

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

KENYATTA UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2021**



KENYATTA UNIVERSITY

Annual Report & Financial Statements

for the Year Ended

30 June 2021

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

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Corporate Philosophies

Our Vision

To be a dynamic, an inclusive and a competitive centre of excellence in teaching, learning and service to Humanity.

Our Mission

To provide quality education and training, promote scholarship, service, innovation and creativity and inculcate moral values for sustainable individual and societal development.

Our Identity

A community of scholars committed to the generation of knowledge and cultivation of wisdom for the welfare of society.

Our Philosophy

Sensitivity and responsiveness to societal needs and the right of every person to knowledge.

KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

Kenyatta University is an international Public University based in Nairobi, Kenya. Its main campus is located 23 kilometers from the City Centre along Nairobi-Thika Super Highway. It is set on 1,105 acres of land providing a quiet and serene environment conducive to learning, research and intellectual growth.

Kenyatta University began its long journey to the attainment of University status in 1965 when the British Government handed over the Templer Barracks to the Government of Kenya. These were converted into an institution of higher learning known as Kenyatta College. Following the Act of Parliament of 1970, Kenyatta College became a constituent College of the University of Nairobi. Consequently, the name changed from Kenyatta College to Kenyatta University College. Kenyatta University College admitted its first batch of 200 students in 1972 to pursue studies leading to the award of the Bachelor of Education of the University of Nairobi.

In July 1978, the Faculty of Education of the University of Nairobi was transferred to Kenyatta University College. As a result, the College became the only institution training teachers at both undergraduate and postgraduate levels at that time. The University status was achieved on August 23, 1985, when the Kenyatta University Act received presidential assent making the institution a full-fledged University. The Act became operational on September 1, 1985 and the University was inaugurated on December 17, 1985.

In December 2012, the Government of Kenya brought the governance and Management of all Universities under one umbrella through the enactment of the Universities Act 2012, which repealed the individual public University's Acts including the Kenyatta University Act 1985. Under the new Universities Act 2012, Kenyatta University was granted Charter on 1st march 2013.

Kenyatta University has over the years established new schools and constituent Colleges. In this pursuit, Jomo Kenyatta University College of Agriculture and Technology became a constituent College of Kenyatta University in 1988 and in 1998 a full-fledged University, Jomo Kenyatta University of Agriculture and Technology (JKUAT). In 2007, Pwani University College in Kilifi was established as a Constituent College. It became Pwani University, a full-fledged University in January 2013. Machakos University College established in 2009 became a full-fledged University, Machakos University in 2016. Mama Ngina University College established in 2017.

KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information (continued)

The University has 19 schools, these are;

1. School of Agriculture & Enterprise Development
2. School of Hospitality and Tourism
3. School of Engineering & Technology
4. School of Economics
5. School of Applied Human Sciences
6. School of Humanities & Social Sciences
7. School of Environmental Studies
8. School of Education
9. School of Business
10. School of Law
11. School of Pure & Applied Sciences
12. School of Medicine
13. School of Public Health
14. School of Visual & performing Arts
15. Digital School of Virtual & Open Learning
16. Graduate School
17. School of Architecture & the Built Environment
18. School of Creative, Film & Media Studies
19. School of Security, Diplomacy & Peace Studies

The University has established campuses at;

- Ruiru (2004),
- Parklands (2004),

KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information (continued)

Mombasa (2007),
Nairobi City Centre (2010),
Nakuru (2010) and
Daadab (2014).

In Addition to the above campuses, Kenyatta University established Open Distance and e-Learning centres' in Mombasa, Embu, Parklands, Nakuru, Kisumu, Garissa, Marsabit and Kericho.

(b) Principal Activities

The principal activity/mission of the University is to provide quality education and training, promote scholarship, service, innovation and creativity and inculcate moral values for sustainable individual and societal development.

(c) Key Management

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

- Vice-Chancellor
- Deputy Vice-Chancellors
- Registrars
- Chief Finance Officer

KEY UNIVERSITY INFORMATION AND MANAGEMENT

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 are as listed below;

| No. | Designation | Name |
|------------|--|-----------------------------|
| 1 | Vice-Chancellor | Prof. Paul K. Wainaina |
| 2 | Ag. Deputy Vice-Chancellor (Administration) | Prof. James Kung'u |
| 3 | Ag. Deputy Vice-Chancellor (Academic) | Prof. Paul Okemo Owour |
| 4 | Deputy Vice-Chancellor (Finance and Development) | Prof. Godfrey Mse |
| 5. | Deputy Vice-Chancellor (Research, Innovation and Outreach) | Prof. Fredrick Q. Gravenir. |
| 6 | Ag. Registrar (Administration) | Mr. N. Gikaria |
| 7 | Ag. Registrar (Academic) | Dr. Bernard Kivunge |
| 8 | Registrar (Finance and Development) | Dr. Paul Gachanja |
| 9 | Registrar (Research, Innovation and Outreach) | Prof. Vincent O. Onyvera |
| 10 | Ag. Registrar (Corporate Affairs) | Prof. Grace Bunyi |
| 11 | Ag. Chief Finance Officer | Mr. Mwai Samuel |

(e) Fiduciary Oversight Arrangements

The governing organs of the University are:

The University Council;

The Council shall exercise prudent leadership, innovative enterprise, and good judgment in directing the University and shall always charter in the best interest of the University.

The Council shall ensure that a proper management structure is in place and make sure that the structure, functions to maintain corporate integrity, reputation and responsibility.

The Council shall monitor and evaluate the implementation of strategies, policies and management criteria and plans of the University.

KEY UNIVERSITY INFORMATION AND MANAGEMENT

The Council shall review the viability and financial sustainability of the University, and shall do so at least once every year.

The Council shall ensure that the University complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

The Senate of the University;

The Senate shall have the following powers and duties:-

To satisfy itself regarding the content and academic standard of any course of study in respect of any degree, diploma, certificate or other award of the University;

To propose regulations to be made by the Council regarding the eligibility of persons for admission to degree, diploma and certificate programmes;

To propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other awards of the University;

To decide which person has attained such standard of proficiency and are otherwise fit to be granted a degree, diploma, certificate or other awards of the University;

To make regulations governing such other matters as are within its powers in accordance with the charter or the statutes.

The University Management Board:

The University Management Board shall assist the Vice-Chancellor in;

The management of urgent day-to-day academic, administrative, research, developmental and outreach issues;

The efficient management of the human, physical, and financial resources of the University;

Coordination of University and colleges strategic and development plans;

Make proposal to Senate and Council on issues that have University-wide application;

Receive proposals from different sectors of the University for recommendation for Council consideration;

The implementation of Council and Senate approved policies;

Any other matters related to the management of the University.

KEY UNIVERSITY INFORMATION AND MANAGEMENT

(f) University Headquarters

Kenyatta University
Thika Road, Nairobi
P. O. Box 43844- 00100
Nairobi.

(g) University Contacts

Telephone: +254 020 8710901-19
Fax: +254 020 8711573
Telex 25483 KenUnKen
Website: <http://www.ku.ac.ke>

(h) University Bankers

Co-operative Bank of Kenya Ltd.
P.O. Box 48231 – 00100
Nairobi

National Bank of Kenya Ltd.
P. O. Box 41862 – 00100
Nairobi.

Kenya Commercial Bank Ltd
P. O. Box 30081
Nairobi.

Standard Chartered Bank Ltd.
P. O. Box 64355 - 00620
Nairobi.

Equity Bank Ltd
P.O. Box 75104 – 00200
Nairobi

Family Bank Ltd
P.O. Box 74145-00200
Nairobi

(i) Independent Auditors

Auditor General
Anniversary Towers
P.O. Box 30084 - 00100
GPO, Nairobi.

(j) Principal Legal Adviser

Lawrence Mungai and Advocates
P. O. Box 10130 - 00100
Nairobi.

MEMBERS OF THE UNIVERSITY COUNCIL

Chairman of the University Council

Prof. Shem E. Migot-Adholla Ph.D.,

B.A. (University of East Africa), M.A., Ph.D. (Michigan State University)



Prof. Adholla (79) is the Chairman of Council of Kenyatta University having been appointed to the council on 14th March 2017. He is a private consultant based in Nairobi, Kenya and works on issues including agriculture and rural development, migration, land policy reform, environmental management and rural health issues. He is currently a member of the Board of Directors of Equity Bank, Kenya and serves as Chairman of Equity Bank subsidiary in South Sudan. Previously he held various positions including the Chairman of the Centre for Corporate Governance, Nairobi, served as Vice-Chairman of the Board of Directors of the Kenya Wildlife Trust (KWT), the Lead Specialist on Land Policy and Administration for Africa Region at the World Bank Headquarters, Washington, DC, and served (on secondment) as Permanent Secretary, Ministry of Agriculture and Rural Development, Government of Kenya. Earlier, he taught at the University of Nairobi, where he provided leadership in the Department of Sociology and was involved in research activities at the Institute for Development Studies (IDS).

Vice-Chancellor

Prof. Paul K Wainaina Ph.D.,

B.Ed., M.A. Ed. (Nairobi), Ph.D. (Alberta)



Prof. Wainaina (70) is the Vice-Chancellor Kenyatta University, and is an ex-officio member of the University Council, having been appointed as the Vice-Chancellor on 26th January 2018. He is also Professor of Philosophy of Education, Kenyatta University. Prior to his appointment he held various positions including Deputy Vice-Chancellor (Administration) Kenyatta University, Professor of Philosophy of Education, University of Namibia, Professor of Philosophy of Education, Moi University among others.

He is an alumni of University of Alberta, Canada

Member

Amb. Simon Nabukwesi B.Ed, M. Ed., M.A, Ph.D

Amb. Simon Nabukwesi is a member of Kenyatta University Council by virtue of being the Principal Secretary, State Department of Science and Technology in the Ministry of Education, Science and Technology. Previously, he has also served as Kenya's High Commissioner to Canada and Ambassador Plenipotentiary and Extraordinary to Cuba. Chairperson of the Association of directors of Foreign Service Academies from the IGAD Region from 2016 to 2019. Head of Europe and Commonwealth Directorate in the Ministry of Foreign Affairs.

He holds B.Ed, M. Ed. in Education Planning and Management and MA in International Project Management. He has a Diploma Level training in Institutional Management at Hiroshima University, Japan and a Pre-university Training at the National Youth Service (1986).



MEMBERS OF THE UNIVERSITY COUNCIL

Member

Dr. Julius Muia



PhD CPA (K), CPS (K), AKIB, ACI Arb's

Dr. Julius Muia is a member of Kenyatta University Council by virtue of being the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning - The National Treasury and Planning. Previously, he was the Director General, Vision 2030 Delivery Secretariat to facilitate the implementation of Vision 2030. Between April 2008 and October 2016, Dr. Muia served as the Secretary, National Economic and Social Council, Office of the President. He is an alumnus of the University of Nairobi with a First Class Honours Degree in Accounting; Master Degree and PhD in Finance. His professional qualifications include: Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach.

Member

Mr. Eric K. Sila, B. Com., MBA (University of Nairobi)

Mr Sila (53) is a member of Kenyatta University Council having been Appointed on 14th March 2017. He is currently Head of Rehabilitation & Recoveries (Personal & Business Banking) in Stanbic Bank Kenya Ltd.

Mr. Sila is a professional banker with leadership Skills in credit risk Management, credit administration and operational risk amongst others. Previously he was Deputy Director, Credit Risk at NIC Bank Kenya, prior



to he was that Head of Business Support and Corporate Recoveries (Corporate Credit) at Barclays Bank of Kenya. He has international leadership experience having led teams in Corporate Credit and Business Support and Recoveries in Zambia, Uganda and Tanzania. He holds Master Degree in Business Administration (Strategic Management) and a Bachelor Degree in Commerce (Finance) from the University of Nairobi.

Member

Mr. Narry P. Onaya-Odeck, B.Ed., PGDip., M.C.,(Nairobi)



Mr. Onaya-Odeck (71) holds a Master Degree in Project Planning and Management and a Bachelor Degree in Education from the University of Nairobi. He is a professional administrator with vast leadership skills in administration and human resource management among others. Mr. Onaya joined the University of Nairobi Administration in the year 1979 as a senior administrative assistant and moved through the ranks working in various departments before becoming the University Registrar in charge of Administration and Human Resource Management in the year 2009. Mr. Onaya has also served as a Member in various Boards including Sangalo Institute of Science and Technology Board

MEMBERS OF THE UNIVERSITY COUNCIL

Member

Mrs. Gertrude Muthoni Namu B.Ed., M.Ed. (Kenyatta)



Mrs. Gertrude Muthoni Namu (68) holds a Master Degree in Education (Library and Information Science) and a Bachelor Degree in Education from Kenyatta University. She is an accomplished leader who has vast knowledge and experience in curriculum and programmes development. She has provided strategic and policy direction in various institutions in addition to spearheading and managing relationships, collaboration and accreditation. Mrs. Namu has previously worked in various institutions of higher learning including Kenya School of Professional Studies and Kenyatta University. Mrs. Namu has also served as a Member of Council, Masinde Muliro University of Science and Technology and as a Board Member of Embu College.

Member

Annald Nyasinga Ongwenyi Bsc.,Msc(KEMU)

Annald Nyasinga Ongwenyi (34) is a member of Kenyatta University Council, having been appointed on 10th March 2020 until April 2021. He is currently the Assistant Director Operations-East and Central Africa at Adrix Knowledge Management Systems. He holds a Master's of Science Degree in Information Science from the Kenya Methodist University and a Bachelor of Science Degree in Information Science (ICT). Mr. Ongwenyi has Vast Knowledge and experience in Organization Operations and Management through training on various Senior Management Courses, and having worked in various government institutions and the private sector. Mr Ongwenyi has been in the forefront in offering Strategic Leadership and advisory services in the areas of Research, Information, Policy, Strategy and Knowledge Management within the East and Central Africa Region.



Member

Ms. Mary Mugo B.Ed (UON),M.A(Kenyatta)



Ms. Mary Mugo (53) is a member of Kenyatta University Council having been appointed on 10th March 2020. She is a Country Director at Edukans Kenya, a Netherlands founded program. She holds a master's degree in Counseling Psychology from Kenyatta University and a Bachelor of Education from the University of Nairobi. She has vast knowledge and experience in Education and leadership gained from working in Government and in NGOs. Besides her current position, Mary has worked as Country Director - Build Africa Kenya, Associate Director and National Education Coordinator at World Vision Kenya, Senior Principal Education Administration Officer at Teachers Service Commission, Senior Education Officer at the Ministry of Education, Government Chief Counselor at the Office of the President-Ministry of State for Public Service, Graduate High School Teacher and Counselor at Tala High School among others. Additionally, Mary is a mentor for young people and women through community and faith based platforms.

CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Chancellor

Mr. BENSON WAIREGI, E.B.S.,

B. Com. (Accounting), MBA (Nairobi), CPA (K.)



The Chancellor performs such functions and enjoys such powers, rights and privileges as provided for under section 38 of the Act and the statutes.
The Chancellor, from time to time, gives advice to the Council which the Chancellor considers necessary for the betterment of the University.
The Chancellor has the right to take part in the formal and informal activities of the University.

Chairman of the University Council

PROF. SHEM E. MIGOT-ADHOLLA Ph.D.,

B.A. (University of East Africa), M.A., Ph.D. (Michigan State University)



The Chairperson of Council chairs Council meetings and exercises the powers and privileges as provided for in the Universities Act, Kenyatta University Charter and the Statutes.

Vice – Chancellor

PROF. PAUL K. WAINAINA, Ph.D.,

B.Ed., M.A. Ed. (Nairobi), Ph.D. (Alberta)



The Vice-Chancellor is the Chief Executive Officer of the University having the following powers and function:

- Is the academic, administrative and financial head of the University;
- Have the overall responsibility for the direction, organization, administration and programmes of the University;
- Is the accounting officer of the University.

CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Ag. Deputy Vice-Chancellor (Administration)

PROF. JAMES KUNG'U,

B.Sc, (Moi), M.sc., Ph.D. (University of the Philippines at Los Baños)



The Deputy Vice-Chancellor (Administration) is responsible to the Vice-Chancellor for all administration affairs including:

- Personnel issues in the University;
- Security issues;
- Catering services;
- Staff houses and accommodation;
- Legal issues;
- Health services;
- Transport services.

Ag. Deputy Vice Chancellor (Academic)

PROF. PAUL OKEMO OWUOR, B.Sc, M.Sc (Wyoming), Ph.d(Kenyatta)



The Deputy Vice-Chancellor (Academic) is the head of the Academic Division of the University and is responsible to the Vice-Chancellor and offers leadership, direction, organisation and administration of programmes of the Division.

Deputy Vice-Chancellor (Finance & Development)

PROF. GODFREY MSE, B.Ed. (Nairobi), M.Ed., Ph.D. (Kenyatta)

The Deputy Vice-Chancellor (Finance and Development) is the head of the Finance and Development Division of the University with the following duties and functions:

- Preparation of estimates, allocation of funds, control of expenditure and financial accounting;
- Physical developments;
- Grounds and estates management;
- Procurement services.



CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Deputy Vice-Chancellor (Research, Innovation & Outreach)

PROF. FREDERICK. Q. GRAVENIR, M.A. Ph.D. (Prague)



The Deputy Vice-Chancellor (Research, Innovation and Outreach) duties and functions include:

- Driving the University's research agenda in line with Country's Vision;
- Encourage research culture in the University;
- Institutionalise networking, collaboration research and outreach in the University;
- Encourage innovation and handle issues to do with intellectual property rights;
- Ensure dissemination of research findings.

Ag. Registrar Administration

MR. N. GIKARIA B.Ed. (Kenyatta), M.B.A., MSc. (Nairobi)

The Registrar (Administration) is the principal assistant to the Deputy Vice-Chancellor (Administration), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Administration).



Ag. Registrar Academic

DR. BERNARD KIVUNGE, B.Ed., M.Sc. (Kenyatta), Ph.D. (Iowa State University)



The Registrar (Academic) is the principal assistant to the Deputy Vice-Chancellor (Academic), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Academic).

Registrar (Finance and Development)

DR. PAUL GACHANJA B.A., M.A., Ph.D.(Kenyatta)

The Registrar (Finance and Development) is the principal assistant to the Deputy Vice-Chancellor (Finance and Development), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Finance and Development).



CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Registrar (Research, Innovation & Outreach)

DR. VINCENT ONYWERA, B.Ed., M.Ed., Ph.D. (Kenyatta), ISAK 2



The Registrar (Research, Innovation and Outreach) is the principal assistant to the Deputy Vice-Chancellor (Research, Innovation and Outreach), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Research, Innovation and Outreach).

Ag. Registrar (Corporate Affairs)

PROF. GRACE BUNYI,

B.Ed., M.Ed. (Kenyatta), Ph.D. University of Toronto (Canada).

The Registrar (Corporate Affairs) is responsible to the Vice-Chancellor and performs duties delegated or assigned to her by the Vice-Chancellor.



Chief Finance Officer

CPA. MWAI SAMUEL, B.Ed., MBA (Nairobi), CPA (K.)



The Chief Finance Officer is the head of Finance Department and the technical officer responsible for financial strategy and policy matters. He is responsible to the Deputy Vice-Chancellor (Finance and Development) and work closely with the Vice-Chancellor as the Chief Accounting Officer of the University.

The Chief Finance Officer superintends and manages the finances and financial reporting obligations, and performs such other duties delegated or assigned to him by the Vice-Chancellor and Deputy Vice-Chancellor (Finance and Development).

CHAIRMAN'S STATEMENT



It is my Privilege to present the Annual Report and Financial Statement for the year ended 30 June 2021 for this great University.

During the year under review the University remained focused on its mission to provide quality education and training, promote scholarship, service, innovation and creativity and inculcate moral values for sustainable individual and societal development.

I would wish to highlight that in the year 2020/2021, the University reported a deficit of Kshs. 2,129,630,290 (Two billion, One Hundred and Twenty nine million, six hundred and thirty thousand, two hundred and ninety Shillings) which is higher than the one reported in the year 2019/2020 of Kshs. 1,328,615,525. This can be attributed to the impact of the Covid 19 on the University and the economy as a whole. The University was closed on 17th March 2020 following the directive by the Ministry of Education after the outbreak of the Covid-19 pandemic in the Country and learning resumed in October of 2020. The consequence of this was the University lost quite a substantial amount of revenue that would have been generated from the May-August semester, the August session on Institution Based Program. When students resumed in October they reported in order to complete the semester that ended prematurely in March 2020, there was therefore no fees revenue in that period. We however look forward to the year 2021/2022 with anticipation that the University will perform much better through enhanced revenue collection measures as well as more fees collection as the students resume through blended mode of learning.

Kenyatta University celebrated her 48th Graduation Ceremony in the month of December 2020 virtually due to Covid-19 pandemic, with over 3681 graduands being conferred with various degrees, diplomas and certificates.

CHAIRMAN'S STATEMENT

On infrastructure;

The University has continued with the construction of Mama Ngina University College, which will be a constituent college of Kenyatta University. The association between KU and Mama Ngina University College started back in 2016, when the Ministry of Education appointed Kenyatta University to mentor its establishment and growth. Since then, the University has worked closely with other stakeholders to ensure that the College fulfills the necessary legal and statutory requirements to eventually become operational.

Kenyatta University is amongst the leading Universities in provision of quality training and also aligning the outcomes to Kenya's Big Four Agenda. The University's infrastructural capacity, achieved over the recent years has served much needed capacity for quality training and research as well as service.

We will continue to work closely with the Government and other Collaborating partners to provide highly competitive and versatile graduates which the Country and Region need for sustainable development.

I take this opportunity to thank the Government of Kenya and all collaborating partners, both internal and external for their continued support.

Lastly I want to thank my fellow members of council, members of staff, and students for their tireless effort, team work and for achievements made in the year ended 30th June 2021.



Prof. Crispus Makau Kiamba, Ph.D., CBS, MBS
CHAIRMAN OF COUNCIL

VICE-CHANCELLOR'S REPORT



I am delighted to present the University's results for the year ended 30 June 2021. During the year under review the University remained focused in the implementation of 2016-2026 Strategic Vision Plan; guided by the theme "Enhancing Higher Education, Transforming Lives". The theme is grounded on the principles of inclusiveness and participation, good governance, equity, environmental consciousness and respect for diversity.

During the year, the University put in place the necessary Internal Controls on resources to ensure that we meet the targets of revenue collection and cost control.

However, the University operated under very turbulent times as the year 2020-2021 is when the Covid 19 pandemic hit the globe. None the less the University was able to quickly adjust and operate as efficiently as we could during the year.

The University held its first virtual graduation ceremony which was the 48th graduation ceremony on the 18th December 2020. A total of 3681 graduates were conferred with their respective degrees and diplomas.

Kenyatta University registered over 7741 new students in the year 2020/2021 who were admitted to study at the main Campus and other University Campuses.

Education, Training and Research

Kenyatta University Women's Economic Empowerment Hub (KU-WEE Hub) entitled "Initiative for What Works for Women's Economic Empowerment (IWWWIE)" and funded by the Bill and Melinda Gates Foundation, is a five year research project. The goal of this project is to build programme and policy evidence on what works to advance Women's Economic Empowerment (WEE) in Kenya. The hub was established on the 18th of September, 2020 and launched on January 28th 2021 by Prof. Margaret Kobia, the Cabinet Secretary, Ministry of Public Service and Gender. This hub will serve as a research and evidence hub aimed at strengthening generation and use of evidence to advance WEE and gender equality in Kenya. The KUWEE Hub focus is on building programme and policy evidence on "what works" to drive decision-making in focal geographies that advance women's economic empowerment. The launch was attended by amongst others University Council Chairperson Prof. Shem Migot-Adhola, senior officials from the Ministries of Public Service and Gender, Education, Tourism among others.

