

REPUBLIC OF KENYA



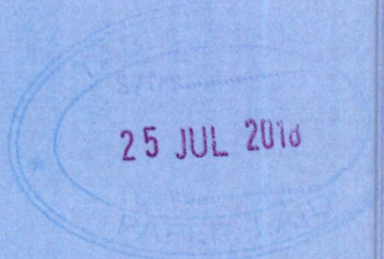
*Papers laid by the
Leader of majority
Party
Mwangi
25/7/2018*



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REPORT



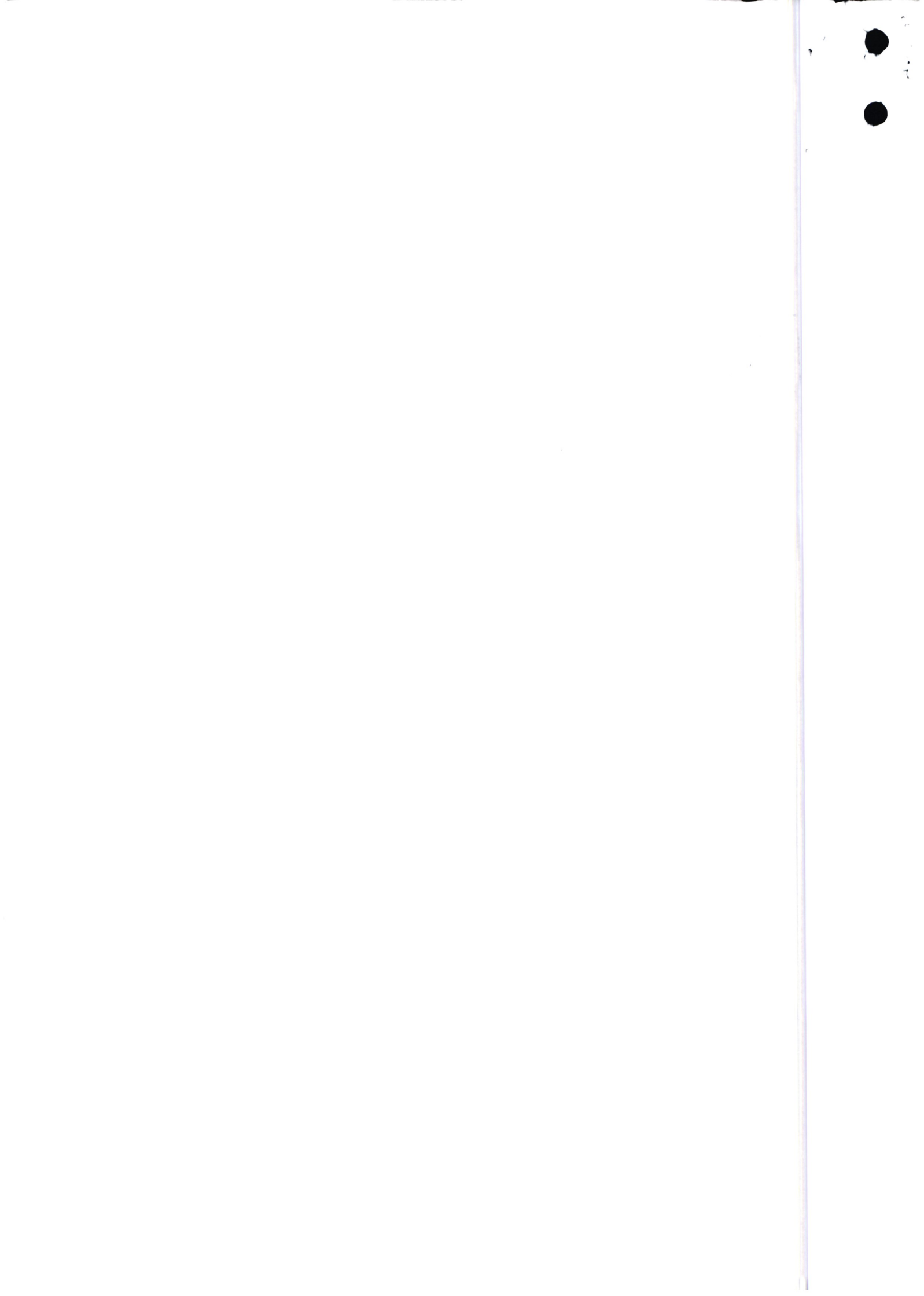
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
UNIVERSITY OF EMBU**

**FOR THE YEAR ENDED
30 JUNE 2017**





KENYA NATIONAL AUDIT OFFICE
EMBU HUB
28 MAY 2018
2445
Tel: 068 - 30260
P. O. BOX 113, EMBU

UNIVERSITY OF EMBU

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2017**

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

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

Embu University College (EUC) the predecessor of the University of Embu was established through the Embu University College Legal Order of 17th June, 2011, under the University of Nairobi Act (Cap 210), legal notice No. 65 of 17th June 2011. Embu University College was awarded a charter by His Excellency the President of the republic of Kenya on 7th October, 2016. Following the award of charter, the University College became a fully-fledged University, with its name changing from Embu University College (EUC) to University of Embu. The University is domiciled in Kenya, with its registered office located in Embu County. University of Embu currently does not have branches.

The first group of students was admitted in April, 2013 through Joint Admission Board. Student population rose from 120 students in the year 2013/2014, to 4125 in the 2016/17 financial year. During the first year of existence, Embu University College mainly offered science and agricultural based academic programmes. Additional market-driven programmes were introduced with time, including Business and Economics, Nursing and Education Programmes.

(b) Mandate of University of Embu

The Mandate of University of Embu, as contained in the Embu University College Order of 2011 (Legal Notice No. 65) includes:

- To provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and skill to the life, work and welfare of citizens of Kenya,
- To participate in discovery, transmission, and preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya,
- To provide and advance university education and training to appropriately qualified candidates, leading to conferment of degrees and award of diplomas and certificates and such other qualifications as Council and the Senate shall from time to time determine and in so doing contribute to manpower needs,
- To conduct examinations for such academic awards as may be provided in the statutes pertaining to the University College, and
- To examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, study courses and subjects of study.

Vision

A dynamic epicentre of excellence in training and research for service to humanity.

Mission

To generate, advance and disseminate knowledge through training, research, and innovation for the development of humanity.

Philosophy

Enhancing human capacity through relevant education, research and training.

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

Core Values

- Integrity
- Innovativeness
- Professionalism
- Teamwork and
- Customer focus

c) Key Management

University of Embu is run on day to day basis by the Management Board, which is headed by the Vice-Chancellor. The Management Board comprises of the Vice-Chancellor, two Deputy Vice-Chancellor, three Registrars and the Finance Officer.

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2017 are:

Designation

Name

1) Principal	Prof. Daniel M. Njiru
2) Deputy Principal (PAF)	Prof. Eucharika U. Kenya
3) Deputy Principal (ARE)	Prof. Kotut Kiplagat
4) Registrar (Principal's Office)	Mrs. Margaret Otolo
5) Finance Officer	Mr. Lawrence Kamonjo
6) Human Resource Manager	Mr. Isaac Ominde
7) Estates Manager	Mr. Peter Kabuthi Muiruri
8) Director Academic and Student Services	Mr. Julius Maore

(d) Fiduciary oversight arrangements

University of Embu has Audit, Risk and Compliance Management Committee of the University Council. The committee plays an oversight role in the University operations. The committee independently reviews the financial and non-financial operations of the University and reports to University Council on quarterly basis.

