list-style-type: none"> • ePIVOT Horticulture • ePIVOT water • Fortified Biochar on Production and Nutritional Quality of Cabbage • KENIA is commercializing some of its national innovations through MUST and hence extension to the community c) The RDE is actively using the social media for

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

									<p>technology transfer through the University's twitter, Facebook and Instagram handles for awareness and communication and sensitization and example is our recent innovation week.</p> <p>d) The RDE has already developed a strategic plan for its innovation centre that is being launched during the current innovation week and is in the process of escalating it to a full-blown proposal for a science park and strategies for fundraising are ongoing</p> <p>e) Miraa Research Institute is already established.</p> <p>f) Sanitation centre is already established.</p> <p>g) WHO research laboratories equipped</p> <p>h) Cement research unit started</p>
5	Service delivery	To enhance excellence in service delivery	<ul style="list-style-type: none"> • A 30% increase in sporting facilities • Increase in student participants in sports & recreation • More clubs and societies registered • Professional counsellor appointed • Decrease in time used to serve students and staff 	<ul style="list-style-type: none"> • Construct and maintain sporting facilities (outdoor and indoor) • Introduce more sports disciplines eg. • Floor ball • Korfball • registration of student clubs and societies • Recruitment of a student counsellor • Automate services 					<ul style="list-style-type: none"> • An engaging, secure and productive campus life for its students and all the stake holders. • Improved sporting activities that engage students throughout the year. • Automated fee payment • Automated payroll • Quality management policy developed. • Quality assurance reporting is a standing agenda in the Deans committee. • Standards and benchmarks established • Quality assurance committee in place

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

6	Collaborations, Partnerships and Linkages.	To strengthen collaborations, partnerships and linkages	<ul style="list-style-type: none"> • Collaborations and Linkages office in place • Appointment letter for the linkages and collaborations coordinator • SOPs • Number of signed MoUs 	<ul style="list-style-type: none"> • -Establish linkages and collaborations office • Develop standard operating procedures (SOPs) for linkages and collaborations • Establishment and operationalization of MoUs 	<ul style="list-style-type: none"> a) Internationalization Directorate set up b) Regional Sanitation Centre set up. Training 80 Masters students in the region c) Linkage with University of Lausanne. One staff on annual research fellowship d) WHO laboratory funded and equipped e) Research linkages with Japan – Biochar project f) Activation of staff and student exchange on course. g) MoUs and joint research activities initiated.
7	Financial Management	To enhance prudent financial management.	<ul style="list-style-type: none"> • Functional directorate of income generation • Number of alternative sources identified • Percentage of income collected vs expected • Automated financial systems • Approved budgets 	<ul style="list-style-type: none"> • Increase and streamline the institution's fundraising activities; • Seeking alternative sources of funds • Enforce the student fee collection policy • Enhance mechanisms for collection of other incomes • Streamline the financial management systems • Rationalize budgets at all levels; 	<ul style="list-style-type: none"> • MUST has achieved a stable financial base. • Alternative sources of funding sought • IGU directorate established • Orchard established • ICDL and Driving school proposals approved • Student fee policy enforced • Financial management automated • Cost management through e.g. automation, outsourcing of some services, • Student fee policy enforced

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

8. CORPORATE GOVERNANCE STATEMENT

The University Management Board (UMB) and Council members are held to the highest ethical standards in how they carry out their duties and interact with stakeholders on behalf of the University. Each member fulfills their duties as a representation of the University as a whole rather than a particular group. The University maintains a register of interests of members of the Council and UMB members. Council members are expected to attend scheduled meetings as regularly as possible. The function of Council members is comparable to that of a company's non-executive directors. They have collective responsibility for Council decisions. They recognize the substantial differences between their position in strategic governance and that of the university's operational management (a role being played by the University Management Board chaired by the Vice-Chancellor). The Vice Chancellor and the members of the University Management Board make presentations before the Council on particular topics.

The Council has four (4) committees and the Council committees have four scheduled meetings per annum.

Council Sitting Attendance from 1 July 2022 -30 June 2023								
Member	Sitting							
	Full Council	Academic Committee	Ad hoc	Administrative & Training	Audit Committee	Finance Committee	HR Committee	Total sittings
Stephen Kimani	9/12		1/1	10/20	3/5		4/5	27
Damaris Onsomu	6/12			5/20	3/5	5/8		19
Muriira M'Mbwiria	8/12	3/5		9/20		7/8		27
Waswa Wekesa	9/12	4/5	1/1	11/20	3/5			28
Paul Mungai	9/12	4/5		5/20			4/5	22
Naomi Kipuri	9/12		1/1	10/20	3/5		4/5	27
Pauline Jeruto	9/12		1/1	5/20		6/8	4/5	25
Prof. Bosire Mwebi Monari	9/12			19/20				28
Living stone Mburu	3/12			4/20	2/5	2/8	1/5	12
Rose Musonye Kwena	3/12			1/20	1/5	1/8		6
Dr Jane Wangui Kiringai	3/12			5/20				8
Dr Jacob Gekonge Kwaba	3/12	1/5		1/20			1/5	6
Jannet Ominde Atika	3/12	1/5		1/20	1/5			6
Lucy Rimanto Molonket	3/12			2/20	1/5		1/5	7
Silvester Kibiwott Kinyor	3/12			2/20		1/8	1/5	7
Fredrick Ndambuki	2/12			1/20				3
Martin Kinoti Francis	3/12	1/5		1/20		1/8		6

Full Council

The full Council met 12 times during the year. The Council had 4 regular meetings and 8 special meetings. The attendance per member is shown in the table above:

Committees of the Council

The following are the committees of the Council:

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

- i. Finance Committee
- ii. Audit Committee
- iii. Human Resources Committee
- iv. Academic Committee

Finance Committee

The Finance Committee is responsible for monitoring and advising Council on the financial health of the university, including the financial strategy, budget setting, annual accounts, investment activity and consideration of capital expenditure. The Committee also has responsibility for monitoring institutional level Key Performance Indicators in order to measure and monitor University performance against agreed strategies and targets. The Committee also monitors and advises on the conduct of the University's estates/infrastructure activity including revenue and capital expenditure. The Committee may draw on professional expertise beyond that available within the Council membership.

The composition of the Finance Committee of the Council was as follows:

- i. Sylvester Kinyor—Chairman
- ii. Martin Kinoti
- iii. Rose Kwena
- iv. Prof. Romanus Odhiambo

Council Sitting Attendance from 1 July 2022 -30June 2023							
Sitting	Damaris Nyasuguta Onsomu	Muriira M'Mbungania M'Mbwiria	Pauline Jeruto	Livingstone Mburu	Rose Musonye Kwena	Silvester Kibiwott Kinyor	Martin Kinoti Francis
Finance Committee	5/8	7/8	6/8	2/8	1/8	1/8	1/8

Audit Committee

The Audit Committee has responsibility for monitoring the effectiveness of the University's risk management, control and governance arrangements, along with the arrangements to promote economy, efficiency and effectiveness throughout the institution and advises the Council accordingly. The Committee exercises oversight over internal audit arrangements. It considers internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The Committee also exercises oversight over external audit arrangements, such as the nature, scope and effectiveness of the process and considers the audit aspects of the institution's financial statements. The composition of the Audit Committee of the Council was as follows:

- i. Rose Kwena—Chairperson
- ii. Jannet Atika
- iii. Lucy Molonket
- iv. Dr. Jacob Kwaba

Council Sitting Attendance from 1 July 2022 -30June 2023								
Sitting	Stephen Kimani	Damaris Nyasuguta Onsomu	Waswa Wekesa	Naomi Kipuri	Livingstone Mburu	Rose Musonye Kwena	Jannet Ominde Atika	Lucy Rimanto Molonket
Audit Committee	3/5	3/5	3/5	3/5	2/5	1/5	1/5	1/5

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Human Resources Committee

The Committee monitors and reviews the development and implementation of good governance practice. The Committee is responsible for the oversight of human resource strategy, policies and associated procedures including the use of performance and development systems, indicators and benchmarks.

The composition of the Human Resources Committee of the Council was as follows:

- i. Lucy Molonket—Chairperson
- ii. Fredrick Ndambuki
- iii. Sylvester Kinyor
- iv. Prof. Romanus Odhiambo

The Academic Committee of the Council

The Academic Committee of the Council assists the Council in fulfilling its oversight of the University academic programs, strategic academic plans, student learning, graduation matters and related activities such as:

- i. To advise Council on students' access and admissions, curriculum design, course and fees structure, academic and mentoring support, provision and use of learning resources and students' welfare.
- ii. To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice;
- iii. To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance;
- iv. To consider the overall balance of academic activities and provision of resources;
- v. To develop, amend, repeal and approve regulations concerning academic programmes;
- vi. To receive and consider proposals and nominations for the award of honorary degrees and recommend to Council award of honorary degrees;
- vii. To consider and advice Council on all matters related to research and innovation in the University.
- viii. To authorize on behalf of Council the application of the University Seal on documents.

The composition of the Academic Committee of the Council was as follows:

- i. Martin Kinoti—Chairman
- ii. Fredrick Ndambuki
- iii. Dr. Jacob Kwaba
- iv. Jannet Atika
- v. Prof. Romanus Odhiambo

Attendance

Academic Committee Attendance from 1 July 2022 -30 June 2023						
Sitting	Muriira M'Mungania M'Mbwiria	Waswa Wekesa	Paul Mungai	Dr Jacob Gekonge Kwaba	Jannet Ominde Atika	Martin Kinoti Francis
Academic	3/5	4/5	4/5	1/5	1/5	1/5

Ad hoc Committee

The Council may appoint an ad hoc committee to handle special matters.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Conflict of interest

The University has adopted a conflict of interest policy which applies to the Council, Management and Staff. All persons governed by the policy are under the obligation to avoid and disclose ethical, legal, financial or other conflicts of interest involving the University and remove themselves from a position of decision-making authority with respect to any conflict situation involving the University. Any person who has a material personal interest in a particular matter and who is able to influence the decision will not vote on the matter when it is being discussed or considered.

9. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The University's Operational and Financial Performance

General Statistics

The University has the following schools, Institutes and Campuses

Schools

- School of Agriculture & Food Science
- School of Business & Economics
- School of Computing & Informatics
- School of Education
- School of Engineering & Architecture
- School of Health Sciences
- School of Pure & Applied Sciences
- School of Nursing

Institutes & Campuses

- Sanitation Research Institute
- Mariene Research Institute
- Town Campus: Centre for continued and professional studies
- Marimba Learning Centre

Students Enrolment

The population of the students has been growing steadily year after year. In a span of five years, the population has doubled. In 2018, the number of students was 5,115 and by 30th June 2023, the number had grown to 8,661.

Students' Population					
YEAR	2018/19	2019/20	2020/21	2021/22	2022/23
TOTAL	5,115	5,740	6,858	9,664	8,661

Graduation

Graduation statistics

The 10th graduation ceremony was held at the university on March 11, 2023. A total of 1,004 students received their certificates, diplomas or degrees. The graduation ceremony was noteworthy since it fell on the same day as Meru University of Science and Technology's 10th anniversary of receiving its charter on March 1st, 2013. The table below demonstrates how the number of graduates has increased every year:

	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
	<i>Jul-13</i>	<i>Aug-14</i>	<i>Dec-15</i>	<i>Dec-16</i>	<i>Dec-17</i>	<i>Mar-19</i>	<i>Nov-19</i>	<i>Feb-21</i>	<i>May-22</i>	<i>Mar-23</i>
Total No. of graduates	1399	749	949	1263	1128	1239	1271	1240	1777	1004

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Employee Statistics

Distribution

In the last five years, the number of staff in the payroll has increased marginally from 397 to 442 despite the significant increase in the number of students most of the departments are under staffed. The University hires part-time personnel to make up the departments' staffing shortages.

University Staff Data					
Category	2018/19	2019/20	2020/21	2021/22	2022/23
Academic	146	138	180	168	179
Administration	248	265	224	249	249
Top Management	3	2	2	2	3
Total	397	405	406	419	431

Employees' Cost

Employees cost has been increasing year after year as per the table below:

DETAILS	2018/19	2019/20	2020/21	2021/22	2022/23
	<u>KSHS M</u>	<u>KSHS M</u>	<u>KSHS M</u>	<u>KSHS M</u>	<u>KSHS M</u>
Casual Wages	19	17	17	30	36
Part-time	125	104	61	160	155
Other Personnel Emoluments	636	643	766	776	787
Total Personnel Emoluments	780	765	844	966	978

The trend is likely to continue in the foreseeable future. It is brought about by:

	2022-2023	2021-2022
	Kshs.	Kshs.
Revenue from non-exchange transactions		
Grants in Aid/Transfers from GOK	738,783,422	718,136,740
Donations and Gifts	181,800	358,200
	738,965,222	718,494,940
Revenue from exchange transactions		
Tuition and other Fees	457,452,844	506,963,101
Other Income	28,189,677	29,008,351
	485,642,521	535,971,452
Total revenue	1,224,607,743	1,254,466,392
Expenses		
Operational Expenses	1,203,549,422	1,319,292,354
Academic Costs	56,707,325	38,978,733
Administration Costs	29,449,467	32,434,948
Student Welfare	21,334,611	17,817,321
Total expenses	1,311,040,826	1,408,523,355
Deficit	(86,433,082)	(154,056,964)

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

- Collective Bargaining Agreement (CBA) which result in increase in basic salaries, allowances or benefits.
- Annual salary increments.
- New recruitments and promotions.