VICE-CHANCELLOR'S REPORT

On Thursday 18th March 2021, the Polish team, made up of Dr. Hab. Julia Kureck, Prof. Dr. Maciej Osmycki and Dr. Arkadiusz Piętak, mounted an exhibition which comprised artworks from staff of the Academy of Arts in Szczecin, Poland together with artworks of staff and students of the School of Creative and Performing Arts, Film and Media Studies, Kenyatta University. Titled “Niko na Hadithi” (I have a Story), the exhibition was an aesthetic interpretation of artworks inspired by known artists. The focus was on creative photography, film and other art media. From 23rd – 29th March 2021 the Polish, Italian and KU teams proceeded to a TPAAE GRANT PROJECT partners meeting held at Pwani University on 24th March 2020 and thereafter inaugurated an Art Festival in Kilifi within the Transcultural Perspectives of Art and Art Education Project.

On 28th October 2020, a team of 15 Kenyatta University Students who developed the first Mechanical ventilator using locally available material to assist COVID 19 patients in breathing are the 2020 UN in Kenya Persons of the Year. The team who has developed the TibaVent Ventilator that has already received Certification from Kenya Bureau of standards and awaiting clinical trials emerged winners for their innovation after foreseeing a shortage of ventilators due to increased demand occasioned by the global pandemic, and reduced freight travel. Cabinet Secretary in the Ministry of ICT and Youth Affairs Hon. Joe Mucheru lauded the young innovators and assured them of Government’s support when they come up with innovations that work towards finding solutions to the development challenges of our time, especially during the COVID-19 pandemic “young people are at the heart of our future as a country. You (Kenyatta University Students) have given us reason to believe in ourselves and affirm our innovative aptitudes as a country” he said. The University will continue supporting students to come up with innovative ideas and ensure that they have mentors who can help them move their ideas to tangible work. We have established the Chandaria innovation and incubation center as a dedicated hub to support Students and Researchers to facilitate their transformation into benefits to society and we already have 3 more innovations on the pipeline. The UN Resident Coordinator, Siddharth Chatterjee congratulated the students saying that ‘Kenya is a Hotbed of innovation’ that has shown that the country is ready to build back better, post COVID, while enhancing technology and ensuring that the youth are involved.

VICE-CHANCELLOR'S REPORT

The Cabinet Secretary for ICT, Innovation & Youth Affairs, Joe Mucheru, launched a 30-day challenge to design and prototype the 'fit for purpose' Digital Learning Device that when completed aims at empowering basic education for all. The launch took place at Kenyatta University and involved a multi-disciplinary team of over 20 ICT researchers, experts and innovators.

The Mega Innovation and Entrepreneurship Expo 2020 was held on 12th March 2020 at BSSC where various Innovations from the School of Engineering and Technology were showcased. There was also a pitching session where different solutions geared towards solving various problems. Energetic ladies and gentlemen sat down to come together as they outdid each other but also came up with varies high quality ideas. The awards ceremony was held on 19th November 2020 where the event was graced by the Deputy Vice Chancellor Research, Innovation and Outreach Prof. Fredrick Q. Gravenir, the Chairman of the Chandaria BIIC Board and Director National Phytotherapeutics Laboratory Prof Nicholas Gikonyo, the Dean School of Engineering and Technology Dr. Shadrach Mambo and the Director Innovation, Incubation and University linkages Dr. George Kosimbei. All the projects were given incubation opportunities where the top innovations received a shield and prize money.

The National Transport and Safety Authority (NTSA) and Kenyatta University (KU) have signed a Memorandum of Understanding to support road safety management in Kenya on 8th October 2020. The collaboration will provide a platform for research, innovation and academic partnership.

Kenyatta University and Kenya Urban Roads Authority (KURA) have entered into an agreement that will see the two institutions collaborate in research, innovation and in finding solutions to road maintenance and asset management challenges. The signing is a milestone that heralds public education institutions working closely with other public bodies to help find solutions to complex national challenges. The KURA Director-General Eng. Silas M. Kinoti said Kura is set to benefit in terms of testing of materials, developing new ways of road management, road safety and ensuring that roads are used for the purpose they are intended for.

VICE-CHANCELLOR'S REPORT

Achievements

Kenyatta University has received a Ksh400M grant from BILL & MELINDA GATES FOUNDATION to establish the Women's Economic Empowerment (KU-WEE) Hub. The KU-WEE Hub Project aims to ensure that interested parties such as relevant ministries and departments, county governments, policy leaders (legislators and policy makers) implementing agencies and donors utilize policy evidence to shape policies, programmes, interventions, and advocacy efforts related to supporting women's economic empowerment (WEE) in Kenya.

Kenyatta University was recently awarded a Ksh. 1 million grant for development of a nano-satellite prototype by the Kenya Space Agency. Kenya Space Agency is a State Corporation that is charged with promoting, coordinating and regulating Space related activities in Kenya. The award cheque presentation took place on 21st October 2020 in an event presided over by the Cabinet Secretary, Ministry of Defence, Amb. Dr. Monica Juma. The funds shall be utilized to develop a nanosatellite prototype for imagery, telemetry and drones for agricultural use and disaster management in the country. The university was awarded the grant following successful submission of a proposal to Kenya Space Agency (KSA) under "Operational Space Weather and Nano-satellite Development. Kenyatta University won the grant out of five participating universities. The prototype christened 'KUCUBE' Nanosatellite is aimed at helping Kenya predict and mitigate agricultural disasters. Agriculture being the leading sector in Kenya's economy, ability to disasters affecting food security in line with sustainable development goal 3 is paramount. Some of the disasters mapped out include locust migrations and losses associated with planning timelines.

Kenyatta University emerged 1st runners up in the 12th Edition of the Nelson Mandela World Human Rights Moot Court Competition. It was a historic moment for Africa and Kenya as this is the first time KU Excels in Global Moot Court Competition in the history of the Competition that the two finalists came from the same country. The all-female Strathmore University team of Eugene Kanyugo and Mariam Malik triumphed over Kenyatta University School of Law's Sidney Tambasi Netya and Martin Kioko Munyoto on 10th December 2020.

VICE-CHANCELLOR'S REPORT

The Confucius Institute at Kenyatta University held its second photography competition on the 10th of August 2020. Themed “The road of Growth” the online event was geared towards sparking the student’s enthusiasm for learning Chinese language despite the fact that the COVID19 pandemic had interfered with their school year program. The main theme was broken into sub themes namely; ‘My dream’ ‘Know China’ ‘Confucius Institute and I’ & ‘Chinese Learning’ Lecturers at the Institute were elated to receive very many applications from students who were eager to win amazing prizes. There were three evaluation categories that counted the number of Facebook likes, number of online votes and evaluation of each group’s score. The competitors had been put into different groups.

Other Activities

In light of the global challenges occasioned by the COVID-19 pandemic, Kenyatta University implemented various changes in adherence to strict protocols in preparation for resumption of studies. Among these include personal protective measures including hand and respiratory hygiene. Visible signage at all University points at the Main Campus as well as satellite campuses has been mounted. The signage bears information on mandatory donning of face masks, hand hygiene, and physical distancing to curb the spread of COVID-19. The University has also continued to provide information, education and communication on prevention, management and care including mental, physical and nutritional wellness. These continue to be disseminated to staff and students through official channels. As part of routine measures, screening at all points of entry in the University as well as various social facilities including catering and hospitality are carried out. Besides these, adequate sanitation points have been put up not only at entry points but also in all facilities within the University to ease access and facilitate regular hand hygiene. As guided by the Ministry of Education, the University received all final year students on Monday 5th October 2020.

The Department of Literature, Linguistics and Foreign Languages, in collaboration with the Bangladesh High Commission in Kenya, held a one-day conference on 19th February 2021 to celebrate the International Mother Language Day which is celebrated on 21st February every year. The day designated by UNESCO and earmarked to celebrate the mother language and promote cultural diversity.

VICE-CHANCELLOR'S REPORT

The celebration was graced by the Cabinet Secretary in charge of Sports, Culture and Heritage Amb. Dr. Amina Mohammed who was the Chief Guest. Dr. Amina Mohammed underscored the critical role of a people's language and culture in the way they perceive the world. She pointed out that her Ministry solidly supported the thriving of indigenous Kenyan languages. However, she noted that the threat of extinction of some of these languages was real as children increasingly abandoned their ancestral languages and chose to use the dominant regional and international languages instead.

Mother tongue is important as it is the language through which children are socialised into the society's way of life and that it contributes to the total of human knowledge; inside each language is a vision of the past, present and future. Mother tongue serves as an important basis for identity construction; identity concerns the shared characteristics of members of a group, community, or region.

In March 2021, the Ministry of Health started a structured COVID-19 vaccination programme to contain the global COVID19 pandemic. The vaccination programme in Kenya, which is voluntary, consists of three phases. This first phase targets frontline health workers, teaching and non-teaching staff in educational facilities, uniformed forces, including the police and military and immigration officers. The second phase is expected to begin in July 2021 and targets persons over 50 years and those over 18 years and known to have chronic diseases, such as diabetes, hypertension and sickle cell disease. The third phase is expected to begin in January 2022; depending on the availability of vaccines will target all persons in congregate settings, such as prisoners, densely populated settlements and staff working in entertainment, restaurant and retail sectors. Kenyatta University received 4500 doses of the vaccine.

The Centre for Gender Equity and Empowerment, in collaboration with the Office of the Kenyatta University Students Association, Vice-Chairperson (KUSA) and Kenyatta University Gender Action Movement (KUGAM), celebrated International Women's Day on 8th March 2021. In his speech, the Vice-Chancellor, Prof. Paul K. Wainaina, noted that although the world has made remarkable advances, no country has achieved gender equality. Women and girls are still facing challenges punctuated by poverty, age, education disparities, unchanged laws and stringent cultures. The Vice-Chancellor urged the participants to recognise and accept that women and girls in Kenya have unlimited potential, which has not been exploited due to the multifaceted barriers.

VICE-CHANCELLOR'S REPORT


I steered the University community in celebrating the 11th Disability Awareness Day whose theme was “Towards a Disability Inclusive Society in a postCovid-19 World”. The event which was held on 19th March 2021 also marked the first hybrid Disability Awareness Day. It was a mix of a physical event for a few guests and transmission live on KUTV and online via zoom.

The University through the Directorate of University Health Services in collaboration with Colgate Palmolive, Equity Afia, Regal Pharmaceuticals and Smile Changers Foundation commemorated the World Oral Health Day on 26th March, 2021. World Oral Health day is a day celebrated worldwide and annually to empower people with Knowledge, tools and confidence to secure good oral health.

Appreciation

In conclusion, I take this opportunity to convey my appreciation and gratitude to the University Council, Management and all members of staff for their commitment to work and their timeliness and splendid effort that have seen Kenyatta University move towards its goal of becoming a world-class University.

Finally, I would like to thank the Government, Local and International Donors, Suppliers and Service providers for their trust, guidance and continued co-operation.



Prof. Waceke Wanjohi Ph.D, FRSB, FKNAS
Ag. VICE-CHANCELLOR

CORPORATE GOVERNANCE STATEMENT

Introduction

The statement outlines the key aspects of the University's corporate governance framework. Corporate governance is the process by which the University is directed, controlled and held to account. It provides the structure through which the strategic objectives of the University are set, and the means of attaining them as well as monitoring performance. Corporate Governance dictates the engagement between the University Council, Senate, Management Board, Regulators and all Stakeholders.

The University in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission, and core values for sustainability of the University.

The governing organs of the University are:

- (i) The University Council;
- (ii) The Senate of the University;
- (iii) The University Management Board.

(i) The University Council

Council Charter

The Council is guided by the Council Charter which defines the governance guidelines within which the Council exists and operates. It clearly states the respective roles, responsibilities and authorities of the Council and its Committees.

Council Appointment and Composition

In accordance with the Universities Act No. 42 of 2012, clause 36(1) the Council consists of nine persons appointed by the Cabinet Secretary for a period of three years and who are eligible for re-appointment for a further one term. The persons are as follows:

- The Chairperson
- Principal Secretary, Ministry for the time being responsible for the University Education
- Principal Secretary, Ministry for the time being responsible for Finance and The National Treasury
- Five members appointed by the Cabinet Secretary, Ministry for the time being responsible for University Education
- The Vice-Chancellor who is an ex-officio member of the Council.

The University Charter (Clause 17) requires that the members of the Council at the first meeting after their appointment determine by lot which of their number shall vacate office after a period of three and four years respectively.

Council Diversity

The Council members possess a broad range of skills, expertise, experience and knowledge essential to undertake the University's mandate. The areas of expertise of the current Council members include Sociology, Finance, Counseling Psychology, Information Science, Business Administration, among others as indicated on pages x to xii of this Annual Report.

The University endeavors to and remains compliant with the one third (1/3) gender balance.

CORPORATE GOVERNANCE STATEMENT

Separation of Powers and Duties

The Chairman of Council's responsibilities include the operation, leadership and governance of the Council, ensuring its effectiveness and setting its agenda. The Vice-Chancellor's role and responsibilities include the day-to-day management of the University's business and overseeing the implementation of strategies and policies approved by the Council. This is clearly stipulated in the University Statutes.

Powers and Functions of the Council

The powers and functions of the Council include:

- To make new or additional Statutes, alter, amend or revoke existing Statutes in consultation with the Senate;
- To establish such standing or other committees with membership and with such terms of reference as it may deem fit;
- To make regulations in accordance with the Charter for any purpose in respect of which regulations may be made, provided that no regulations shall be made until Senate has had an opportunity of reporting thereon;
- To provide the land, building, premises, furniture and equipment, including specialized scientific equipments, vehicles, machinery, facilities and other means required for carrying out the work of the University;
- To determine method of recruitment, appointment and promotion of all staff of the University;
- To make the appointments authorized by the Charter and the Statutes and to determine the terms and conditions of service for all staff of the University;
- To provide for the welfare of every person in the employment of the University;
- To establish, confirm, abolish or hold in suspense any professorship, lectureship or other academic, as well as other senior administrative posts in consultation with the Senate;
- To confer, after report from Senate, the title of Professor Emeritus, Adjunct Professor, Adjunct Faculty and other senior staff;
- To receive, consider and approve from University Management Board estimates of expenditure required to carry out the work of the University and to provide the requisite in so far as the estimates are approved and accepted by the Council;
- To provide control and regulate the finances of the University as the Council may provide in the Statutes or Regulations from time to time;
- To control, manage and regulate accounts, investment property and all the business affairs of the University and for that purpose appoint bankers, auditors, lawyers or any other agent as the Council may deem necessary from time to time;
- To promote and make financial provisions and facilities for research within the University;
- To determine, after considering the recommendations of Senate, all fees payable to the University;
- To invest any moneys belonging to the University including any unapplied income, in such stocks, funds, fully paid shares or securities as Council may from time to time think fit, in accordance with the general law for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rent and subject to the Charter

CORPORATE GOVERNANCE STATEMENT

with the power of varying such investment from time to time by sale or re-investment or otherwise;

- To sell, buy, exchange, lease, grants or take on lease moveable and immovable property on behalf of the University, pursuant to section 17 of the Charter;
- To borrow money on behalf of the University, and for that purpose and subject to the Charter, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon moveable property or otherwise as the Council may deem fit;
- To enter into, vary, carry out or terminate contracts on behalf of the University;
- To select a Seal, Arms and Mace for the University and to have the sole custody and use of the Seal;
- To provide by Statutes for the creation of new Colleges, Campuses, Schools, Departments, Directorates, Institutes, Centres or other bodies of learning and research in the University and for the abolition from time to time of any such bodies, and to approve the establishment, abolition or sub-division of any such bodies on the recommendation of Senate;
- To institute, on the recommendation of Senate, donors' fellowships, studentships, exhibitions, bursaries, prizes and other aids to study and research where appropriate and upon conditions acceptable to the Council;
- To determine the terms and conditions upon which Internal and External Examiners shall be appointed by the Senate;
- To consider and give effect to reports from Senate on those matters upon which Senate is authorized or required to make by the Statute;
- To exercise powers of removal from office for good cause of any officer or staff member and other disciplinary controls in the University;
- May empower any of its committee to act jointly with any committee appointed by the Senate, provided that the Council shall not delegate to the Chairperson or to a committee the powers to approve without further reference to the Council the annual Estimates of Expenditure;
- May refer any financial matters affecting the academic policy of the University to the Senate for advice;
- Shall determine the method and condition of appointment and promotion, terms of service and remuneration of all staff of the University;
- Shall authorize or control the establishment and disestablishment of Campuses, Colleges, Schools, Departments, Directorates, Institutes, Bureau, Units and Centres;
- Shall authorize or control the establishment and disestablishment of academic, library, administrative, technical, secretarial and all other posts in the University necessary for the proper functioning of the University;
- Shall control the appointment of any other persons working for the University, pay honoraria, fees and other remuneration as the Council may determine from time to time.

CORPORATE GOVERNANCE STATEMENT

Meetings of the Council

While the Council is responsible for its agenda, it is the responsibility of the Chairperson and the Council Secretariat working closely with the Vice-Chancellor, to come up with the Annual Council Work Plan and Agenda for the Council meetings.

The Council Work Plan together with the calendar of meetings for the Financial Year 2020/2021 was fixed in advance and provided to all Council members. The agenda and supporting papers were distributed in advance to all members of the Council and its Committee's.

Unless the Council otherwise determines, meetings of the Council are held at least four times in each calendar year at such a place and time as the Chairperson may determine.

At all meetings of the Council, a quorum is the nearest whole number above half the membership of the Council.

Where consensus is not achieved, decisions of the Council may be by a simple majority vote of those present and voting, provided that the Chairperson of the council shall have a casting vote in case of an equality of votes.

The Chairperson may at any time call a meeting of the Council within twenty eight (28) days of receiving request for that purpose addressed to him and signed by at least a half of the membership of Council.

Councils' Effectiveness

In order to ensure that the Council members are effective in their contribution to the management of the University, it is important that they develop good understanding of the University and its operations.

Council members undergo regular training to enable them to fulfill their responsibilities. The University has also developed a comprehensive induction program and inducts all new board members.

Evaluation

The Council has put in place evaluation system to ensure that the Council achieves its objective. Council evaluation is scheduled to take place in the year 2021/2022.

Council Committees

The University has a total of four committees and five boards whose chairperson reports to the main Council and assists in executing the mandate of the Council and by extension, the University.

CORPORATE GOVERNANCE STATEMENT

A) Council Committees

- 1) Finance and Strategy Committee
- 2) Terms of Service and Conditions Committee
- 3) Audit Committee
- 4) Governance, Risk and Compliance Committee

B) Boards

- 1) Staff Appeals Board
- 2) Appointment and Promotions Board (*For Professors, Associate Professors & Equivalent Grades*)
- 3) Disciplinary Board for Senior Staff (*Grade A-F, Graduate Assistants to Professor & Equivalent Grades*)
- 4) Honorary Degree Board
- 5) Sealing Board

Composition of Committees and Boards of the 10th Kenyatta University Council and their Terms of Reference

1. Finance and Strategy Committee

a) Membership

- 1) Council Member - Chairperson
- 2) Vice-Chancellor
- 3) Principal Secretary in the Ministry for the time being responsible for Education
- 4) Principal Secretary in the Ministry for the time being responsible for Finance
- 5) One Council Member

b) In Attendance

1. Deputy Vice-Chancellor (Finance & Development)
2. Registrar (Finance and Development)
3. Registrar (Planning and Strategy)
4. The Chief Finance Officer
5. Director ICT
6. Council Secretary

c) Quorum Rules

One person above half the number of Members

CORPORATE GOVERNANCE STATEMENT

c) Terms of Reference

i) Finance

The Committee advises the Council on:

- Financial and investment projections of the University.
- Making provision for the examination of all the bills and accounts and for the discharge of liabilities incurred by the University
- Fees and other rates to be paid by Students

The Committee is responsible on the delegated authority of the Council for:

- Preparing of University Development Plans for an approved period and submit to Council
- Keeping under review approved development programmers and to ascertain that the objectives of the University are being achieved and to make recommendations thereon to Council
- Considering the annual report and financial statement and make recommendation to Council
- Receiving, considering and submitting the proposed budget estimates from the relevant sectors for approval by Council
- Ensuring that there are adequate controls in place for prudent management of financial resources
- Reviewing the endowment and donations policy to ensure adequate monitoring and control
- Exercising such powers as Council may from time to time delegate to the Committee

ii) Strategy

The Committee advises the Council on:

- The vision, core values and the strategic direction of the University
- The status of the implementation of the University Strategic and Vision Plan

The Committee is responsible for the delegated authority of the Council for:

- Reviewing annually the University financial and investment strategy to ensure that it is sustainable and supports the University Strategic and Vision Plan
- Overseeing the development, implementation and integration of the Universities information technology strategy into learning, teaching and research and in the performance monitoring of the University
- Overseeing the implementation of ICT Policy.

CORPORATE GOVERNANCE STATEMENT

2. Terms of Service and Conditions Committee

a) Membership

1. Council Member - Chairperson
2. Principal Secretary in the Ministry for the time being responsible for University Education
3. Principal Secretary in the Ministry for the time being responsible for Finance
4. One Council Member
5. Vice-Chancellor

b) In Attendance

1. Deputy Vice-Chancellor (Administration)
2. Registrar (Corporate Affairs)
3. Registrar (Administration)
4. The Chief Finance officer
5. Human Resource Manager
6. Council Secretary

c) Quorum Rules

One person above half the number of Members

d) Terms of Reference

The Committee advises the Council on:

- Terms and conditions of service of all staff in the University

The Committee is responsible on the delegated authority of the Council for:

- Considering proposals of terms and conditions of service made by staff unions through the University Management Board

3. Governance, Risk Compliance Committee

a) Membership

1. Council Member - Chairperson
2. Principal Secretary in the Ministry for the time being responsible for Finance
3. One Council Member
4. Vice-Chancellor

b) In Attendance

Governance, Risk and Compliance

1. Deputy Vice-Chancellor (Administration)
2. Registrar (Planning & Strategy)
3. Chief Finance Officer
4. Chief Legal Officer

CORPORATE GOVERNANCE STATEMENT

5. Officer in Charge of Risk and Compliance
6. Council Secretary

c) Quorum Rules

One person above half the number of Members

d) Terms of Reference

i) Governance

The Committee advises the Council on:

- The roles and operations of the Council based on best practice in corporate governance
- Regulations and procedures for Council and Council Committees
- Membership, powers and duties of Committees of Council

The Committee is responsible on the delegated authority of the Council for:

- Monitoring the performance of Council Committees
- Receiving reports on effectiveness of Council and its Committees
- Considering and recommending to the Council changes to governance framework (Charter, Statutes, and policies)

ii) Risk

The Committee advises the Council on:

- The adequacy and effectiveness of the risk management framework
- Major risks which may impact on the reputation of the University and the associated risk mitigation mechanism

The Committee is responsible on the delegated authority of the Council for:

- Receiving reports and providing oversight on the implementation of the risk management policy
- Receiving regular audit reports on the Risk function and report to Council on any matters that require their consideration
- Reviewing the implementation of the risk management framework on a quarterly basis

iii) Compliance

The Committee advises the Council on:

- All issues relating to external and internal compliance

The Committee is responsible on the delegated authority of the Council for:

- Monitoring the effectiveness of the University's processes for ensuring compliance with relevant laws, rules, regulations, and standards

CORPORATE GOVERNANCE STATEMENT

- Receiving reports on legal compliance audit and recommend on strategies to manage any breaches and risks effectively

4. Audit Committee

a) Membership

1. Council Member - Chairperson
2. Principal Secretary in the Ministry for the time being responsible for University Education
3. One Council Member

b) In Attendance

1. Deputy Vice-Chancellor (Finance & Development)
2. Chief Finance Officer
3. Chief Internal Auditor
4. Council Secretary

c) Quorum Rules

One person above half the number of Members

d) Terms of Reference

The Committee advises the Council on:

- The adequacy and effectiveness of management procedures with regard to issues relating to risk management, control and governance

The Committee is responsible on the delegated authority of the Council for:

- Reviewing and approving the audit charter where applicable and internal audit annual work plans
- Reviewing internal and external audit findings and recommendations and proposing corrective and preventive action where necessary
- Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics
- Initiating special audits/ investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer/Chief Executive Officer.