(e) Head office/Registered Office

Embu University College
Meru-Nairobi Highway
P. O. Box 6-60100
Embu, Kenya

(f) University of Embu contacts

P.O. Box 6-60100 Embu, Kenya

Email: vc@embuni.ac.ke/info@embuni.ac.ke

Website: www.embuni.ac.ke

Tel: +254 20 244 4136

+254 727 933 950

+254 788 199 505

(g) Bankers

- | | | |
|-------------------------------|---|-------------|
| (a) Barclays Bank of Kenya | - | Embu Branch |
| (b) KCB Bank Kenya Limited | - | Embu Branch |
| (c) Equity Bank | - | Embu Branch |
| (d) Cooperative Bank of Kenya | - | Embu Branch |
| (e) National Bank of Kenya | - | Embu Branch |

(h) Auditors




University of Embu being a public entity is audited by the Auditor General. The office of the Auditor General is an independent office whose roles and responsibilities are defined under the Constitution of Kenya. The postal address and the physical location of the office of the Auditor General is given below:




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

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

UNIVERSITY OF EMBU COUNCIL

During the year under review, the Council of University of Embu comprised of nine members including the Vice-Chancellor, who is the Chief Executive Officer. Summaries of their profiles are given below:

 <p>Dr. Margaret Gikuhi Council Chairperson</p>	<p>Date of Birth: 23rd February 1954</p> <p>Holds a Doctorate Degree in Philosophy of Education, and has a wide experience in academics and administration.</p> <p>Has held various leadership positions with the Teachers Service Commission. She is currently serving as a director in a consultancy firm.</p>
 <p>Mr. James Muchiri Ndung'u Principal Secretary Representative Ministry of Education, State Department for University Education and Research</p>	<p>Date of Birth: 1973</p> <p>Holder of a master degree in Education Planning, and a Bachelor Degree in Education.</p> <p>Has wide experience gained in Education Management.</p>
 <p>Mr. Samuel Kiiru Cabinet Secretary Representative National Treasury</p>	<p>Date of Birth: October 20, 1969</p> <p>He holds a Master degree in Economics. He is currently working at the National Treasury as the Head of Budget Policy. Has a wealth of experience in policy review, fiscal analysis, Macro level planning, program and performance budgeting, project appraisal, monitoring and evaluation. He is a trainer on programme and performance budgeting.</p>





 <p>Ms. Agnes Ndwiga Independent member of the Council</p>	<p>Date of Birth: 4th September 1962</p> <p>Holds a Masters in Development Finance and is currently pursuing a Doctorate Degree in Development Studies. In addition, she is a Chartered Development Finance Analyst.</p> <p>She has a wide experience in the finance industry and held other responsibilities such as Board Director. She is currently serving as the head of Government and Public Sector Relationship Management with a local Bank.</p> <p>She chaired Finance, Resource Mobilization and General Purposes Committee of the University Council, during the financial year under review.</p>
 <p>Mr. Mohamed A. Farah Independent member of the Council</p>	<p>Date of birth: 7th January, 1957</p> <p>Holds a Master Degree in Community Health & Development from Great Lakes University of Kisumu and Btech Higher National Diploma in Civil Engineering of Herfordshire University – UK</p> <p>He is a registered Engineer with Engineers Registration Board (ERB) and is also registered lead expert with Environmental Institute of Kenya</p> <p>He has a wide experience in the water sector serving in different capacities. He had served as a Council member, Moi University, Eldoret before joining University of Embu.</p> <p>He chaired Building and Infrastructure Committee of the University Council, during the financial year under review.</p>
 <p>Mr. Kenneth K. Kiprono Independent member of the Council</p>	<p>Date of Birth: 1964</p> <p>Holds Master in Business Administration and Bachelor of Commerce, both from the University of Nairobi. He is also a Certified Information Systems Auditor.</p> <p>He is currently an Associate IT Consultant, Jacca Consulting & TE Ltd.</p> <p>He chaired Audit, Risk and Compliance Management Committee of the University Council, during the financial year under review.</p>





UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

 <p>Mr. Patrick R. Abelle Independent member of the Council</p>	<p>Date of Birth: 1969</p> <p>Holds a Master Degree in Business Administration from Nkumba University and Bachelor of Science in Biochemistry and Zoology from the University of Nairobi. Presently pursuing Doctorate studies in Business Administration at the University of Nairobi.</p> <p>Has a wealth of experience in sales and marketing of Pharmaceutical products and Vaccines. He is currently a Commercial Director at GSK E. Africa Pharma.</p> <p>He chaired Human Resource Management Committee of the University Council, during the financial year under review.</p>
 <p>Dr. Kennedy Okong'o Independent member of the Council</p>	<p>Date of Birth: 16th April, 1982</p> <p>Holds a Doctorate Degree in Information Systems from University of Cape Town, South Africa. He also holds a Master of Arts in Diplomacy and Foreign Policy (Moi University), Master of Science, ICT Policy and Regulation (JKUAT), and Bachelor of Science in Geomatic Engineering (JKUAT).</p> <p>Has a wealth of experience in development of infrastructure, policies, standards and guidelines, and in corporate governance. He is currently a Council member at Universal Service Advisory Council of GoK, and a member of Technical Committee, Information Science Services (Kenya Bureau of Standards).</p>
 <p>Prof. Daniel Mugendi Vice-Chancellor and Council Secretary</p>	<p>Date of Birth: 6th September 1961</p> <p>Holds a PhD in Agroforestry from University of Florida, Gainesville, Florida, USA;</p> <p>In addition, he has a Master of Science Degree in Crop Science from the University of Nairobi; and Bachelor of Science (BSc) degree in Forestry from Moi University.</p> <p>Has vast experience spanning over 30 years in Administration, Academic & Research in Universities, s and Research Institutions.</p> <p>He is currently the acting Vice-Chancellor, at the University of Embu.</p>

UNIVERSITY MANAGEMENT BOARD

The following are the members who served in the University Management Board during the year under review:

 <p>Prof. Daniel Mugendi</p>	<p>Vice-Chancellor</p> <p>Holds a PhD in Agroforestry from University of Florida, Gainesville, Florida, USA;</p> <p>In addition, he holds a Master of Science degree in Crop Science from the University of Nairobi; and Bachelor of Science (BSc) Degree in Forestry from Moi University.</p>
 <p>Prof. Eucharia U. Kenya</p>	<p>Deputy Vice-Chancellor (Planning Administration & Finance)</p> <p>Holds a PhD in Applied Entomology from River's State University of Science & Technology, Nigeria. In addition she has a Master degree in Medical Parasitology and a Bachelor of Science in Zoology from University of Nigeria.</p>
 <p>Prof. Kiplagat Kotut</p>	<p>Deputy Vice-Chancellor (Academic Research & Extension)</p> <p>Holds a PhD in Phytoplankton Ecology, a Master of Science Degree in Plant Ecology, and a Bachelor of Education (Science)</p>
 <p>Mrs. Margaret Otolo</p>	<p>Registrar, Office of the Vice-chancellor</p> <p>Holds a Master of Business Administration degree and B.Ed (Arts) Degree from Kenyatta University. Presently pursuing Doctorate studies in Entrepreneurship.</p>

 <p>Mr. Lawrence Kamonjo</p>	<p>Head of Finance</p> <p>Holds a Master degree in Finance, and a Bachelor of Education (Arts); both from Kenyatta University. In addition, he is a Certified Public Accountant of Kenya registered with the ICPAK (membership number 7080).</p>
 <p>Mr. Isaac B. D. Ominde</p>	<p>Human Resource Manager</p> <p>Holds a Master Degree in Strategic Management from Kenyatta University in addition to a Bachelors' Degree from University of New Brunswick, Canada.</p>
 <p>Mr. Julius Maore</p>	<p>Director Academic and Student Affairs</p> <p>Holds a Bachelor of Arts from Kenyatta University. He is currently pursuing Master of Arts degree at Kenyatta University.</p>
 <p>Mr. Peter Kabuthi Muiruri</p>	<p>Estate Manager</p> <p>Holds a Bachelor of Arts (B. Econ.) Degree from the University of Nairobi. He is a registered Quantity Surveyor, and a members of Architectural Association of Kenya</p>

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

REPORT OF THE COUNCIL CHAIRMAN FOR THE PERIOD ENDED 30TH JUNE, 2017

Foreword

It is my great honor to present annual report of University of Embu (UoEm) for the period ended 30th June, 2017. During the year under review UoEm recorded remarkable improvement in its financial and operational performance owing to the coordinated effort of all the key players.