THE INCOME STATEMENT

Revenue

During the financial year 2022/23, the University received more revenue from non-exchange transactions (Kshs. **738,965,222**) than in the previous year (Kshs. **718,494,940**). A non-exchange transaction is one in which one party receives something of value without directly giving value in exchange. These transactions were donations and the government capitation. There was an increase in government capitation of over twenty million shillings.

On the other hand, there was a decrease in revenue of over fifty million shillings from exchange transaction. An exchange transaction is one in which each party receives and sacrifices something of approximate equal value. The revenue declined from Kshs. 535,971,452 in FY 2021/22 to Kshs. 485,642,521 in FY2022/23. During the FY2021/23, the University completed three semester due to the backlog brought about by Covid 19 pandemic. In FY2022/23, the university completed only two semester which contributed to the decrease.

Further analysis of sources of Revenue

GOK continues to be MUST's primary source of income. The share of government revenue over the previous five years varied from 55% to 72%. Number two, with percentages ranging from 22% to 40%, was tuition fees. The percentages from the other sources of income ranged from 2% to 4%.

Details	2018/19	2019/20	2020/21	2021/22	2022/23
	KShs. M	KShs. M	KShs. M	KShs. M	KShs. M
Transfers from Ministry of Education					
Grants in Aid	676	690	693	693	738
CBA	-	-	76	25	-
TOTAL	676	690	769	718	738
Appropriation in Aid					
Tuition Fees	323	245	227	507	457
Other Incomes	39	24	22	29	28
Total Appropriation in Aid	362	269	249	536	486
Gross Revenue	1,038	959	1,018	1,254	1,224
Percentages of various sources against total revenue					
GOK	65%	72%	68%	55%	60%
Tuition	31%	26%	22%	40%	37%
Other Income	4%	3%	2%	2%	2%
Total AIA	35%	28%	25%	43%	40%

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Expenses

The total expenses declined by Kshs. 103,769,329. In FY 2021/22, the total expenses were Kshs. 1,408,523,355 while in FY 2022/23, the expense decreased to Kshs. 1,311,040,826. The major reason for the decline was that no depreciation was charged in the FY 2022/23 because all the assets were revalued in June 2023. Depreciation expense for FY 2021/22 was Kshs. 144,000,637.

Distribution of Expenses

The most significant expenditure is personnel emolument. Over the last five years, the percentage of personnel emoluments against the total expenditure was between 66% and 75%. Similarly, the percentage of "Other Operational Expenses", which include medical costs, insurance, utilities etc range from 11% to 14% of the total cost. Both personnel emolument and Other Operational expenses are fixed costs in the short run and cannot be varied within the year. However, in the long run, the costs can be varied. For instance, the personnel cost can be reduced through natural attrition over a long period of time.

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Expenses	KShs. M	KShs. M	KShs. M	KShs. M	KShs. M
a) Personnel Emoluments	765	780	844	966	978
b) Maintenance Costs	21	17	22	29	26
c) Council Expenses	14	11	10	19	15
d) Other Operational Expenses	155	132	139	161	184
e) Depreciation	102	95	143	144	-
Operational Expenses	1,057	1,035	1,157	1,319	1,204
Academic Costs	63	45	42	39	57
Administration Costs	23	18	13	32	29
Student Welfare	22	15	9	18	21
Total expenses	1,166	1,113	1,221	1,409	1,311
Percentages of various expenses against total expenditure					
a) Personnel Emoluments	66%	70%	69%	69%	75%
b) Maintenance Costs	2%	2%	2%	2%	2%
c) Council Expenses	1%	1%	1%	1%	1%
d) Other Operational Expenses	13%	12%	11%	11%	14%
e) Depreciation	9%	9%	12%	10%	0%
Operational Expenses	91%	93%	95%	94%	92%
Academic Costs	5%	4%	3%	3%	4%
Administration Costs	2%	2%	1%	2%	2%
Student Welfare	2%	1%	1%	1%	2%

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

DEFICIT

The deficit for the year was KShs. 86,433,082 as compared to a deficit of KShs. 154,056,964 reported in the previous year. The reduction in deficit was occasioned by decrease in depreciation expense as a result of the revaluation of all the assets done in June 2023.

Although the University was very prudent in the use of resources and wastages were minimized, the costs remained high due to the semi variable nature of the expenses. The inflation being experienced in the country also affected the university operations. The University will suffer technical insolvency should this trend continue. The University will avoid going into insolvency by diversifying income generated internally and managing cost so that marginal cost will be equivalent to or less than the marginal revenue.

Increase Revenue—The University will venture into other sources of revenue generation. Other than government grants and fees from students, the University will explore other income generating activities through research, innovation and commercialization.

Managing Costs—The University will institute cost management strategies. The University will ensure that wastages are eliminated and efficiency is increased. We shall embrace innovation and automation in our operations. Further, we shall benchmark with the best universities or other organizations in order to adopt the best practices in our operations. All decisions will be made prudently. When making decisions, the financial implications of the decisions will be considered. We shall focus on consolidating what we already have instead of starting new projects, departments or faculties. We shall merge roles where they have been duplicated. We shall strictly adhere to the budget allocations.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

Details	2022-2023	2021-2022	Change
	Kshs	Kshs	Kshs
Assets			
Current Assets	276,486,695	311,218,757	(34,732,062)
Non-current assets	5,211,603,414	2,637,813,653	2,573,789,761
Total Assets	5,488,090,109	2,949,032,410	2,539,057,699
Liabilities			
Current liabilities	537,430,148	447,330,773	90,099,375
Net assets	4,950,659,960	2,501,701,637	2,448,958,323
Capital	3,397,009,603	3,266,625,812	130,383,791
Reserve Fund	(886,197,651)	(824,764,246)	(61,433,405)
Revaluation Reserve	2,439,848,009	59,840,071	2,380,007,938
Total capital and reserves	4,950,659,960	2,501,701,637	2,448,958,323
Current ratio	0.51	0.70	

Statement of financial position is also referred to as the balance sheet and it provides an overview of a University's assets, liabilities and capital as a snapshot in time. It is divided into three parts—assets, liabilities and capital and reserves.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

1. Assets

Current assets

Current assets are cash and short-term assets that can be quickly converted to cash within one year. The University has the following current assets:

- a) Cash and cash equivalents are liquid assets, which include cash in hand and cash at bank.
- b) Prepaid expenses are costs that have been paid in advance of when they are due. Prepaid expenses include rent deposit, insurance paid in advance etc.
- c) Accounts receivables are the amount of money owed to the University by students, staff or other customers for the sale of its product and service. Receivables from non-exchange transactions include the capital grant from the government not yet received by the university as at 30 June 2023.
- d) Inventory refers to the stock of goods that the University had on hand for use in the course of its operation. Inventory included stationery, hardware materials, farm input, foodstuff and so on. The University uses first in first out valuation method.

Non-current assets

Non-current assets are long-term and have a useful life of more than a year. During the year, all non-currents assets were revalued

- a) Property, plant, and equipment (PPE) are capital assets owned by the University for its long-term benefit and include land, buildings, motor vehicles, computers and machinery. After revaluation, the value of PPE increased from KShs. 2,630,851,248 in FY 2021/22 to KShs. 5,184,427,214 in FY 2022/23. The significant increase was brought about by the value of land. The value of land increased from KShs. 108,292,000 in FY 2021/22 to KShs. 2,500,000,000 in FY 2022/23. Land was initially valued in FY 2009/2010.
- b) Biological Assets are the livestock kept by the University. The University has beef and dairy animals. The value of the animals had depreciated due to age and harsh climatic condition.
- c) Intangible asset cannot physically be touched but have future economic (and often long-term benefits) for the University. The only intangible asset was the Microsoft Navision ERP.

2. Liabilities

- a. Trade and Other payable are the debts incurred in the normal course of operations of a business. They also include payments due to suppliers. The University did not have long term debt.
- b. Provision is a liability of uncertain timing and amount. The University made provision for gratuity owing and outstanding part-time payments.

3. Capital and Reserves

- a. Revenue Reserve is the type of reserve that is created from the deficit or surplus that an organization makes during a financial year. Our Revenue Reserve is negative because the University has accumulated deficits over the years.
- b. Capital is composed of the assets inherited from Meru College of Technology in July 2009 less liabilities as at that time and the accumulated development funds from the Government of Kenya or other external donors since the financial year 2008/09.
- c. Revaluation Reserve is a non-cash reserve created to reflect the true value of the asset when the market value of a certain category of asset is more or less than the value of such asset at which it is

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

recorded in the books of account. Revaluation reserve was created when all the non-current assets were revalued in the Financial Year 2022/23.

Ratio Analysis

The current ratio—which is total current assets divided by total current liabilities—is commonly used by analysts to assess the ability of an organization to meet its short-term obligations. The University’s current ratio as at 30 June 2023 was 0.51 which means that the current assets could only cover 51% of the liabilities.

Cash flow

The cash flow statement shows an organization’s net cash flow in a given period of time. It indicates where the cash flowed from or to.

Cash flow statement for the year ended 30 June 2023;

	FY 2022/23	FY 2021/22
Net cash flows from/(used in) Operating activities	18,656,429	(94,887,499)
Net cash flows from investing Activities	(194,480,823)	(191,161,006)
Net cash flows from Financing Activities	89,400,750	305,270,000
Net Increase (Decrease) in cash and cash equivalents	(86,423,644)	19,221,495
Cash and cash equivalents at beginning of year	167,915,314	148,693,820
Cash and cash equivalents at end of year	81,491,670	167,915,314

The statement looks at the three main business activities that provide or use cash:

- Operating cash flows include cash received from customers and cash paid to suppliers and employees.
- Investing activities are the acquisition and disposal of non-current assets.
- Financing (include development funds from the government or other development partners)

At the beginning of the year, the University had a cash and cash equivalent of KShs. 167,915,314. During the year, there was a net cash inflow of Kshs. 18,656,429 from operating activities, a net cash outflow of KShs. 194,480,823 from investing activities and a net cash inflow of KShs. 89,400,750 from financing activities. The combined total of the three activities for the period was a net cash outflow of Kshs. 86,423,644. Consequently, the cash and cash equivalent decreased from KShs. 167,915,314 at the beginning of the year to KShs. 81,491,670 at the end of the year.

SECTION B

The University’s compliance with statutory requirements

The University complied with all statutory requirements. The University withheld taxes where it was required to do so. All withheld taxes, payroll deductions-NHIF, NSSF, PAYE, Pension and other deductions were fully paid and on time.

SECTION C

Key projects and investment decisions the University is planning/implementing

We plan to transform the University into a modern, sustainable learning and working environment that is innovative and engaging for both staff and students.

The University is undertaking the following major projects:

1. Construction of Engineering Complex



Engineering Complex as at 30 June 2022



Engineering Complex as at 30 June 2023

The works undertaken during the year worth KShs. 3,943,065 included landscaping and construction of car parks and access road to the Engineering Complex. The entire project was 99% complete as at 30th June 2023.

2. Construction of Sports Fields



Sports Fields as at 30 June 2022



Sports Fields as at 30 June 2023

The project includes construction of various sports field, washrooms and rooms for change-rooms, pavilions, access to the fields and drainage system for the fields.

The project has stalled due to lack of funds. The project has some pending bills which must be settled before further works resume. During the year, the University received Kshs. 3,943,065 only.

The tender value of the project is KShs. 232,742,353. By 30 June 2023, the University had paid total works amounting to KShs. 144,795,767.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Project	2017/18	2019/20	2020/21	2021/22	2022/23	Total	Contract Sum
Sports Field	40,000,000	-	62,295,767	40,000,000	3,943,065	146,238,832	232,742,353

3. Construction of Nursing and Public Health Building

The project includes construction of specialized laboratories such as skills lab, diagnostic labs and anatomy and physiology labs. It will also include offices and lecture rooms. The building will be constructed in conformity with the requirements of the Nursing Council of Kenya.

By 30th June 2023, the project had stalled due to lack of funds. The status of the project as at 30 June 2023 was as follows:

Project	2020/21	2021/22	2022/23	Total Works	Contract Sum
Nursing and Public Health Building	62,265,222	60,000,000	29,178,680	151,443,902	442,288,691

Nursing and Public Health Building as at 30 June 2022





Nursing and Public Health Building as at 30 June 2023

4. Construction Works at Mariene Research Institute

Mariene Research Institute is located about 30 kilometers from the University. This is a newly established Institute with a separate development allocation from the Government. However, the University manages the Research Institutes' funds for the time being. The Institute will focus on research and post-graduate studies.

There are three major construction projects being carried out at the Institute, namely: the construction of Modern Library, the construction of Administration Block and the construction of Science Laboratories.

The three projects were started in September 2020. Each project has a different contractor.

Project	2020/21	2021/22	2022/23	Total	Contract Sum	Outstanding
Mariene-Administration	30,000,000	60,000,000	17,500,000	107,500,000	171,820,744	64,320,744
Mariene-Library	25,000,000	60,000,000	20,000,000	105,000,000	156,099,343	51,099,343
Mariene-Laboratories	25,000,000	60,000,000	10,000,000	95,000,000	248,780,763	153,780,763
Total	80,000,000	180,000,000	47,500,000	307,500,000	576,700,850	269,200,850

During the financial year, very little construction work was done. Currently the projects are stalled and contractors have deserted the sites.

1. Construction of Modern Library



Modern Library as at 30 June 2022



Modern Library as at 30 June 2023

2 Construction of Administration Block and Lecture Halls and



Administration Block as at 30 June 2022



Administration Block as at 30 June 2023

3. Construction of Science Laboratories.



Laboratories as 30 June 2022



Laboratories as at 30 June 2023

SECTION D

Major risks facing the University

Operational risks

The University has initiated and facilitated the process that will see the enhancement of risk management. It has an integrated risk management framework. The University recognizes the critical role the risk management will continue to play in its endeavour to carry out its business in a dynamic environment. The University is committed to ensuring that corporate governance and risk management are deeply entrenched in its strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

This risk management framework captures the following among other things: -

- The University's risk appetite and parameters.
- The University's risk matrix that highlights the rating of risks.
- The structure of managing risks and accountabilities.
- The processes, procedures and reports that manage risks.
- The mitigating factors, prevention, contingency plans and controls.