CORPORATE GOVERNANCE STATEMENT

University Boards

1. Staff Appeals Board

a) Membership

1. Chairman of Council - **Chairperson**
2. Independent Council Member
3. Independent Council Member

b) In Attendance

1. Vice Chancellor
2. The relevant Dean/Head of the Department/Section concerned
3. Registrar (Administration)
4. Human Resource Manager
5. Chief Legal Officer
6. Council Secretary

c) Quorum Rules

One person above half the number of members

d) Terms of Reference

The Board is responsible on the delegated authority of the Council for:

- Considering and determining appeals from individual members of staff against decisions in relation to their discipline from both the Junior and the Senior Board of discipline.

2. Appointments and Promotions Board (For Professors, Associate Professors and Equivalent Grades)

a) Membership

1. Chairman of Council - **Chairperson**
2. One (1) Council Member
3. Vice-Chancellor

b) In Attendance

1. Deputy Vice – Chancellor (Administration)
2. Principal of the College Concerned
3. Dean of the School concerned
4. Head of the Department/Section concerned

CORPORATE GOVERNANCE STATEMENT

5. Registrar (Administration)
6. Human Resource Manager
7. Council Secretary

c) Quorum Rules

One person above half the number of Members

d) Terms of Reference

The Board shall be responsible to the Council for the appointment and promotions of Associate Professors, Professors and Equivalent Grades as may be determined by the Council.

3. Disciplinary Board for Senior Staff (Grades A-F, Graduate Assistants to Professor and Equivalent Grades)

a) Membership

1. Vice-Chancellor
2. One (1) Council Member

b) In Attendance

1. Deputy Vice – Chancellor (Administration)
2. The relevant Dean/Director/Head of the Department/Section concerned
3. Relevant Staff Union representative
4. Registrar (Administration)
5. Human Resource Manager
6. Chief Legal Officer
7. Council Secretary

c) Quorum Rules

One person above half the number of members

d) Terms of Reference

Shall be responsible to the Council for the discipline, suspension and removal from Service of all senior staff (Grades A-F, Graduate Assistants to Professor and Equivalent Grades) as may be determined by the Council.

CORPORATE GOVERNANCE STATEMENT

4. Honorary Degrees Board

a) Membership

1. Vice-Chancellor - **Chairperson**
2. Chairman of Council
3. One (1) Council Member

b) In Attendance

1. Deputy Vice – Chancellor (Academic)
2. Principal of the College concerned for Honorary Degree(s)
3. Dean of the School concerned for Honorary Degree(s)
4. Registrar Corporate Affairs
5. Registrar (Academic)
6. Council Secretary

c) Quorum Rules

One person above half the number of members

d) Terms of Reference

- 1) To receive and consider nomination (s) from the various boards of Schools and Institutes for the award (s) of honorary degrees and fellowships
- 2) To recommend to the senate persons deemed fit for the award of honorary degrees

5. Sealing Board

a) Membership

1. Chairperson of Council - **Chairperson**
2. Vice-Chancellor
3. One (1) Council Member

b) In Attendance

1. Deputy Vice – Chancellor (Academic)
2. Registrar (Academic)
3. Head, Transcript, Graduation and Certificates
4. Council Secretary

CORPORATE GOVERNANCE STATEMENT

c) One person above half the number of Members

d) Terms of Reference

To receive, verify and seal certificates before they are issued to graduands

Council Remuneration

The University Non-Executive Council Members are paid a sitting allowance for every meeting attended. They are not eligible for pension scheme membership. However the Chairman of Council receives honoraria on a monthly basis as indicated in Note 12 of the Financial Statements.

Council allowances are based on approved rates and guidance provided in Government Circulars

Conflict of Interest

The Council members are obligateded to fully disclose to the Council any real or potential conflict of interest, which comes to any Council member's attention, whether direct or indirect. At any meeting the Council members are expected to make a declaration of any interest they may have in the business under discussion. In the financial year under review, there were no transactions with any of the Council members or their related parties.

Code of Conduct and Ethics

The University has a code of conduct and ethics policy that binds the Council members, management and employees. When joining the University, every employee is provided with a copy of the code of conduct and ethics policy and must commit to abide by its requirements as part of the employment contract with the University.

Whistle Blowing Policy

This is provided for in Kenyatta University Anti-Corruption Policy Clause 17, which states that the University undertakes to protect the identity of persons making corruption disclosures, and the information provided therein shall be handled in utmost confidentiality. Allegations that are false and made with malicious intent are discouraged. Where such malicious or allegations are discovered, the person who made the allegation shall be subjected to disciplinary action.

Risk Management and Internal Controls

The University Council is responsible for the University system of risk management and internal control, which is designed to identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/curb the risk.

The Council has delegated responsibility for the ongoing monitoring of the effectiveness of this system to the Audit Committee. Details in relation to the Audit Committee's work in this regard are set out in the University Statutes.

CORPORATE GOVERNANCE STATEMENT

The Vice-Chancellor is responsible for implementing the system, including a system of internal controls and audits, to identify and manage risks that are material to the University. Independent review of the risk management framework is carried out through the University Internal Audit function that carries out risk based internal audit on regular basis.

The University has an in-house legal officer and has appointed advocates to advice on litigation risks. The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The University Council through its Audit Committee receives regular reports during the year on internal controls and risks.

The University's Key Risks include;

1. Strategic/Commercial Risks
2. Economical/Financial/Market Risks
3. Legal and Regulatory Risks
4. Organization/Management/Human Factor Risks
5. Political Risks
6. Environmental Risks
7. Technical/Operational/Infrastructure Risks

Compliance

The Council operates in a manner reflecting the University's values and in accordance with the Corporate Guidance, the University Act, and University Charter, University Statutes, Council Charter, Mwongozo and all other applicable regulations.

The Council is committed to ensuring that it complies with all applicable laws and regulations

Governance Audit

The University did not conduct governance audit this year but the same will be conducted in the year 2021/2022.

Stakeholders

Stakeholders may be categorized, on the basis of location, into internal and external. Internal stakeholders include those inside the University. These include students and employees. On the other hand, external stakeholders are based outside the University, but have implications for survival of the University. These include customers, suppliers, government agencies, development partners, local communities, alumni, external examiners and trade unions.

Going Concern

The Council is committed to ensuring that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE STATEMENT

Conclusion

The Council recognizes that practices and procedures can always be improved. Accordingly, the corporate governance framework of the University is kept under review to take account of changing standards and regulations.

Number of Full Council, Committees and Board Meetings held During the Year 2020/2021.

| S/N | Type of the Meeting | Number of Meetings |
|------------|---|---------------------------|
| 1 | Full Council | 4 |
| 2 | Terms and Conditions of Service Committee | 2 |
| 3 | Audit Committee | 3 |
| 4 | Finance and Strategy Committee | 4 |
| 5 | Governance, Risk and Compliance Committee | 3 |
| 6 | Sealing Board | 2 |
| 7 | Disciplinary Board for Senior Staff (Grade A-F, Graduate Assistants to Professor and Equivalent Grades) | 2 |
| 8 | Staff Appeals Board | 1 |
| 9 | Honorary Board | None |
| 10 | Appointments and Promotions Board (For Professors, Associate Professors and Equivalent Grades) | 6 |

CORPORATE GOVERNANCE STATEMENT

(i) The Senate of the University

The membership of the Senate shall be:-

- The Vice-Chancellor, who shall be the Chairperson;
- The Deputy Vice-Chancellors;
- The Principals of each Constituent College;
- The Principals of each College within the University;
- Registrars;
- Executive Deans;
- Directors of Campuses;
- Chairpersons of Departments;
- One Professor representing each College;
- The Chief University Librarian;
- The Chief Finance Officer;
- Director of Student Affairs;
- Director Information, Communication and Technology Services (ICT);
- Two members elected by the students' organization, who shall be entitled to attend deliberations of the Senate on matters which are considered by the Chairperson of the Senate to be confidential of which relate to examinations, the general discipline of students, and other related matters; and
- Such other member as Council may determine in accordance with the Statute

The Deputy Vice-Chancellor in charge of Academic affairs shall be secretary to the senate.

The Senate shall have the following powers and duties:-

- 1) To satisfy itself regarding the content and academic standard of any course of study in respect to any degree, diploma, certificate or other award of the University;
- 2) To propose regulations to be made by the Council regarding the eligibility of persons for admission to degree, diploma and certificate programmes;
- 3) To propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other awards of the University;
- 4) To decide which person has attained such standard of proficiency and are otherwise fit to be granted a degree, diploma, certificate or other awards of the University;
- 5) To make regulations governing such other matters as are within its powers in accordance with this Charter or the Statutes.

The Senate may, subject to the Act, the Charter, Statutes and Regulations, establish committees consisting of such members of the Senate or any other persons as it may deem fit and may delegate any of its powers or duties to the Chairperson or any of its committee (s).

CORPORATE GOVERNANCE STATEMENT

(ii) The University Management Board

Members of the University Management Board shall be;

- The Vice-chancellor, who shall be the Chairperson;
- The Deputy Vice-Chancellors;
- Registrars;
- Chief Finance Officer
- Chief Legal Officer
- Such other member of senior management as the Council may determine and as provided for in the statutes.

The University Management Board shall assist the Vice-Chancellor in;

- 1) The Management of urgent day-to-day academic, administrative, research, development and outreach issues;
- 2) The efficient management of the human, physical, and financial resources of the University;
- 3) Coordination of University and colleges strategic and development plans;
- 4) Make proposals to Senate and Council on issues that have University-wide application;
- 5) Receive proposals from different sectors of the University for recommendation for Council consideration;
- 6) The implementation of Council and Senate approved policies;
- 7) Any other matters related to the management of the University.

MANAGEMENT DISCUSSION AND ANALYSIS

The University's Management discussion and analysis, provides an overview of the University's financial activities for the fiscal year ended 30th June 2021. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the University's financial statements and Notes to the Financial Statements following this section.

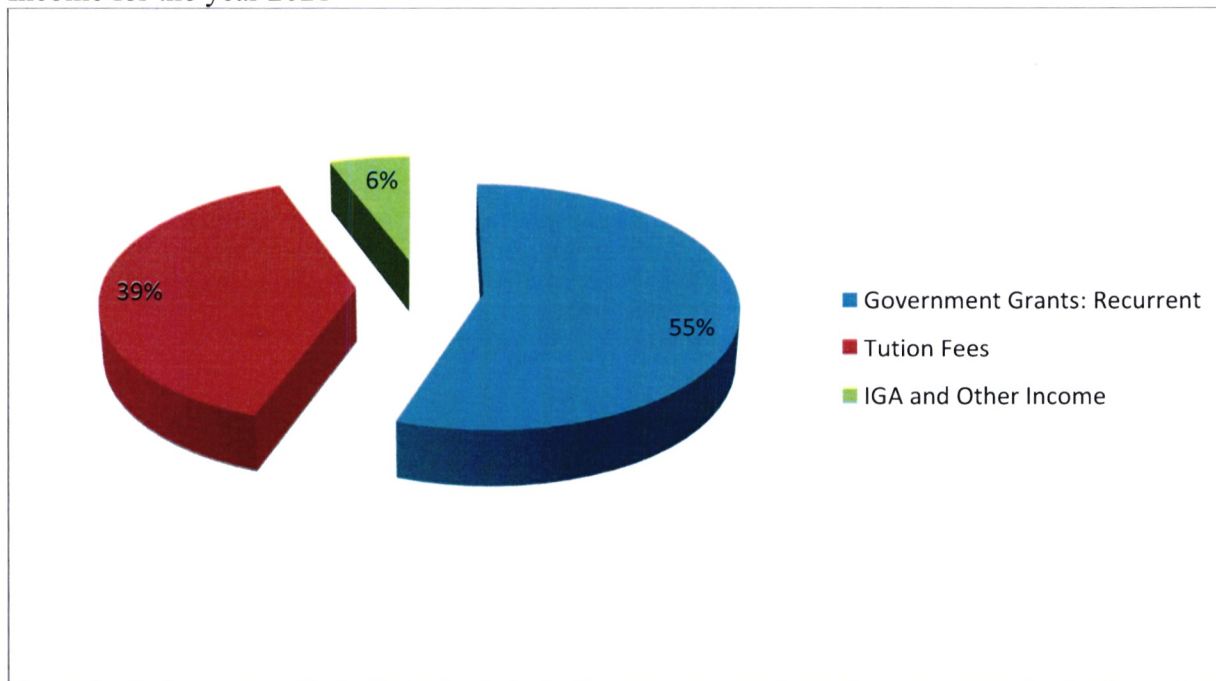
A. University Performance

University Sources of Funds

1. Government Grants – Recurrent and Development
2. Internally generated funds- Tuition and other income generating activities.
3. Externally sourced funds- Donations and grants from private sector, loans and overdrafts

In the year 2020/2021 the University received Kshs 3,299,993,296 Government Grants, Kshs 2,319,770,645 Tuition and other fees and Kshs. 233,610,413 from Income Generating Activities and other incomes.

Income for the year 2021



MANAGEMENT DISCUSSION AND ANALYSIS

University Expenditure

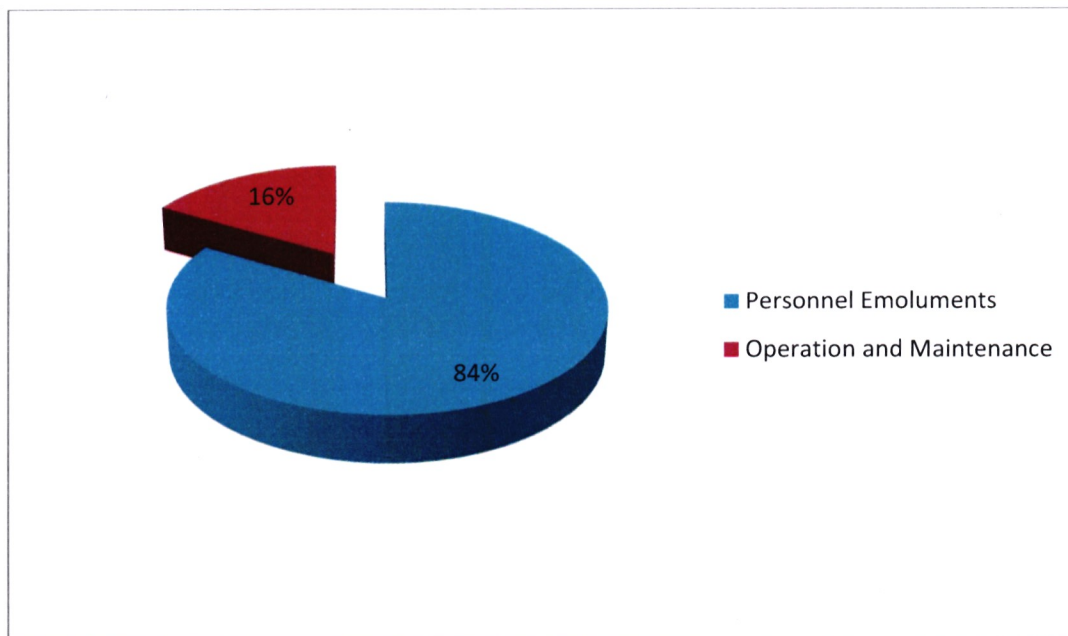
University Expenditures are composed of Personnel Emoluments, Operations and Maintenance.

The University's expenditure decreased from Kshs 9,239,073,035 in the year 2020 to Kshs, 7,983,004,644 in the year 2021 because management had put in measures to cut down on costs, and also the effect of COVID -19 Pandemic.

In the year 2021, the University's expenditures under the two categories were as follows;

| Particulars | Amount in Kshs |
|------------------------------|-----------------------|
| 1. Personnel Emoluments | 6,011,916,820 |
| 2. Operation and Maintenance | 1,182,572,550 |

Expenditures for the year 2021



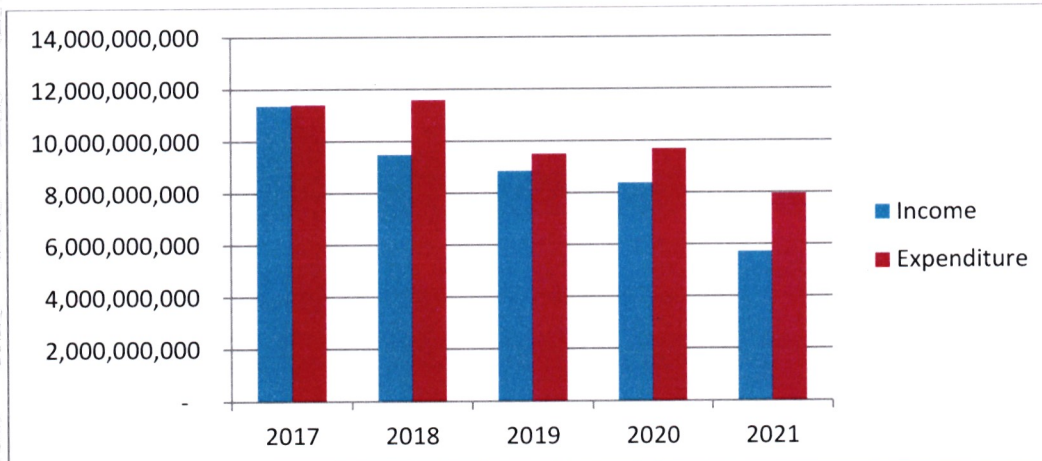
MANAGEMENT DISCUSSION AND ANALYSIS

Five Years Financial Performance 2017 to 2021

| PARTICULARS | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 |
|------------------------------|-----------------------|------------------------|----------------------|------------------------|------------------------|
| INCOME-KSHS | | | | | |
| Government Grants: Recurrent | 3,660,925,439 | 4,148,305,985 | 3,421,558,999 | 4,117,206,233 | 3,299,993,296 |
| Tuition Fees | 5,859,663,442 | 4,347,821,552 | 4,635,730,730 | 3,384,128,879 | 2,319,770,575 |
| IGA and Other Income | 1,847,439,325 | 1,008,916,433 | 803,498,917 | 641,957,121 | 233,610,413 |
| Income | 11,368,028,206 | 9,505,043,970 | 8,860,788,646 | 8,143,292,233 | 5,853,374,354 |
| EXPENDITURE KSHS | | | | | |
| Personal Emoluments | 6,631,832,567 | 7,726,090,829 | 6,666,580,038 | 6,843,958,196 | 6,011,916,820 |
| Operation and Maintenance | 4,780,098,638 | 3,888,361,651 | 2,872,012,364 | 2,627,949,562 | 1,971,087,824 |
| Expenditure | 11,411,931,205 | 11,614,452,480 | 9,538,592,402 | 9,471,907,758 | 7,983,004,644 |
| Deficit/Surplus | (43,902,999) | (2,109,408,510) | (677,803,757) | (1,328,615,525) | (2,129,630,290) |

MANAGEMENT DISCUSSION AND ANALYSIS

Income and Expenditures Trend 2017 to 2021



University Net Assets

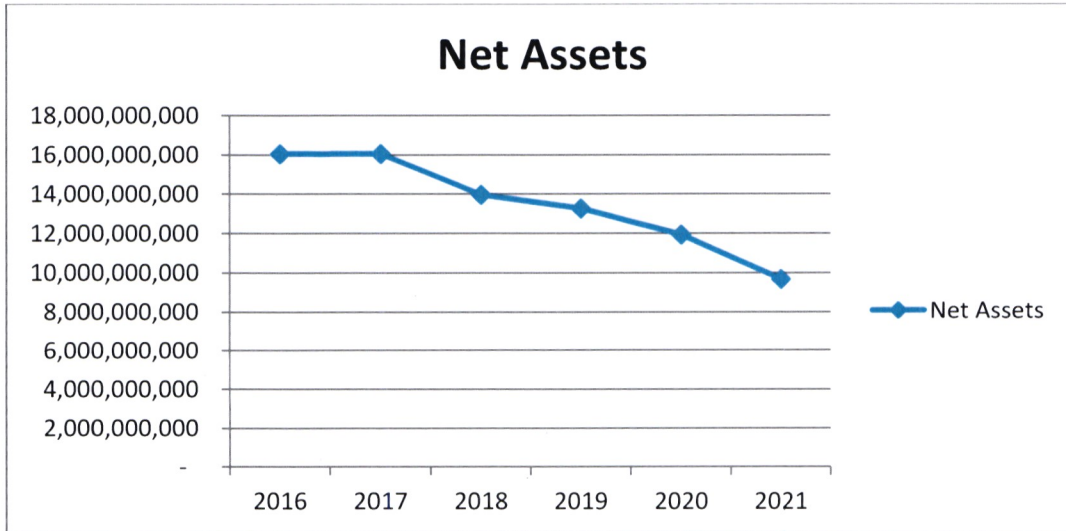
The University Net Assets are composed of;

1. Revaluation Reserves
2. Accumulated Surplus
3. Capital Fund (Government Capital Grants)

The University's Net Asset for the year 2021 is composed of Kshs 4,399,292,064 Revaluation Reserves, Kshs.2, 386,357,315 Revenue Reserves and Kshs 3,023,932,178 Capital Fund.

MANAGEMENT DISCUSSION AND ANALYSIS

University's Net Assets for the year 2016 to 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

Conclusion:

The University reported deficit in the last two years, with its revenue declining from Kshs 7,910,456,710 in the year 2020 to Kshs.5, 853,374,354 in the year 2021. In particular tuition and other fees which is a major component of the University revenue declined from Kshs 3,384,128,879 in the year 2020 to Kshs 2,319,770,645 in the year 2021. The University expenditure dropped from Kshs 9,239,072,235 in the year 2020 to Kshs.7, 983,004,644 in the year 2021. The decrease in anticipated revenues is due to closure of the University as a result of Covid-19 pandemic and reduction in student numbers. With revenue enhancement and cost cutting measures implemented by Management we are optimistic that the situation will improve in the foreseeable future.

B. University's Compliance with Statutory Requirements

The University has endeavored to comply with statutory requirement, however for the last two years the University has not been able to remit payroll statutory deductions as indicated in note 23 of the Financial Statements.

C. Key Projects and Investment Decisions the University is Planning/Implementing

| SN | PROJECT NAME | COMMENCEMENT DATE | EXPECTED COMPLETION DATES | % OF COMPLETION | ESTIMATED PROJECT COST | COST INCURRED TO DATE | PROGRESS REPORT |
|----|---|-------------------|---------------------------|-----------------|------------------------|-----------------------|-----------------|
| 3 | Mama Ngina University College (Phase 1) | April 2019 | April 2020 | Inception Stage | 377M | 118M | Ongoing |
| 4 | REC Centre | July, 2015 | December, 2018 | 20% | 300M | 56M | on hold |
| 5 | School of Business | July, 2015 | December, 2018 | 19% | 300M | 81M | on hold |
| 6 | Kenyatta University Children Hospital | July, 2014 | December, 2019 | 28% | 2B | 201.6M | on hold |

D. Major Risks facing the University

The University has identified the following Key Risks;

1. Financial Risk-the University is unable to meet its obligations as and when they fall due
2. Commercial Risk-the University has experienced drastic reduced number of self-sponsored students.
3. Infrastructural Risk-there is a number of stalled projects due to lack of funds.

E. Material Arrears in Statutory/Financial Obligations

The University has not been in a position to meet its expenditures as and when they fall due. At the end of the financial year 2020/2021 the University had not paid its obligations as per note 23 of the Financial Statement.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Introduction

Kenyatta University commits itself to engaging in robust corporate social responsibility (CSR) programmes that demonstrate its good citizenship based on the triple bottom line: people, planet and revenue. Increased revenue in form of profits is put into programs that benefit people in the communities around the University. This is achieved by focusing on the following categories:

1. **Philanthropy:** With the resources the University has, social responsibility is practiced by making donations in form of products, money and services to social causes and nonprofits to benefit charities and local community programs.
2. **Environmental efforts:** At the heart of Kenyatta University's focus of CSR is the environment. The University reduces the large carbon footprints to levels that are considered favourable and beneficial to both the organization and the community.
3. **Ethical labour practices:** Kenyatta University is committed to treating its employees fairly and ethically by ensuring both governing and international labour laws are operationalized.
4. **Volunteering:** The University tackles various community issues by engaging the community with its staff and students in activities and deeds that do not expect any form of return.