Key activities during the financial year under review

The following are the key activities that took place during the FY 2016/2017:

- (i) Change of status from a University College to a fully-fledged university
- (ii) Elections of new student government
- (iii) Quality audit by the Commission for University Education

Achievements

During the year under review, UoEm made various achievements in its performance, which include the following:

- (i) Development of requisite facilities and making them available for use when needed.
- (ii) Fulfilled the requirements for award of charter and is now a fully-fledged University.
- (iii) Successfully went through quality audit by the Commission for University Education (CUE) and received a clean report.
- (iv) Embarked on migration process from ISO 9001:2008 certification to ISO 9001:2015 with good progress being made during the year.
- (v) Growth of student population from 2910 students to 4330
- (vi) Good governance which made the university to remain calm without any incidence of strike.

Key Challenge

A major challenge that University of Embu has faced since inception is inadequate financial resources to develop required infrastructure. Of key concern is the inadequate budgetary allocation, and sometimes unexpected reduction of the allocated funds.

Future outlook

Kenya is emerging as one of the most attractive investment destinations in the continent, and is poised to be one of the fastest growing economies in East Africa. It is projected that the growth momentum will be sustained by a stable macroeconomic environment, rapid infrastructural investments and favourable business environment among other economic drivers. It is widely known that the Government of Kenya has given Education top priority in its agenda. This is evidenced by free primary education, and the subsidized secondary education. Consequently, demand for University education is on the rise, and is expected to grow exponentially. University of Embu is currently striving to expand its facilities and diversifying its academic programs to take advantage of this situation.

Appreciation

I wish to express my sincere appreciation and deep gratitude to the Government of Kenya through the Ministry of Education Science and Technology and the National Treasury, for the support accorded to Embu University College during year under review. Further, I wish to convey my appreciation to my colleagues who served in the University Council during the year, and the management for their invaluable contribution and dedication in guiding the University towards achieving the results so far made.

.....
Dr. Margaret M. Gikui
CHAIRPERSON –UNIVERSITY OF EMBU COUNCIL

Date: 28/5/2018

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

REPORT OF THE VICE-CHANCELLOR FOR THE PERIOD ENDED 30TH JUNE 2017

It is my pleasure to present the Annual Report and Financial Statements of the University of Embu (UoEm) for the financial year ended 30th June, 2017.

NON – FINANCIAL INFORMATION

(a) Change of status from a constituent College to a fully-fledged University

Embu University College was awarded a charter by His Excellence the President of the republic of Kenya, in a ceremony that took place on 7th October, 2016. Following the award of charter, its name changed from Embu University College (EUC) to University of Embu.

(b) Academic programmes

During the year under review, the Embu University College had five academic schools, namely:

- 1) School of Pure and applied Sciences
- 2) School of Agriculture
- 3) School of Education and social sciences
- 4) School of Business and economics
- 5) School of Nursing

The number of departments and academic programmes existing per school, during the year under review, were as tabulated below:

School	Number of departments	Number of academic programmes on offer		
		Bachelor	Masters	Ph.D
School of Pure and applied Sciences	3	11	9	5
School of Agriculture	3	11	7	5
School of Education	1	2	4	1
School of Business	1	5	1	1
School of Nursing	4	2	0	0

(c) Student population and student welfare

University of Embu admits both the Government sponsored (KUCCPS) and the Self sponsored (SSP) students. Up to the end of the financial year 2016/2017, the University College had a student population of 4330 students. The number is expected to rise to about 6000 students by the end of the FY2018/2019. This will be achieved through increased marketing and also through expansion of facilities to accommodate more students.

University of Embu has a democratically elected student government works which cordially with the University management to ensure that all student welfare issues are addressed in a satisfactory manner.

(d) Quality Audit by Commission for University Education (CUE)

During the period ended 30th June, 2017, University of Embu was listed by CUE as being among the few Universities in Kenya that are complying with the Universities Standards and Guidelines. This came after a nation-wide quality audit that took place between 23rd January and 10th February, 2017. The audit was conducted in all public and private Universities, and focused on interrogating the manner in which the institutions of higher learning admit students, conduct exams and award degrees. The University Management remains committed to ensuring that set quality standards are sustained, and expectations exceeded.

(e) ISO Certification

UoEm became ISO 9001:2008 Certified in April, 2014. This certification led to improved internal operational efficiency, mainly because operational procedures are articulately documented and being observed. Four surveillance ISO audits and several internal audits have been conducted at different times since certification. Findings of each ISO audit confirmed that the University of Embu is adhering to the ISO 9001:2008 and the QMS procedures. During the year under review, the university management embarked on migration process from ISO 9001:2008 to ISO 9001:2015, with the following progress being made by the end of the year under review:

- 1) Engagement of a consultant to drive the process to ISO 9001:2015 certification.
- 2) Training of process owners on the ISO 9001:2015 standards

Documentation of procedures aligned to the new standard is scheduled to commence in the FY 2017/2018.

(f) Provision of requisite facilities

As a strategy towards increasing competitive advantage, the management of the UoEm has continued to expand the existing facilities to attract and accommodate more students. During the FY under review, the following projects were undertaken:

(I) Completed projects

- 1) Gate B with acceleration and deceleration lanes
- 2) Diagnostic laboratory and Sick bay
- 3) Learning Centre which comprises of classrooms and offices
- 4) Multipurpose hall
- 5) Office block for teaching staff
- 6) Guest house.
- 7) Rehabilitation of borehole
- 8) Animal House and Herbarium

(II) Ongoing projects

- (i) New administration block
- (ii) Library (Phase I)

(g) Performance Contracting (PC)

At the commencement of the year under review, the University Council signed the 2016/17 Performance Contract with the Government of Kenya through the Ministry of Education Science & Technology. The signed contract was cascaded to all staff by the University Management for inclusiveness. The University Management remained committed during the financial year to ensuring that all operations are conducted within the stipulated legal framework. Owing to the commitment by all staff, University of Embu has year after year recorded very impressive results in performance contracting activities, ranging from "very good" to "excellent" score.

(h) Strategic Focus of UoEm

As a commitment towards realisation of its mandate, University of Embu during the year under review continued implementing its Strategic Plan for the period 2014 - 2018.

The strategic plan has the following key areas:

- i. Development & enhancement of Infrastructure
- ii. Promoting Leadership and Governance
- iii. Expanding capacity of operations and services

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- iv. Recruitment and development of Human Resources
- v. Mainstreaming information and communication technology
- vi. Developing effective collaborations and partnerships
- vii. Responding to emerging issues affecting Embu University College
- viii. Resource mobilization and effective management

As we move into the future, we will remain focused on the strategies to be able to take advantage of emerging opportunities for business growth and sustainability. The University Council is committed to providing the necessary support to the University Management in implementing the strategic plan for the ultimate realization of the University mandate.