The University's core business involves major engagements with financial transactions and processes which pose certain risks. The University Council has the overall responsibility for the establishment and oversight of the University's risk management framework. The University Council has delegated its risk management to the 'Audit Committee'. One of the responsibilities of this committee is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial transactions and processes are managed by the 'Finance Committee' of the University Council.

The financial management objectives and policies are as outlined below: -

a) Liquidity Risk

Liquidity risk is the risk that the University will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles.

The objective of the liquidity management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels. The University has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The University's liquidity and funding management process includes: -

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding,
- Maintaining balance sheet liquidity ratios.

Prudent liquidity risk management includes maintaining sufficient cash to meet University obligations. The University manages liquidity risk by maintaining adequate cash reserves to ensure liabilities are paid as they fall due and to cushion against any liquidity risk. The table below shows the University's financial liabilities that will be settled on a net basis.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

The amounts disclosed are the contractual undiscounted cash flows:

As at 30 June	2023	2022
Financial Assets	Kshs	Kshs
Cash and cash equivalents	81,491,670	167,915,314
Prepayments	14,904,406	13,062,739
Receivables from exchange transactions	125,735,982	116,174,595
Receivables from exchange non transactions	40,983,041	-
Inventory	13,371,596	14,066,109
Total Assets	276,486,695	311,218,757
Financial liabilities		
Trade and other payables	437,829,694	394,871,523
Provisions	99,600,454	52,459,250
Total Liabilities	537,430,148	447,330,773
Net Liquidity	(260,943,453)	(136,112,016)
Current Ratio	0.51	0.70

A liquidity ratio is a measurement which is used to indicate whether a debtor will be able to pay their short-term debt off with the cash they have readily available or whether they'll need to raise additional capital to cover the amount. In other words it's a ratio that tells one's ability to pay off its debt as and when they become due. A good liquidity ratio is anything greater than 1. It indicates that the company is in good financial health and is less likely to face financial hardships. The higher ratio, the higher is the safety margin that the business possesses to meet its current liabilities. Generally, 2:1 is treated as the ideal ratio. The University's current ratio of 0.51 indicates an inadequate degree of liquidity, with only Kshs.51 of current assets available to cover every Kshs. 100 of current liabilities.

b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and Performance by managing and controlling market risk exposures within acceptable parameters, to optimize the funding of business operations and facilitate capital expansion. The University is exposed to the following market risks: -

(i) Currency Risk

Currency risk arises primarily from purchasing imported goods and services from overseas or indirectly via local supplies or services that are priced in foreign currency. Nevertheless, the currency risk is minimal as cash and cash equivalents held with banks are denominated in Kenya Shillings and there were minimal dealings in foreign currency. The University nevertheless has taken precaution against the risk by opening a USA dollar accounts.

(ii) Interest Rate Risk

The University is exposed to various risks associated with effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margin may increase as a result of such changes but may reduce losses in the event that unexpected movement arises. The University closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities on the statement of financial position.

The interest rate risk was minimal as the University did not have any borrowings that were charged interest.

c) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the University's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behaviour. The University seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks. The University's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the University's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas: -

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of financial transactions.
- Compliance with regulatory and legal requirements.
- Documentation of controls and procedures.
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- Requirement for the reporting of operational losses and proposed remedial action.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where it is effective.

Operational risks are documented in the 'Risk Register and Opportunity Assessment Document' and are managed by the Risk Management Committee established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analysing and mitigating risks in all facets of the business.

d) Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The University complied with all externally imposed requirements throughout the year. Some of the regulatory bodies include Teachers Service Commission, Commission for University Education, Nursing Council of Kenya, NEMA, National Council for Persons with Disabilities and Clinical Officers Council.

e) Legal Risk

Legal risk is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the University, failure to protect the title to and liability to control the rights to assets of the University (including intellectual

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

property right), changes in law or jurisdictional risk. The University manages legal risk through the legal office, legal risk policies, procedures and the effective use of internal controls and external lawyers.

f) Credit Risk

Credit risk is the risk that a borrower is unable to meet his financial obligations to the lender. The University's credit risk is attributable to its cash and cash equivalents and trade receivables. Both bank balances and trade receivables are fully performing and no debt has been impaired. The amount that best represents the University's maximum exposure to credit risk is made up as follows:

Details	2022/23	2021/22
Cash and cash equivalents	81,491,670	167,915,314
Prepayments	14,904,406	13,062,739
Receivables from exchange transactions	125,735,982	116,174,595
Total Exposure	222,132,058	297,152,648

SECTION E

Material arrears in statutory/financial obligations

The University did not have any material financial obligation during the year.

SECTION F

The University's financial probity and serious governance issues

There was no financial improbity reported during the year. No governance issues were reported during the year.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The University has endeavoured to offer quality university education to attract more students. The University operates in a very challenging environment. In the past, the government used to allocate students to universities. Currently, students choose the university of their preference. The funding from the government has been dwindling while costs have continued to increase. For instance, the workers have been demanding for better pay but the government has not been financing the increased wage bills.

In order to attract more students, the University has improved the quality of our education. Every year we have been receiving increasing number of government students. We have initiated several income generating activities in order to reduce the dependency on government funding.

ii) Environmental performance

The University was involved in environmental conservation activities as follows:

- (a) *Tree Planting at Meru University of Science and Technology*—Trees occupy more than 71 acres of the University land. In total, the University forest cover is 13% of the total acreage. During the year, the University continued to take care of the trees including gapping, watering the trees during the dry spell and pruning the trees as and when necessary.
- (b) *Water Conservation*
- (c) *Electricity Power Conservation*
- (d) Meru University of Science and Technology (MUST) has developed an inbuilt-self-sustaining human waste management system using the Black Soldier Fly that converts the wastes into commercially viable products through ecologically and environmentally friendly interventions supported by innovative research and technology. MUST is host to a bio-resource based approach to sanitation.

iii) Employee Welfare

The University recognises the importance of the health of the employees' and their dependents. Consequently, during the year, the University improved the benefits in the medical scheme. In addition to the inpatient medical cover, the staff also benefited from an outpatient medical cover.

iv) Market place practices

- a. *Fair competition practice*— The University upholds fair administrative justice in accordance with Article 47 of the constitution and the fair Administrative Action Act of 2015 in an effort to promote ethical business practices.
- b. *Responsible supply chain management and supplier relationships*— The University has established a database of the registered suppliers. These suppliers are equally given access to procurement opportunities. The University makes sure that the appropriate payments are made within the specified timeframe.
- c. *Adoption of ethical marketing and advertising*—To promote our academic programs, we run advertisements in a number of newspapers, on our website and on social media. These advertisement are produced in an ethical and respectable way.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

- d. *Product Management*—We make sure that every one of our academic programs complies with the standards set by the Commission for University Education and other governing organizations so that our students receive world class university education.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

11. REPORT OF THE COUNCIL

The University Council submits its report together with the financial statements for the year ended June 30, 2023 which show the state of the University's affairs.

i) Principal activities

The primary functions of the university are still to provide and advance university education and training to suitably qualified applicants, culminating in the award of degrees, diplomas and certificates, as well as any other qualifications that the Council and the Senate may from time to time determine and in so doing contribute to labour market needs.

ii) Results

The financial performance results of the University for the year ended June 30, 2023 are set out on page 1.

iii) University Council

The Council members who served during the year are shown on page viii to page xii. During the year all the eight Council members who were appointed in the year 2020 retired and eight new Council members were appointed for a three year term with effect from 10th March 2023.

iv) Auditors

The Auditor General is responsible for the statutory audit of Meru University of Science and Technology in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2023.

By Order of the Council.



Prof. Romanus Odhiambo
Vice Chancellor

Date: September 14, 2023

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

12. STATEMENT OF COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management (PFM) Act, 2012 and Section 47 of the Universities Act No. 42 of 2012, require the University Council to prepare financial statements in respect of that University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The University 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 University Council is also responsible for safeguarding the assets of the University.

The University 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. This responsibility includes:

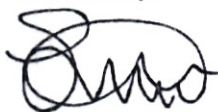
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University.
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, ensuring that they are free from material misstatements and whether due to error or fraud.
- (iv) Safeguarding the assets of the University.
- (v) Selecting and applying appropriate accounting policies.
- (vi) Making accounting estimates that are reasonable in the circumstances.

The University Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable, prudent judgements and estimates in conformity with International Public-Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act, 2012 and Section 47 of the Universities Act No. 42 of 2012. The University 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, 2023 and of the University's financial position as at that date. The University Council further confirms the completeness of the accounting records maintained by 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 University 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 **September 14, 2023** and signed on its behalf by:



Dr. Jane Kiringai, PhD
Chairperson of the Council



Prof. Romanus Odhiambo
Vice Chancellor

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Meru University of Science and Technology set out on pages 1 to 40, which comprise of the statement of financial position

as at 30 June, 2023, and the statement of financial performance, 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 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Meru University of Science and Technology as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012 .

Basis for Qualified Opinion

Outstanding Student Debtors

The statement of financial position reflects receivables from exchange transactions totalling Kshs.125,735,982. The amount includes student debtors amounting to Kshs.124,426,367 as disclosed in Note16 to the financial statements which have been outstanding for over one year.

In the circumstances, the recoverability of the student debtors amounting to Kshs.124,426,367 is doubtful.

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

Emphasis of Matter

Material Uncertainty on Sustainability of Services

The statement of financial position reflects total current assets and total current liabilities totalling Kshs.276,486,695 and Kshs.539,479,300, respectively, resulting in a negative working capital of Kshs.262,992,605. This casts significant doubts on the University's ability to continue as a going concern.

In the circumstances, the University is technically insolvent and may not be able to meet its current obligations as and when they fall due.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Ethnic Composition of Employees

Review of records revealed that the University had a total of 444 employees out of which 281 employees or 63% were from the dominant ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of the law.

2. Lack of Public Finance Management Standing Committee

During the financial year under review, the University did not have a Public Finance Management Committee (standing committee) as required by Regulation 18(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, Management was in breach of the law.

3. Delayed Completion of Projects

The statement of financial position reflects property, plant and equipment totalling Kshs.5,184,427,214. The amount includes work-in-progress totalling Kshs.598,644,481 as disclosed in Note 19 to the financial statements. As previously reported, the work-in-progress amount includes construction of sports fields at University amounting to Kshs.171,537,625 which was awarded on 30 July, 2020 at a cost of Kshs.232,742,353. The contract period was twenty-nine (29) weeks with effect from 14 September, 2020. Review of record revealed that the contract completion date which had expired on 2 March, 2021 was later extended to 30 October, 2023. However, as at the time of audit in October, 2023, the total works certified amounted to Kshs.171,537,625 or 74% of the contract sum and the contractor was not on site. The Management did not provide justification for the delayed implementation.

Further, the work-in-progress amount includes four (4) construction projects totalling Kshs.309,421,504 with contract totalling Kshs.978,989,541 which have stalled.

In the circumstances, the value for money for work in progress amounting to Kshs.480,959,129 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis of Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 March, 2024

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

		2022-2023	2021-2022
	Note	Kshs.	Kshs.
Revenue from non-exchange transactions			
Grants in Aid	6	738,783,422	718,136,740
Donations and Gifts	7	181,800	358,200
		738,965,222	718,494,940
Revenue from exchange transactions			
Tuition and other Fees	8	457,452,845	506,963,101
Other Income	9	28,189,677	29,008,351
		485,642,521	535,971,452
Total revenue		1,224,607,743	1,254,466,392
Expenses			
Operational Expenses	10	1,205,598,574	1,319,292,354
Academic Costs	11	56,707,325	38,978,733
Administration Costs	12	29,449,467	32,434,948
Student Welfare	13	21,334,611	17,817,321
Total expenses		1,313,089,977	1,408,523,355
Deficit		(88,482,234)	(154,056,964)

The notes set out on pages 16 to 30 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the University Council by:



Prof. Romanus Odhiambo, PhD
Vice Chancellor
Date: September 14, 2023



CPA Nephath Njeru
Finance Officer
ICPAK NO:7145
Date: September 14, 2023



Dr. Jane Kiringai, PhD
Chairperson of the Council
Date: September 14, 2023

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2022-2023	2021-2022
Assets			
Current Assets		Kshs	Kshs
Cash and cash equivalents	14	81,491,670	167,915,314
Prepayments	15	14,904,406	13,062,739
Receivables from exchange transactions	16	125,735,982	116,174,595
Receivables from exchange non transactions	17	40,983,041	-
Inventory	18	13,371,596	14,066,109
		276,486,695	311,218,757
Non-current assets			
Property, plant and equipment	19	5,184,427,214	2,630,851,248
Biological Assets	20	1,101,000	540,000
Intangible Asset (ERP)	21	26,075,200	6,422,405
		5,211,603,414	2,637,813,653
		5,488,090,109	2,949,032,410
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	437,829,694	394,871,523
Provisions	23	101,649,606	52,459,250
Total liabilities		539,479,300	447,330,773
Net assets		4,948,610,809	2,501,701,637
Capital	24	3,397,009,603	3,266,625,812
Reserve Fund	25	(888,246,803)	(824,764,246)
Revaluation Reserve	26	2,439,848,009	59,840,071
Total net assets and liabilities		4,948,610,808	2,501,701,637

The Financial Statements set out on pages 1 to 6 were signed on behalf of the University Council by:



Prof. Romanus Odhiambo, PhD
Vice Chancellor
Date: September 14, 2023



CPA Nephath Njeru
Finance Officer
ICPAK NO:7145
Date: September 14, 2023



Dr. Jane Kiringai, PhD
Chairperson of the Council
Date: September 14, 2023

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

Details	Capital	Revenue Reserve	Revaluation Reserve	Total
Note	24	25	26	
Balance as at 30 June 2021	2,961,355,812	(670,707,283)	59,840,071	2,350,488,600
Development Grants	300,000,000	-	-	300,000,000
Add: NRF Equipment Grant	5,270,000			5,270,000
Deficit	-	(154,056,964)	-	(154,056,964)
Balance as at 30 June 2022	3,266,625,812	(824,764,246)	59,840,071	2,501,701,636
Development Grants	111,983,041	-	-	111,983,041
Add: NRF Equipment Grant	18,400,750			18,400,750
Revaluation reserve			2,380,007,938	2,380,007,938
Cancellation of long Outstanding Debt*		24,999,678		24,999,678
Deficit	-	(88,482,234)	-	(88,482,234)
Balance as at 30 June 2023	3,397,009,603	(888,246,803)	2,439,848,009	4,948,610,809

Revenue Reserve

Revenue reserve is the type of reserve that is created from the deficit or surplus that an organization makes during a financial year. Our Revenue Reserve is negative because the University has accumulated deficits over the years.