For the University to implement and accomplish these key areas of focus, the University initiated the Directorate of Community Outreach and Extension Programmes (COEP) in August 2007. The main objective of the Directorate was to reach out to communities by extending knowledge, skills and other resources to improve their quality of life. The Directorate further helps communities identify, mobilize and utilize their resources that are available to them not only for their own development but for empowerment.

Kenyatta University is endowed with human, financial, tangible and information resources. Because of its diversity in areas of training, research and experiences, the Directorate of COEP gives both staff and students an opportunity to extend its services to communities in any part of this nation and beyond. It is this gesture that KU draws inspiration from- Service to humanity.

CSR Programmes

Driven by inclusivity; enhancing natural capacities and networks; coordination; need-driven and holistic, reflective and evaluative; socially, collaboratively and democratic; and celebratory, as the seven guiding principles, the Directorate of COEP achieves the University's CSR objective through the following programmes:

1. **Community Need Based (CNB) programmes:** These are programmes that involve participatory identification of specific needs within a community and using that information to develop and implement interventions. Activities in these programmes are further divided into:
 - i) **Training need based:** These activities involve teaching and training a particular community in areas of focus to the development of the community.
 - ii) **Philanthropy based:** These activities involve giving products and services to a community that is in need with an objective of improving their lives.
2. **Response to National Crises (RNC) programmes:** These are programmes that ensure a prompt address to occurrences that lead to disruption of normal living conditions affecting the entire section of the population based on the affected people's needs.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

CSR Activities

Activities run by the Directorate are determined by the Government's Performance Contracts to the University or those that are initiated by the Directorate as a unit.

Notably in the year 2020/2021, Kenyatta University opened up its health Unit facility as a Covid Vaccination point in order to reach out to the neighboring community as well as be partner's with the government in vaccinating the Kenyan population.

Besides CSR activities, the University acknowledges partnerships, collaborations and associations geared towards attainment of its objective as far as corporate social responsibility is concerned. Some of the partnerships drawn to the Directorate of COEP include:

- i) Navigators Economic Projects Transformational Facility (EPTF), Kenya
- ii) United Cultural Empowerment and Social Community Organization (UCESCO)
- iii) University of Hungary

Achievements of the CSR activities

Kenyatta University through the Directorate of COEP has ensured that the CSR activities are integrated into its economic, social, societal and environmental objectives to create a socially responsible work environment. By so doing, the following has been achieved:

- i) Generation of a positive publicity and reputation
- ii) Increased patronage and consumer appeal
- iii) Talent attraction and Employee satisfaction and retention
- iv) Strong client and community relations
- v) Triple bottom line effect towards people, planet and revenue

STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 15 of the State corporation Act and section 47 of the University Act, 2012, require that the Council prepares financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University and is responsible for safeguarding the assets of the University.


The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the manner required by the University Act, 2012 and Kenyatta University Charter. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

The University Council is committed to have the University be and 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 Board and signed on its behalf by:


Prof. Waceke Wanjohi Ph.D, FRSB, FKNAS
Ag.VICE-CHANCELLOR


Prof. Crispus Makau Kiamba, Ph.D., CBS, MBS
CHAIRMAN OF COUNCIL

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2021

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 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 Kenyatta University set out on pages 1 to 43, which comprise the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of cash flows, statement of changes in

net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenyatta University as at 30 June, 2021 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 University Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Illegal Encroachment on Land and Lack of Ownership Documents

The statement of financial position and as disclosed in Note 22 to the financial statements reflects a balance of Kshs.17,058,496,957 in respect of property, plant and equipment. Included in the balance is Kshs.6,085,271,458 in respect of land. However, review of documents and as reported in the previous years, the land includes a portion of University land measuring 12.472 hectares valued at Kshs.123,281,555 that has been illegally encroached by informal settlers. Although the University filed a case in Court against the illegal encroachment and obtained favourable ruling, no eviction has been enforced.

Further, the land includes thirty-two hectares (32) allocated through the assistance of Lagdera Constituency Development Fund in Garissa County and for which the University paid registration fees of Kshs.880,000. However, ownership documents for the land were not provided for review. Similarly, the land includes a portion measuring 7.97 hectares on which a teaching, research and referral hospital is built. Although the Hospital was built after the Kenya Government entered into a concessional loan agreement with Export-Import Bank of China amounting to Kshs.8,756,625,600 and was subsequently gazetted as a state corporation, the ownership and compensation of the land on which the Hospital is built has not been determined.

In addition, review of documents revealed that the University has other assets under biological assets which were not disclosed under non-current assets. Management explained that the biological assets were not valued and could not therefore be included in the financial statements.

In the circumstances, the accuracy, completeness and full ownership of property, plant and equipment balance of Kshs.17,058,496,957 could not be confirmed.

2.0 Unsupported Inventories Balance

The statement of financial position and as disclosed in Note 20 to the financial statements reflects inventories balance of Kshs.42,182,627. However, this balance was not supported by stock take reports.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.42,182,627 could not be confirmed.

3.0 Trade and Other Payables from Exchange Transactions

3.1 Unsupported Trade and Other Payables

The statement of financial position and as disclosed in Note 23a to the financial statements reflects trade and other payables from exchange transactions of Kshs.6,674,121,498. Included in the balance is an amount of Kshs.976,664,361 that was not supported by ledgers/schedules and detailed analyses of payees and amount owing. Further payables amounting to Kshs.84,151,386 differed with their supporting schedules balance of Kshs.103,296,420 resulting to an unexplained variance of Kshs.19,145,034.

3.2 Long outstanding Trade and Other Payables

Included in trade and other payables from exchange transactions balance of Kshs.6,674,121,498. are unremitted statutory deductions in respect of pension, NHIF, NSSF deductions and contributions by employer, Pay As You Earn (PAYE) and VAT of totaling Kshs.4,943,796,131. In addition, the balance includes other third-party deductions from employees including welfare, insurance, cooperative, other salary and staff loans totalling Kshs.421,447,742 which have not been remitted to beneficiary institutions. Further, the balance includes general creditors balance of Kshs.505,698,150 owed to general suppliers and other contractors which have been outstanding for a long period.

In the circumstances, the accuracy and completeness of trade and other trade payables from exchange transactions could not be confirmed.

4.0 Unsupported Operations Expenses

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects operations expenses totalling to Kshs.1,184,572,550. Included in the expenditure are amounts of Kshs.41,695,306 and Kshs.17,955,696 in respect of stationery and health unit drugs respectively. However, supporting schedules provided reflected debit figures indicated as decrease which was not explained and corresponding information on payees and amounts were not provided for audit.

Further, included in the operations expenses is an amount of Kshs.16,782,195 in respect of other office consumables. However, the amount differs with the support schedule of Kshs.18,041,150 resulting to an unreconciled variance of Kshs.1,258,955. Similarly, the balance includes an amount of Kshs.20,636,219 in respect of examination stationary whose supporting schedule provided for audit included an unexplained payments to a local bank amounting to Kshs.8,969,438.

In addition, included in the balance is Kshs.35,139,692 in respect of regional expenses open learning. However, the supporting schedule reflects expenditure on coffins, clinical waste, refuse collection, garbage collection and dairy feeds which appeared unrelated to open learning expenses.

In the circumstances, the accuracy and completeness of the operations expenses of Kshs.1,184,572,550 could not be confirmed.

5.0 Receivables from Non-Exchange Transactions

5.1 Long Outstanding Receivables from Non-exchange Transactions

The statement of financial position and as disclosed in Note 19 to the financial statements reflects a balance of Kshs.175,848,463 in respect of receivables from non-exchange transactions which includes outstanding imprests totalling Kshs.15,273,391 out of which imprest amounting to Kshs.9,380,326 has been outstanding for over one year. Although Management indicated that recovery of the long outstanding imprests is being followed through legal channels and that a debt collection firm has been appointed to assist in collecting the debts, the imprests have not been cleared.

Further the receivables from non-exchange transactions balance includes imprest research of Kshs.33,026,176. However, review of documents revealed that multiple imprests were issued to various members of staff for which the timeline of research approved budgets, type of research, work plans and completion timelines were not disclosed.

In addition, the balance includes an amount of Kshs.6,027,864 in respect of staff debtors out of which Kshs.1,421,445 relates to car loans due from four (4) officers who have since left the University. The loans were issued by a local Bank and guaranteed by the University but the staff defaulted in repayment after they left the University and the bank recovered the amounts owed together with accrued interest from the University's fixed deposit account. However, it was not explained why the logbooks used as collateral for the loans were released to the defaulters and why the University Management cleared the former members of staff before the loans were fully recovered.

Although, the car loan debts were being followed by the University's and an appointed debt collection firm, the University has not fully recovered the outstanding loans.

5.2 Inaccuracies in Sundry Debtors Balance

The statement of financial position and as disclosed in Note 19 to the financial statements reflects a balance of Kshs.175,848,463 in respect of receivables from non-exchange transactions. Included in the balance is an amount of Kshs.94,443,269 in respect of sundry debtors. However, this balance differs with the schedule balance of Kshs.86,339,719 resulting to an unexplained variance of Kshs.8,103,550. In addition, the balance includes an amount of Kshs.55,339,719 for which the services rendered were not been explained and no billing documents were provided for review.

5.3 Unsupported Receivables from Government Agencies

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.175,848,463. Included in this balance is an amount of Kshs.7,026,961 in

respect of Government agencies which was not supported by a reconciliation to confirm the amounts due.

In the circumstances, the accuracy and completeness of Kshs.175,848,463 for receivables from non-exchange transactions could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenyatta University 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

Uncertainty Relating to Sustainability of Services

I draw your attention to the statement of financial performance which reflects a deficit of Kshs.2,129,630,290 and the statement of financial position which reflects total current assets balance of Kshs.838,431,539 and total current liabilities balance of Kshs.7,521,262,369 resulting in a negative working capital of Kshs.6,682,830,830.

In view of the deficit and the negative working capital the ability of the University to continue to sustain its services is dependent on continued Government Support.

My opinion is not qualified based on the above matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.8,878,758,500 and Kshs.5,853,374,284 respectively resulting to an under-funding of Kshs.3,025,384,216 or 34% of the budget. Similarly, the University expended Kshs.7,983,004,644 against an approved budget of Kshs.8,638,258,500 resulting to an under-expenditure of Kshs.655,253,856 or 8% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2020 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in

use of resources and effectiveness of internal controls, risk management and governance. However, the issues remained unresolved as at 30 June, 2021. Management has not indicated when the issues will be resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

As required by Article 229(6) of the Constitution, based on 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 has not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Non-Compliance with the One-Third of Basic Salary Rule

During the year ended 30 June, 2021, thirty-one (31) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management has not provided reasons for the non-compliance with the policy.

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

2.0 Capital Work in Progress

The statement of financial position and Note 26 to the financial statements reflects capital work in progress of Kshs.805,144,606. However, review of documents revealed that projects valued at Kshs.616,427,834 had stalled for over a year and their completion date was uncertain.

In the circumstances, the value for money on the stalled projects 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 in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, 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 for Conclusion

1.0 Expired Contracts for Members of Staff

Review of staff establishment documents at the North Coast Beach Hotel revealed that there was a total of forty (40) staff with three of the staff on permanent basis while thirty-seven (37) were on contract terms. However, review of personal files for the contract staff revealed that their contracts has expired and it basis of their continued employment was not explained.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

2.0 Loss Making Operations

The statement of financial performance and Note 8 to the financial statements reflects revenue from the income generating activities of Kshs.134,047,892. However, revenue activities in respect of catering and North Coast Beach Hotel of Kshs.18,757,318 and Kshs.33,262,022 respectively had corresponding expenses of Kshs.35,631,747 and Kshs.50,135,854 respectively resulting to loses. In addition, the Regional Centre for Capacity Development on which an expenditure of Kshs.102,791 was incurred generated no income. Management has not explained measures that will be put in place to reverse the trend form these operations and ensure their sustainability.

In the circumstances, the effectiveness of the University's risk management and governance could not be confirmed.

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

Responsibilities of Management and The University Council

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 controls 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 controls, risk management and 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 the intention to terminate the University or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal controls 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 controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 September, 2022

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 Kshs. | 2020 Kshs. |
|---|------|------------------------|------------------------|
| Revenue From Non-Exchange Transactions | | | |
| Government Grant | 6 | 3,299,993,296 | 4,117,206,233 |
| | | 3,299,993,296 | 4,117,206,233 |
| Revenue From Exchange Transactions | | | |
| Tuition & Other Fees | 7 | 2,319,770,645 | 3,384,128,879 |
| Income Generating Activities | 8 | 28,464,788 | 28,985,892 |
| | | 2,348,235,434 | 3,413,114,771 |
| Other Incomes | 9 | 205,145,625 | 380,135,707 |
| Total Revenue | | 5,853,374,354 | 7,910,456,710 |
| Expenses | | | |
| Telephone, Electricity and Water | 10 | 192,322,466 | 284,363,618 |
| Personnel Emoluments | 11 | 6,011,916,820 | 6,843,958,196 |
| Council Expenses | 12 | 3,844,900 | 6,242,600 |
| Depreciation | 13 | 406,038,941 | 489,973,783 |
| Repairs and Maintenance | 14 | 93,370,089 | 137,495,039 |
| Contracted Professional Services | 15 | 18,311,382 | 40,072,810 |
| Operation Expenses | 16 | 1,184,572,550 | 1,355,682,853 |
| Finance Cost | 17 | 72,627,497 | 81,283,337 |
| Total Expenses | | 7,983,004,644 | 9,239,072,235 |
| DEFICIT FOR THE PERIOD | | (2,129,630,290) | (1,328,615,525) |

KENYATTA UNIVERSITY


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STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 Kshs. | 2020 Kshs. |
|---|------|-----------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash and Bank Balances | 18 | 428,660,058 | 471,115,866 |
| Receivables from exchange transactions | 19 a | 175,614,602 | 195,604,014 |
| Receivables from non-exchange transactions | 19 b | 175,848,463 | 841,224,349 |
| Biological Assets | | 5,245,500 | |
| Inventories | 20 | 42,182,627 | 58,186,398 |
| Investments | 21 | 16,125,790 | 15,238,526 |
| | | 838,431,539 | 1,581,369,154 |
| NON - CURRENT ASSETS | | | |
| Property, Plant and Equipments | 22 | 17,058,496,957 | 17,368,763,652 |
| | | 17,058,546,957 | 17,368,763,652 |
| TOTAL ASSETS | | 17,896,928,497 | 18,950,132,806 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables from exchange transactions | 23 a | 6,674,121,498 | 5,673,370,363 |
| Refundable deposits from customers | 23 b | 71,428,000 | 66,788,000 |
| Payment received in advance | 23 c | 69,610,129 | 205,205,492 |
| Current portion of borrowings | 23 d | 706,102,742 | 444,393,447 |
| | | 7,521,262,369 | 6,389,757,302 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 24 a | 550,331,071 | 604,909,358 |
| Deferred Income | 24 b | 21,000,000 | 21,500,000 |
| | | 571,331,071 | 626,409,358 |
| Total Liabilities | | 8,092,593,440 | 7,016,166,660 |
| NET ASSETS | | 9,809,581,557 | 11,933,965,348 |
| Revaluation Reserve | 25 c | 4,399,292,064 | 4,394,045,564 |
| Revenue Reserve | 25 b | 2,386,357,315 | 4,515,987,606 |
| Capital Fund | 25 a | 3,023,932,178 | 3,023,932,178 |
| TOTAL NET ASSETS AND LIABILITIES | | 9,809,581,557 | 11,933,965,348 |

The Financial Statements set out on pages 1 to 36 were signed on behalf of the University council members by:


Prof. Waceke Wanjohi Ph.D, FRSB, FKNAS
Ag. Vice Chancellor

Date... 20/9/2022


CPA Mwai Samuel
Chief Finance Officer
ICPAK Member No.: 5257

Date... 20/9/2022

Prof. Crispus Makau
Kiamba, Ph.D., CBS, MBS
Chairman of Council


Date... 20/9/2022

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 Kshs. | 2020 Kshs. |
|--|------|------------------------|----------------------|
| Cash flow from operating expenses | | | |
| Deficit for the period | | (2,129,630,290) | (1,328,615,525) |
| Non-Cash Movement | | | |
| Depreciation | 13 | 406,038,941 | 489,973,783 |
| Bad & Doubtful Debts | 16 | (819,513) | 708,208 |
| Loss of disposal | 16 | 840,740 | |
| Bank Loan Interest | 17 | 72,627,497 | 81,283,337 |
| Interest Received | 9 | (887,263) | (561,400) |
| Amortisation of Deferred Income | 9 | (500,000) | (500,000) |
| | | (1,652,329,889) | (757,711,598) |
| Decrease in Inventories | 20 | 16,003,771 | 10,419,266 |
| Decrease in Debtors & Receivables | 19 | 686,184,012 | (115,134,687) |
| Increase in Trade & Other Payables | 23 | 869,795,772 | 1,189,287,433 |
| CashFlow From Operating Activities | | 1,571,983,555 | 1,085,872,012 |
| Net Cash from Operating Activities | | (80,346,334) | 328,160,415 |
| Cash Flows From Investing Activities | | | |
| Property, Plant and Equipment | 22 | (96,612,985) | (92,464,781) |
| Interest Income Received | 9 | 887,263 | 561,400 |
| Net Cash Flow From Investing Activities | | (95,725,722) | (91,903,380) |
| Cash Flow From Financing Activities | | | |
| Bank Loan Repaid | 24a | (54,578,288) | (54,776,035) |
| Bank Loan Interest Paid | 17 | (72,627,497) | (81,283,337) |
| Net Cash Flow used in Financing Activities | | (127,205,785) | (136,059,372) |
| Net Increase in Cash & Cash Equivalents | | (303,277,841) | 100,197,662 |
| Net Cash & Cash Equivalents - Brought Forward | | 41,960,946 | (58,236,715) |
| Cash and Cash Equivalent as at 30th June 2021 | | (261,316,895) | 41,960,946 |
| Analysis of Cash & Cash Equivalents | | | |
| Cash and Bank Balances | 18 | 428,660,058 | 471,115,866 |
| Short Term Deposits | 21 | 16,125,790 | 15,238,526 |
| Current portion of borrowings | 23d | (706,102,742) | (444,393,447) |
| | | (261,316,895) | 41,960,946 |

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

| | Revaluation Reserve Kshs | Revenue Reserve Kshs | Capital Fund Kshs | Total Kshs |
|-------------------------------------|---|-------------------------------------|----------------------------------|-----------------------|
| Balance as at 30th June 2019 | 4,394,045,564 | 5,844,603,132 | 3,023,932,178 | 13,262,580,873 |
| Government Grants | | | | |
| (Deficit)/Surplus for the period | | (1,328,615,525) | | (1,328,615,525) |
| Balance as at 30th June 2020 | 4,394,045,564 | 4,515,987,606 | 3,023,932,178 | 11,933,965,348 |
| Revaluation of Biological Assets | 5,246,500 | | | 5,246,500 |
| Government Grants | | | - | |
| (Deficit)/Surplus for the period | | (2,129,630,290) | | (2,129,630,290) |
| Balance as at 30th June 2021 | 4,399,292,064 | 2,386,357,315 | 3,023,932,178 | 9,809,581,557 |

Note: Capital Funds are grants received from the government for development projects.

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

| | Original Budget Kshs | Adjustment Kshs | Final Budget Kshs | Actual on Comparable Basis Kshs | Performance Difference Kshs | Percentage Difference % | Explanation for Material Difference between Budget and Actual Performance |
|---|----------------------|------------------|----------------------|---------------------------------|-----------------------------|-------------------------|---|
| Revenue | 2020-2021 | 2020-2021 | 2020-2021 | 2020-2021 | 2020-2021 | | |
| Government Grant | 3,155,353,002 | - | 3,155,353,002 | 3,299,993,296 | 144,640,294 | 4.6 | |
| Tuition & Other Fees | 4,986,116,854 | - | 4,986,116,854 | 2,319,770,645 | -2,666,346,209 | -53.5 | Effects of Covid-19 Pandemic and reduction in student numbers |
| Other Income (IGAs) | 737,288,644 | - | 737,288,644 | 233,610,413 | -503,678,231 | -68.3 | Effects of Covid-19 Pandemic and reduction in student numbers |
| Total Income | 8,878,758,500 | - | 8,878,758,500 | 5,853,374,354 | 3,025,384,146 | | |
| Expenses | | | | | | | |
| Telephone, Electricity and Water | 223,400,000 | | 223,400,000 | 192,322,466 | 31,077,534 | 13.9 | Reduction in Cost Expenses due to closure of the University from March to September 2021 |
| Personnel Emoluments | 6,101,145,326 | - | 6,101,145,326 | 6,011,916,820 | 89,228,506 | 1.5 | |
| Council Allowances | 11,672,173.92 | | 11,672,173.92 | 3,844,900 | 7,827,274 | 67.1 | Effects of Covid-19 Pandemic and contract expiry of some Council Members |
| Depreciation | 407,000,000 | | 407,000,000 | 406,038,940 | 0 | 0.0 | |
| Repairs and Maintenance | 134,500,000 | | 134,500,000 | 93,370,089 | 41,129,911 | 30.6 | Cost Cutting Measures introduced by the University hence meeting only the most urgent and dire repair costs |
| Contracted Professional Services | 21,800,000 | | 21,800,000 | 18,311,382 | 3,488,618 | 16.0 | Reduction in Cost Expenses due to closure of the University from March to September 2021 |
| Operation Expenses | 1,658,741,000 | - | 1,658,741,000 | 1,184,572,550 | 474,168,450 | 28.6 | Reduction in operation expenses due to cost cutting measures implemented by the University Management. |
| Finance Cost | 80,000,000 | | 80,000,000 | 72,627,497 | 7,372,503 | 9.2 | Reduction in the Bank loan hence a reduction in the Bank loan Interest |
| Total Expenditure | 8,638,258,500 | - | 8,638,258,500 | 7,983,004,644 | 655,253,856 | | |
| (Deficit)/Surplus for the period | | | | (2,129,630,290) | | | |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: General Information

The University is established by and derives its authority and accountability from the 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 education and training.

NOTE 2: Statement of compliance and basis of preparation

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

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

NOTE 3: Adoption of New and Revised Standards

i Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

| Standard | Impact |
|---|---|
| IPSAS 40: Public Sector Combinations | Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>Not applicable to the University</i> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

| Standard | Effective date and impact: |
|--|---|
| IPSAS 41: Financial Instruments | Applicable: 1st January 2022: 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: <ul style="list-style-type: none">• 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;• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and• 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 | Applicable: 1st January 2022 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: <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(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Standard | Effective date and impact: |
|--|---|
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>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 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii. Early adoption of standards

The University did not early – adopt any new or amended standards in year 2021.

NOTE 4: Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transaction

These are revenues received by the University from the Government for recurrent expenditures. The University recognizes revenue from non-exchange transaction on accrual basis.

ii) Revenue from exchange transaction

The University recognizes revenue from exchange transaction on accrual basis. This is done when the students register and the amount of revenue can be reliably measured and it's probable that the economic benefit associated with the transaction will flow to the University.

b) Budget information

The original budget for FY 2020-2021 was approved by the Ministry of Education on 4th July 2020. There were no subsequent revisions or additional appropriations during the year under review

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.

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.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

| | | |
|-------------------------|---|-----|
| Furniture and Equipment | - | 10% |
| Motor Vehicles | - | 25% |
| Academic Gown | - | 5% |
| Buildings | - | 2% |
| Computers Hardware | - | 30% |
| Computer Software | - | 30% |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Patent & Rights - 20%

d) Intangible assets

Intangible assets such as patent rights acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

e) Research and development costs

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

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

Following initial recognition of an asset such as buildings, the asset is carried at cost less any accumulated amortization. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

f) Financial Instruments

Investments

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Receivables

Receivables from exchange transactions (Fees) are recognized when students register with the University. Receivables from non-exchange (other debtors) transactions are recognized when an invoice is raised or at a time when the debt is determinable.

g) Financial Liabilities

Loans and Borrowing

Loans are recognized at initial cost plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost incurred in bringing the product to its present location and condition is included in the cost of inventories. Inventories are recognized as expenses when deployed for utilization or consumption in the ordinary course of operations of the University.