(i) Key Challenge

A major challenge that University of Embu has faced since inception is inadequate financial resources to develop requisite infrastructure. Of key concern is the inadequate budgetary allocation and sometimes unexpected reduction of the development budget as it happened in the FY 2015/2016 when the development budget was reduced by Ksh 116, 860,000, from the initial allocation of Ksh 313,720,000/= to Ksh 196,860,000/=. This reduction interrupted the work schedules that were in place, leading to delay in completion of some projects.

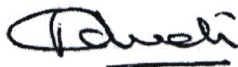
To address the financial challenge, the University Council, and the Management constantly appeals to the government through the Ministry of Education Science and Technology to boost budgetary allocation to the University of Embu. In addition, University Council is pursuing Public Private Partnership (PPP) option to fund construction of new hostels to accommodate the growing student population. The current accommodation capacity is 740 against student population of 4125 during the year under review. The projected student population by the end of the year 2017/2018 is about 6000. In addition to the Public, Private Partnership (PPP) programme, the University Council is currently in the process of expanding and diversifying the internally generated revenues to supplement funds from the government.

Appreciation

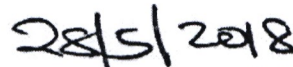
I wish to express my sincere and deep gratitude to the Ministry of Education Science and Technology, Science and Technology, the National Treasury and the University Council for their continued support and guidance to the university management, without which the achievement so far made would not have been possible.

My special recognition and gratitude goes to the university management and staff for the tireless effort and dedicated service, which led to exemplary performance in the academic, administrative and performance contracting activities.

To our valued students, esteemed customers and other stakeholders, we are grateful for choosing University of Embu. We appreciate you very much for your steadfast support and contribution towards the success that we have made so far.



Prof. Daniel Mugendi Njiru, (Ph.D)
VICE-CHANCELLOR



Date:.....

CORPORATE GOVERNANCE

Introduction

University of Embu Council recognizes the importance of applying high standards of corporate governance as a key contributor to its long term success, value and prosperity. This enables effective and efficient decision making and creates a conducive atmosphere for the Council to discharge its duty to promote success, while taking into account the interest of various stakeholders. The University Council has established effective governance through a combination of strong processes and structures, underpinned by the right values and culture.

Corporate Governance Statement

Good corporate governance entails establishment and enhancement of sustainable value for the stakeholders, through adoption of ethically driven business structures, procedures and processes. The Council and the Management of University of Embu ensures that corporate governance guidelines and best practices are followed in the delivery of the University mandate, and that all corporate affairs are managed in a fair and transparent manner, and in compliance with the Mwongozo Code of Governance which was established by the Government to provide guidance on effective leadership, governance and management of public resources.

University of Embu Council

(i) Roles and functions

The University of Embu Council is at the centre of good governance practice, for protection of long-term interests of all the stakeholders. The Council provides leadership, oversight to management, integrity and good judgment in directing university operations in the best interest of the stakeholders for continued viability and sustainability. The University Council is vested with powers and authority by relevant laws of Kenya, to discharge its mandate, and to effectively fulfill its corporate governance responsibility towards stakeholders. The University Council ensures adoption of corporate governance best practices in support of the university vision and to provide world-class services that delight customers, create value for money and meet stakeholders' expectations. Detailed responsibilities are provided in the University of Embu Statutes.

(ii) Appointment

Positions of the Council that served during the year under review were advertised, and appointment done by the Cabinet Secretary, Ministry of Education Science and Technology. The names of the Council were published in Kenya Gazette Vol. CZVIII – No.19, Gazette Notice number 1264 of 26th February, 2016.

(iii) Induction and capacity building for Council members

Members of the Council regularly attend trainings on corporate governance and other relevant areas to equip them with the knowledge that is required to effectively discharge their responsibilities. Induction for new Council members is conducted to enhance their understanding of the nature of university business and operations. During the year under review, Council members attended relevant trainings to help improve their competencies.

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(iv) Succession Plan

University of Embu runs University business through committees. As part of succession planning, Council members are assigned more than one committees to expose them to various operations of the University. In addition, induction and other trainings are designed to cover a wide range of topics relevant to university governance.

(v) Meetings of the University Council

Dates for University Council meetings in the ensuing year are decided in advance and scheduled in a work plan. The Council holds its regular meetings on quarterly basis to transact planned business of the University. However, special meetings of the Council may be called when there is business to transact. During the FY 2016/2017, the Council held five (5) regular and five special meetings. Members of the Council receive adequate notice and detailed documents on issues to be discussed in good time, to enable them prepare for the meetings.

The table below gives a summary of the meetings held by the University Council and its committees:

Name of the Committee	Members	Meetings held	No. of meetings attended
Full Council	1. Dr. Margaret Gikuhi – Chairperson	10	10
	2. Prof. Daniel Mugendi – Secretary		10
	3. Mr. Samuel Kiiru		10
	4. Mr. James Muchiri		10
	5. Ms. Agnes Ndwiga		8
	6. Mr. Mohamed Farah		10
	7. Dr. Kennedy Okong'o		7
	8. Mr. Patrick R. Abelle		10
	9. Mr. Kenneth Kiprono		10
1) Finance, Resource Mobilization and General Purposes Committee	1) Ms. Agnes Ndwiga – Chairperson	6	6
	2) Prof. Daniel Mugendi – Secretary		6
	3) Mr. Samuel Kiiru		5
	4) Mr. James Muchiri		6
	5) Mr. Mohamed Farah		6
2) Building and Infrastructure Committee	1. Mr. Mohamed A. Farah – Chairperson	5	5
	2. Prof. Daniel Mugendi – Secretary		5
	2. Mr. Samuel Kiiru		4
	3. Mr. James Muchiri		5
3) Audit, Risk and Compliance Management Committee	4. Dr. Kennedy Okong'o	4	5
	1. Mr. Kenneth K. Kiprono – Chairperson		3
	2. Mr. Francis Ngure – Secretary		4
	3. Mr. Samuel Kiiru		4
	4. Mr. James Muchiri		4
5. Ms. Agnes Ndwiga	3		

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4) Human Resource Management Committee	1. Mr. Patrick R. Abele	– Chairperson	7	7
	2. Mr. Samuel Kiiru			7
	3. Prof. Daniel Mugendi	– Secretary		7
	4. Mr. James Muchiri			7
	5. Mr. Kenneth K. Kiprono			7

(vi) Conflict of interest

“Conflict of interest” appears as item in the agenda of all University Council meetings. The Council has a conflict of interest register for recording any declared conflict of interest. A conflicted member takes leave during deliberations of any issues that may lead to conflict of interest.

(vii) Remuneration of University of Embu Council

Council members are entitled to sitting allowance for every meeting attended, lunch allowance, accommodation allowance and mileage reimbursement where applicable, within set limits of the government for state corporations. In addition, the Chairman of the University Council is paid a monthly honorarium and telephone allowance, also at the limits for state corporations.

(viii) Ethical standards

University of Embu works towards ensuring that the management and staff conduct themselves with integrity and professionalism in accordance with the approved Staff Code of Conduct, which stipulates expectations for each of them and holds people accountable for their conduct.

University of Embu through the office of the Human Resources Manager, and the Integrity Committee regularly conduct integrity awareness, training, corruption risk assessments and enforcements of corruption prevention measures. The Management has established mechanisms for receiving complaints and making follow-ups on allegations and reported cases of unethical conduct. Objective analysis of reported cases is done and appropriate action instituted to control and discourage unethical behaviour. University of Embu collaborates with Ethics and Anti-corruption Authority to entrench a culture of ethics and integrity at the University.