Capital

Capital is composed of:

- The assets inherited from Meru College of Technology in July 2009 less liabilities as at that time.
- The accumulated development funds from the Government of Kenya or other external donors since the financial year 2008/09.
- NRF Equipment Grant: This is a concessional Infrastructural grant of KShs. 56 Million from National Research Fund. It was accounted as cash and cash equivalent for in 2018/2019 as well as a payable as per the contract. The funds are capitalised once the agreed equipment are purchased and put in use.

Revaluation Reserve

Revaluation reserve was created when Furniture, Computers, Machinery and Equipment and Motor Vehicles were revalued. Furniture, Computers, Machinery and Equipment were revalued in the Financial Year 2022/23.

*** Cancellation of long Outstanding Debt**

The debt of KShs. 24,999,678 that was listed on our books as owing to Inter Public Universities Council Consultative Forum (IPUCCF) for the fiscal year 2022–2023 was cancelled during the period. This was approved by the University Council having taken into consideration of the following information.

Meru University of Science and Technology (MUST) was awarded KShs. 96,800,000 in 2014 to help implement CBA 2010/2013. The university used KShs. 65,898,000 of the funds received to pay the arrears on the basic salary and housing allowance. The remaining funds were to be utilized to maintain the increased basic pay and housing benefits. However, MUST together with other new university then such as Embu, Taita Taveta, DeKUT, Murang'a was asked to refund the remaining KShs. 30,902,000 via a letter from the then-Chairperson of Universities Vice Chancellors' Committee

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

(Pro Mabel Imbuga) dated 15th April 2014. The money was to be deposited in the defunct Joint Admissions Board's (JAB) bank account in six instalments. The first and only instalment of KShs. 5,902,322 was made on 1st September 2014. It became impractical for the committee of vice chancellors (IPUCCF) to demand refunds from universities. Therefore the debt to IPUCCF as was list in the books had been outstanding since 2014. Repudattion the debt affected the revenue reserve and the said Creditor that is IPUCCF.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

		2022-23	2021-22
Cash flows from/(used in) Operating activities	NOTE	KSHS.	KSHS.
Receipts			
Transfers from other governments entities	27(a)	738,783,422	718,136,740
Tuition and other Fees	27(b)	447,723,353	448,383,137
Donations and Gifts	27(c)	181,800	358,200
Sale of goods(Other Income)	27(d)	25,541,730	38,251,976
Interest on Deposits	27(e)	974,385	1,462,981
Total Receipts		1,213,204,690	1,206,593,034
Payments			
Use of goods and services	27(f)	270,308,582	339,942,622
Employee costs	27(g)	908,812,813	943,887,435
Council Expenses	27(h)	15,426,865	17,650,477
Total Payments		1,194,548,260	1,301,480,533
Net cash flows from/(used in) Operating activities		18,656,429	(94,887,499)
CASH FLOWS FROM INVESTING ACTIVITIES			
Work In Progress	19	(144,476,447)	(180,481,921)
Furniture & Fittings	19	(13,308,320)	(1,752,840)
Computers	19	(3,468,680)	(2,426,470)
ERP	21	(407,972)	(209,038)
Motor Vehicle	19	(7,884,728)	-
Machinery & Equipment	19	(23,674,676)	(6,290,737)
Biological Assets	20	(1,260,000)	-
Net cash flows from investing Activities		(194,480,823)	(191,161,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
GOK Development Grants allocated to Finance Capital Fund	27(i)	71,000,000	300,000,000
NRF Equipment Grant		18,400,750	5,270,000
Net cash flows from Financing Activities		89,400,750	305,270,000
Net Increase (Decrease) in cash and cash equivalents		(86,423,644)	19,221,495
Cash and cash equivalents at beginning of year		167,915,314	148,693,820
Cash and cash equivalents at end of year	14	81,491,670	167,915,314

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation	Remarks
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue							
Grants in Aid	738,783,422	-	738,783,422	738,783,422	-	100%	
Tuition and other Fees	401,637,000	69,806,975	471,443,975	457,452,844	13,991,130.45	97%	
Other Income	50,363,000	(17,088,063)	33,274,937	28,371,477	(4,903,461)	85%	a
Total income	1,190,783,422	52,718,912	1,243,502,334	1,224,607,743	(18,894,591)	98%	
Expenses							
Operational Expenses							
a) Personnel Emoluments	854,998,097	81,831,562	936,829,659	978,140,406	(41,310,747)	104%	
b) Maintenance Costs	26,101,250	(5,075,000)	21,026,250	25,581,519	(4,555,269)	122%	b
c) Council Expenses	18,673,168	-	18,673,168	15,426,865	3,246,303	83%	c
d) Other Operational Expenses	160,614,512	(2,355,968)	158,258,545	186,449,783	(28,191,238)	118%	d
Academic Costs	90,111,200	(20,585,000)	69,526,200	56,707,325	12,818,875	82%	e
Administration Costs	20,311,930	(1,096,683)	19,215,248	29,449,467	(10,234,220)	153%	f
Student Welfare	19,973,265	-	19,973,265	21,334,611	(1,361,346)	107%	
Total expenses	1,190,783,422	52,718,911	1,243,502,335	1,313,089,977	(69,587,643)	106%	

Notes to the Statement of Comparison of Budget and Actual Amounts

The original budget was KShs. 1,190,783,422. During the year, a supplementary budget of KShs. 52,718,911 was approved by the Council. The final recurrent budget was therefore KShs. 1,243,502,335.

Adjustments : Budget for Tuition and other fees was increased by KShs. 69,806,975 while budget for revenue from other sources was decreased by KShs. 17,088,063. On the other hand the budget for personnel emolument was increased by KShs. 81,831,562 while the following budgets were reduced: Maintenance (KShs. 5,075,000), Other Operational Expenses (KShs. 2,355,968), Academic Costs (KShs. 20,585,000), Administration costs (KShs. (1,096,683)).

- a) **Other Income:** The revised budget for Other Income was KShs. 33,274,937. The University managed to raise a total of KShs. KShs. 28,371,477 or 85% of the budgeted revenue. The reason for the poor performance was that there was a decline in the revenue from the Farm due to poor weather experienced during the year.
- b) **Maintenance Cost:** There was a 22% variance in maintenance cost. This was brought about by some major repair and maintenance works done. There was heavy use of facilities especially during the FY2021/22 whereby semesters were running back to back. The need for special rooms necessitated the modification of some rooms. The cost of repair works was higher than anticipated due to increase in cost of materials.
- c) **Council Expenses:** There was a change in the council in the third quarter of the year. As such some of the planned activities did not take place. Therefore, this led to a variance of 17%.
- d) **Other Operational Expenses:** There was a variance of 18%. The following items were the cause of the high variance level:
 - **Rent and Rates:** Had been allocated KShs. 7,287,775 at the beginning of the year and the actual cost was KShs. 16,520,378. The Meru Town Campus had been earmarked for closure by December 2022. However, it was not closed. During the year, the University leased an office in Nairobi

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

(Nairobi Liaison and Internationalization Office). The University also continued to operate the Marimba Centre.

- **Medical Expenses –Outpatient:** The initial plan at the beginning of the year was for the University to take a medical insurance cover for staff. The Outpatient expenses were to be incurred by an insurance service provider. However, in the course of the year a hybrid system was introduced. Staff members could either choose medical insurance cover or the outpatient services as per the Medical Scheme.
 - **Provision of bad and doubtful debts:** The University Debt Policy was approved during the year and as such a 5% of total receivables amounting to Kshs. 8,335,951 being provision for bad and doubtful debts was charged.
- e) **Academic Expenses:** There was a variance of 18% .This was mainly brought about by under expenditure on Research, Innovation, Commercialisation and Extension activities.
- f) **Administration Cost:** There was a variance of 53%. This was brought about by expenditure on “Stationery”. We had plans to reduce the cost of stationery by having a document management system (DMS). That way we would reduce on use of papers, toners and cartridges.. However, we did not succeed in having a DMS hence the variance.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The University is established by and derives its authority and accountability from University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The university's principal activity is to provide quality university education, training and research in science technology and innovation.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis *except* for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement and complexity where assumptions and estimates are significant to the financial statements are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> (a) Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; (b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and (c) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41 , Financial Instrument	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Standard	Effective date and impact:
Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Early adoption of standards

The University did not early – adopt any new or amended standards in year ended 30 June, 2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

Government Grants and Assistance

Financial assistance provided by the Government is recognised in the year it was received or when the entitlement for the revenue is established. Most of the government grants and assistance received are considered to be contributions. A contribution occurs when the University receives an asset without having to give equal value to the other party / parties of the transfer. If the consideration received is in the form of a contribution, the income is to be recognised as revenue when all of the following conditions have been satisfied:

- The University obtains control of the contribution or the right to receive the contribution.
- It is probable that the contribution will flow to the University and the amount of the contribution can be reliably measured.

Income is therefore, only recognised when the University has control over the contribution, which is usually achieved through receipt or when entitlement for the revenue is established. If the government contributions are received with conditions attached and contributions have to be refunded if the conditions are not met, then revenue should not be recognised until all of those conditions are met and treated as income in advance or monies held from the government.

ii) Revenue from exchange transactions

The University recognises revenue arising from the following transactions and events:

- Student fees and charges.
- The rendering of services.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

- Other revenue.

Measurement of Revenue

Revenue is measured at the fair value of the consideration received or receivable, where in most cases the consideration is in the form of cash or cash equivalents.

Recognition of Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the University and specific criteria have been met for each of the following activities as described below.

Student Fees and Charges

Student fees and charges are recognised as revenue in the year which the service is provided to students. Student fees and charges received that relate to the service to be rendered in the future period are treated as income in advance.

Rendering of Services

Revenue recognition based on contracts to provide services require income to be recognised in stages of completion often as a percentage of services performed to the total of services to be provided as stipulated in the contract. Revenue associated with the sale of services is recognised by reference to the stage of completion of the transaction at the reporting date when the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- i. The amount of revenue can be measured reliably.
- ii. It is probable that the economic benefits associated with the transaction will flow to the University.
- iii. The stage of completion of the transaction at the reporting date can be measured reliably.
- iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the University. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense rather than as an adjustment of the amount of revenue originally recognised.

Other Revenue

Other revenue represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

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 entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) 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.

d) 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.

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 a University 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 University of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors are experiencing significant financial difficulty.
- 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).

e) Inventories

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

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

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

f) 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.

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.

g) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. The University has three reserves namely: Revenue Reserve, Capital Reserve and Revaluation Reserve. Reserves are recorded as liabilities because reserves are counted as part of the University's net worth.

Revenue Reserve is composed of accumulated surplus or deficits.

Capital is composed of the following:

- Value of non-current assets as at 30 June 2009.
- Development grants received from the government from July 2009 to date.
- Transfers from Revenue Reserve. Capital expenditure over and above the development grants from the Government is financed by the Revenue Reserve.

Revaluation Reserve is a non-cash reserve created to reflect the true value of the assets when the market values of the various categories of assets are more or less than the value of such assets at which they are recorded in the books of account.

h) 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.

i) Employee benefits

Retirement benefit plans: The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate University Pension Scheme (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.

j) 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. Members of key

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

management are regarded as related parties and comprise the Chancellor, the Council members, the Vice Chancellor, the Deputy Vice Chancellors and senior managers.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and also call accounts.

l) Comparative figures

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

m) Subsequent events

The University adjusts the financial statement for events after the reporting date together with the appropriate disclosures. The University adjusts the amount recognised in its financial statement to reflect the adjusting events after reporting date. Some examples of adjusting events include:

- i) Settlement after the reporting date of a court case.
- ii) The receipt of information after reporting date indicating that an asset was impaired at the reporting date.
- iii) Determination after reporting date of the cost of an asset purchased before reporting date.
- iv) Discovery of fraud or errors that show that the financial statements were incorrect.

n) Biological Asset

The university biological assets are measured on initial recognition and at each reporting date at their fair value less costs to sell, except for the case where the fair value cannot be measured reliably.

The University recognises a biological asset or agricultural produce when and only when:

- The University controls the asset as a result of past events.
- It is probable that future economic benefits associated with the asset will flow to the University.
- The fair value or cost of the asset can be measured reliably.