The cost of library books is expensed in statement of Financial Performance in the year that such cost arises. As at 30th June 2021, the University did a stock take and the stock taking figures were reconciled to the ledger balances for preparation of the Financial Statement.

h) Employee Benefits

The University operates a defined contribution benefit scheme, Kenyatta University Pensions Fund for its employees who are on permanent employment. Defined contribution plans are post-employment benefit plans under which an University pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The University contributed Kshs. 448,350,125 in the year 2021, Kshs.431, 213,352 in the year 2020, Kshs 407,170,170 in the year 2019 towards the pension scheme.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Foreign currency transactions

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

j) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowing costs have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

The University had an outstanding balance on long term borrowings of Kshs 550,331,071 (being loan borrowed from Co-operative Bank in the year 2015) as at 30th June 2021. The total interest paid for the year was Kshs. 72,627,497 recognized as an expense in the statement of financial performance.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents include short term deposits, cash on hand and cash at bank at the end of the financial year.

In the year 2020-2021, the University had KShs. (261,316,895) in cash and cash equivalent compared to KShs. (41,960,946) in the year 2019-2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

l) Provision on bad and doubtful debts

The University provides for bad and doubtful debts at the rate of 10% of the value of debtors at the end of the financial year. The amount recognized as an expense in the statement of performance is the difference between last year's provision (2020) and this year's provision (2021).

| | 2020 | 2021 |
|-------------------------------|-------------|-------------|
| Bad and doubtful debts | 390,514,517 | 382,242,552 |
| Provision for Bad debts @ 10% | 39,051,452 | 38,242,552 |

Amount recognized in the Statement of performance 2021 is the difference between 2020 and 2021 provision which is Kshs (819,513).

m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

o) Related Parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. The National Government, Council Members and Members of Management Board are regarded as related parties.

Kenyatta University Teaching Hospital

Erected on the University land is the Kenyatta University Teaching Hospital project. The project is through a bi-lateral agreement between the People Republic of China and the Kenya Government through a loan of Kshs 8,756,025,600 processed by the Exim bank of China.

Through the order of the President and Commander in-Chief of Kenya Defence Forces in the Kenya Gazette Supplement No.2, dated 25th January 2019, Legal Notice No. 4, The Kenyatta University Hospital was established as a State Corporation to be known as the Kenyatta University Teaching, Referral and Research Hospital.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The project having been supervised by the University there are unresolved administrative and legal issues including the issue of 7.97 hectares of land. The University Management is pursuing the unresolved issues.

The Council expenses in terms of honoraria, sitting allowances and other expenses are indicated in note 12 of the financial statement.

p) University Performance

In the year 2020-2021, the University reported a deficit of Kshs 2, 129,630,290. This can be attributed to the closure of the University on 17th March 2020 following the Ministry of Education directive after the outbreak of Covid-19 pandemic. Subsequently the students resumed learning in October 2020 and continued utilizing fees paid in the prior year. This led to loss of revenue as the University did not have the Institution based program in April 2021 and the May to July trimester.

The deficit was financed with a bank overdraft approved by the University Council and Treasury which was sourced from Equity bank.

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 University did not make any 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.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 19.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 6: Government Grants

| | 2021 | 2020 |
|---|----------------------|----------------------|
| | Kshs. | Kshs. |
| Recurrent Grants:Kenyatta University | 3,155,353,002 | 3,992,996,521 |
| Mama Ngina (Gatundu) University College | 144,640,294 | 124,209,712 |
| | 3,299,993,296 | 4,117,207,033 |

NOTE 7: Tuition & Other Fees

| | 2021 | 2020 |
|--------------------------------|----------------------|----------------------|
| | Kshs. | Kshs. |
| Tuition Fees JAB | 688,438,299 | 780,861,900 |
| Tuition Fees SSP | 1,028,482,070 | 1,506,478,160 |
| Tuition Fees ICE | 31,353,723 | 235,128,517 |
| Tuition Fees Open Learning | 30,130,500 | 195,020,400 |
| Activity Fees | 39,395,000 | 46,418,000 |
| Examination Fees | 153,165,000 | 182,352,000 |
| Library Fees | 36,746,983 | 42,231,780 |
| Registration Fees | 37,187,500 | 44,758,000 |
| Identity Card | 7,934,000 | 7,616,700 |
| Medical Fees | 76,698,000 | 84,034,000 |
| Material Development Fee | 57,717,000 | 71,111,700 |
| Accommodation Fees JAB | 11,968,100 | 45,407,100 |
| Accommodation Fees SSP | 5,784,970 | 5,234,000 |
| Accommodation Fees I.C.E. | 1,887,500 | 2,022,000 |
| Tuition Fee - Chinese Language | 292,000 | 8,972,621 |
| Computer Fees | 112,590,000 | 126,482,000 |
| | 2,319,770,645 | 3,384,128,879 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 8: IGA

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| IGA Income | | |
| Regional Centre for Capacity Development | | |
| Catering | 18,757,318 | 48,496,470 |
| Cyber Café | 3,054,856 | 10,958,978 |
| KU Conference Centre | 8,451,231 | 66,345,758 |
| KU Funeral Home | 58,698,303 | 65,101,926 |
| North Coast Beach Hotel | 33,262,022 | 54,534,238 |
| Other IGAs | 11,824,162 | 16,384,045 |
| | 134,047,892 | 261,821,415 |
| IGA Expenditure | | |
| Regional Centre for Capacity Development | 102,791 | 142,291 |
| Catering | 35,631,747 | 102,917,595 |
| Cyber Café | 374,303 | 6,638,344 |
| KU Conference Centre | 7,778,203 | 31,823,175 |
| KU Funeral Home | 6,259,763 | 4,764,112 |
| North Coast Beach Hotel | 50,135,854 | 74,679,604 |
| Other IGAs | 5,300,443 | 11,870,402 |
| | 105,583,104 | 232,835,523 |
| Surplus | 28,464,788 | 28,985,892 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

| NOTE 9 : Other Income | 2021 | 2020 |
|--------------------------------------|--------------------|--------------------|
| | Kshs. | Kshs. |
| Consultancy & other Prof. Services | 9,432,423 | 41,863,998 |
| Affiliation Fees | 96,351 | 267,727 |
| Chandaria BIIC Income | 30,000 | |
| Fine Art Dept Income | 17,500 | |
| COVID 19 Control Income | 7,974,500 | 11,877,850 |
| Conferences & Seminars fees | 2,647,070 | 168,000 |
| Hire of Hall & Conference Facilities | | 19,583,810 |
| Convocation Fees | 22,336,700 | 78,609,000 |
| Hire of Gowns | 55,900 | 1,766,050 |
| Surcharge & Fines | 29,000 | 64,031 |
| Commission | 4,555,655 | 6,916,778 |
| Forex Gain | 34,473,324 | 19,464,542 |
| Interest Income | 887,263 | 561,400 |
| Sale Of Application Forms | 14,211,093 | 15,169,900 |
| Miscellaneous Income | 13,601,142 | 59,992,088 |
| Rent/Lease income | 57,243,376 | 52,842,843 |
| Health Unit | | 145,464 |
| Sale Of Obsolete Items | 355,430 | 66,400 |
| Security Staff Charge | 942,800 | 950,300 |
| Dustbin Staff Charge | 1,750 | 1,860 |
| Alumni Revenue | | 94,750 |
| Sale of Tender Documents | 18,000 | 100,000 |
| University Bookshop | 3,647,631 | 1,165,430 |
| Culture week Income | | 562,500 |
| Administrative Research Fees | 19,992,225 | 3,059,253 |
| Community Outreach Income | | 82,800 |
| Disability Day | | |
| Un Women Leadership Centre | 28,500 | 7,204,212 |
| Income Ethics Review Board | 879,900 | 697,000 |
| Library Fines | 590,198 | 777,548 |
| Amortisation of Deferred Income | 500,000 | 500,000 |
| YALI Income | 2,508,892 | 48,008,247 |
| KU Health Service Reimbursement | 8,089,000 | 7,571,927 |
| | 205,145,625 | 380,135,707 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021(Continued)

NOTE 10: Telephone,Electricity and Water Expenses

| | 2021 | 2020 |
|-------------------------------|--------------------|--------------------|
| | Kshs. | Kshs. |
| Telephone And Postage | 5,824,978 | 8,558,875 |
| Electricity Expenses | 107,572,047 | 186,300,044 |
| Water Reticulation & Sewerage | 78,925,441 | 89,504,699 |
| | 192,322,466 | 284,363,618 |

NOTE 11: Personnel Emoluments

| | 2021 | 2020 |
|---|----------------------|----------------------|
| | Kshs. | Kshs. |
| Basic Pay | 2,649,604,488 | 3,273,629,489 |
| House Allowance | 1,254,172,527 | 1,253,469,022 |
| Entertainment Allowance | 9,278,180 | 9,687,000 |
| Headship/Directorship Allowance | 128,208,194 | 112,993,604 |
| Responsibility | 63,006,901 | 101,006,274 |
| Car Allowance | 1,332,000 | 5,492,000 |
| Domestic Servant Allowance Office | 4,067,351 | 4,128,192 |
| Commuting & Bus fare | 515,627,500 | 508,884,269 |
| Leave Travelling Allowance | 44,394,997 | 48,202,562 |
| Gratuity | 144,690,186 | 155,379,112 |
| Wages | 112,606,483 | 306,334,723 |
| Part Time Teaching | 187,751,676 | 354,177,289 |
| Passage & Baggage | 3,619,125 | 2,512,300 |
| NSSF Employer Contributions | 1,386,300 | 1,392,000 |
| Telephone Allowance | 14,386,331 | 17,089,377 |
| Book & Computer Allowance | 970,000 | |
| Exam Coordination Allowance | 26,757,328 | 27,869,948 |
| Acting Allowance | 5,517,321 | 2,114,736 |
| Electricity &Water Allowance | 711,828 | |
| Overtime | 4,016,757 | 7,566,980 |
| Pensions Employer Contribution | 448,350,125 | 431,213,352 |
| Health Risk Allowance | 72,053,711 | 31,655,782 |
| Special Readers Allowance Special Education | 1,240,000 | 915,000 |
| Terminal Benefits | 33,610,731 | 25,531,977 |
| Emergency Call Allowance | 164,400,594 | 64,056,379 |
| Extraneous Allowance | 120,156,185 | 98,406,829 |
| Staff Uniform | - | 250,000 |
| | 6,011,916,820 | 6,843,958,196 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 12: Council Expenses

| | 2021 | 2020 |
|-------------------|------------------|------------------|
| | Kshs. | Kshs. |
| Sitting Allowance | 2,540,000 | 3,440,000 |
| Honoraria | 1,044,000 | 1,044,000 |
| Other Expenses | 260,900 | 1,758,600 |
| | 3,844,900 | 6,242,600 |

NOTE 13: Depreciation

| | 2021 | 2020 |
|--------------------------------------|--------------------|--------------------|
| | Kshs. | Kshs. |
| Depreciation Of Buildings | 257,959,995 | 257,959,995 |
| Depreciation Of Motor Vehicles | 3,473,438 | 1,221,295 |
| Depreciation Of Computer Hardware | 8,133,156 | 16,944,794 |
| Depreciation Of Computer Software | | 3,300,643 |
| Depreciation Of Furniture & Fittings | 135,912,013 | 209,986,717 |
| Depreciation Of Academic Gowns | 560,339 | 560,339 |
| | 406,038,941 | 489,973,783 |

NOTE 14: Repairs and Maintenance

| | 2021 | 2020 |
|--------------------------------------|-------------------|--------------------|
| | Kshs. | Kshs. |
| Maintenance of Furniture & Equipment | 8,294,671 | 24,642,490 |
| Maintenance of Swimming Pool | 24,012 | 58,000 |
| Maintenance of Motor Vehicle | 4,589,730 | 2,606,250 |
| Minor Works & Alterations | 53,450,069 | 85,443,646 |
| Maintenance Of Hostels | 1,408,813 | 1,356,838 |
| Maintenance Of Residential Quarters | 180,715 | |
| Maintenance Of Grounds & Roads | 7,558,704 | 968,404 |
| Main Campus | | |
| Maintenance Of Building & Stations | 17,825,103 | 22,100,928 |
| Main Campus | | |
| Repainting of University Building | 38,272 | 237,665 |
| Maintenance of Kitui Campus | - | 80,817 |
| | 93,370,089 | 137,495,039 |

NOTE 15: Contracted Professional Services

| | 2021 | 2020 |
|----------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Audit Fees | 3,000,000 | 3,000,000 |
| Professional Contracted Services | 15,311,382 | 37,072,810 |
| | 18,311,382 | 40,072,810 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 16: Operations Expenses

| | 2021 | 2020 |
|--|-----------------------|--------------------|
| | Kshs. | Kshs. |
| Stationery | 41,695,306 | 54,649,069 |
| Staff Uniforms | 6,262,604 | 4,074,010 |
| Photocopying & Printing | 6,851,258 | 17,691,685 |
| Cleaning Materials | 1,906,288 | 4,374,259 |
| Office Tea Expenses Office | 3,645,019 | 3,255,434 |
| Departmental Meetings | 631,262 | 1,959,922 |
| Other Office Consumables Office | 16,782,195 | 16,351,944 |
| General Office Equipment Office | 12,904,644 | 9,937,849 |
| Teaching Materials/Chemicals | 4,303,494 | 3,963,455 |
| Field Courses | 9,321,429 | 25,409,332 |
| Laboratory Glassware | 339,414 | 142,311 |
| Tools & Apparatus | 1,556,431 | 1,435,764 |
| Animal Feeds Sciences | 441,274 | 374,200 |
| Travelling & Accommodation | 15,840,591 | 25,439,658 |
| Fuel & Gases | 189,656 | 449,207 |
| Journal | 61,750 | |
| Regional Expenses Open Learning | 35,139,692 | 65,106,138 |
| Rent for Regional Centres Open Learning | 854,642 | 437,713 |
| Examination Stationery | 20,636,219 | 24,920,802 |
| Research and Travel Grants | 1,120,000 | 865,040 |
| Advertising and Publicity | 12,479,581 | 17,420,234 |
| Newspapers Magazines & Publications | 1,810,122 | 1,634,455 |
| Culture Week Expenses | 175,300 | 3,281,320 |
| Drugs Health Unit | 17,955,696 | 22,032,801 |
| Drugs Nairobi Hospital | | 207,310 |
| Medical Reimbursement | 6,920,996 | 4,884,728 |
| Medical Insurance Inpatient Grades A and above | 175,000,000 | 65,000,300 |
| Hospitalization Grades I IV | | 205,000 |
| Medical Referrals | 77,183,601 | 106,818,518 |
| Sanitary Services | 882,245 | 2,902,394 |
| Land Rent & Rates | 1,713,784 | 5,366,208 |
| Fumigation | 45,000 | 590,324 |
| Public Celebrations | 1,140,495 | 3,389,083 |
| Bursary | | 12,633,000 |
| Graduation Expenses | 7,829,677 | 27,138,024 |
| External Examiners Expenses | 2,599,840 | 4,525,975 |
| Interuniversities VCs Meeting Main Campus | | 50,000 |
| Staff Development & Training | 3,298,692 | 3,267,314 |
| Funeral Expenses | 7,605,900 | 1,570,245 |
| Insurance Premiums | 100,889,410 | 64,602,888 |
| | 598,013,505.16 | 608,357,912 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021(Continued)

NOTE 16: Operations Expenses

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| Bank Charges | 85,016,147 | 107,055,285 |
| Provision for Bad & Doubtful Debts | (819,513) | 708,208 |
| Ex gratia Payments | 6,881,683 | 2,509,511 |
| Fees Commission Awards & Honoraria | 4,908,286 | 1,735,124 |
| Rental/Hire Of Premises Expenses | 40,118,680 | 40,778,975 |
| Medical Expenses Students | 868,673 | 799,288 |
| Contracted Cleaning Services | 37,263,572 | 70,149,601 |
| Curriculum Review Seminar | - | 214,375 |
| Medical Examination & Vaccination Staff & Students | 372,000 | - |
| Community Outreach and Extension Work | - | 295,000 |
| International Collaborations Expenses | 90,480 | 712,138 |
| Computerisation & Networking | 2,584,973 | 31,181,667 |
| Motor Vehicle Fuel | 18,288,152 | 19,942,669 |
| Senate Affairs | 138,800 | |
| Games & Tournament Other Campuses | 1,935,495 | 4,600,293 |
| Games & Tournaments Main Campus | 3,711,080 | 7,997,308 |
| E. A. University Games | 132,000 | 531,803 |
| Vice Chancellor's Committees | 4,720,370 | 2,993,460 |
| Foreign Exchange Loss | 28,186,262 | 8,019,629 |
| ISO Certification | 1,045,875 | 292,670 |
| Management Board Expenses | 1,467,411 | 1,696,767 |
| Hire Of Security | 88,458,162 | 119,048,189 |
| Hire of Sport Facilities | 300,000 | 1,002,000 |
| Clearing & Forwarding | 840,801 | 5,159,200 |
| Performance Contract | | 365,020 |
| Board Room Supplies | 264,064 | 242,227 |
| Internet Connectivity | 49,938,057 | 44,437,285 |
| Sports Uniform | | 40,492 |
| Career Week | 261,879 | 1,401,130 |
| Interuniversity Games | | 3,380,350 |
| Online Teaching Odel centre | 732,420 | |
| Academic Dress | | 2,646,500 |
| Rented Accomodation for University Guests | | 40,000 |
| Professional Boards Registration | 170,000 | 40,000 |
| Mentoring Activities | 67,000 | 63,300 |
| Hire of Tents | 266,900 | 351,000 |
| KU US Foundation | | |
| PhD Fast Tracking Fund | - | 100,000 |
| | 378,209,708 | 480,530,463 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 16: Operations Expenses

| | 2021 | 2020 |
|------------------------------------|--------------------|--------------------|
| | Kshs. | Kshs. |
| Invigilation Expenses | 2,654,875 | 2,729,425 |
| Conference Seminars & Workshops | 2,803,561 | 4,976,690 |
| External Travel & Accommodation | 4,348,570 | 7,919,617 |
| Local Passage & Baggage | | 174,085 |
| Subscriptions | 31,740,884 | 21,079,216 |
| Placement Board Expenses | 9,448,500 | 55,500 |
| Postgraduate Stipend Expenses | | |
| Vc's Research Grants | 2,710,823 | 6,515,200 |
| Admission Expenses | 2,372,611 | 1,907,040 |
| Teaching Practice | 32,262,200 | 45,665,608 |
| Library Books & Journals | 7,327,921 | 21,588 |
| Student Amenities | 237,100 | 5,663,766 |
| Practicum | 15,130,035 | 16,384,091 |
| Research Proposal & Development | | |
| Main Campus | | |
| University Staff Student Education | 3,666,000 | |
| Support | | |
| Peer Counselling | 1,089,000 | 855,000 |
| Printing University Magazines | 3,468,606 | 8,306,891 |
| OVS | 14,614,820 | 1,489,364 |
| KUSA Expenses | 574,637 | 6,174,820 |
| Summer Programme | | 145,150 |
| Kenya Military Collaboration | 5,533,192 | 21,476,299 |
| VAT/Tax Payment | | 157,379 |
| Wellness Centre Conferences and | | |
| Seminars | 585,676 | 108,100 |
| Farm Expenses Kitui | 43,520 | 180,900 |
| Somesha Mwenzako | | |
| KU Equity Bank Annual Conference | | 22,582,004 |
| Incubation Centre Mentoring | | |
| Activities | 1,798,943 | 1,040,176 |
| AIDS/HIV Awareness Activities | 45,000 | 179,600 |
| Un Women Leadership Centre | 2,165,746 | 3,614,318 |
| Students Work Study Program | | |
| Operationalization Committee | | |
| Software Licences | 10,987,520 | 49,803,778 |
| KU Corporate Social Responsibility | 2,227,161 | 1,305,256 |
| KU Smart Cards | 640,000 | 3,911,820 |
| Courts Awards and Penalties | 6,818,576 | 1,509,860 |
| | 165,295,475 | 235,932,541 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 16: Operations Expenses

| | 2021 Kshs. | 2020 Kshs. |
|---|-----------------------------|-----------------------------|
| Consultancy Services Unit Training Expenses | 14,830,923 | 22,381,303 |
| Externally Funded Training AJIRA | | 2,384,086 |
| Mama Ngina (Gatundu) University Expenses | 11,111,958 | 793,353 |
| Council Other expenses | 350,735 | 309,910 |
| East Africa Military Games | | 306,000 |
| Apostolic Conference Expenses | | 708,855 |
| Kenya Police Games | | 586,930 |
| COVID 19 Migration Expenses | 15,909,205 | 3,391,500 |
| Students Hostel Accommodation Deposit Refunds | 10,300 | |
| Loss on Disposal | 840,740 | |
| | 43,053,862 | 30,861,937 |
| | 1,184,572,550 | 1,355,682,853 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 17: Finance Cost

Bank Loan Interest

| 2021 Kshs. | 2020 Kshs. |
|-------------------|-------------------|
| 72,627,497 | 81,283,337 |
| 72,627,497 | 81,283,337 |

NOTE 18: Cash and Bank Balances

Equity Bank - TOWA Project
 Equity - North Coast Beach Hotel
 Equity Community Outreach
 NBK Fees A/C No. 0359150801
 Std Fees Collection A/C No. 2018814400
 Std Dollar A/C No. 8702018780000
 NBK Payments A/C 0359002400
 NBK Tuition A/C No. 0359150800
 NBK Research A/C No. 2110781300
 NBK Aicad A/C No. 2110781400
 NBK Harambee A/C 0310891603 (Capitation)
 KCB AVU
 Co op Fees Collection A/C No. 0112962461400
 Std Pound A/C No. 2802018780000
 Cash In Hand
 Equity Fees Collection A/C No. 0290518859
 KCB Fees Collection A/C No. 099 250 640 601
 Standard Chartered Euro A/c 9302018780000
 Equity - NCBH Dollar
 Equity - NCBH Euro
 KU Shuttle Bank A/c No. 1130296769655
 Equity KU Meals Bank A/c No. 1130296626107
 Equity KU Application Bank A/c No. 1130296626073
 Equity KU Rental Income A/c No. 113029701357
 Equity Bank Referral Hosp. A/c 1130298198
 Equity Bank City Enterprises A/C 1130299385909
 Equity Bank Rec Centre A/C 1130299618873
 Family Bank Collection A/C 04500023316
 MPESA Virtual Account
 NBK USD 02020059150800

| 2021 Kshs. | 2020 Kshs. |
|--------------------|--------------------|
| 427 | 427 |
| | 4,464,353 |
| 265,543 | 6,390,026 |
| 26,922,163 | 15,535,262 |
| 5,618,950 | 10,454,802 |
| 29,583,926 | 187,875,869 |
| 17,777,513 | 1,100,969 |
| 5,930,216 | 15,318,731 |
| 117,088,400 | 31,843,594 |
| 1,284,589 | 361,957 |
| 669,366 | 670,366 |
| 5,561,640 | 25,994,025 |
| 21,967,123 | 678,031 |
| 15,324,414 | 36,096,067 |
| | 13,000 |
| | 4,372,421 |
| 2,997,964 | 2,931,134 |
| 3,465,650 | 26,232,261 |
| 1,190,490 | 357,407 |
| 58,959 | 55,240 |
| 104,472,228 | 6,605 |
| 937,701 | 473,284 |
| 4,033,040 | 585,876 |
| 6,125,712 | 49,834 |
| 2,289,348 | 5,580,206 |
| 20,628 | 20,628 |
| 12,840 | 12,480 |
| 36,376,895 | 81,660,588 |
| 180,316 | 50,000 |
| 18,504,016 | 11,930,420 |
| 428,660,058 | 471,115,866 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 19: Receivables From Non-Exchange Transactions

| | 2021 | 2020 |
|---|--------------------|----------------------|
| | Kshs. | Kshs. |
| Guarantee Deposits | 27,954,962 | 27,954,962 |
| Staff Debtors | 6,027,864 | 6,280,413 |
| Sundry Debtors | 94,443,269 | 770,150,864 |
| Imprest Control | 15,273,391 | 22,980,050 |
| Imprest Research | 33,026,176 | 20,209,317 |
| Staff Welfare Recoveries | 174,151 | - |
| Guarantee Deposit Letter of credit | 16,512,032 | 16,512,032 |
| Debtors-NCBH | 21,488,070 | 17,006,875 |
| Total | 214,899,915 | 881,094,514 |
| NOTE 19a: Receivables from Exchange Transactions | | |
| Student Fees Arrears | 175,614,602 | 195,604,014 |
| Total Receivables | 390,514,517 | 1,076,698,528 |
| Provision For Bad Debts | (39,051,452) | (39,870,965) |
| | 351,463,065 | 1,036,828,363 |

| | | |
|---|--------------------|--------------------|
| Total Receivables From Non-Exchange Transactions | 214,899,915 | 881,095,314 |
| Provision For Bad Debts | 39,051,452 | 39,870,965 |
| NOTE 19b: Net Receivables from Non-Exchange Transactions | 175,848,463 | 841,224,349 |