.....
Prof. Daniel Mugendi Njiru, (Ph.D)
VICE-CHANCELLOR

Date: 28/5/2018

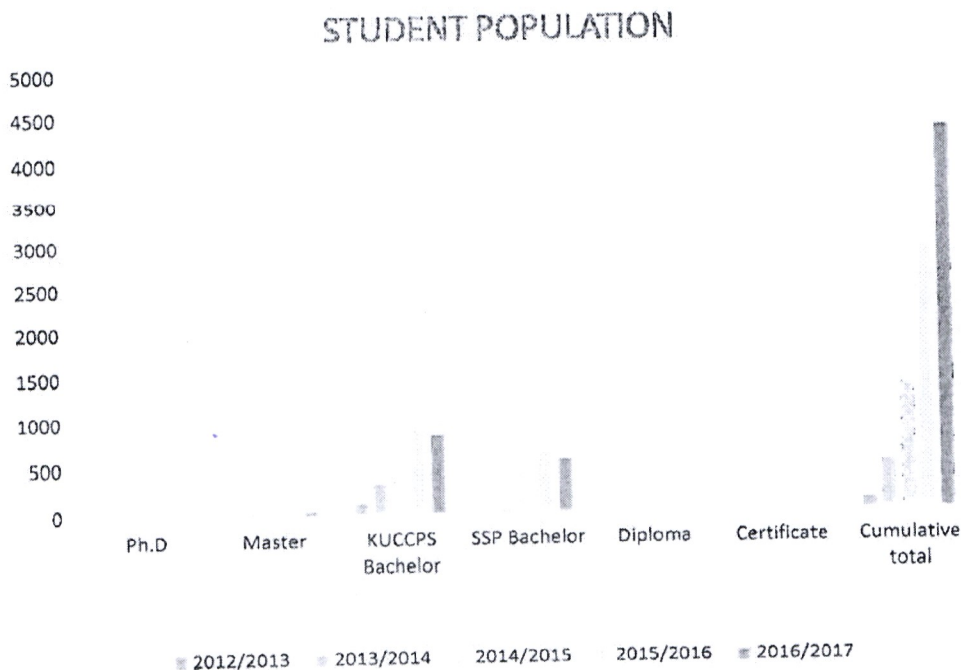
MANAGEMENT DISCUSSION AND ANALYSIS

(1) Student statistics

UoEm had a student population of 4330 students by the close of the financial year under review. Details of growth in the student numbers since inception of the institution is displayed below in Table 1.

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Ph.D	0	0	2	17	10
Master	0	27	6	9	30
KUCCPS Bachelor	114	312	694	886	825
SSP Bachelor	2	40	135	614	555
Diploma	0	0	10	19	0
Certificate	0	0	13	10	0
Total	116	379	860	1555	1420
Cumulative total	116	495	1355	2910	4330

Table 1: Student population since the inception

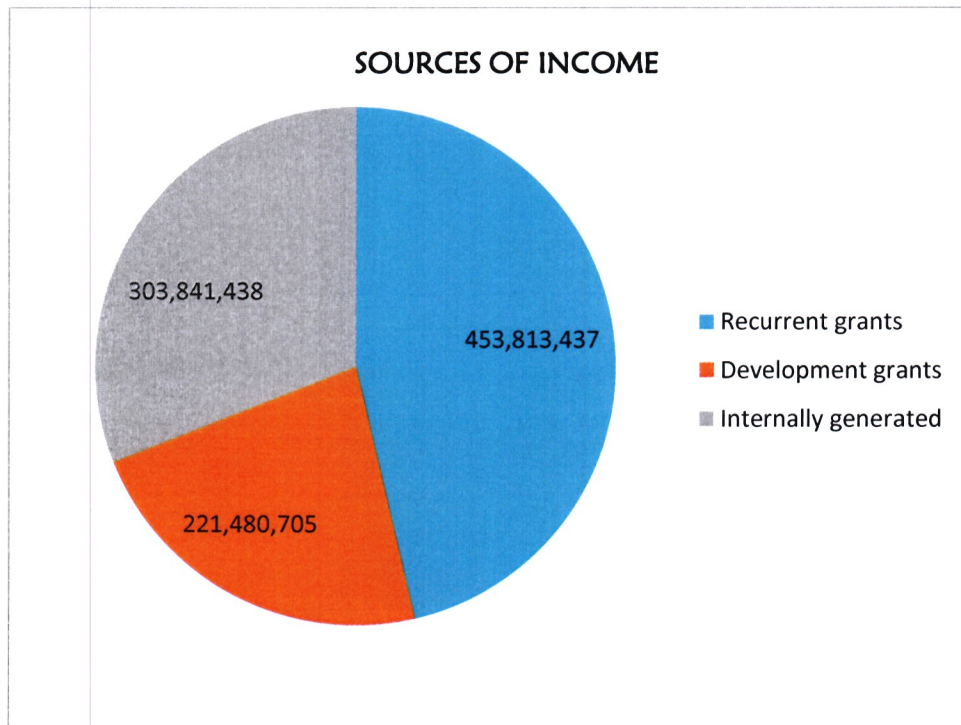


(2) Sources of University revenues

The main source of revenue for the University of Embu is the Government of Kenya, comprising of recurrent grants and development grants. To supplement the grants from the GoK, the University has internally generates revenues from sources such as fees, farm sales and the catering sales.

During the FY 2016/2017, University of Embu was granted a total of Ksh 675,293,591 from the Government of Kenya as follows:

Recurrent grants:	Ksh 453,813,436
Development grants:	Ksh 221,480,155
Internally generated	Ksh 303,841,438
Total	Ksh 979,135,029

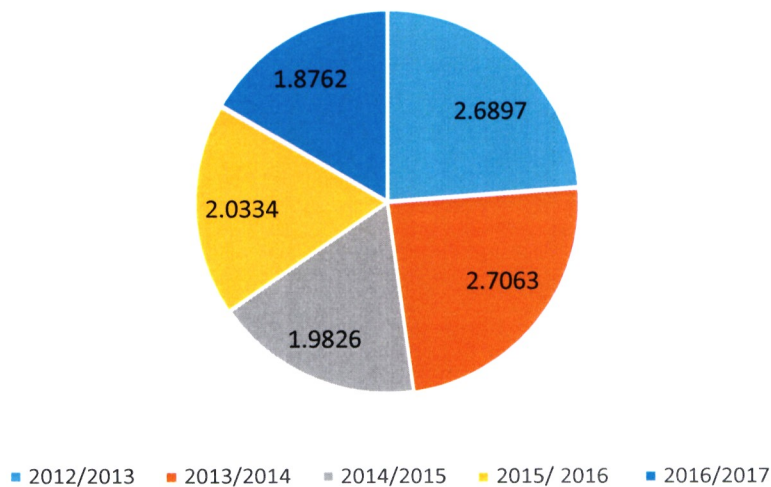


(3) Performance contracting

University of Embu has year after year recorded very impressive results in performance contracting activities, ranging from “very good” to “excellent” score, as shown below:

2012/2013	2013/2014	2014/2015	2015/ 2016 – Self assessment	2016/2017 Self-assessment
2.6897 (Very good)	2.7063 (Very good)	1.9826 (Excellent)	2.0334 (Excellent)	1.8762 (Excellent)