In agricultural activity, control may be evidenced by legal ownership of cattle and the branding or otherwise marking of the cattle on acquisition, birth or weaning. The future benefits are normally assessed by measuring the significant physical attributes. A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Cost may sometimes approximate fair value, particularly when:

- Little biological transformation has taken place since initial cost incurrence .
- The impact of the biological transformation on price is not expected to be material.

If an active market does not exist, the University uses one or more of the following when available in determining fair value:

- The most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period.
- Market prices for similar assets with adjustment to reflect differences.
- Sector benchmarks such as the value of an orchard expressed per export tray, bushel or hectare and the value of cattle expressed per kilogram of meat.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

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.
- The nature of the asset, its susceptibility, 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.

The following are the estimated useful lives of the various assets:

Details	Rate of depreciation	Life
Buildings	4%	25 years
Furniture & Fittings	10%	10 years
Computers	20%	5 years
Motor Vehicles	20%	5 years
Machinery & Equipment	10%	10 years
Biological Asset	Not depreciated	
Work in Progress	Not depreciated	
Land	Not depreciated	

It is the policy of the University to charge full year's depreciation on the year of purchase and nil depreciation on the year of disposal. Depreciation is done on Reducing Balance Method. When revaluation is done at the end of the financial year, no depreciation is charged for the year.

Provisions

Provisions were raised and management determined an estimate based on the information available. 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

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements (Continued)

6. Transfers from GOK

a) Grants in Aid:

	2022/23	2021/22
	<u>KShs</u>	<u>KShs</u>
Monthly Recurrent Grant	738,783,422	692,922,609
Funds for CBA 2017/21	-	25,214,131
Total	738,783,422	718,136,740

b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income	Amount to deferred of under deferred income	Amount recognized in capital fund	Total grant income during the year	Total grant income during the financial year 2021/22
	KShs	KShs	KShs	KShs	KShs
Ministry of Education	738,783,422	-	111,983,041	850,766,463	1,018,136,740

Notes to the Financial Statements Continued...

NOTE	DETAILS	2022/23	2021/22
		<u>KSHS</u>	<u>KSHS</u>
7	DONATIONS AND GIFTS		
	Donations and Gifts	181,800	358,200
	This relates to donations by well-wishers in support of the graduation ceremony		
8	TUITION AND OTHER FEES		
	Tuition Fees	208,751,038	246,021,267
	ID/Registration Fees	9,181,020	8,998,467
	Examination Fees	60,945,534	57,633,925
	Material Development Fees	12,226,200	13,663,500
	Laboratory Workshop Materials Fees	13,868,000	15,843,300
	Medical Fees	39,368,563	43,609,500
	Computer Fees	19,493,130	21,383,550
	Library Fees	13,865,220	12,839,700
	Activity Fees	13,716,420	12,791,500
	Field Trips/Attachment Fees	53,605,820	55,953,972
	Clinical Transport-Field	1,663,000	1,047,000
	Medical Clerkship	716,000	1,500,000
	Examinations Marking	-	1,000
	Application Fees	799,000	841,105
	Accommodation fee	9,151,900	10,320,315

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...			
NOTE	DETAILS	2022/23	2021/22
		<u>KSHS</u>	<u>KSHS</u>
	Student Medical Examination Fee	102,000	4,515,000
	SUB-TOTAL	457,452,845	506,963,101
9	OTHER INCOMES		
	a) Other incomes		
	Surcharges and Fines	710,647	1,239,475
	Printing and Photocopy	223,444	184,615
	Library Fines	11,181	6,287
	Transport Charges	249,333	52,422
	Miscellaneous Income	1,044,059	3,666,486
	Hospital Income	89,429	-
	Hire of Equipment	-	162,480
	Food Science Sales	25,830	-
	Chemistry sale of Detergent Income	2,400	4,440
	Gain on revaluation:	-	260,000
	Rental Income-Safaricom Mast	-	153,154
	Farm Sales -Dairy Farm	23,880	-
	Farm Sales-Beef	-	6,600
	Farm Sales -Food Crops	3,553,245	1,386,360
	Farm Sales -Grass	15,400	258,865
	Agriculture Dept Income-Demo farm	29,175	22,580
	Graduation Fees	4,929,900	6,800,900
	Hire of Academic Attire	159,200	596,650
	Students P.A.Y.E Sales	4,820,095	4,985,825
	Staff Cafeteria Sales	8,472,087	6,331,857
	Conference Facilities	264,493	-
	Pay in Lieu of Notice	1,155,272	-
	Admin ChargeTuition Refund	-	2,000
	IGU Driving School	1,436,222	1,424,374
	SUB-TOTAL	27,215,291	27,545,370
	b) Income for Deposits and Call Accounts		
	Interest on Deposits	974,385	1,462,981
	The University bank accounts are special current accounts because they still earn interest similar to savings accounts.		
	TOTAL OTHER INCOMES	28,189,677	29,008,351
10	OPERATIONAL EXPENSES		

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...			
NOTE	DETAILS	2022/23	2021/22
		<u>KSHS</u>	<u>KSHS</u>
	a) Personnel Emoluments		
	Basic Salary	419,587,748	411,331,881
	House Allowance	166,663,791	167,486,727
	Bus fare Allowance	14,379,721	15,527,008
	Use of own Car Allowance	45,627,046	41,210,249
	Non Practice Allowance	1,740,000	1,440,000
	Entertainment Allowance	10,884,304	9,960,726
	Responsibility Allowance	17,079,010	16,779,499
	Extraneous Allowance	6,850,902	6,457,857
	Leave Allowance	2,148,230	2,288,370
	Passage and Baggage	25,588	101,840
	Risk Allowance	173,000	168,000
	Domestic Work Allowance	1,455,000	1,350,000
	Book Allowance	420,000	420,000
	Water and Electricity Allowance	510,000	480,000
	Telephone Allowance	4,886,669	4,824,971
	VC Commuter Allowance	600,000	600,000
	Security Allowance	780,000	720,000
	Acting Allowance	2,207,327	1,542,567
	Casual Wages	36,476,446	30,089,239
	Part-Time Teaching	155,214,325	159,784,614
	Students' Work Study Programme	275,290	128,480
	Gratuity	27,469,058	30,818,404
	Pension -Employer's Contribution	61,343,157	62,173,664
	Other Personnel Allowance	1,120,500	663,297
	Settlement Allowance	223,294	-
	SUB-TOTAL	978,140,406	966,347,393
	b) Maintenance Costs		
	Marimba Centre Maintenance	1,419,855	1,414,220
	Maintenance of Plant and Machinery	1,839,210	749,303
	Maintenance of Furniture and Fittings	62,587	748,577
	Maintenance of Buildings	8,468,553	10,116,245
	Maintenance of Water and Sewerage	2,912,527	1,288,355
	Maintenance or Roads	116,812	454,635
	Maintenance of Grounds	229,199	3,590,788
	Motor Vehicle Repair and Maintenance	4,547,523	4,525,842
	Maintenance of Computers	2,510,407	5,065,480
	Computer Software Maintenance	3,474,846	1,512,528
	SUB-TOTAL	25,581,519	29,465,973

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...			
NOTE	DETAILS	2022/23	2021/22
		<u>KSHS</u>	<u>KSHS</u>
	c) Council Expenses		
	Council Sitting Allowance	5,400,000	6,740,000
	Council Subsistence	5,961,176	6,733,646
	Council Monthly Honoraria	957,419	960,000
	Council Fare	69,000	111,000
	Council Mileage	2,179,241	1,955,321
	Council Chairman Telephone	59,839	60,000
	Council Air Travel	425,220	789,860
	Other Council Expenses	374,970	1,429,390
	SUB-TOTAL	15,426,865	18,779,217
	d) Other Operational Expenses		
	Advertising & Publicity	5,761,938	6,243,151
	Audit Fees	870,000	1,217,860
	Bank Charges -O.D. Interest, Ledger Fee	1,081,465	945,882
	Chancellor Expenses	1,200,000	1,200,000
	Conferences and Seminars	2,440,517	4,472,640
	Directorate of Quality Assurance	26,300	66,300
	Electricity	13,157,176	11,732,604
	Security Services	21,155,361	22,925,799
	Foreign Travel	1,385,712	1,519,626
	Funeral Expenses	87,450	646,200
	Generator Expenses	943,733	2,399,596
	HIV AIDS Prevention	103,700	-
	Insurance	43,153,826	25,842,150
	Internet	5,766,796	7,167,856
	ISO Expenses	1,120,653	197,260
	Legal Fee	6,049,840	53,290
	Library Expenses	3,471,628	1,572,952
	Medical Expenses -In Patient	754,071	213,410
	Medical Expenses -Out Patient	8,177,015	10,319,776
	Medical Supplies	5,301,729	5,458,969
	Motor Vehicle Fuel	8,408,904	7,554,291
	Performance Contracting	13,200	-
	Postal and Telegram	104,024	77,894
	Public Celebrations	62,200	9,800
	Publishing, Printing and Photography	5,000	31,000
	Rent and Rates	20,440,282	14,378,921

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...		2022/23	2021/22
NOTE	DETAILS	<u>KSHS</u>	<u>KSHS</u>
	Sanitation	11,278,771	14,694,814
	Show Expenses	497,047	1,043,060
	Uniform and Clothing	999,387	490,978
	Dental Optical Expenses	4,853,930	4,193,213
	Subscription Expenses	1,830,527	2,390,133
	Loss on disposal	699,000	-
	Industrial Training Fee	119,500	-
	Dairy Production Expenses	2,955,625	3,224,576
	Farm Crops Inputs	573,865	230,997
	Farming/Production Costs	3,117,660	1,768,458
	Covid-19 Expenses	146,000	593,305
	Bad and Doubtful Debt	8,335,951	-
	Corporation Tax	-	5,822,372
	SUB-TOTAL	186,449,783	160,699,133
e	DEPRECIATION and AMORTIZATION		
	DEPRECIATION		
	Buildings	-	65,091,627
	Furniture & Fittings	-	13,608,990
	Motor Vehicles	-	12,023,200
	Computers	-	11,362,279
	Machinery	-	38,941,688
	SUB-TOTAL	-	141,027,784
	AMORTIZATION		
	ERP	-	2,972,853
	SUB-TOTAL	-	144,000,637
	The University conducted a revaluation of all the assets to determine the market value of the assets as at 30 June 2023. Consequently, no depreciation was charged during the year.		
	TOTAL OPERATIONAL EXPENSES	1,205,598,574	1,319,292,354
11	ACADEMIC COSTS		
	External Training - Students	370,462	-
	Student Admission Expenses	130,200	94,000
	Programme Inspection Expenses	709,000	-
	Travel and Accommodation Academic	5,114,129	2,462,210
	Field Trips	1,798,461	1,001,558
	Graduation Expenses	6,904,989	6,415,358

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...			
NOTE	DETAILS	2022/23	2021/22
		<u>KSHS</u>	<u>KSHS</u>
	Teaching Practice	186,200	-
	Industrial Attachment	8,660,925	1,664,520
	University Research Expenses	5,350,780	9,656,064
	Stationery Academic	2,184,533	1,499,707
	Student Examinations	7,401,872	10,172,482
	Teaching Materials	14,652,020	4,892,259
	Telephone Academic	135,137	110,806
	Training -Academic Staff	873,980	5,000
	Entertainment Academic	2,046,637	694,769
	Curriculum Development Expenses	188,000	310,000
	SUB-TOTAL	56,707,325	38,978,733
12	ADMINISTRATION COSTS		
	Travelling and Accommodation Admin	12,904,277	12,338,406
	Telephone Admin	92,000	81,500
	Entertainment Admin	2,238,523	2,131,028
	Stationery Admin	12,104,837	13,962,406
	Computer Expenses Admin	403,830	428,964
	Training -Non-Teaching Staff	1,706,000	3,492,644
	SUB-TOTAL	29,449,467	32,434,948
13	STUDENT WELFARE		
	Student Hostels Expenses	15,000	1,200
	Cooking Fuel	607,260	638,451
	Student Recreation Activities	6,337,502	6,497,986
	Foodstuffs	13,391,170	10,323,093
	Crockery & Kitchen Equipment	186,195	108,126
	Entertainment Student Welfare	797,484	248,465
	Games and Sports		
		21,334,611	17,817,321
14	CASH AND BANK BALANCES	2022/23	2021/22
	Financial institution	<u>KSHS</u>	<u>KSHS</u>
	a) Bank deposits		
	BANK A/C (NBK) Main	10,157,581	14,245,307
	Bank A/C (NBK) Farm –	1,610,592	4,890,931
	Bank A/C (NBK) Project	28,469,153	10,950,602
	Bank A/C (KCB) Fees Collection	459,979	3,548,995
	Bank A/C (KCB) Operations	6,482,283	2,315,031

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...			
NOTE	DETAILS	2022/23	2021/22
		<u>KSHS</u>	<u>KSHS</u>
	Bank Equity-Fee collection account	9,916,033	19,935,807
	Equity Operations A/c	18,752,761	77,983,427
	Equity-US Dollar A/c	13,166	-
	Bank CO-OP Bank- Fee Collection A/c	5,630,122	34,045,214
	SUB TOTAL	81,491,670	167,915,314
	CASH AND BANK BALANCES Per Bank		
	Equity	28,681,960	97,919,234
	Co-op	5,630,122	34,045,214
	NBK	40,237,326	30,086,840
	KCB	6,942,262	5,864,026
	SUB TOTAL	81,491,670	167,915,314
15	PREPAYMENTS		
	Rent Deposits	2,791,250	2,791,250
	Electricity Deposits	716,000	716,000
	Prepaid Insurance	10,068,156	8,226,489
	Security on motor vehicle fuel	1,329,000	1,329,000
	SUB TOTAL	14,904,406	13,062,739
16	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Staff Debtors	793,667	741,620
	Students Debtors	124,426,367	114,696,875
	Imprest	394,200	560,100
	Trade Debtors	-	170,000
	Withholding Tax	121,748	-
	Pension Voluntary	-	6,000
	SUB TOTAL	125,735,982	116,174,595
17	RECEIVABLES FROM NON EXCHANGE TRANSACTIONS		
	GoK Receivable	40,983,041	-
	SUB TOTAL	40,983,041	-
	<p>-The monthly capitation from the Exchequer is ordinarily received within the month. However, when the capitation is not received within the month, then, it is recognized as a receivable. Similarly, development funds for a particular year are received within the year.</p> <p>-The Development funds for the FY 2022/23 amounting to Kshs. 40,983,041 were treated as receivables because they were received on 4th July 2023.</p>		

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...