NOTE 20: Inventories

| | 2021 | 2020 |
|--------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Maintenance Store | 2,987,927 | 3,846,316 |
| Health Drugs Store | 6,227,575 | 6,560,114 |
| Petrol Stock | 1,603,935 | 3,342,049 |
| Food Stuff | 1,803,066 | 1,146,110 |
| Finance Store General | 6,655,543 | 15,317,358 |
| Accommodation | 350,732 | 557,411 |
| Ruiru Campus Maintenance Store | - | - |
| Bookshop Store | 22,553,849 | 27,417,040 |
| | 42,182,627 | 58,186,398 |

NOTE 21: Investments

| | 2021 | 2020 |
|-----------|-------------------|-------------------|
| | Kshs. | Kshs. |
| NBK Ruiru | 16,125,790 | 15,238,526 |
| | 16,125,790 | 15,238,526 |

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PROPERTY PLANT AND EQUIPMENT
For The Year Ended 30th June 2021

Note 22

| | LAND KSHS | BUILDINGS 2% | MOTOR VEHICLES KSHS | FURNITURE & EQUIPMENT KSHS | COMPUTER HARDWARE KSHS | COMPUTER SOFTWARE KSHS | PATENT & RIGHTS KSHS | ACADEMIC GOWNS KSHS | CAPITAL WORK IN PROGRESS KSHS | TOTAL KSHS |
|--|---------------|-----------------|---------------------------|----------------------------------|------------------------------|------------------------------|-------------------------------|---------------------------|--|---------------|
| DEPRECIATION RATES COST / VALUATION | 0% | 2% | 25% | 10% | 30% | 30% | 20% | 5% | | |
| As at 30th June 2019 | 6,085,271,458 | 12,897,999,753 | 452,048,114 | 2,070,102,820 | 459,286,029 | 77,116,824 | 7,830,375 | 11,206,780 | 698,424,847 | 22,759,287,0 |
| Additions | | | | 29,764,348 | 12,005,209 | | | | 50,695,224 | 92,464,7 |
| As at 30th June 2020 | 6,085,271,458 | 12,897,999,753 | 452,048,114 | 2,099,867,168 | 471,291,238 | 77,116,824 | 7,830,375 | 11,206,780 | 749,120,071 | 22,851,751,7 |
| Additions | | | 13,893,750 | 22,344,166 | 4,350,534 | | | | 56,024,535 | 96,612,9 |
| Disposal | | | | (5,992,595) | (3,598,250) | | | | | (9,590,84 |
| As at 30th June 2021 | 6,085,271,458 | 12,897,999,753 | 465,175,864 | 2,116,218,739 | 472,043,522 | 77,116,824 | 7,830,375 | 11,206,780 | 805,144,606 | 22,938,773,9 |
| Depreciation and Impairment | | | | | | | | | | |
| As at 30th June 2019 | - | 2,296,796,039 | 450,826,818 | 1,719,649,523 | 436,444,742 | 73,816,181 | 7,830,375 | 7,650,668 | - | 4,993,014,3 |
| Charge for the Year | - | 257,959,995 | 1,221,295 | 209,986,717 | 16,944,794 | 3,300,643 | - | 560,339 | - | 489,973,7 |
| As at 30th June 2020 | - | 2,554,756,034 | 452,048,113 | 1,929,636,240 | 453,389,536 | 77,116,824 | 7,830,375 | 8,211,007 | - | 5,482,988,1 |
| Charge for the Year | | 257,959,995 | 3,473,438 | 135,912,013 | 8,133,156 | - | - | 560,339 | - | 406,038,9 |
| Depreciation On disposal | | | | (5,151,856) | (3,598,250) | | | | | (8,750,10 |
| As at 30th June 2021 | | 2,812,716,029 | 455,521,551 | 2,060,396,397 | 457,924,442 | 77,116,824 | 7,830,375 | 8,771,346 | - | 5,880,276,9 |
| NET BOOK VALUES | | | | | | | | | | |
| As at 30th June 2021 | 6,085,271,458 | 10,085,283,724 | 10,420,313 | 55,822,343 | 14,119,080 | (0) | - | 2,435,434 | 805,144,606 | 17,058,496,9 |
| As at 30th June 2020 | 6,085,271,458 | 10,343,243,719 | 0 | 170,230,928 | 17,901,702 | (0) | - | 2,995,773 | 749,120,071 | 17,368,763,6 |

KENYATTA UNIVERSITY

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

| | 2021 | 2020 |
|--|----------------------|----------------------|
| | Kshs. | Kshs. |
| NOTE 23a: Trade and other Payables from Exchange Transactions | | |
| Provision For Audit Fees | 12,400,000 | 9,400,000 |
| Tax Retention Electricity | 16,082,331 | 15,843,737 |
| Pay As You Earn | 2,939,220,450 | 2,086,671,984 |
| NHIF | 4,585,245 | 3,997,070 |
| NSSF | 312,926 | 1,021,126 |
| Pension | 1,911,006,085 | 1,460,872,079 |
| Vat | 88,671,425 | 81,321,150 |
| Court Attachments | 139,591 | 127,688 |
| Nairobi City Council | 78,670 | 78,670 |
| Insurance Claim | 2,088,976 | 3,301,168 |
| Salary Arrears | 110,085,604 | 468,726,402 |
| Withholding Tax | 24,503,337 | 23,346,793 |
| Welfare Deductions | 45,788,440 | 40,065,855 |
| Insurance Deductions | 5,274,885 | 13,671,848 |
| Cooperative Deductions Cooperative | 269,251,300 | 222,594,128 |
| Students Clubs | 264,504 | 217,904 |
| Other Salary Deduction | 37,967,690 | 40,700,292 |
| Staff Loans Deductions | 63,165,427 | 60,920,438 |
| Rent Deposits Nakuru | 89,400 | 89,400 |
| Other donation | 381,311 | 381,311 |
| Centre for Career Development & Placement | 25,800 | 25,800 |
| Debtors Overpayment | 948,940 | 948,940 |
| Recreation Centre Fund | 168,000 | 168,000 |
| Christian Union Chapel | 25,101 | 25,101 |
| KU Alumni | 1,200,000 | 1,200,000 |
| Mama Ngina (Gatundu) University College-Development | 188,597,726 | 303,865,708 |
| Research Fund | 375,381,295 | 326,213,243 |
| Hospitals | 57,158,560 | 47,831,439 |
| Drug Suppliers | 10,910,495 | 12,825,051 |
| Referral Doctors | 2,649,835 | 2,403,335 |
| General Creditors | 505,698,150 | 444,485,901 |
| Staff Welfare Recoveries | - | 28,799 |
| Sub-Total | 6,674,121,498 | 5,673,370,363 |
| NOTE 23b: Refundable Deposits From Customers | | |
| Students Caution Money | 71,428,000 | 66,788,000 |
| NOTE 23c: Payment Received in Advance | | |
| Fees Paid In Advance | 69,610,129 | 205,205,492 |
| | 6,815,159,627 | 5,945,363,855 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021(Continued)

| NOTE 23d:Current portion of borrowings | 2021 | 2020 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| Equity Bank North Coast Beach Hotel A/C No.0180293713910 | 6,193,084 | |
| Equity Bank Fees Collection A/C 0290518859 | 7,429,091 | |
| Equity Bank Ruiru A/C No. 0291051982 | 689,625,765 | 442,807,836 |
| Equity Bank Application A/c 1130296626073 | - | 1,585,611 |
| Equity Bank A/C 1130199002464 | 2,854,803 | |
| | 706,102,742 | 444,393,447 |

| NOTE 24a: Long Term Liabilities | 2021 | 2020 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| Co-operative Bank Loan 2015 | 604,909,358 | 659,685,393 |
| Repayment | 54,578,288 | 54,776,035 |
| | 550,331,071 | 604,909,358 |
| Loan Balance | 550,331,071 | 604,909,358 |

Co-operative Bank Loan: This is a long term (non-current) loan granted for part finance development of a mall "Unicity" and to finance purchase of properties for satellite campuses. In the year 2015, repayable over a period of 15 years (180 months) at an interest rate of 14.25% per annum computed on reducing balance basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 24b: Deferred Income

| | 2021 | 2020 |
|------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Balance as at 1st July 2020 | 21,500,000 | 22,000,000 |
| | 21,500,000 | 22,000,000 |
| Amortisation 2% | 500,000 | 500,000 |
| Balance as at 30th June 2021 | 21,000,000 | 21,500,000 |

Donation from Chandaria Foundation for the construction of Chandaria Business Innovation and Incubation Centre. Recognised as deferred income and amortised at the rate of 2% per annum of the original value of Kshs 25,000,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

| NOTE 25a: Capital Fund | 2021 Kshs. | 2020 Kshs. |
|-------------------------------------|-----------------------|-----------------------|
| Balance as at 1st July 2020 | 3,023,932,178 | 3,023,932,178 |
| Government Capital Grants | - | - |
| Balance as at 30th June 2021 | 3,023,932,178 | 3,023,932,178 |

| NOTE 25b: Revenue Reserve | 2021 Kshs. | 2020 Kshs. |
|----------------------------------|-----------------------|-----------------------|
| Balance as at 1st July 2020 | 4,515,987,606 | 5,844,603,131 |
| Deficit for the Year | (2,129,630,290) | (1,328,615,525) |
| Revenue Reserve 2021 | 2,386,357,316 | 4,515,987,606 |

| NOTE 25c: Revaluation Reserve | 2021 Kshs. | 2020 Kshs. |
|--------------------------------------|-----------------------|-----------------------|
| Balance as at 1st July 2020 | 4,394,045,564 | 4,394,045,564 |
| Revaluation for the Year | 5,246,500 | |
| Revaluation Reserve 2021 | 4,399,292,064 | 4,394,045,564 |

| Note 26: Capital Work in Progress | 2021 Kshs. | 2020 Kshs. |
|--|-----------------------|-----------------------|
| Teaching & Referral Hospital | 71,054,773 | 71,054,773 |
| Recreation Centre | 56,297,048 | 56,297,048 |
| Children Hospital | 201,644,139 | 201,644,139 |
| School of Business | 81,069,865 | 81,069,865 |
| Perimeter Wall Referral Hospital | 64,669,351 | 64,669,351 |
| School of Architecture | 10,620,712 | 10,620,712 |
| Stadium Complex | 9,814,401 | 9,814,401 |
| Central Stores | 20,456,693 | 20,456,693 |
| Kitui Campus Boundary Wall | 5,076,468 | 5,076,468 |
| Rwanda Campus | 177,511,618 | 122,887,083 |
| International Languages and Cultural Centres | 500,000 | 500,000 |
| Underground Tank Kitui Campus | 11,205,154 | 9,805,154 |
| Water Tanks KUTeaching and Referral Hospital | 77,429,037 | 77,429,037 |
| Thika Road KU Access Road | 17,795,347 | 17,795,347 |
| | 805,144,606 | 749,120,071 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

NOTE 27: Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The University's financial risk management objectives and policies are detailed below:

(i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Council. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------------------|--------------------------------------|--------------------------|--------------------------|
| At 30 June 2021 | | | | |
| Receivables from exchange transactions | 175,614,602 | 175,614,602 | | - |
| Receivables from non-exchange transactions | 214,899,915 | 100,471,133 | 114,428,782 | - |
| Bank Balances | 428,660,058 | 428,660,058 | | |
| Total | 819,174,575 | 704,745,793 | 114,428,782 | - |
| At 30 June 2020 | | | | |
| Receivables from exchange transactions | 195,604,014 | 195,604,014 | | - |
| Receivables from non-exchange transactions | 881,094,514 | 776,565,662 | 104,528,852 | - |
| Bank Balances | 471,115,866 | 471,115,866 | | |
| Total | 1,547,814,394 | 1,443,285,542 | 104,528,852 | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The University's policy is payment on registration and thus students' receivables are categorised as either past due or impaired.

Past due amounts are those beyond the maximum established credit period of 30 days and represent slow but paying students. These receivables continue to be serviced even though this is not done on the contractual dates. The Students Finance Section is actively following these debts.

The overdue and impaired debt arises mainly from the students who have taken academic leave and the ones who have dropped out of school. These students have not completed their courses and the debt is payable whenever the student comes back to continue with studies. This debt has been fully provided for.

Concentration risk

Concentration risk is the risk posed to the University by any single or group of exposures which have the potential to produce losses large enough to threaten the ability of the University to continue operating as a going concern

The student receivables wholly relate to balances due from students, that are unrelated, and do not have the potential to produce large losses thus there is no concentration risk.

(ii) Liquidity Risk Management

Liquidity risk is the risk that the University may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Ultimate responsibility for liquidity risk management rests with the University management board, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows. Prudent liquidity risk management includes maintaining sufficient cash to meet the University's Obligations. Senior management reviews the cash forecasts monthly and determines the University's cash requirement.

The table below analyses the University's financial liabilities into relevant maturity based on the remaining period at the end of reporting period to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|------------------------------|----------------------|-----------------------|----------------------|----------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2021 | | | | |
| Current Portion of Borrowing | 2,854,803 | - | 703,247,939 | 706,102,742 |
| Payment Received in advance | - | 69,610,129 | - | 69,610,129 |
| Borrowings | 4,581,149 | 13,743,446 | 532,006,475 | 550,331,071 |
| Trade and other payables | 556,176,792 | 1,668,530,375 | 4,449,414,331 | 6,674,121,498 |
| Refundable Deposits | - | - | 71,428,000 | 71,428,000 |
| Total | 563,612,744 | 1,751,883,950 | 5,756,096,746 | 8,071,593,440 |
| At 30 June 2020 | | | | |
| Current Portion of Borrowing | 1,585,611 | - | 442,807,836 | 444,393,447 |
| Payment Received in advance | - | 205,205,492 | - | 205,205,492 |
| Borrowings | 4,581,149 | 13,743,446 | 586,584,763 | 604,909,358 |
| Trade and other payables | 861,236,655 | 1,399,509,564 | 3,411,324,144 | 5,672,070,363 |
| Refundable Deposits | - | - | 66,788,000 | 66,788,000 |
| Total | 867,403,415 | 1,618,458,502 | 4,507,504,743 | 6,993,366,660 |

(iii) Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign exchange risk

The University is exposed to foreign exchange risk because it has revenues and expenses denominated in foreign currency, primarily the US dollar. It also arises from exchange rate differences between when the currency is received from sponsors and when it is recognised in the books of accounts. The University also has various bank accounts denominated in other currencies other than the Kenya Shillings that is the Dollar, Euro and Pound.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Foreign currency denominated financial instruments solely consists of bank balances.

The carrying amounts of the University's foreign currency denominated bank balances at the balance sheet date are as follows:

At 30 June 2021

| | KSH Sh | USD Sh | EURO Sh | GBP Sh | Total Sh |
|---------------|-------------------------|-------------------------|--------------------------|-------------------------|---------------------------|
| Bank balances | -345,570,140 | 49,278,433 | 3,524,609 | 15,324,414 | -286,442,684 |
| | ===== | ===== | ===== | ===== | ===== |

At 30 June 2020

| | | | | | |
|---------------|--------------|-------------|------------|------------|------------|
| Bank balances | -235,824,846 | 200,163,697 | 26,287,502 | 36,096,067 | 26,722,420 |
| | ===== | ===== | ===== | ===== | ===== |

The University manages foreign exchange risk arising from future commercial transactions and recognised assets and liabilities by projecting for expected cash proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the University's financial condition may be adversely affected as a result of changes in interest rate levels. The University's interest rate risk arises from bank deposits. This exposes the University to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the University's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favourable interest rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2021 (Continued)

Fair Value of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the University takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Fair value of financial assets and liabilities

Level 1 input are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

This note provides information about how the University determines fair values of various financial assets and liabilities.

Fair value of the University's financial assets and liabilities that are measured at fair value on a recurrent basis

Some of the University's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets/liabilities | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key inputs | Significant unobservable inputs | Relationship of unobservable inputs to fair value |
|------------------------------|------------------|----------------|----------------------|---------------------------------------|---------------------------------|---|
| | 30/06/2021 Sh | 30/06/20 Sh | | | | |
| Property and equipment | 17,058,546,957 | 17,368,763,652 | Level 3 | Observable Inputs | N/A | N/A |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iv) Capital Risk Management

The objective of the University's capital risk management is to safeguard the Council's ability to continue as a going concern. The University capital structure comprises of the following funds:

| | 2020-2021 | 2019-2020 |
|---|----------------------|-----------------------|
| | Kshs | Kshs |
| Revenue Reserve | 2,386,357,315 | 4,516,726,205 |
| Revaluation reserve | 4,394,045,564 | 4,394,045,564 |
| Capital Fund | 3,023,932,178 | 3,023,932,178 |
| Capital and Reserves | 9,804,335,057 | 11,934,703,947 |
| | | |
| Total borrowings | 550,331,071 | 604,909,358 |
| Cash and cash equivalents | -261,316,895 | 41,399,546 |
| Net borrowings | 811,647,966 | 563,509,812 |
| Gearing (Net debt to equity ratio) | 8.0% | 4.7% |

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--|-----------------------------------|--|
| 1.0 | <p>Going Concern The University is operating under financial difficulties and currently it has resulted to financing its operations using costly short term borrowings which may further worsen the liquidity position. Therefore, the University is technically insolvent and if no urgent positive steps are taken to improve the financial position, it may not be able to meet its mandate in future. The financial statements have therefore been prepared on a going-concern basis on assumption that it will continue to receive financial support from Government, creditors and donors.</p> | <p>The Management has put in place the following measures to address the going concern challenge;</p> <ol style="list-style-type: none"> 1. Adoption of cost cutting measures that resulted to a saving of Kshs 720M per annum. 2. Management has appointed a committee to look on further cost cutting and revenues enhancement measures. 3. Management is looking into ways of possibly increasing student enrollment through KUCCPS 4. The University won bid to provide professional teacher development training to all existing teachers that will generate more revenue. 5. Negotiation with the Government to increase capitation. 6. The Management has identified three properties (Rwanda campus, Meru Plot and Mavoko Land) for disposal and has obtained approval to dispose from The National Treasury 7. The Management has sought for approval to restructure the existing overdraft facility to a term loan to reduce on high interest expenses paid every month. This | Management | Not Resolved | 5 years |

| | | | | | |
|------------|--|---|------------|--------------|---------|
| | | <p>will enable the University save up to Kshs 72 million per year in interest payable.</p> <p>8. Management has relocated the School of Agriculture to Kitui Campus to concentrate on dry land agriculture. The expected income from the schools activities is Kshs 150 million per year</p> <p>9. The University management has on several occasions negotiated with Kenya Revenue Authority, Retirement Benefit Authority and Commissioner of Cooperatives with a view to putting in place a payment plan.</p> <p>If the above measures are achieved, the management is optimistic that the University will be in a position meet its obligation as and when they fall due.</p> | | | |
| 2.0 2.1 | Property Plant and Equipment Encroached Land by Squatters (Kamae) | <p>Land (Main campus) measuring 12.472 hectares valued at Ksh 123,281,555.00 which has been illegally encroached by the Kamae squatters. Among other measures taken, the university filled a case in a court of law against the illegal encroachment of the land and Management is happy to report that court ruling has been done in favour of the university. The Judge concluded as follows;</p> <p><i>(a) That a mandatory permanent injunction is hereby issued restraining the defendants from continuing with occupation of the plaintiff's land.</i></p> <p><i>(b) That an order is</i></p> | Management | Not Resolved | 3 Years |

| | | | | | |
|-----|--|---|------------|--------------|---------|
| | | <p><i>hereby granted for recovery of possession of the suit property namely LR NO 11026/2 by the plaintiff.</i></p> <p><i>(c) That an order of eviction is hereby issued against the defendants and other trespassers from LR NO 11026/2.</i></p> <p><i>That a declaration is hereby issued that the occupation and user of a portion of LR NO 11026/2 by the defendants and other trespassers is illegal.</i></p> | | | |
| 2.2 | Land without ownership documents (Dadaab) | <p>The Land was allocated to the University by Lagdera Constituency Development fund in Garissa County is valued at Ksh 880,000. The amount was in respect of registration and other related charges.</p> <p>The University has at long last made some progress toward attainment of the ownership documents:</p> <p>1. The University has obtained Letter of No Objection from the County Government of Garissa in support of the allocation of the Dadaab campus- land by the then County Council of Garissa</p> <p>2. The County Government of Garissa (Physical Planning Office) has drawn and completed the Partial Development Plan (PDP) and advertisement of the Public Notice, in accordance with Physical Planning Act Cap 286 has been done via Gazette Notice No. 8526 dated 6th September 2019 and in the Daily Nation and Taifa Leo newspapers on 28th August 2019. The advert is supposed to remain open for the next 60days from the date of advertisement before</p> | Management | Not Resolved | 3 Years |

| | | | | | |
|------------------|--|--|--|--------------|---------|
| | | <p>submitting the PDP to the National Director of Physical Planning for approval to facilitate issue of Allotment Letter.</p> <p>The University has engaged the service of a consultant to fast track the exercise.</p> <p>Upon issuance of a title deed, the Management will engage a valuer to give value of the property.</p> <p>This is work in progress and management is optimistic that the University will have the letter of allotment before closure of the year 2021/2022</p> | | | |
| 2.3 | <p>Kenyatta University Teaching, Research and Referral Hospital</p> <p>The property, plant and equipment balance of as at 30th June, 2020 excludes the value of Kenyatta University Teaching, Research and Referral Hospital that stands on the Universities 7.97 hectares of land.</p> | <p>The Statement of Financial Position balance of Property, Plant and Equipment includes 7.97 hectares of land occupied by Kenyatta University Teaching, Research and Referral Hospital which is now established as a State Corporation. The current position is that the land belongs to Kenyatta University and the University currently has no control over the facilities developed there in following establishment of the hospital as a parastatal</p> | Management | Not Resolved | 3 Years |
| 3.0 3.1/2 | <p>Receivable from Non-exchange Transaction:</p> <p>Car Loans and Outstanding Imprests</p> | <p>Outstanding debts on Car Loans and Imprests are debts that have been outstanding for more than 12 years, and have been handed over to the University lawyer for follow up through legal channel. The University has also appointed debt collection firm to assist in collecting debts. The Management is monitoring progress of debt collection firm and upon receiving their report will explore possibility of seeking approval to write</p> | University Legal Officer and Debtors Section | Not Resolved | 2 Years |