PERFORMANCE CONTRACTING SCORES



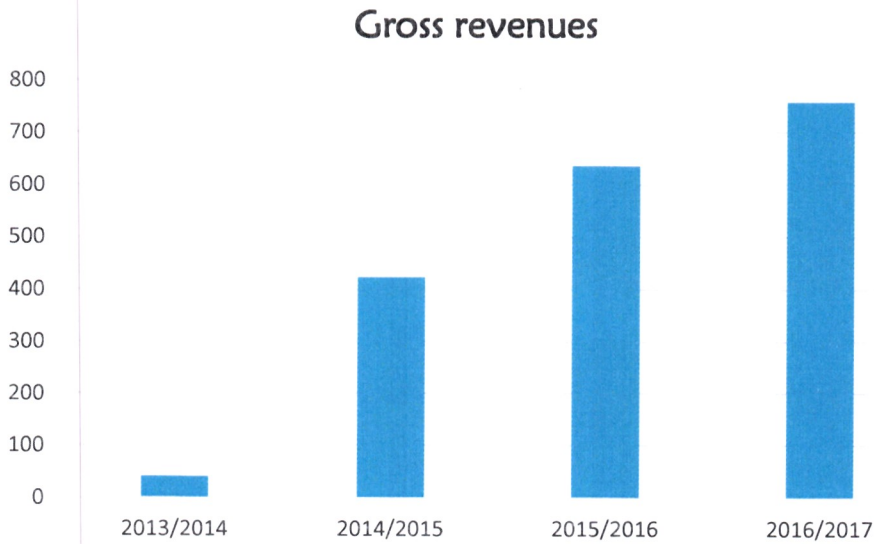
(4) Financial statistics

The overall financial of the University of Embu for the FY 2016/2017 was as follows in comparison to the FY 2015/2016:

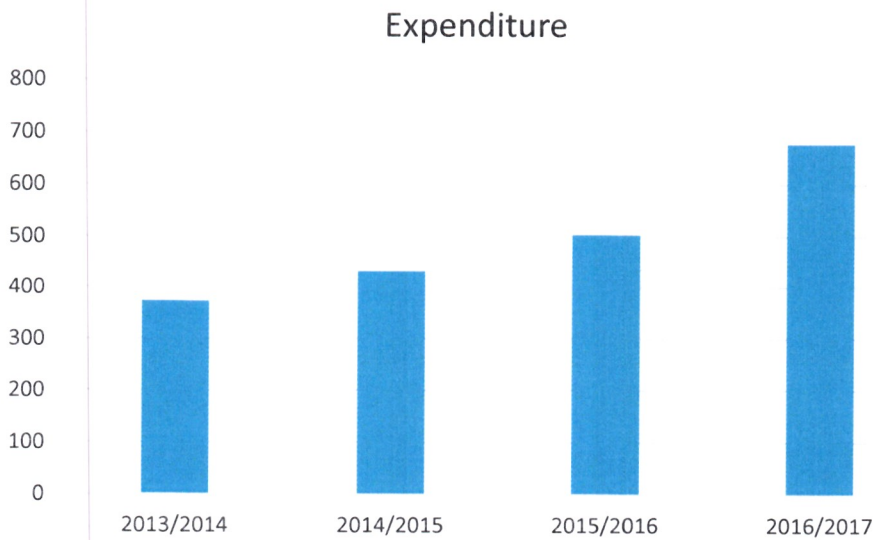
Total revenue increased by 19% from Ksh 636,332,224 in 2015/2016 to Ksh 757,654,875 in 2016/2017. Total expenditure increased by 28% from Ksh 504,035,073 in 2015/2016 to Ksh 677,896,862 in 2016/2017 while the net surplus decreased by 39.20% from Ksh 132,837,151 in 2015/2016 to Ksh 80,736,513 in 2016/2017. Current assets grew by 5.8% from Ksh 224.08 million in 2015/2016 to Ksh 237 million in 2016/2017. The total assets increased by 17.08 % from Ksh 2.145 billion in 2015/2016 to Ksh 2.512 billion. Current liabilities increased by 71.3 % from Ksh 77.446 million to 132.69 million, while the total liabilities increased by 3.5 % from 165.50 million in 2015/2016 to 223.8 million in 2016/2017

Graphical presentation of the financial performance of the University of Embu

(i) Gross revenues (million shillings)

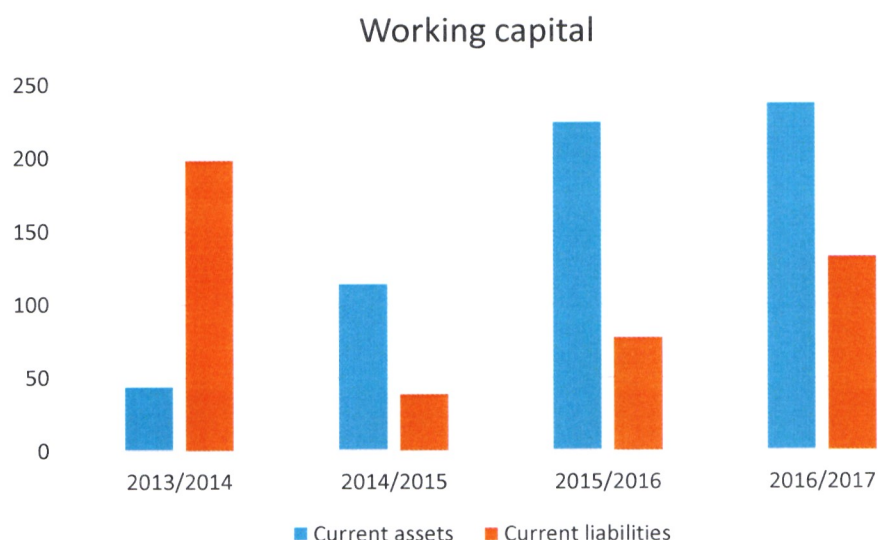


(ii) Gross expenditure (million shillings)



UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

Working capital



(5) Academic programmes

During the year under review, the University of Embu had five academic schools, namely:

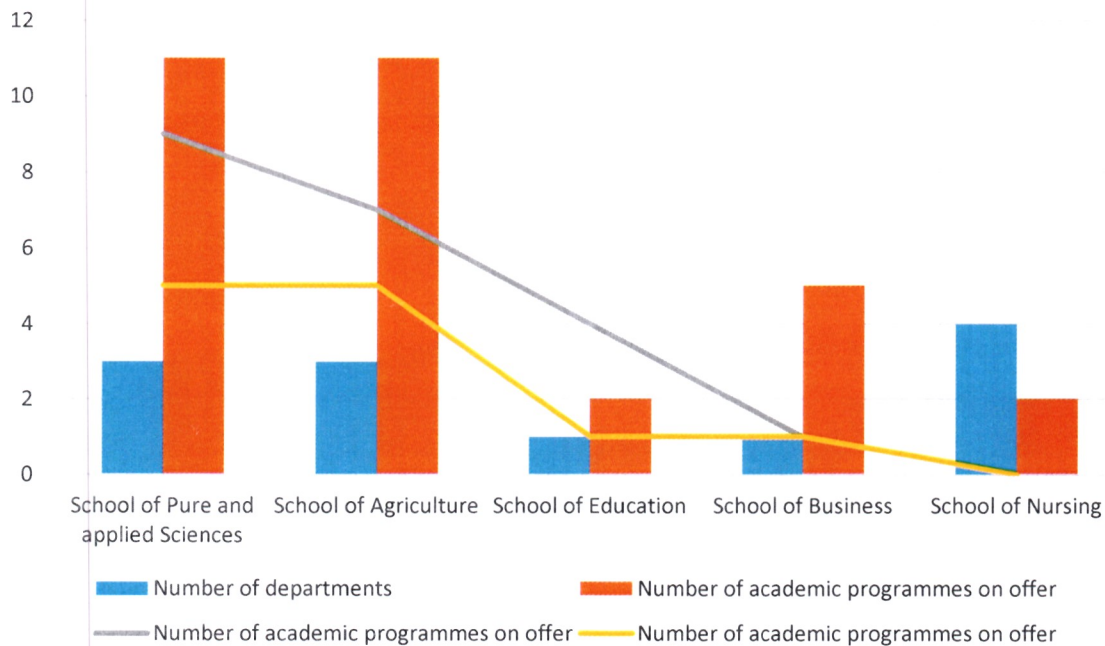
- 6) School of Pure and applied Sciences
- 7) School of Agriculture
- 8) School of Education and social sciences
- 9) School of Business and economics
- 10) School of Nursing