NOTE	DETAILS	2022/23	2021/22
		<u>KSHS</u>	<u>KSHS</u>
18	INVENTORY		
	Estate Hardware Store	4,330,167	5,283,743
	Central Store	4,297,293	4,138,151
	Health Drug Store	4,044,264	3,477,798
	Kitchen Store	699,872	1,166,417
	SUB TOTAL	13,371,596	14,066,109
<p>The inventory is valued at cost and issued on first in first out basis. Although there were regular stock takes during the year, an annual stock take was done on 30 June 2023 to determine the closing stock.</p>			

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...

19. Property, Plant and Equipment

	LAND	BUILDINGS	WORK IN PROGRESS	FURNITURE & FITTINGS	COMPUTERS	MOTOR VEHICLES	MACHINERY & EQUIPMENT	TOTAL
RATE	0%	4%	0%	10%	20%	20%	10%	Kshs
Cost/Valuation 30.6.2021	108,292,000	1,627,290,672	748,371,633	134,337,056	54,384,927	60,116,000	383,126,145	3,115,918,433
Additions: Purchases	-	-	180,481,921	1,752,840	2,426,470	-	6,290,737	190,951,968
Transfer of W-I-P		-						
Cost/Valuation 30.6.2022	108,292,000	1,627,290,672	928,853,555	136,089,896	56,811,397	60,116,000	389,416,882	3,306,870,402
Additions	-	-	144,476,447	13,308,320	3,468,680	7,884,728	23,674,676	192,812,851
Transfer of W-I-P		474,685,521	(474,685,521)					
	108,292,000	2,101,976,193	598,644,481	149,398,216	60,280,077	68,000,728	413,091,558	3,499,683,253
Less Provision for Deprec. (30.6.22)	-	425,037,917	-	50,718,395	37,879,067	24,046,400	138,337,374	676,019,154
Less opening Revaluation gain(loss)				3,152,011	7,029,460	36,459,298	13,199,302	59,840,071
	108,292,000	1,676,938,276	598,644,481	95,527,810	15,371,549	7,495,030	261,554,882	2,763,824,028
Revaluation Gain/(Loss)	2,391,708,000	94,481,317	-	(34,591,210)	47,431,661	47,754,970	(126,181,552)	2,420,603,186
Cost/Valuation 30.6.2023	2,500,000,000	1,771,419,593	598,644,481	60,936,600	62,803,210	55,250,000	135,373,330	5,184,427,214
Provision for Deprec. (30.6.21)	-	359,946,290	-	37,109,406	26,516,788	12,023,200	99,395,686	534,991,370
Depreciation	-	65,091,627	-	13,608,990	11,362,279	12,023,200	38,941,688	141,027,784
Provision for Deprec. (30.6.22)	-	425,037,917	-	50,718,395	37,879,067	24,046,400	138,337,374	676,019,154
Depreciation	-	-	-	-	-	-	-	-
Provision for Deprec. (30.6.23)	-	-	-	-	-	-	-	-
Net Book Value								
NBV As at 30.06.2021	108,292,000	1,267,344,382	748,371,633	97,227,650	27,868,139	48,092,800	283,730,459	2,580,927,064
NBV As at 30.06.2022	108,292,000	1,202,252,755	928,853,555	85,371,501	18,932,329	36,069,600	251,079,508	2,630,851,248
NBV As at 30.06.2023	2,500,000,000	1,771,419,593	598,644,481	60,936,600	62,803,210	55,250,000	135,373,330	5,184,427,214

All classes of assets were revalued as at the end of the period (30th June 2023). Therefore, depreciation was not charged for the period.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to the Financial Statements Continued...

20 BIOLOGICAL ASSETS				
		Dairy Cattle	Beef Cattle	Total
	COST	KShs	KShs	KShs
	Net Book Value as at 30.06.2021	280,000	-	280,000
	Additional Calf	-	20,000	20,000
	Changes in fair value	240,000	-	240,000
	Net Book Value as at 30.06.2022	520,000	20,000	540,000
	Additions	965,000	295,000	1,260,000
		1,485,000	315,000	1,800,000
	Changes in fair value	(811,000)	112,000	(699,000)
	Net Book Value as at 30.06.2023	674,000	427,000	1,101,000

21: INTANGIBLE ASSET	
	ERP
RATE	10%
Cost as at 30.6.2021	29,519,492
Additions	209,038
Cost as at 30.6.2022	29,728,530
Additions	407,972
Cost as at 30.6.2023	30,136,502
Less: Provision for Deprec. (30.6.22)	23,306,125
	6,830,377
Add: Revaluation Surplus	19,244,823
Revalued Value as at 30.6.2023	26,075,200
Provision for Deprec. (30.6.21)	20,333,272
Depreciation Expense	2,972,853
Provision for Deprec. (30.6.22)	23,306,125
Depreciation Expense	-
Provision for Deprec. (30.6.23)	-
Net Book Value	
NBV As at 30.06.2021	9,186,220
NBV As at 30.06.2022	6,422,405
NBV As at 30.06.2023	26,075,200

Intangible asset is Enterprise Resource Planning system known as Microsoft Navision. The system was commissioned in the Financial Year 2014/15. It is occasionally upgraded by adding new features to accommodate future changes. The software was revalued on 30th June 2023.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to Financial Statements Continued...			
NOTE	DETAILS	2022/23	2021/22
		KSHS	KSHS
22	TRADE AND OTHER PAYABLES		
	CDF Account	6,494,516	4,839,270
	Cystic Echinococcosis Project-Prof Magambo -	4,350,115	38,635
	Dr. Eunice Marete -Research Project	458,650	458,650
	Dr. Joshua Arimi NACOSTI	2,500	2,500
	HELB Control Account	2,767,000	431,900
	Insurance Claim Refunds	130,001	130,001
	MUST Alumni Association	12,836,007	12,060,027
	MUST Pension Scheme	251,291	251,291
	P.A.Y. E	-	279,582
	Quality Assurance(QUE) Fees	493,500	2,572,000
	Quality Audit Fees	38,104,064	30,828,864
	Accreditation (Regulating Body) Fees	3,832,950	3,135,550
	Students Indexing by Regulator Fees	428,150	1,867,750
	Teaching Practice fees	20,111,000	10,552,000
	Research Administration Fund	1,151,938	1,151,938
	Retention Money for Projects	22,500,733	22,500,733
	SAMU Subscriptions	758,567	135,139
	Sundry Creditors	138,648,408	128,340,164
	NBK Recurrent Unidentified deposits	43,172	43,172
	NBK Fees Collection A/c Unidentified Deposits	273,381	386,530
	NBK Project A/C Unidentified Deposits	1,169,047	1,146,547
	Equity Fees A/c Unidentified Deposits	1,368,351	1,056,928
	KCB Fees Coll Unidentified Deposits	2,112,178	2,368,793
	Co-op Fees Coll Unidentified Deposits	2,611,568	2,557,465
	NBK Main Unidentified Deposits	315,125	315,125
	Equity Operations A/c Unidentified Deposits	45,000	18,000
	KCB Operational Unidentified	482,649	163,249
	VAT on Purchases	-	210,604
	Withholding Tax	167,709	313,386
	MEIWA Project	848,580	848,580
	CNEAT Research Project	2,026,282	4,213,628
	Research Funds	32,678,954	24,444,188
	Payroll Payables	23,156,144	35,567
	Crowd/Participatory Sensing Project	558,795	3,068,111
	Gratuity Owing	42,674,012	36,966,025
	EA WHO Research Centre	146,740	19,518,948
	Epivot Project	522,189	4,481,361
	KCSAP Research Project-Masinde	744,117	893,775
	KCSAP Camel Meat- Dr Arimi	165,980	262,000
	International Found. For Sci-Cecilia Wanjau	215,240	275,240
	Kenya National Inov. Agency - Dr Mwiti	800,000	800,000
	KCSAP Research - Dr Jane Rutto	-	184,250
	Team 2019 VLIR-OUS Project	-	184,700
	Miraa Research Centre	2,166,802	2,162,556
	Students Fees Prepayment	67,256,513	56,535,693

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to Financial Statements Continued...			
NOTE	DETAILS	2022/23	2021/22
		KSHS	KSHS
	NRF Camel Milk- Dr Arimi	1,462,291	3,397,010
	Epivot Water Project	-	8,098,676
	KUDHEIHA Subscriptions	-	71,794
	SCISWA	-	4,000
	ASHESI-Employeablity Grant-Dr Eunice Marete	499,486	269,629
	SUB TOTAL	437,829,694	394,871,523
23	PROVISIONS		
	Provision for Part-time	93,313,655	52,459,250
	Provision for Bad & Doubtful Debts	8,335,951	-
	The part-time for January—April 2023 and 50% of the part-time for September –December 2022 had not been paid by 30th June 2023.		
	SUB TOTAL	101,649,606	52,459,250
24	CAPITAL		
	Capital B/F	3,266,625,812	2,961,355,812
	Additional Capital during the year	111,983,041	300,000,000
		3,378,608,853	3,261,355,812
	Add: Donation-NRF WHO EA Equip't	18,400,750	5,270,000
	Capital C/F	3,397,009,603	3,266,625,812
25	REVENUE RESERVE		
	Revenue Reserve B/F	(824,764,246)	(670,707,283)
	Add Cancellation of long outstanding creditor*	24,999,678	
	Surplus for the Year	(88,482,234)	(154,056,964)
	Revenue Reserves C/F	(888,246,803)	(824,764,246)
	* Cancellation of long outstanding creditor: this is explained under the Statement of Changes in Net Assets		
26	Revaluation Surplus		
	Revaluation-Computers B/F	-	7,029,460
	Add: Revaluation June 2023	47,431,661	-
	Net Revaluation Surplus (Computers)	47,431,661	7,029,460
	Revaluation-Motor Vehicles B/F	-	2,882,164
	Additional Revaluation	47,754,970	33,577,134
	Net Revaluation Surplus (Motor-Vehicle)	47,754,970	36,459,298
	Revaluation Surplus-Equipment	-	13,199,302
	Less: Loss on Revaluation-Equip	126,181,552	-
	Net Revaluation Surplus (Equip)	(126,181,552)	13,199,302
	Revaluation Surplus- Furniture	-	3,152,011
	Less: Loss on Revaluation-Furn	34,591,210	-

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

Notes to Financial Statements Continued...			
NOTE	DETAILS	2022/23	2021/22
		KSHS	KSHS
	Net Revaluation Surplus Furn)	(34,591,210)	3,152,011
	Revaluation Surplus-Building	94,481,317	
	Revaluation Surplus-Land	2,391,708,000	
	Revaluation Surplus-ERP Software	19,244,823	
	Revaluation Surplus C/F	2,439,848,009	59,840,071

27. Note to Cashflow Statement

				2022-23	2021/22
				KSHS.	KSHS.
	Receipts				
a	Transfers from other governments entities				
	Grant in Aid	738,783,422		718,136,740	
	Cash Received as Grant in Aid	738,783,422		718,136,740	
b	Cash received as Tuition and other Fees				
	Tuition and other Fees	457,452,845		506,963,101	
	Add Opening Student Debtors	114,696,875		111,517,307	
	Less Closing Student Debtors	(124,426,367)		(114,696,875)	
	Less Opening Deferred Income	-		(55,400,396)	
	Add Closing Deferred Income	-		-	
		447,723,353		448,383,137	
c	Cash received as Donations and Gifts	181,800		358,200	
d	Cash received as Sale of goods				
	Other income	27,215,291		27,545,370	
	Add Opening Sundry Debtors (Note 16 less student debtors)	1,477,720		1,981,522	
	Less Closing Sundry Debtors (Note 16 less student debtors)	(1,309,615)		(1,477,720)	
	Add Opening Prepayments	13,062,739		23,525,543	
	Less Closing Prepayments	(14,904,406)		(13,062,739)	
	Less Gain on revaluation of Biological Asset	-		(260,000)	
		25,541,730		38,251,976	
e	Cash received as Interest on Deposits	974,385		1,462,981	

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

		2022-23	2021/22
		KSHS.	KSHS.
f	Cash paid for Use of goods and services		
	Expenses (Total expenses less Personnel emolument, loss on disposal and Depreciation)	318,823,706	280,524,848
	Add Opening Trade and other payables from exchange transactions(Note 21 less gratuity and other payroll payables*)	357,514,556	414,711,277
	Less Closing Trade and other payables from exchange transactions(Note 21 less gratuity and other payroll payables)	(371,999,539)	(357,514,556)
	Less Cancellation of long outstanding creditor**	(24,999,678)	-
	Less Opening Inventory	(14,066,109)	(11,845,056)
	Add Closing Inventory	13,371,596	14,066,109
	Less Closing Provision for bad and doubtful debt	(8,335,951)	-
		270,308,582	339,942,622
	*Other Payroll payables include: PAYE, Payroll payables, KUDHEIHA and SCISWA		
	** Cancellation of long outstanding creditor: this is explained under the statement of changes in net Assets		
g(i)	Cash paid to Employee		
	Personnel Emolument	978,140,406	966,347,393
	Add Opening Payroll payables(note g(ii))	37,356,967	36,669,535
	Less Closing Payroll payables	(65,830,156)	(37,356,967)
	Add Opening Provisions for Parttime	52,459,250	30,686,724
	Less Closing Provisions for Parttime	(93,313,655)	(52,459,250)
		908,812,813	943,887,435
g(ii)	Details on Payroll payables		
	P.A.Y. E	-	279,582
	Payroll Payables	23,156,144	35,567
	KUDHEIHA Subscriptions	-	71,794
	SCISWA	-	4,000
	Gratuity Owing	42,674,012	36,966,025
		65,830,156	37,356,968
h	Council Expenses	15,426,865	17,650,477

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

		2022-23	2021/22
		KSHS.	KSHS.
i	GOK Development Grants allocated to Finance Capital Fund		
	GoK Development Grant as recognised during the period	111,983,041	300,000,000
	Add Opening Receivable from Non exchange Transaction	-	-
	Less Closing Receivable from Non exchange Transaction	(40,983,041)	-
	Cash Received as Gok Development Grant	71,000,000	300,000,000

28. Related Party Disclosure

Council

The Council members, except the Vice Chancellor, were paid sitting allowances, per diem, mileage, and air fare, and for Chairman- Director's fee and telephone allowance. The University also paid for their medical insurance cover. The University paid the Council members a total of **KShs 15,426,865** in form of allowances. None of the Council members was advanced a loan by the University during the Financial Year. None of the Council members had other dealings with the University other than as a Council member.