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| | | | | | |
|-----|--|--|------------|--------------|---------|
| | | of unrecoverable debts. | | | |
| 4.0 | Nugatory Expenditure- Closure of Kigali and Arusha Campus | <p>The University incurred Kshs 518,174,359, in the establishment of Kigali and Arusha campuses. Unfortunately, due to various challenges, the campuses were unable to start off and the University Council approved that they be wound up.</p> <p>I would wish to report that Arusha campus has already been closed and the moveable property brought to the main campus and distributed to various campuses for use by staff and students.</p> <p>Approval has been granted by The National Treasury to dispose Kigali property and we are optimistic that the University will recover the cost incurred in establishing the campus.</p> | Management | Not Resolved | 2 Years |
| | <p>Budgetary Control And Performance</p> <p>The statement comparison of budget and actual amounts indicates that the University had an approved revenue budget of Kshs.9,707,504,284 against actual receipts of Kshs.8,143,292,233 to a deficit of Kshs.1,564,212,051. Similarly the University had an approved expenditure budget of Kshs.9,445,894,572 against actual expenditure of Kshs.9,471,907,759</p> | <p>In the last four years the University has experienced drastic turn on revenue caused by reduction in student numbers and implementation of the new Government policy on differentiated unit cost funding among other factors. This has resulted in a deficit of Kshs 1,564,212,051 in revenues and an over-expenditure of Kshs 26,013,187. Management is optimistic that with the various measures undertaken to reduce cost and enhance revenues the University will be able to operate within its</p> | Management | Not Resolved | 5 Years |

| | | | | | |
|--|---|--|-------------------|---------------------|---|
| | <p>resulting into an over-expenditure of Kshs.26,013,187.</p> | <p>budget in the foreseeable future.</p> | | | |
| | <p>Ethnic Diversity</p> <p>A review of the University staff data as of 30th June, 2020 revealed that one ethnic community accounted for 40% of Council Members, 45.4% of senior management and 40.7% of permanent staff. This is contrary to Section 7 (2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from same ethnic community.</p> | <p>University Council: The University Council is composed of independent Council Members and representatives from the Ministry of Education and the Treasury. The University has no control over the appointment of these representatives of Government agencies. They are appointed by the respective Principal Secretaries on need basis and they are occasionally changed for various reasons. The independent members of Council are appointed by the Cabinet Secretary, Ministry of Education</p> <p>The Management Board: The University has eleven (11) members. In the year 2020, three (3) out of the eleven (11) positions were vacant and only eight members were holding office substantively. The other three were held by officers on acting capacity. The ethnic group with the highest number had three (3) out of the eight substantive members.</p> <p>The ethnic composition of Other University Staff may not have been compliant with the National Cohesion and Integration Act, 2008 for various reasons, the main one being that support staff in Grade I – IV, who constitute 32.04% of the total population are mainly drawn from the locality. This is a common trend in all organizations. The University is geographically in Kiambu County and it happens that most support</p> | <p>Management</p> | <p>Not Resolved</p> | <p>Progressively as need for additional staff arises.</p> |

KENYATTA UNIVERSITY
Annual Report and Financial Statements

2021

| | | | | | |
|--|---|--|------------|----------|----------|
| | | <p>staff are drawn from the County.</p> <p>The issue of ethnicity is historical as many employees were employed before the National Cohesion and Integration Act, 2008 was enacted. As stated earlier, the University is making deliberate efforts to reduce the imbalance.</p> | | | |
| | Non-Compliance with one Third Basic Pay Rule | <p>In the year 2019/2020, the University put in measures to ensure that this is eliminated. Management is happy to report that all employees are being paid net salary that is a third (1/3) or more of their basic salary.</p> <p>Kindly note, the University Management is committed to ensuring that Section C. 1(3) of the Human Resource Policies and Procedures Manual for the Public Service dated May, 2016 is observed.</p> | Management | Resolved | Resolved |

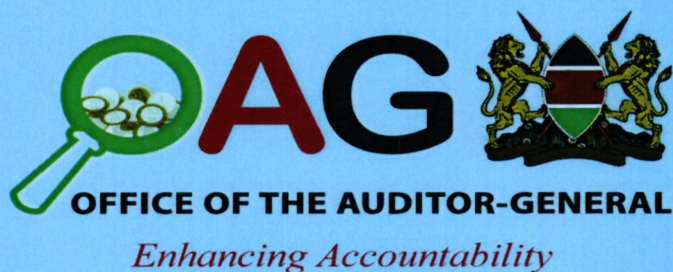


Prof. Waceke Wanjohi Ph.D, FRSB, FKNAS
Ag. VICE-CHANCELLOR

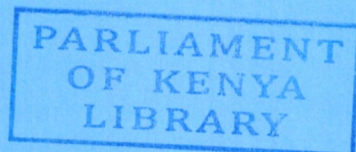


Prof. Crispus Makau Kiamba, Ph.D., CBS, MBS
CHAIRMAN OF COUNCIL

REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**AGRI AND CO-OPERATIVE TRAINING
AND CONSULTANCY SERVICES LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2021**



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

30 AUG 2022

RECEIVED

AGRI & CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2021.

Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

| | |
|--|------|
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KEY ATC INFORMATION

Background information

Agri and Co-operative Training and Consultancy Services (ATC), was launched in July 2004 as the then Agribusiness Training Centre. The then Co-operative College of Kenya (CCK) teamed up with five other organizations to establish ATC. The founding partners are:-

1. The Co-operative University of Kenya (CUK)
2. German Technical Co-operation
3. German Technical Service
4. American Co-operative Development International
5. Kenya Agricultural Commodity Exchange
6. Hanns-Seidel- Foundation

The purpose of ATC is to ensure the outreach of Co-operative University academic knowledge and fulfilling the needs of diverse groups within and outside the co-operative movement to improve their business by providing capacity development, training, consultancy & research.

ATC was formally registered as a private company wholly owned by CUK, by guarantee in August 2007. It operates on a commercial and cost-recovery basis and enjoys a great deal of institutional autonomy in order to deliver competitive services in a fast and cost-effective manner, in line with the expectations of clients. However, it works within the overall framework set by the Co-operative University of Kenya Governing Council.

Principal Activities

The principal activity of the ATC is to conduct training and consultancy services to governmental and non-governmental organizations such as co-operative movement and the associated sectors of the economy, farmers and their associations, small and medium enterprises, Development Partners, Community Based Organizations and other related clientele.

Vision

To be the most sought after Consultancy firm in the region.

Mission

To provide innovative and competitive trainings, consultancy and applied research and develop commercial enterprises to meet the commercial expectations of the CUK, cooperatives, agribusiness and the associated economies

VALUES

- Integrity
- Equity
- Quality
- Teamwork
- Innovation

Directors

The Directors who served the ATC during the year/period were as follows:

| | | |
|----|---------------------------------------|--|
| 1. | Prof. Kamau Ngamau (PhD) | The Co-operative University of Kenya – Vice Chancellor and Board Chairperson |
| 2. | Prof. Esther Njoki Gicheru (Mrs.) HSC | The Co-operative University of Kenya - Deputy Vice Chancellor (Finance and Planning) – The Co-operative University of Kenya. |
| 3. | Prof. Isaac Nyamongo | The Co-operative University of Kenya - Deputy Vice Chancellor (Cooperative Development, Research and Innovation) – The Co-operative University of Kenya. |
| 4. | Mr. David Otiende | The Co-operative University of Kenya - Registrar Academic Affairs – The Co-operative University of Kenya |
| 5. | Mr. Stanley Miringu | The Co-operative University of Kenya - Tutorial Fellow - The Co-operative University of Kenya |
| 6. | Mr. Timothy Mutwiri | Regional Financial Manager-We Effect |
| 7. | Mr. Daniel Marube | CEO - Co-operative Alliance of Kenya |
| 8. | Dr. Moses Gweyi | Ag. Chief Executive Officer and Secretary |

Registered Office

Agri and Co-operative Training and Consultancy Services Ltd
Co-operative University of Kenya
Ushirika Road Karen
P O Box 465 -00502
KAREN – NAIROBI.

Corporate Headquarters

Co-operative University of Kenya
Ushirika Road Karen
P O Box 465 -00502
KAREN – NAIROBI

Corporate Contacts

Telephone: (254) 0735 866
E-mail: info@atc.co.ke
Website: www.atc.co.ke

Corporate Bankers



Kenya Commercial Bank
Karen Branch
P O Box 4042 - 00502
KAREN – NAIROBI


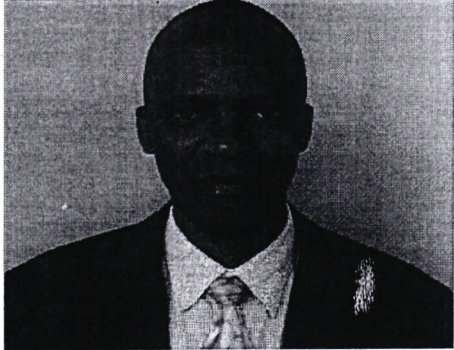
Co-operative Bank Of Kenya
Karen Branch
KAREN – NAIROBI

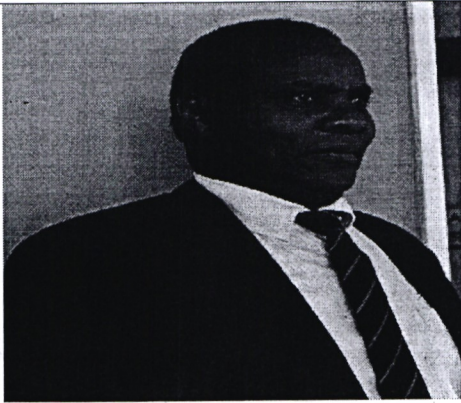
Independent Auditors

Auditor - General
P.O. Box 30084 - 00100
NAIROBI, - KENYA

THE BOARD OF DIRECTORS

| Name | Profile & Work Experience |
|--|---|
|  <p>Prof. Kamau Ngamau DOB 1966</p> <ul style="list-style-type: none"> • Vice Chancellor – The Co-operative University of Kenya. • Board Chairperson ATC | <ul style="list-style-type: none"> • Full Professor, Horticulture – Jomo Kenyatta University of Agriculture and Technology (JKUAT). • Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany. • Master of Science, Horticulture – University of Nairobi (UON). • Master's degree, Organizational Development – United States International University, Kenya • Bachelor of Science, Agriculture – The University of Nairobi. • Founder Member of Kenya Society of Professional Co-operators (KSPC) |
|  <p>Prof. Esther N. Gicheru (Mrs) OGW DOB: 1952</p> <ul style="list-style-type: none"> • Deputy Vice Chancellor (Finance and Planning)– The Co-operative University of Kenya. • ATC Board Member and Chair HR, Finance Committee and Member of Business Promotion | <ul style="list-style-type: none"> • Associate Professor in Cooperative Management and Organization Development • Doctor of Philosophy, Organization Development and Transformation – Cebu Doctors' University, the Philippines. • Master's Degree, Co-operative Management and Organization Development – Leicester University, United Kingdom. • Bachelor of Science Agriculture – University of Nairobi (UON) • Diploma in Counselling Psychology – Tangaza University College. |

| | |
|--|--|
| <p>Committee.</p> | <ul style="list-style-type: none"> • Founder Member of Kenya Society of Professional Co-operators (KSPC) |
|  <p>Prof. Isaac K. Nyamongo DOB; 1963</p> <ul style="list-style-type: none"> • Deputy Vice Chancellor (Cooperative Development, Research and Innovation) – The Co-operative University of Kenya. • ATC Board Member and member Finance and HR Committee | <ul style="list-style-type: none"> • Full Professor, Anthropology – University of Nairobi. • Doctor of Philosophy, Anthropology – University of Florida, USA. • Master of Science, Anthropology – Punjab University, India. • Bachelor of Science, Anthropology – Punjab University, India. • Founder Member of Kenya Society of Professional Co-operators (KSPC) |
|  <p>Mr. David Otiende DOB: 1963</p> <ul style="list-style-type: none"> • Registrar Academic Affairs – The Co-operative University of Kenya. • ATC Board Member, Chairperson Business and Promotion Committee and Member Audit and Risk Committee. | <ul style="list-style-type: none"> • PhD Candidate – The Catholic University of Eastern Africa. • Master of Education, Administration – Kenyatta University. • Bachelor of Education, Arts – Kenyatta University. |



Mr. Stanley Miringu.

DOB:

- Tutorial Fellow - The Co-operative University of Kenya.
- ATC Board Member, Business and Promotion Committee member and Audit and Risk Committee Member

- MSc. in Entrepreneurship – Jomo Kenya University of Agriculture and Technology (JKUAT).
- Bachelor’s Degree in Agricultural Business Management -Penn State University, USA





Mr. Timothy Mutwiri

DOB: 1975


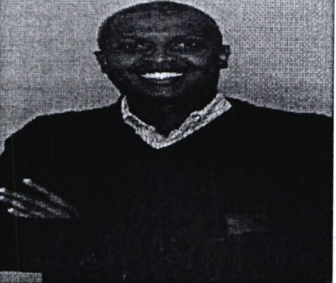
- Regional Financial Manager-We Effect.
- ATC Board Member, Chairperson Audit and Risk Committee and member Business and Promotion Committee

- Master of Business Administration (Finance) - University of Nairobi (UON)
- Bachelor of Commerce (Accounting) (UON) - University of Nairobi (UON)
- CPA-K

| | |
|---|--|
|  <p>Mr. Daniel Marube DOB: Executive Director of the CAK council. ATC Board Member and Member of HR and Finance Committee.</p> | <ul style="list-style-type: none"> • Co-operative Alliance of Kenya – CEO |
|  <p>Dr. Moses Gweyi, PhD. CCOP. DOB: 1983</p> <ul style="list-style-type: none"> • Secretary to the Board • Ag. Chief Executive Officer-ATC | <ul style="list-style-type: none"> • PhD in Business Administration (Finance) – Jomo Kenya University of Agriculture and Technology (JKUAT) • Master’s in Business (Finance) – Kenyatta University. • Bachelors of Co-operative Business (Finance) – Jomo Kenya University of Agriculture and Technology (JKUAT) • Diploma in Co-operative Management – Co-operative College of Kenya • Founder Member of Kenya Society of Professional Co-operators (KSPC) |



MANAGEMENT TEAM

| Staff Profile | Profile & Responsibilities |
|--|--|
|  <p>Dr. Moses Gweyi, PhD. CCOP. DOB: 1983</p> <ul style="list-style-type: none"> Secretary to the Board Ag. Chief Executive Officer – ATC | <ul style="list-style-type: none"> PhD in Business Administration (Finance) – Jomo Kenya University of Agriculture and Technology (JKUAT) Master's in Business (Finance) – Kenyatta University. Bachelors of Co-operative Business (Finance) – Jomo Kenya University of Agriculture and Technology (JKUAT) Diploma in Co-operative Management – Co-operative College of Kenya Founder Member of Kenya Society of Professional Co-operators (KSPC) |
|  <p>Stanley Kibet Ngeno DOB:1979 Finance Officer –ATC</p> | <ul style="list-style-type: none"> Bachelor of Business Management (Accounting) - Maasai Mara University. Diploma In Co-operative Banking – Co-operative College Of Kenya CPA-K Member of Kenya Society of Professional Co-operators (KSPC) |
|  <p>Joel Mahinda DOB: 1994 Administrator –ATC</p> | <ul style="list-style-type: none"> Bachelors in Co-operative Business (Finance Option) - The Co-operative University of Kenya Diploma in Co-operative Management – Co-operative University College of Kenya Member of Kenya Society of Professional Co-operators (KSPC) |

CHAIRMAN'S STATEMENT

Introduction

The Board of Directors is pleased to present the Annual Report and Financial Statements for the 2020/2021 Financial Year.

The Financial Year 2020/2021

The Financial Year 2020/2021 shows considerable improvement of the ATC performance as the company was able to increase its income from Ksh. 7,648,450 in the Financial Year 2019/2020 to Ksh 10,128,500 in the Financial Year 2020/2021. This improvement in income generation was due to rationalization which resulted in the Company posting a profit of Ksh. 1,386,453 in the Financial Year 2020/2021. This is a commendable performance taking into consideration that the company had posted a loss of Ksh. 5,847,793 in the Financial Year 2019/2019 and effects of COVID 19.

Outlook for 2020/2021 financial year

The Company's economic outlook is very promising in that the board has recommended the revival of original target markets as well as venturing into new ones. This includes renewing relationship with ATCs Development Partners some of whom were instrumental in the formation of ATC as an autonomous arm of the Co-operative University of Kenya. Some of the critical strategies recommended are the reorganization of the business model and revamping of the trainers and consultant pool by enlisting specialists in various economic sectors of interest.

Conclusion

Finally, I would like to thank the Board, ATC staff and all the Stakeholders for supporting the company to remain profitable in the back drop of hard economic times.



.....
Prof. Kamau Ngamau (PhD)

Board Chairperson



REPORT OF THE CHIEF EXECUTIVE OFFICER

ATC is on a high gear of pursuing its vision of being the most sought-after Consultancy firm in the region. This will be achieved by providing innovative and competitive trainings and consultancies that meet the commercial expectations of Co-operatives, Agribusiness and the associate economies. In so doing, the company will endeavor to deliver superior value to its customers, shareholders and stakeholders.

Am happy to report that through the support of Staff and the Board of Directors, the company has managed to make a profit of Ksh. 1,386,453 by emerging from the loss of Ksh. 5,847,793 in the Financial Year 2019/2020. This performance was achieved through increase in income generation from Ksh. 7,648,450 in 2019/2020 to Ksh 10,128,500 in Financial Year 2020/2021 and strict cost rationalization.

In order to improve the future outlook, the company will undertake the following strategies:

- I. Collaborative and partnership initiatives with KUSCCO, SASRA and other stakeholders
- II. Creating synergies and leveraging on the existing partnership/MOU's created by The Co-operative University of Kenya.
- III. Revamping online trainings of all flag-ship Courses
- IV. Reorganization of the business model for more income generation on both training and Consultancy
- V. Achieving cost leadership through business efficiency.
- VI. Revamping of training and consultancies through concerted marketing initiatives.

Lastly, I would like to thank The Co-operative University of Kenya's Governing Council, ATC'S Board of Directors and Staff for their continued support

Dr. Moses Gweyi (PhD).

Ag. Chief Executive Officer



STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

ATC has one strategic theme and objectives within the current Strategic Plan for the FY 2020- FY 2021. These strategic pillars/ themes/ issues are as follows:

theme1: Reducing the cost of operation and Growing income activities

ATC develops its annual work plans based on the above one pillars/Theme. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Company didn't achieved its performance targets set for the FY 2020/2021.

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------------|-------------------------|--|--|---|
| Pillar/ theme/ issue 1: | Reducing operation cost | Cost of Activities to be 50% and below the income activities | -Marketing for more than 15 Pax per Training Activities. -Encouraging Day conference as opposed to Fallboard. Utlising Internal Trainers instead external. | 69% which was very high compared to 50% target. |



CORPORATE GOVERNANCE & QUALITY STATEMENT

ATC is committed to good corporate governance through its Board of Directors. In an effort to uphold this, each activity of the company is monitored from the Board down to staff. The Board of Directors is responsible for the long-term strategic direction for profitable growth of the company, whilst being accountable to the Co-operative University of Kenya Governing Council for legal compliance and maintenance of the highest corporate governance standards and business ethics.

The Board of Directors

The Board is made up of eight directors who include the Co-operative University of Kenya Vice Chancellor as the chairperson of the Board, four members from the Co-operative University of Kenya Management, one member from one of the ATC's Development Partners, one member from the Co-operative Sector and the ATC Chief Executive Officer as the secretary to the Board. The composition of the Board is guided by the provisions of the Company's Articles and Memorandum of Association.

The day to day running of the business of the company is delegated to the Chief Executive Officer who is responsible for establishing and maintaining the company internal control systems so that the objectives of profitable growth and owner value is realized.

Quality Management

The management, through the company's quality manual & policies is committed to operate and continually improve the company quality management system. The management strives to achieve the following quality objectives:

- To provide high quality and up-to-date co-operative education, training, research and consultancy services.
- To meet or exceed customer expectations and necessary requirements, at a price that represents value for money, and to deliver products or services when they need it.
- To continually improve our processes and business results based on measurable and regularly reviewed quality objectives.
- To continually improve the quality of our products and services and to adopt technological solutions that enhance customer satisfaction.
- To train our employees to empower them to make quality conscious decisions and obtain



commitment of all employees in the organization.

- To provide a safe and conducive working environment for all employees, and to maintain a good corporate responsibility.
- To establish and maintain mutually beneficial business relationships with our clients and suppliers.
- To provide adequate resources to establish, maintain, review and continually improve our quality management system.

MANAGEMENT DISCUSSION AND ANALYSIS

ATC, guided by the current Strategic Plan and is on a high gear of pursuing its vision of being “To be the most soughtafter Consultancy firm in the region” by providing innovative and competitive trainings, consultancy and applied research and by developing commercial enterprises to meet the commercial expectations of CUK, Co-operatives, Agribusiness and the associate economies. In so doing, the company will endeavor to deliver superior value to its customers, shareholders and stakeholders. This mandate will be achieved in the year Financial 2021/2022.

The company is no longer in losses and hence, it has been turned around .In the Financial Year 2020/2021, the company posted an exemplary performance by emerging from the loss of ksh (5,847,793 in the Financial Year 2019/2020 to a profit of ksh 1,386,453. This exemplary performance was achieved through tremendous increase in income generation from ksh 7,613,450 in 2019/2020 to ksh 10,068,500 in Financial Year 2020/2021 and strict expenses rationalization.

The improved performance is attributed to the strict implementation of the three restructuring strategies during the Financial Year 2016/2017:

1. Low cost -operation strategy. This was achieved through cost rationalization where we ensured there was effective and efficient incurring of expenses. The result was, there was great improvement in value –for- money.
 2. Market Development and penetration. A few new markets and products were developed while the old products were aggressively marketed. However, more need be done on this
 3. Diversification: New products were designed for associated economy
- Specifically, during the year, the following strategies were implemented:

1. Strict performance management system which resulted in more income generation



2. Aggressive marketing
3. New products development
4. Cost management

During the period, we created and maintained new partners / customers alongside the old partners / customers. Such partners / customers include: SACCOs, SASRA, CUK, SOLIDARIDAD ,County Government of Makueni and County Government of Kericho.

The future of ATC is bright. During the year 2021/2022, we will focus to grow our incomes by 30 %.. This we will be achieved by:

1. Pursuing our mandate in our Strategic Plan.
2. Strict implementation of the performance based management
3. Delivering superior value to our customers, shareholders and stakeholders.
4. Investing further in marketing activities to take advantage of the growth in Agribusiness and Value chain training services demands at the counties.
5. Investing further in marketing activities and product development to take advantage of the partnerships we have with the SACCOs and Co-operative stakeholders
6. Developing strategic partnerships with the counties.
7. Developing business strategic partnerships with some like-minded organizations within the East African region.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

ATC exists to transform lives. This is our purpose; the driving force behind everything we do. To provide customer focused quality training and consultancy services to the agriculturesoperative and associated sectors of the economy to remain relevant and sustainable as a corporate in order to satisfy wealth maximization of the shareholders.

STAKEHOLDER ENGAGEMENT

Stakeholder relationship management has been pivotal in realization of the Company's revenue targets by enhancing collaborative partnerships across the co-operative s in Kenya. ATC has a planned to engage and influences all stake holders in co-operative sectors in Kenya in particular we



AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
Annual Reports and Financial Statements for the year ended 30 June, 2021

intend to utilise the existing MOU with the regulator (SASSRA) to support the sub-sector meet development and compliance requirement of SACCO legal and regulatory framework. ATC through The Co-operative University of Kenya have developed programme which were informed by SACCO Core Skills Gaps Survey.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the ATC's affairs.

Principal activities

The principal activity of the ATC is to conduct training and consultancy services to governmental and non-governmental organizations such as co-operative movement and the associated sectors of the economy, farmers and their associations, small and medium enterprises, Development Partners, Community Based Organizations and other related clientele.

Results

The results of the ATC for the year ended June 30, 2021 are set out on page 1

Dividends

Since ATC is formed through Guarantee, it does not declare dividends.