The number of departments and academic programmes existing per school, during the year under review, were as tabulated below:

School	Number of departments	Number of academic programmes on offer		
		Bachelor	Masters	Ph.D
School of Pure and applied Sciences	3	11	9	5
School of Agriculture	3	11	7	5
School of Education	1	2	4	1
School of Business	1	5	1	1
School of Nursing	4	2	0	0

Table 2: Number of academic programmes per school

DEPARTMENTS AND ACADEMIC PROGRAMMES



CORPORATE SOCIAL RESPONSIBILITY

University of Embu integrates social and environmental concerns in its operations and interactions with its stakeholders. This encourages a positive relations and impact on the environment by the stakeholders who include students, other customers, employees, investors and the neighboring communities. The University Council and the Management is fully committed to maintaining a cordial relations with the University stakeholders at all times.

During the year under review, University of Embu undertook the following activities in the fulfilment of its corporate social responsibility objectives:

- 1) Offered research grants and 40% fee waivers to staff studying at the University of Embu.
- 2) Offered the following medical services in collaboration with the Ministry of Health and Embu level 5 Hospital:
 - (i) Free HIV testing and counselling and sensitization on ARV therapy at Kangaru Market, near University of Embu.
 - (ii) Held HIV & AIDS Prevention Campaign and Wellness Clinics at the University. The following tests were carried out during the wellness week:
 - (a) HIV & AIDS
 - (b) Blood sugar checks
 - (b) Nutritional guidance
 - (c) Blood pressure checks and guidance on lifestyle health issues.
 - (iii) Conducted cervical cancer screening in conjunction with Marie Stopes.
- 3) Participated in various activities such as prize giving and education forums for schools within Embu County.
- 4) Organised a workshop to sensitized women, youth and people living with disabilities, on Access to Government Procurement Opportunities, at the University of Embu.
- 5) Gave financial aid to support education of the needy students at the UoEm.
- 6) Hosted various schools, both secondary and primary, on educational visits and trained them on various issues in Agriculture.
- 7) Offered free career talks to student in school in Embu and the neighbouring counties.
- 8) Assisted Secondary schools in Embu County in setting up libraries, and trained them on installation and use of KOHA Library Management System.
- 9) Donated Christmas gifts to prisoners and staff of GK prison - Embu

Corporate social responsibility pictorial



The Vice-Chancellor Prof. Daniel Mugendi presenting gifts to staff and prisoners of GK prison Embu.



The Deputy Vice-Chancellor (Planning, Administration & Finance) Prof. Eucharika Kenya sensitizing women, youth and people living with disabilities, on Access to Government Procurement Opportunities in a workshop organized by the University of Embu.



A member of University staff undergoing voluntary medical tests during the 2nd Annual HIV & AIDS Prevention Campaign and Wellness Clinics at the University of Embu.



Registrar (Vice-Chancellors' office) Mrs. Margarete Otolo presenting a trophy to the students of St. Angela Nguviu Girls High School - Embu, during school's prize giving.

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

REPORT OF THE COUNCIL MEMBERS

University of Embu Council submits its report together with the financial statements for the period ended 30th June, 2017 which show the state of affairs of the University.

PRINCIPAL ACTIVITIES

The principal activities of the University of Embu are to generate, advance and disseminate knowledge through training, research and innovation and offer extension services to communities within Embu County, other parts of Kenya, across the world.

RESULTS

The results of the University of Embu for the period ended 30th June, 2017 are set out on pages 28 to 34.

UNIVERSITY OF EMBU COUNCIL MEMBERS

The members of the Council who served during the year are shown on pages 4 to 5

AUDITORS

The Auditor General is responsible for the statutory audit of the University in accordance with the Public Finance Management (PFM) Act, 2012.

By Order of the University of Embu Council



Prof. Daniel Mugendi Njiru
COUNCIL SECRETARY

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the University Council to prepare financial statements in respect of University, which give a true and fair view of the state of affairs of the University at the end of the financial year 2016/2017 and the operating results of the University for that year. The Council members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

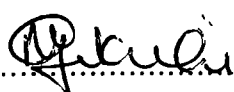
The Council members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining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

The Council members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSASs), and in the manner required by the PFM Act and the State Corporations Act. The Council members are 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 30th, 2017, and of the University's financial position as at that date. The University Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the University of Embu Council on 10th July, 2017 and signed on its behalf by:



.....
Dr. Margaret M. Gikuhi
CHAIRMAN



.....
Prof. Daniel Mugendi Njiru
SECRETARY

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2017

REPORT OF THE INDEPENDENT AUDITORS ON UNIVERSITY OF EMBU, FOR THE YEAR
ENDED 30TH JUNE, 2017

Auditor General

Date

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of University of Embu set out on pages 29 to 66, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison 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 University of Embu as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the University of Embu Charter of 7 October, 2016.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of University of Embu in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. I have determined that there are no Key Audit Matters to communicate in my report.

Report of the Auditor-General on the Financial Statements of University of Embu for the year ended 30 June 2017

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

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

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the University's or to cease operations, or have no realistic alternative but to do so.

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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.

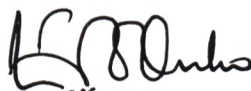
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue 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.



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

Nairobi

25 June 2018

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2017

STATEMENT OF FINANCIAL PERFORMANCE			
		2016/2017	2015/2016
	Note	(Ksh)	(Ksh)
Revenue from non-exchange transactions			
Recurrent grants	6 (i)	421,242,550	421,242,550
CBA grants (MoEST)	6 (ii)	32,570,887	-
		453,813,437	421,242,550
Revenue from exchange transactions			
Rendering of services	7	266,432,159	183,508,607
Rental revenue	8	6,272,264	5,097,220
Farm income	9	4,375,473	4,121,073
Other incomes	10	26,761,542	22,362,775
		303,841,438	215,089,675
Total revenue		757,654,875	636,332,224
Expenses			
Employee costs	11	380,436,141	340,495,632
CBA arrears	12	32,570,887	-
Remuneration of University Council	13	16,653,085	9,285,000
Depreciation and amortization expense	24	44,168,900	35,089,832
Repairs and maintenance	14	29,269,677	17,705,302
Research expenses	15	13,320,194	14,517,802
General expenses	16	161,477,979	86,941,505
Total expenses		677,896,863	504,035,073
Surplus from operations		79,758,013	132,297,151
Other gains	17	978,500	540,000
Surplus for the period		80,736,513	132,837,151