University Management Board Members

The total amount paid to the University Management Board members in terms of salaries and allowances was KShs. 46 million. None of the University Board members was advanced a loan by the University during the Financial Year. None of the University Management Board members had other dealings with the University other than as an employee of the University.

Government

The Government of Kenya is the largest single sponsor of the University. During the year, the University received **KShs. 1,018,136,740** from the Government for Recurrent and Capital expenditure. The Government is responsible for the appointment of the Council Members.

29. CONTINGENT LIABILITIES

There was no contingent liability worth reporting during the year.

30. OPERATING LEASES

The University has two operating leases:

i. Hart Towers

Meru Town Campus is housed in Hart Towers. Hart Towers is a five storeyed building located in Meru Town centre. The University occupies 2nd, 3rd and 4th floors of the building. The lease is for six years with effect from the year 2018. The lease will expire on 31 December 2023.

ii. Marimba Farm

On May 1st, 2014, the University entered into a fifteen years' lease agreement with the Ministry of Agriculture, Livestock and Fisheries for the lease of Marimba Farm. Marimba Farm is the property of Agricultural Development Corporation which is under the Ministry of Agriculture, Livestock and Fisheries. The lease agreement states that University will pay KShs. 1,400,000 per annum for the first three years. After three years, the rent will be reviewed upwards. The lease agreement also provides that the fifteen-year contract is divided into three terms and each party can terminate the contract after every five-year term.

31. Events after the reporting period

No event, either adjusting or non-adjusting has been reported after the balance sheet date.

32. Ultimate and Holding Entity

MUST is a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

33. Currency

The financial statements are presented in Kenya Shillings (KShs). The figures are rounded up to the nearest shilling. For the Bank Account denominated in USA Dollar, the balance was converted into Kenyan Shilling using conversion rate of 140.52 per Dollar as at 30th June 2023.

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person	Status	Time-frame
<p>1. Material Uncertainty on Sustainability of Services</p>	<p>The statement of financial performance for the year reflects Kshs.1,254,466,392 and Kshs.1,408,523,355 with respect to total revenue and total expenses respectively resulting in a deficit of Kshs.154,056,964 (2020/2021: Kshs.199,240,072). The deficit resulted in an increase in an accumulated deficit from Kshs.670,707,283 as of 30th June 2021 to an accumulated deficit of Kshs.824,764,247 as of 30th June 2022. Further, the current liabilities of Kshs.447,330,773 exceeded the current assets of Kshs.311,218,757 resulting in negative working capital of Kshs.136,112,016. The University is therefore technically insolvent. However, the financial statements have been prepared on a going concern basis on the assumption of continued financial support from the Government and its creditors. In these circumstances, the University is likely to face financial challenges and might find it difficult to sustain its services.</p>	<p>The University has established the causes of the financial problems. These include:</p> <ul style="list-style-type: none"> i. The inflexible nature of the University operations. For instance, the tuition fees currently being paid by government-sponsored students have not been revised for the last twenty years. Over 90% of our students are government-sponsored students. ii. The transfers from the government have not been increasing year after year despite the increase in the number of students and the depreciation of the Kenya shilling as a result of inflation. Although the number of students is about 9000, we still receive the same amount that we used to receive when the number was 6,000. iii. Self-sponsored students pay slightly more than other students. However, in the last four years, the number of self-sponsored students has continued to decline to the extent that only a handful of programs get enough self-sponsored students. iv. The semi-variable nature of expenses. Most of the expenses cannot be adjusted downwards in the short run. For instance, personnel emolument can only keep on going up due to the fixed annual increments. In the long run, it can go down through retrenchments, retirements, dismissals, and so on. <p>The University has addressed the issues as follows:</p>	<p>Finance Officer</p>	<p>Resolved</p>	<p>-</p>

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

		<p>i. The tuition fee paid by government-sponsored students is too little. Meru University, together with other public universities as a sub-sector, has petitioned the government to approve the revision of tuition fees.</p> <p>ii. For the last few years, the transfers from the government have been fixed at KShs. 718 million. The University has presented a request for KShs. 1.062 billion as transfers from the government for the financial year 2023/24. We hope that the new funding formula will favour our University.</p> <p>iii. Aggressive marketing of the University in order to attract module two students.</p> <p>Ways to Prevent Recurrence</p> <p>i. Increase Internally Generated Revenue—The University will venture into other sources of revenue generation. Other than government grants and fees from students, the University will explore other income-generating activities. The University will also focus on research, innovation, and commercialization of the innovations as a source of revenue and consultancy.</p> <p>ii. Managing Costs—The University is in the process of instituting various cost management strategies in a bid to ensure that wastages are eliminated and efficiency is increased. We are embracing innovation and automation in our operations. More add-on modules are being implemented on our ERP. Further, we are benchmarking with other universities and other organizations in order to adopt the best practices in our operations. All decisions in the University are made prudently. When making decisions, the financial implications of the decisions must be considered. We are currently consolidating what we already have instead of starting new projects, departments, or faculties. Some roles</p>			
--	--	--	--	--	--

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

		are being merged. Programs that are not attracting students are being discontinued. Services are being outsourced. Already the University has successfully outsourced cleaning(sanitary) services and security services. The University is exploring other services to be outsourced such as compound maintenance and catering.			
2 Unsupported Property, Plant, and Equipment – Land Records	The statement of financial position reflects a balance of Kshs. 2,630,851,248 in respect of property, plant, and equipment. However, as previously reported, and as disclosed in Note 18 to the financial statements, the balance includes land with a value of Kshs. 108,292,000 which is based on a valuation done in 2009 over thirteen (13) years ago. In addition, the land ownership documents provided for audit indicate that one parcel of land is registered under Meru University College of Science and Technology while the other parcel is in the name of Meru College of Technology.	<ul style="list-style-type: none"> a. The University has initiated the process of change of name which is expected to be completed by 30 June 2023. b. The issue is partially resolved because the process of revaluation of land is done, but the process of change of name is at an advanced stage. c. The University has initiated the process of change of name. We have made an application for a change of name at the Meru Land Registry. The Land's office has advised us to seek approval from the National Lands Commission (NLC) first. We have written to the NLC and we expect the process to be complete before 31 December 2023. 	Finance Officer	Ongoing	31 December 2023
3. Unsupported Rent and Rates Expenditure	The statement of financial performance reflects an amount of Kshs. 1,319,292,354 in respect to operational expenses as disclosed in Note 10 to the financial statements, which includes Kshs. 160,699,133 incurred on other operating expenses. This further includes Kshs. 14,378,921 in respect to rent and rates for Meru University Campus located in Meru town. The lease agreement required the University to pay a monthly rent of Kshs. 930,917 for the initial two (2) years and Kshs. 1,024,008 for the next two (2) years and Kshs. 1,126,385 for the final year. However, as previously reported, no	<p>The University has been occupying the premises (Hart Towers) since FY 2013/14. The facility is strategically placed at the heart of Meru Town (CBD). At that time, (FY 2013/14) no other facility was available or had the same exclusivity hence the reason why the University settled on it. In fact, the university had to book the facility while it was still under construction. Nazarene University had taken one wing while we took the other wing. KEMU and Mt. Kenya universities were also interested in the facility.</p> <p>The University relied on Section 103(2) of the Public Procurement and Asset Disposal Act, 2015 states that "A</p>			

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

	<p>evidence was provided to confirm that the identification of these offices was subjected to procurement procedures. In the circumstances, the accuracy and completeness of the expenditure amount of Kshs. 14,378,921 in respect to rent and rates could not be confirmed.</p>	<p><i>procuring entity may use direct procurement if any of the following are satisfied”—</i></p> <ul style="list-style-type: none"> (i) the goods, works, or services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods, works or services and no reasonable alternative or substitute exists; (ii) for the acquiring of goods, works, or services provided by a public entity provided that the acquisition price is fair and reasonable and compares well with known prices of goods, works, or services in the circumstances. <p>The University has been a tenant since FY 2013/2014. The acquisition price was fair and reasonable and compared well with known prices of goods, works, or services in the circumstances at that time. In the year 2015, a valuation of the rent payable was done by a government valuer, and the market rate was determined as KShs. 391,000 per month or KShs. 1,173,000 per quarter as per the valuation report. The amount of rent paid by the University is within the rate determined by the government valuer in the year 2015.</p> <p>The University renews the contract after the expiry of the lease period. The current contract cannot be terminated without serious legal consequences. The University will continue with the same lease until it expires in FY 2023/24.</p> <p>Ways to Prevent Recurrence</p> <p>The university has been a tenant of Hart Towers for more than ten years. It would be illogical to float a tender for the lease of a premise that the University has been occupying for that long. The university has partitioned and furnished classrooms and offices.</p> <p>Therefore, after the expiry of the current lease on 31st December 2024, the University will engage a government valuer to</p>			
--	--	--	--	--	--

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

		determine the rent payable for the premise for the next lease period.			
4 Accuracy of the Statement of Cash Flows	<p>The Details of the Issue The statement of cash flows reflects net cash flow from operating activities of Kshs.105,085,517 in respect of 2020/2021. However, the audited financial statements for 2020/2021 reflect a different balance of Kshs.136,541,017. Further, the same statement reflects net cash flow from financing activities of Kshs.265,046,833 with respect to 2020/2021. However, the audited 2020/2021 financial statements reflect Kshs.233,591,333 with respect to the same item. Management did not provide an explanation or reconciliation for the variances noted. In the circumstances, the accuracy and completeness of the statement of cash flows for the year ended 30th June 2022, could not be confirmed.</p>	<p>How it was Resolved The difference was brought about by a prior year adjustment made in the Cash Flow statement on the amount spent on the purchase of equipment for an NRF-funded project. The necessary corrections were made in the financial statements as prior year adjustments.</p> <p>Cash flows from financing activities: NRF Equipment Grant of KShs. 56 Million was a concessional infrastructural grant from National Research Fund. It was accounted as cash and cash equivalent in FY2018/2019 as well as payable as per the contract. The funds are capitalized once the agreed equipment was purchased and put into use.</p> <p>Ways to Prevent Recurrence</p> <ol style="list-style-type: none"> i) This issue has been resolved. ii) Going forward, the University will ensure that any prior year adjustment made is explained adequately. iii) The University has established a team that will review financial reports before they are submitted to the auditors. 	Finance Officer	Resolved	
	PART B: OTHER MATTERS				
1. Budgetary Control and Performance	<p>The Details of the Issue The statement of comparison of budget and amounts for the year reflects the final budgeted revenue of Kshs.1,122,613,055 and the actual revenue of Kshs.1,254,466,392 resulting in a net revenue surplus of Kshs.131,853,337 or 12% of the budget. In addition, the statement reflects the</p>	<p>During the financial year 2021/22, there was an expenditure over and above the approved budget of KShs. 285,910,300. The reason why the University did not write to the National Treasury for approval of the excess expenditure was that the main cause of the adverse variance was the Depreciation Expense which is a non-cash flow expenditure. The budget allocation for</p>			

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

	<p>final budgeted expenditure of Kshs.1,122,613,055 and the actual expenditure of Kshs.1,408,523,355 resulting in a net over-expenditure of Kshs.285,910,300 or 25% of the budget. Further, there was no evidence provided by the Management for audit to show if a supplementary budget was approved for the over-expenditure of Kshs.285,910,300 contrary to Section 12 of the State Corporation Act, 2010 which provides that no State Corporation shall, without prior approval in writing of the Minister and The National Treasury incur any expenditure for which a provision has not been made in the annual estimates. In the circumstances, Management was in breach of the law</p>	<p>Depreciation Expenses was KShs. 2,773,087 but the actual expenditure was KShs. 144,000,637. Therefore, out of the variance of KShs. 286 million, Depreciation Expense contributed KShs. 141 million. The over expenditure brought about by other expenses other than depreciation was Kshs.58 Million which translates to 5% of the total budget.</p> <p>Ways to Prevent Recurrence</p> <ul style="list-style-type: none"> i) The University will continue to adhere to the requirements of the PFM Act and the Regulations as well as the various guidelines from the National Treasury. ii) The University will allocate enough funds for each budget line 			
<p>2.Unresolved Prior Year Matters</p>	<p>The Details of the Issue</p> <p>There were issues raised in the audit report for the 2020/2021 financial year. However, the issues remain unresolved contrary to Section 149(2)(I) of the Public Finance Management Act, 2012 which requires Accounting Officers in respect of the entity concerned to try to resolve any issues resulting from an audit that remain outstanding.</p>	<p>How it was Resolved</p> <p>The University had not received the audit report for the financial year 2020/21 by the date of the audit report. The issues presented in Appendix 1 relate to 2019/2020 as per the latest audit report received by the end of September 2022. The audited report for FY 2020/21 was received in November 2022 and as such, the financial report for the 2021/2022 financial year had already been approved by the Council and presented for audit.</p> <p>In other words, we did not have the audit issues for the previous financial year at the time of the audit. When they were received, subsequently, they were resolved accordingly.</p> <p>c) Ways to Prevent Recurrence</p> <ul style="list-style-type: none"> i) The University includes all issues raised by the auditor in progress reports that form part of financial statements for the year. ii) All the issues raised in an audit report will be resolved within a month. 			