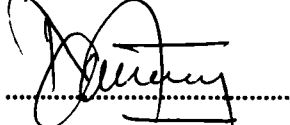
Directors

Members of the Board of Directors who served during the year are shown on page vi- ix In accordance with Regulation of the ATC's Articles of Association.

Auditors

The Auditor - General is responsible for the statutory audit of ATC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board.



Dr. Moses Gweyi

A.g Chief Executive Officer

Nairobi

Date: ...7/9/2021.....



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenya Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the company for that year. It also requires the Directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

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

Approval of the financial statements

The ATC financial statements were approved by the Board on 7th September 2021 and signed on its behalf by:

.....
Prof. Kamau Ngamau (PhD)
Board Chairperson

.....
Dr. Moses Gweyi (PhD)
Ag. Chief Executive Officer

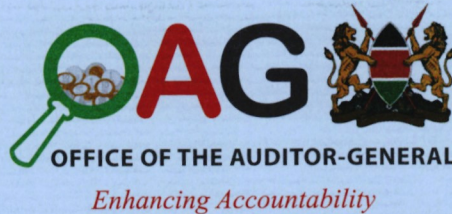


AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
Annual Reports and Financial Statements for the year ended 30 June, 2021

**REPORT OF THE AUDITOR GENERAL ON THE AGRI AND CO-OPERATIVE
TRAINING AND CONSULTANCY SERVICES LTD FOR THE YEAR ENDED 30 JUNE
2021.**

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE, 2021

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 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

Opinion

I have audited the accompanying financial statements of Agri and Co-operative Training and Consultancy Services Limited set out on pages 1 to 15, which comprise of the statement of financial position as at 30 June, 2021, and the statement of Profit or loss

and other comprehensive income, statement of changes in equity, 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, the financial statements present fairly, in all material respects, the financial position of the Agri and Co-operative Training and Consultancy Services Limited as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other matter

1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual amount on comparable basis of Kshs.12,500,000 and Kshs.10,128,500 respectively resulting to an under-funding of Kshs.2,371,500 or 19% of the budget. Similarly, the Company expended Kshs.8,742,047 against an approved budget of Kshs.10,929,197 resulting to an under-expenditure of Kshs.2,187,150 or 20% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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 matter 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

Non-Compliance with the Public Sector Accounting Standards Board Requirements

The financial statements as presented did not include three reports namely the statement of performance against predetermined objectives for the financial year 2020/2021, management discussion and analysis and environmental and sustainability reporting contrary to the Public sector Accounting Standards Board revised financial reporting template for commercial owned entities.

In the circumstances, the Company's financial statements are not prepared in accordance with the Public Sector Accounting Standards Board prescribed format.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, 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 for Conclusion

1. Staff Cost-Lack of Grading Structure and Career Progression

The statement of profit or loss and other income and as disclosed in Note 5 to the financial statements reflects a balance of Kshs.1,437,999 in respect of staff cost. However the Company did not provide a staff grading and career progression structure, and a staff establishment for audit. There was therefore no basis for determining the optimal staff levels, declaring vacancies.

In the circumstances, the existence of an effective mechanism to ensure proper safeguards to public resources could not be ascertained.

2. Lack of Gazette Notice and Board Appointment Letters

The statement of profit or loss and other income and as disclosed in Note 6 to the financial statement reflects a balance of Kshs.43,500 in respect of board expenses. However, the Company did not provide gazette notices and appointment letters of the Board Members contrary to Mwongozo 2015, Chapter 1(1.1), 11 and 13 respectively which states that each Board Member shall be formally appointed to the board through a gazette notice and thereafter appointment letters issued to each Board Member.

In the circumstances, the effectiveness of the Board resolutions could not be established.

3. Lack of Segregation of Duty

Review of the internal control procedures for the Company revealed that there was no proper segregation of duties in the accounting functions. The roles of maintaining of the cash book, preparation of bank reconciliation statements and drawing of cheques were all performed by one officer. The system is therefore susceptible to abuse which may lead to material misstatements in the books of account.

In the circumstances, the effectiveness of the internal control system could not be confirmed.

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 controls, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Companies Act, Cap 2015 of Kenya, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern as a basis of accounting unless Management is aware of the intentions to liquidate the company or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Company'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 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 September, 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

| | Notes | Kshs | |
|----------------------------------|-------|-------------------|--------------------|
| | | 2020 – 2021 | 2019 – 2020 |
| INCOMES | | | |
| Seminar | 2 | 10,068,500 | 7,613,450 |
| Other | 3 | 60,000 | 35,000 |
| Total Income | | 10,128,500 | 7,648,450 |
| Gross Income | | 10,128,500 | 7,648,450 |
| EXPENSES | | | |
| Operating Expenses | 4 | 6,904,456 | 6,643,392 |
| Staff Cost | 5 | 1,437,999 | 6,229,050 |
| Board Expenses | 6 | 43,500 | 146,800 |
| AGM Expenses | 7 | - | 104,750 |
| Depreciation charge for the year | 8(a) | 96,952 | 116,586 |
| Provisions for Audit Fees | 9 | 208,800 | 208,800 |
| Financial costs | 10 | 50,340 | 46,866 |
| Tax payable | 11 | 00 | 00 |
| Total expenses | | 8,742,047 | 13,496,243 |
| PROFIT / LOSS | | 1,386,453 | (5,847,793) |



AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
Annual Reports and Financial Statements for the year ended 30 June, 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| | | Ksh | |
|--|------|------------------|-------------------|
| ASSETS | | 2020- 2021 | 2019 - 2020 |
| NON-CURRENT ASSETS | | | |
| Property Plant & Equipment's | 8(a) | 433,906 | 530,858 |
| | | <u>433,906</u> | <u>530,858</u> |
| CURRENT ASSETS | | | |
| Trade & other receivables | 12 | 3,041,922 | 2,544,934 |
| Cash & Bank Balances | 13 | 1,557,645 | 289,054 |
| | | <u>4,599,567</u> | <u>2,833,988</u> |
| TOTAL ASSETS | | <u>5,033,473</u> | <u>3,364,846</u> |
| EQUITY & LIABILITIES | | | |
| FUND BALANCES | | | |
| General Reserve | 14 | (9,539,529) | (10,925,982) |
| Co-operative University of Kenya Control Account | 15 | 8,470,870 | 2,870,870 |
| Development Partners Fund Account | 16 | 745,400 | 745,400 |
| Revaluation Reserve | 17 | 644,015 | 644,015 |
| | | <u>320,756</u> | <u>-6,665,697</u> |
| CURRENT LIABILITIES | | | |
| Trade & Other Payables | 18 | 4,712,717 | 10,030,543 |
| | | <u>4,712,717</u> | <u>10,030,543</u> |
| TOTAL EQUITY & LIABILITIES | | <u>5,033,473</u> | <u>3,364,846</u> |

The financial statements were approved by the Board of Directors on 7th September 2021 and signed on their behalf by:-

Dr. Moses Gweyi (PhD)

Ag. Chief Executive Officer

Prof. Kamau Ngamau (PhD)

Board Chairperson

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

| | Ksh | Ksh | Ksh | Ksh | Ksh |
|---|-----------------|-----------|-----------------------------------|---------------------|-------------|
| | General Reserve | CUK | Development Partners Fund Account | Revaluation Reserve | TOTAL |
| 2020-2021 | | | | | |
| Balance as at 01/07/2020 | (10,925,982) | 2,870,870 | 745,400 | 644,015 | (6,665,697) |
| Conversion Rent arrears to capital by CUK | | 5,600,000 | | | 5,600,000 |
| Profit / (Loss) for the year | 1,386,453 | - | - | - | 1,386,453 |
| Balance as at 30/06/2021 | (9,539,529) | 8,470,870 | 745,400 | 644,015 | 320,756 |
| 2019-2020 | | | | | |
| Balance as at 01/07/2019 | (5,078,189) | 2,870,870 | 745,400 | 644,015 | (1,648,235) |
| Profit / (Loss) for the year | (5,847,793) | - | - | - | (5,847,793) |
| Balance as at 30/06/2020 | (10,925,982) | 2,870,870 | 745,400 | 644,015 | (6,665,697) |

STATEMENT CASH FLOWS

| FOR THE YEAR ENDED 30 JUNE 2021 | | | |
|--|-------|--------------------|----------------|
| | | Kshs | Kshs |
| CASHFLOW FROM OPERATING ACTIVITIES | Notes | 2020- 2021 | 2019- 2020 |
| Profit after tax | | 1,386,453 | -5,847,793 |
| Adjustment for | | | |
| Depreciation | 8a | 96,952 | 116,586 |
| Working capital adjustments | | | |
| Decrease /(Increase) in account receivables | 11 | (496,988) | 6,255,524 |
| Increase / (Decrease)in account payables | 19 | (5,317,826) | -218,967 |
| Net Cash from Operating Activities | | (4,331,409) | 305,350 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Increase in capital assets | | - | -73,500 |
| NET CASH GENERATED / USED IN INVESTING ACTIVITIES | | - | -73,500 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| CUK Conversion of Rent arrears to Capital | | 5,600,000 | |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT | | 1,268,591 | 231,850 |
| Opening cash and cash equivalent | | 289,054 | 57,204 |
| Closing Cash And Cash Equivalent | | 1,557,645 | 289,054 |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2021

| | Original budget 2020-2021 Kshs | Adjustments 2020-2021 Kshs | Final budget 2020-2021 Kshs | Actual on comparable basis 2020-2021 Kshs | Performance difference 2020-2021 Kshs | %Difference | Explanation for difference amounts (10% over/ under) |
|-----------------------|--------------------------------------|----------------------------------|-----------------------------------|--|--|-------------|---|
| INCOME | | | | | | | |
| Seminar | 30,537,967 | 18,487,967 | 12,050,000 | 10,068,500 | -1,981,500 | -16% | ATC resumed business in November 2020 after closure from March 2020 |
| Other Income | 250,000 | -200,000 | 450,000 | 60,000 | -390,000 | -87% | ATC resumed business in November 2020 after closure from March 2020 |
| Total income | 30,787,967 | 18,287,967 | 12,500,000 | 10,128,500 | -2,371,500 | -19% | ATC resumed business in November 2020 after closure from March 2020 |
| Expenditure | | | | | | | |
| Operation cost | 18,422,082 | 10,399,582 | 8,022,500 | 6,904,456 | -1,118,044 | -14% | Due to closure office from March 2020 to Nov 2020 ,some activities not undertaken |
| Staff Cost | 8,420,439 | 6,099,542 | 2,320,897 | 1,437,999 | -882,898 | -38% | Staff salaries were not paid in Q1 when the office was closed |
| Board Expenses | 400,000 | 180,000 | 220,000 | 43,500 | -176,500 | -80% | Board members were not paid in Q1 & Q2 due lack of funds. |
| AGM Expenses | 400,000 | 400,000 | 0 | 0 | 0 | | AGM didn't take place due lack of funds |
| Depreciation | 140,000 | 43,000 | 97,000 | 96,952 | -48 | 0% | Some of budget assets were not bought due to financial Constraints. |
| Audit Fees | 208,800 | 0 | 208,800 | 208,800 | 0 | 0% | |
| Financial costs | 150,000 | 90,000 | 60,000 | 50,340 | -9,660 | -16% | Few trasactions undertaken in the period |
| Total expenses | 28,141,321 | 17,212,124 | 10,929,197 | 8,742,047 | -2,187,150 | -20% | No business was undertaken in Q1 and part Q2 |
| Surplus | 2,646,646 | 1,075,843 | 1,570,803 | 1,386,453 | -184,350 | -12% | ATC resumed business in Nov 2020 after closure on March 2020,no business was undertaken in Q1 and part of Q2 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

ATC is established and derives its authority and accountability from company Act. The ATC is wholly owned by the Co-operative University of Kenya and is domiciled in Kenya. Its principal activity is Training, Consultancy and Research.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

1.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

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

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

b) Application of New and Revised International Financial Reporting Standards (IFRS)

| Title | Description | Effective Date |
|---|---|---|
| IAS 39-Financial Instruments: Recognition and Measurement | <p>IAS 39 "Financial Instruments: Recognition and Measurement" outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.</p> | <p>The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.</p> |
| IFRS 4- Insurance Contracts (Superseded) | <p>IFRS 4 "Insurance Contracts" applies, with limited exceptions, to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. In light of the IASB's comprehensive project on insurance contracts, the standard provides a temporary exemption from the requirements of some other IFRSs, including the requirement to consider IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" when selecting accounting policies for insurance contracts.</p> | <p>The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.</p> |

| Title | Description | Effective Date |
|--|---|--|
| IFRS 7- Financial Instrument Disclosures | IFRS 7 "Financial Instruments: Disclosures" requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters. | The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. |
| IFRS 16- Leases | IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. | The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. |

| Title | Description | Effective Date |
|-------|-------------|----------------|
|-------|-------------|----------------|

 AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
Annual Reports and Financial Statements for the year ended 30 June, 2021

| Title | Description | Effective Date |
|--|--|---|
| IAS 1 — Presentation of Financial Statements | IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. | The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. |
| IAS 12 — Income Taxes | IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test. | Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. |

| Title | Description | Effective Date |
|---|--|--|
| IAS 16 — Property, Plant and Equipment | IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. | The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. |
| IAS 37 — Provisions, Contingent Liabilities and Contingent Assets | IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable). | The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. |
| IAS 41 — Agriculture | IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell. | The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. |

 AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
Annual Reports and Financial Statements for the year ended 30 June, 2021

| Title | Description | Effective Date |
|---|--|--|
| IFRS 1 — First-time Adoption of International Financial Reporting Standards | IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period. | The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. |
| IFRS 3 — Business Combinations | IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. | The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. |

| Title | Description | Effective Date |
|-------------------------------|--|--|
| IFRS 17 — Insurance Contracts | IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. | The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.] |

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

i. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021



b. Property Plant & Equipment

Property plant & equipment is stated at cost less accumulated depreciation. Depreciation is calculated using reducing balance method in all categories of assets and the applied depreciation rate is as shown below;

| | |
|--|--------------|
| i. Motor Vehicles | 25% |
| ii. Furniture & Fittings | 12.5% |
| iii. Computers & Office Machine | 33.3% |
| iv. Loose Tools | 33.3% |

c. Trade and other receivables

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

d. Revenue Recognition

Revenue is recognized on accrual basis in accordance with international financial reporting standards. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the ATC's activities, net of value-added tax (VAT), where applicable.

e. Cash & Cash Equivalent

For purpose of cash flow statement, cash and cash equivalent comprises of cash at hand and deposit held with banks.

f. Comparatives

Where applicable comparative figures have been provided

g. Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

h. Trade and other payables

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

i. Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the ATC operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss

j. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

k. Going Concern

The accompanying financial statements have been prepared based on the principals of a going concern. As of 30 June 2021,

In order to improve the future outlook, the company will undertake the following strategies:

- VII. Revamping online trainings of all flag-ship products
- VIII. Reorganization of the business model for more income generation on both training and Consultancy
- IX. Achieving cost leadership through business efficiency.
- X. Revamping of training and consultancies through concerted marketing initiatives.
- XI. Collaborative and partnership initiatives with KUSCCO and SASSRA
- XII. Creating synergies and leveraging on the existing partnership/MOU's created by the Co-operative University.

2. Seminar Income

| Details | 2020- 2021 | 2019- 2020 |
|--------------------|-------------------|------------------|
| Training Income | 5,626,167 | 7,613,450 |
| Consultancy Income | 4,442,333 | - |
| TOTAL | 10,068,500 | 7,613,450 |

3. Other Income

| INCOMES | 2020 - 2021 | 2019 - 2020 |
|---------------------------------|---------------|---------------|
| Experts Subscription Fee Income | 60,000 | 35,000 |
| | 60,000 | 35,000 |

4. Operating Expenses

| EXPENSES | 2020 - 2021 | 2019 - 2020 |
|------------------------------------|------------------|------------------|
| Direct Expenses - Seminar Expenses | 5,218,526 | 4,875,794 |
| Motor Vehicle Running Cost | 25,071 | 70,335 |
| Office Administration Expenses | 435,859 | 324,953 |
| Marketing and Promotions | 5,000 | 164,310 |
| General Repairs & Maintenance | 20,000 | 8,000 |
| Rent & Water | 1,200,000 | 1,200,000 |
| Total Expenses | 6,904,456 | 6,643,392 |

5. Staff Cost

| DETAILS | 2020 - 2021 | 2019 - 2020 |
|--------------------|------------------|------------------|
| Salaries and Wages | 1,437,999 | 5,679,702 |
| Gratuity | - | 549,348 |
| Total | 1,437,999 | 6,229,050 |

The staff cost decreased from 6,229,050 to 1,437,999 due to exit CEO , BDO and all staff were not paid in Q1 2020/2021.

6. Board Expenses

| Details | 2020- 2021 | 2019- 2020 |
|--|---------------|----------------|
| Sitting Allowance | 43,500 | 125,000.00 |
| Travelling Allowance | - | 3,000 |
| Others (Tea & Snacks, Lunch, Stationeries and secretariat) | - | 18,800 |
| Total | 43,500 | 146,800 |



7. AGM Expenses

| Details | 2020 – 2021 | 2019 – 2020 |
|--|-------------|----------------|
| Share holder allowances | - | 80,000 |
| Transport Allowance | - | 13,150 |
| Others (Tea & Snacks, Lunch, Stationeries and secretariat) | - | 11,600 |
| | - | 104,750 |

8a. Property Plant and Equipment

| DETAILS | MOTOR VEHICLES | EQUIPMENTS | COMPUTER & OFFICE ELECTRONICS | FURNITURE & FITTINGS | LOOSE TOOLS | TOTAL |
|-------------------------|----------------|---------------|-------------------------------|----------------------|---------------|-----------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| COST / VALUATION | 25.00% | 12.50% | 33.30% | 12.50% | 33.30% | |
| As at 01/07/2020 | 980,700 | 603,080 | 2,082,500 | 845,635 | 142,120 | 4,580,535 |
| As at 30/06/2021 | 980,700 | 603,080 | 2,082,500 | 845,635 | 142,120 | 4,654,035 |
| DEPRECIATION | | | | | | |
| As at 01/07/2020 | 875,247 | 438,970 | 2,003,373 | 668,056 | 137,526 | 4,123,173 |
| Charge for the year | 26,363 | 20,514 | 26,349 | 22,197 | 1,529 | 96,952 |
| As at 30/06/2021 | 901,610 | 459,484 | 2,029,722 | 690,254 | 139,055 | 4,220,125 |
| NET BOOK VALUE | | | | | | |
| As at 30/06/2021 | 79,089 | 143,595 | 52,778 | 155,382 | 3,062 | 433,906 |
| As at 01/07/2020 | 105,452 | 164,109 | 79,127 | 177,579 | 4,591 | 530,858 |

8b. Property Plant and Equipment

| DETAILS | MOTOR VEHICLES | EQUIPMENTS | COMPUTER & OFFICE ELECTRONICS | FURNITURE & FITTINGS | LOOSE TOOLS | TOTAL |
|-------------------------|----------------|------------|-------------------------------|----------------------|-------------|-----------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| COST / VALUATION | | | | | | |
| As at 01/07/2019 | 25.00% | 12.50% | 33.30% | 12.50% | 33.30% | |
| | 980,700 | 603,080 | 2,009,000 | 845,635 | 142,120 | 4,580,535 |
| Addition 1/10/2019 | | | 73,500 | | | 73,500 |
| As at 30/06/2020 | 980,700 | 603,080 | 2,082,500 | 845,635 | 142,120 | 4,654,035 |
| DEPRECIATION | | | | | | |
| As at 01/07/2019 | 840,097 | 415,527 | 1,973,042 | 642,688 | 135,237 | 4,006,591 |
| Charge for the year | 35151 | 23444 | 30,331 | 25,368 | 2,292 | 116,586 |
| As at 30/06/2020 | 875,248 | 438,971 | 2,003,373 | 668,056 | 137,529 | 4,123,177 |
| NET BOOK VALUE | | | | | | |
| As at 30/06/2020 | 105,452 | 164,109 | 79,127 | 177,579 | 4,591 | 530,858 |
| As at 01/07/2019 | 140,603 | 187,553 | 35,958 | 202,947 | 6,883 | 573,943 |

9. Provision for Audit Fee

| DETAILS | 2020 – 2021 | 2019 – 2020 |
|---|----------------|----------------|
| Provision for Audit Fee (VAT exclusive) | 208,800 | 208,800 |
| TOTAL | 208,800 | 208,800 |

As an expense provision for audit fee has been provided for as Ksh 208,800 inclusive of VAT.

10. Financial Costs

| DETAILS | 2020 – 2021 | 2019 – 2020 |
|----------------------------|-------------|-------------|
| Bank charges and interests | 50,340 | 46,866 |
| | | |

12. Tax Payable

| DETAILS | 2020 – 2021 | 2019 – 2020 |
|------------------------------|--------------|--------------|
| Profit / (Loss) for the year | 1,386,453 | (5,847,793) |
| Less adjustment for loss B/F | (31,272,091) | (25,424,298) |
| Add: Disallowable | | |
| Depreciation | 96,952 | 116,586 |
| Less Allowable | | |
| Wear and tear | 96,952 | 116,586 |
| Taxable profit / (Loss) | (29,885,638) | (31,272,091) |
| Tax at Applicable rate (30%) | - | - |

11. Trade & Other Receivables

| DETAILS | 2020- 2021 | 2019- 2020 |
|---------------------|------------------|------------------|
| Seminar Receivables | 3,041,922 | 2,544,934 |
| Total | 3,041,922 | 2,544,934 |

12. Cash & Cash Equivalent

| DETAILS | 2020 - 2021 | 2019 - 2020 |
|---|------------------|----------------|
| Cash at Bank | | |
| Kenya Commercial Bank Account | 881,999 | 280,637 |
| Kenya Commercial Bank Privilege Account | 670,662 | (3,719) |
| Co-operative Bank Of Kenya (USD 42.77 @ ksh 107.8500) | 4,613 | 12,117 |
| Cash at Hand Office | 371 | 19 |
| TOTAL | 1,557,645 | 289,054 |

13. General Reserve

| DETAILS | 2020 - 2021 | 2019 - 2020 |
|------------------------------|--------------|--------------|
| Balance B / Forward | (10,925,982) | (5,078,189) |
| Adjustments | | |
| Profit / (Loss) for the year | 1,386,453 | (5,847,793) |
| Balance C / Forward | (9,539,529) | (10,925,982) |

14. Co-operative University of Kenya Control Account

This refers to the net of assets and liabilities that the company had when it started to prepare financial statements independently, which was credited to Co-operative University of Kenya Control Account as Capital.

| DETAILS | 2020- 2021 | 2019- 2020 |
|-------------|------------|------------|
| Balance C/F | 2,870,870 | 2,870,870 |

| | | |
|---------------------------------------|------------------|------------------|
| Conversion of Rent Arrears to Capital | 5,600,000 | - |
| TOTAL | 8,470,870 | 2,870,870 |

The Rent arrears which was due CUK was converted to share capital after requesting the CUK Council.

15. Development Partners Fund Account

This refers to Capital grants received which cannot be written off immediately.

| DETAILS | 2020 – 2021 | 2019 – 2020 |
|--------------|----------------|----------------|
| Balance C/F | 745,400 | 745,400 |
| TOTAL | 745,400 | 745,400 |

16. Revaluation Reserve

| DETAILS | 2020-2021 | 2019-2020 |
|-----------------|-----------|-----------|
| Revaluation A/c | 644,015 | 644,015 |

17. Trade & Other Payables

| DETAILS | 2020-2021 | 2019-2020 |
|--|------------------|-------------------|
| Trade Payables | 2,484,307 | 3,403,885 |
| Other Payables | | |
| Payments Received in Advance / Refundable Deposit Received | 0 | 31,755 |
| Provisions | 1,580,228 | 5,641,828 |
| Withholding Tax Liability | 315,048 | 315,048 |
| Paymaster General | 333,133 | 638,027 |
| TOTAL | 4,712,717 | 10,030,543 |