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

<p>3.Delayed Completion of Sports Field</p>	<p>The details of the Issue The statement of financial position and as disclosed in Note 18 to the financial statements reflects a property, plant, and equipment balance of Kshs. 2,630,851,248 which includes Kshs. 928,853,555 with respect to work-in-progress, out of which Kshs. 171,537,625 relates to the construction of sports fields. Records indicate that the University entered into a contract for the construction of sports fields on 30th July 2020 at a cost of Kshs. 232,742,353 for a performance period of twenty-nine (29) weeks, commencing from 14th September 2020 with an expected completion date of 2nd March 2021, which was later extended to 30th October 2023. At the same time of audit in December 2022, the total works completed amounted to Kshs. 171,537,624 or 74% of the contract sum. However, an audit inspection conducted in December 2022 revealed that the project had stalled, and the contractor was not on site. Further, no document or record was provided to confirm the overall completion level and reasons for the delay. In the circumstances, the value for money for the expenditure amount of Kshs. 171,537,625 could not be confirmed.</p>	<p>How it was Resolved The project is fully funded by the Government. As per the 2020/21 budget estimates, the project was allocated KShs. 124,591,334 but only KShs. 62,295,667 was released. In FY 2021/22, a total of KShs. 122,093,673 was to be allocated for the project but only KShs. 40 million was released. Again, in the FY 2022/23, a total of KShs. 100,408,666 was requested for the project but only KShs. 10 million was allocated by the government and only KShs. 2,500,000 was released. Therefore, the delay was occasioned by the reduced disbursement of funds by the Exchequer. That has made the contractor to abandon the works since interim certificates raised were not being honoured. The University has written to the exchequer for release of funds through the Ministry of Education. Follow-ups are being done to ensure that the project does not delay further.</p> <p>c) Ways to Prevent Recurrence The University has extended the provisional completion date subject to the availability of funds from the GoK. Before any project is initiated at the University, a project concept note will be done first. The concept note takes into account the viability of the project in terms of funding. For the projects that are GOK financed, the concurrence of the Ministry of Education and the approval by the National Treasury is mandatory.</p>			
<p>4.Delayed Appointment of Senior Academic Staff</p>	<p>The Details of the Issue During the year under review, the University paid Kshs.951,627 to two (2) senior academic staff as acting allowance. However, a review of human resource records provided for audit revealed that the two staff members had acted for more than six months contrary to Section C.14(1) of the Public Service Commission Human Resources Policies Manual, 2016 which states that when an officer is</p>	<p>How it was Resolved Recruitment of senior university management is undertaken by the Public Service Commission (PSC) in accordance with circular ref: PSC/LEG/GEN/006/056/XI(16) dated 14th February 2019 the university is required to make a formal declaration of any vacancy to the PSC for recruitment. The position of DVC (Academic and Students Affairs) fell vacant in 2019. Thereafter the University Council through the Public Service Commission advertised for the position on 29th</p>			

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

	<p>eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. The acting allowance will not be payable to an officer for more than six (6) months. No plausible explanation was given on why the University was unable to appoint substantive holders for the two positions through a competitive recruitment process.</p> <p>i.</p>	<p>October 2019. The recruitment process was concluded and the persons nominated for appointment were submitted to the CS Ministry of Education on 4th March 2020. The Ministry delayed issuing the appointment, and the University Council in its meeting held on 15th July 2022 wrote to the PSC to have the position re-advertised. The position was re-advertised on 20th September 2022 and the process of recruitment has been concluded.</p> <p>The issue has been resolved partially. The position of DVC (Academic and Students Affairs) was substantively filled in May 2023. The position of Registrar (Academic and Students Affairs) remains vacant.</p> <p>c) Ways to Prevent Recurrence</p> <ul style="list-style-type: none"> i. The University is in the process of recruiting the Registrar in charge of academic and student affairs. ii. The Human Resource Department has put in place the succession plan for all cadre of staff in the University. iii. Arrangements to fill offices that are likely to fall vacant will be initiated at least six months prior to the due date. 			
<p>5. Receivables from Exchange Transactions – Student Debtors</p>	<p>The Details of the Issue</p> <p>The statement of financial position and as disclosed in Note 16 to the financial statements reflects Kshs.116,174,595 with respect to receivables from exchange transactions which further include students’ debtors of Kshs.114,696,875. However, measures taken by University Management to ensure collection of the outstanding student debt of Kshs.114,696,875 was not provided for audit review contrary to Regulation 64(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015. In the circumstances, the University was in breach of the law and the</p>	<p>How it was Resolved</p> <p>The aging analysis has been provided. The long outstanding debts (more than a year) are a result of students who were unable to pay fees for a semester and the students had to drop out in the middle of the semester. The students are expected to pay the fees and continue with the semester. However, many of these students come from extremely poor families and many never resume studies. They become drop out. The invoiced amount is not income to the University because the students have been billed but have not received the services. In the FY 2022/23, any such bills older than three years were cancelled.</p> <p>Ways to Prevent Recurrence</p>			

**Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023**

	<p>recoverability of the outstanding student debt of Kshs.114,696,875 is doubtful.</p>	<p>i. The University has already developed a credit policy (Fee Payment Policy). The Fee Payment Policy. A student who has not cleared fees in the first three weeks is expected to call off the semester. Any fees that had been billed are reversed.</p> <p>ii. It is the University policy that only students with nil fees balance can graduate. There are a number of students who have completed their studies but have not graduated due to the fact that they have a fee balance. These individuals must clear fees before they can be allowed to graduate.</p> <p>The fees debt from the drop outs to be written off. The University will only recognize debts from students who received the service for the semester and not from the students who dropped out in the course of the respective semester.</p>			
--	--	---	--	--	--



Vice Chancellor

Date: September 14, 2023



Chairperson of the Council

Date: September 14, 2023

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by Meru University funded by development partners:

Project title	Project Number	Donor	Period/ duration	Donor commitment KShs.	Separate donor reporting required as per the donor agreement	Consolidated in these financial statements
Engineering Complex		GOK	June 11-July 23	20,000,000	No	Yes
Construction of Sports fields		GOK	Jul-20 - June 23	40,000,000	No	Yes
Nursing and Health Science Building		GOK	Jul-20 - June 24	60,000,000	No	Yes
Mariene Institute: Administration and lecture theatre		GOK	Jul-20 - June 23	60,000,000	No	Yes
Mariene Institute: Science Laboratories		GOK	Jul-20 - June 23	60,000,000	No	Yes
Mariene Institute: Modern Library		GOK	Jul-20 - June 23	60,000,000	No	Yes

Status of Projects Completion

Project	Total Project Cost	Total Expended To Date	Completion % To Date	Budget Allocation	Actual Received	Sources Of Funds
1 Engineering Complex	673,131,871	643,131,871	98%	10,000,000		GOK
2 Construction of Sports fields	600,000,000	171,537,625	29%	20,000,000		GOK
3 Nursing and Health Science Building	500,000,000	71,308,037	14%	30,000,000		GOK
4 Mariene Institute: Administration and lecture theatre	230,000,000	80,003,940	35%	60,000,000		GOK
5 Mariene Institute: Science Laboratories	150,000,000	80,405,337	54%	60,000,000		GOK
6 Mariene Institute: Modern Library	150,000,000	77,704,190	52%	60,000,000		GOK

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023


APPENDIX III: INTER-ENTITY TRANSFERS

**SUBJECT: BREAK DOWN OF TRANSFER FROM STATE DEPARTMENT OF HIGHER
EDUCATION AND RESEARCH FOR THE FY 2022/23**

a) RECURRENT GRANTS			
	Bank statement date	Amount (KShs)	FY to which the amounts relate
1	3/8/2022	59,898,619	2022/2023
2	8/9/2022	79,898,619	2022/2023
3	3/10/2022	44,898,617	2022/2023
4	10/11/2022	61,565,285	2022/2023
5	9/12/2022	61,565,286	2022/2023
6	30/12/2022	61,565,285	2022/2023
7	10/2/2023	61,565,285	2022/2023
8	17/3/2023	61,565,285	2022/2023
9	14/04/2023	61,565,285	2022/2023
10	5/5/2023	61,565,285	2022/2023
11	9/6/2023	61,565,285	2022/2023
12	27/06/2023	61,565,286	2022/2023
	Total	738,783,422	
b) DEVELOPMENT GRANTS			
	Bank statement date	Amount (KShs)	FY to which the amounts relate
1	9/30/2022	23,500,000	2022/2023
2	9/30/2022	47,500,000	2022/2023
3	4/7/2023	27,418,231	2022/2023
4	4/7/2023	13,564,810	2022/2023
	Total	111,983,041	

The above figures have been reconciled with the records at the State Department of University Education and Research (Ministry of Education).

Sign _____
Finance Officer
Meru University
of Science and Technology

Sign  _____
Head of Accounting Unit
State Department of Higher Education and Research
Ministry of Education



IS ISO 9001:2015 CERTIFIED

**Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023**

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The University did not receive funds from any other Government entity other than State Department of University Education and Research (Ministry of Education).

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Meru University of Science and Technology

Telephone Number: +254704508454

Email: vc@must.ac.ke

Vice Chancellor: Prof. Romanus Odhiambo

Contact person: Franco Mutua email: fmutua@must.ac.ke

Project Name	Project Description	Project Objectives	Project Activities	Expenditure				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Chancellor's Forest	Planting of trees to ensure university is 20% covered and all naked hills in the neighborhood are reforested	<ul style="list-style-type: none"> To fight soil erosion either due to run offs or string winds Improve the environment 	<ul style="list-style-type: none"> Planting of trees every rainy season Maintenance of already planted trees 	300,000	300,000	300,000	300,000	Internally generated funds (Sponsored Dr. James Mwangi The Chancellor)	N/A
Sanitation Project	Building of customized toilets and construction of a laboratory to enable conversion of human faeces into organic fertilizer using insects. Insects are used as high nutritional animal feeds	<ul style="list-style-type: none"> Provide solution to disposal of human faecal matter Turn the faeces from waste to a resource 	<ul style="list-style-type: none"> Construction of a laboratory Building of customized toilets Training of sanitation experts Collection of faecal matters and converting them into manure 	0	0	4,416,968	5,773,302	Internally generated funds. Research Funds Solicited by Dr. Joy Riungu.	Meru University dons and local schools
EPivot-Water Project	This is a capacity-building project	Review existing programmes & develop new TVE-Based curricula aimed	Facilitate training of trainers on	4,010,290	4,813,630	1,349,740	1,658,850	Nuffic & Internally	Meru university, Siala TTC,

Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023

	<p>aimed at strengthening the capacity of Technical Vocational Educational Training (TVET) Centres through a strong collaboration between the education institutions and private sector. The project specializes in horticulture thereby linking the green education pillar to private sector.</p>	<p>at equipping learners with relevant skills and competencies in designing and implementation of water harvesting structures.</p> <p>Equipping of Agricultural, engineering lab & demo farms with modern training equipment/modules to enable students acquire practical skills.</p> <p>Implementation of community based projects aimed at promoting adoption of smart agriculture technologies by local farmers.</p>	<p>review of curricula.</p> <p>Perform induction training to local trainers on how to operate and optimally utilize the acquired lab/field instruments.</p> <p>Facilitate local farmers develop earth pans for rain water harvesting and install sensor based irrigation systems for efficient watering crops using drip line irrigation.</p>					<p>generated fund Research Funds Solicited by Prof. Romanus Odhiambo from NuffiC- The Netherlands.</p>	<p>Ahero Vocatonal College, KEWI Tharaka TTI & Meru National Polytechnic</p>
--	--	---	---	--	--	--	--	--	--

**Meru University of Science and Technology
Annual Report and Financial Statements
For the Year ended June 30, 2023**

APPENDIX VI: DISASTER EXPENDITURE REPORTING TEMPLATE

Date: 30 JUNE 2023

Entity: Meru University of Science and Technology

Period to which this report refers (FY)	Year 2022/23					
Name of Reporting Officer	Franco Mutua					
Contact details of the reporting officer:	<i>Email</i> fmutua@must.ac.ke/finance@must.ac.ke			Telephone +254704508454		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (KShs.)	Comments
Meru University of Science and Technology	N/A	Epidemics and Pandemics (Covid-19)	Response, Recovery & Mitigation	Alcohol 98% ethanol- , Caustic Soda and digital non-contact infrared Thermometer	146,000	The university purchased raw material and using Chemistry Department manufactured sanitizer for internal use.