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE, 2017			
	Note	2016/2017	2015/2016
ASSETS		(Ksh)	(Ksh)
Current assets			
Cash and cash equivalents	18	143,738,683	144,468,770
Receivables from exchange transactions	19	43,423,345	17,167,574
Receivables from non-exchange transactions	20	39,942,934	54,865,657
Inventories	21	9,983,061	7,578,969
Total Current Assets		237,088,024	224,080,970
Non-current assets			
Property, plant and equipment	24	2,266,661,634	1,914,202,674
Biological assets	22	8,312,000	7,333,500
Total Non - current assets		2,274,973,634	1,921,536,174
TOTAL ASSETS		2,512,061,658	2,145,617,143
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	25	101,792,764	64,701,668
Trade and other payables from non-exchange transactions	26	11,581,403	3,488,509
Refundable deposits from customers	27	764,900	1,019,000
Provision for audit fee	28	815,035	1,293,035
Payment received in advance	29	17,168,036	6,444,062
Students' bursaries	30	571,305	500,000
Total current liabilities		132,693,443	77,446,274
Non-current liabilities			
Caution money	31	9,578,000	6,490,000
CBA refund	32	81,560,000	81,560,000
Total non-current liabilities		91,138,000	88,050,000
Total liabilities		223,831,443	165,496,274

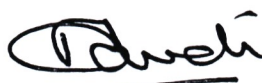
UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2017 - (Continued)

NET ASSETS			
Development grant	35	820,584,096	600,708,178
Revaluation reserves	36	1,289,348,660	1,289,348,660
Revenue reserves	37	141,385,501	56,832,031
Other grants	38	36,911,959	33,232,000
Total net assets		2,288,230,216	1,980,120,869
TOTAL NET ASSETS AND LIABILITIES		2,512,061,658	2,145,617,143



Dr. Margaret M. Gikuhi
COUNCIL CHAIRMAN



Prof. Daniel Mugendi Njiru
COUNCIL SECRETARY



Mr. Lawrence Kamonjo
HEAD OF FINANC
ICPAK NUMBER 7080

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

STATEMENT OF CHANGE IN NET ASSETS						
		Revaluation reserve	Government development grants	Revenue Reserves	Other grants	Total
	Notes	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)
Balance as at 1st July 2015		1,289,348,660	408,848,178	(77,063,317)	33,000,000	1,649,133,521
Prior year adjustment		-	-	2,743,067	-	2,743,067
Surplus for the period		-	-	132,837,151	-	132,837,151
Loss on disposal of library books		-	-	(1,684,870)	-	(1,684,870)
Other grants		-	-	-	232,000	232,000
Development grant for the year		-	196,860,000	-	-	196,860,000
Balance as at 30th June, 2016		1,289,348,660	600,708,178	56,832,081	33,232,000	1,980,120,869
Balance as at 1st July 2016		1,289,348,660	600,708,178	56,832,081	33,232,000	1,980,120,869
Prior year adjustment	37 (i)	-	-	(5,276,215)	-	(5,276,215)
Prior year adjustment	37 (ii)	-	-	(612,773)	-	(612,773)
Surplus for the period		-	-	80,736,513	-	80,736,513
Other grants	38	-	-	-	11,781,667	11,781,667
Development grant for the year	35	-	221,480,155	-	-	221,480,155
Amortization of other grants	38	-	-	8,101,708	(8,101,708)	-
Amortization of development grants	35	-	(1,604,237)	1,604,237	-	-
Balance as at 30th June, 2017		1,289,348,660	820,584,096	141,385,501	36,911,959	2,288,230,216

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2017

STATEMENT OF CASHFLOWS			
	Note	2016/2017 (Ksh)	2015/2016 (Ksh)
OPERATING ACTIVITIES			
Receipts			
Government recurrent grants	6	421,242,550	421,242,550
Rendering of services	7 & (a)	254,701,923	181,389,804
Rental income	8	6,376,764	5,386,620
Farm income	9	4,375,473	4,121,073
2015/2016 Government grants received		-	26,520,213
Other income	10 & (c)	33,797,151	22,507,749
		720,493,861	661,168,007
Payments			
Employees Costs	11 & (d)	379,871,319	339,930,780
University Council expenses	13	16,653,085	9,285,000
Repairs & maintenance	14	29,269,677	17,705,302
Research grants	15	13,320,194	14,517,802
General expenses	16 & (e)	163,263,844	69,102,482
Creditors payment	25	27,737,532	13,918,125
		630,115,651	464,459,490
Net cash flows from operating activities		90,378,210	196,708,517
INVESTING ACTIVITIES			
Cash flows from investing activities			
Property, Plant & Equipment and intangible assets	24 & (f)	(352,588,451)	(279,099,281)
Net cash flows used in investing activities		(352,588,451)	(279,099,281)
FINANCING ACTIVITIES			
Cash flows from financing activities			
Government development grants	35	261,480,155	156,860,000
Other Grants	38	-	232,000
Net cash flows used in financing activities		261,480,155	157,092,000
Net change in cash and cash equivalents		(730,086)	74,701,236
Cash and cash equivalent at 1 st July, 2016		144,468,769	69,767,533
Cash and cash equivalent as at 30th June 2017		143,738,683	144,468,769

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2017

NOTES TO THE CASHFLOW STATEMENT			
(a) Rendering services		266,432,159	183,508,607
Add: Fees receivable b/f		16,969,400	8,022,583
Additional caution money		3,088,000	4,008,000
Students' union subscription		1,053,215	410,550
Deferred fees c/f		17,168,036	6,444,062
Interest receivable		-	285,390
Farm Income receivable b/f		198,175	260,777
Rent income receivable		18,946	-
Less: Deferred fees b/f		(6,444,062)	(4,580,765)
Fees receivable c/f		(43,423,345)	(16,969,400)
Unclaimed fees b/f		(358,600)	-
		254,701,923	181,389,804
(b) Rental income		6,272,264	5,097,220
Add: Commercial rental deposit		104,500	289,400
		6,376,764	5,386,620
(c) Other income		26,761,542	22,362,775
Less: Deferred Research Grants b/f		(2,466,847)	-
Less: Imprest recovery		(4,100)	-
Add: Deferred research grant c/f		9,392,781	2,466,847
Add: Student clubs		13,775	-
Add: Staff insurance		100,000	-
		33,797,151	24,829,622
(d) Employee cost		380,436,141	340,495,632
Less: voluntary pay cut		(564,822)	(564,852)
		379,871,319	339,930,780
Voluntary cut though expensed, did not involve cash outflow.			
(e) General expenses		161,477,979	86,941,505
Add: Audit fee paid		(1,000,000)	768,965
Change in Staff advances		6,861,891	12,632,877
Increase in inventory		-	1,648,460
Less: Accrued water expenses		(3,482,721)	(31,220,253)
Provision for audit fee		(522,000)	(522,000)
Provision for bad debts		-	(647,073)
Provision for bursaries		(71,305)	(500,000)
		163,263,844	69,102,481

NOTES TO THE CASHFLOW STATEMENT - (Continued)

(f) Property, Plant & equipment		396,627,858	299,689,497
Less: Additional retention		(32,257,741)	(20,590,215)
Donations		(11,781,667)	-
		352,588,451	279,099,282
(g) Government capital grants receivable			
As captured in the Financial statements		221,480,155	196,860,000
Received during the year under review		261,480,155	(156,860,000)
Receivable c/f		40,000,000	40,000,000
Ksh 40,000,000/= that was pending as at 30th June 2015 was received during the year under review.			

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STATEMENT OF BUDGET AND ACTUAL COMPARISON				
	Original budget 2016/2017 (Ksh.)	Final budget 2016/2017 (Ksh)	Actual on comparable basis 2016/2017 (Ksh)	Performance difference 2016/2017
Receipts				
Government grants	421,242,550	421,242,550	421,242,550	(0)
Government devt grants	221,480,155	221,480,155	221,480,155	-
2013/14 - 2016/17 CBA Arrears	-	32,570,887	32,570,887	-
Accommodation fee	7,500,000	8,771,140	8,771,140	-
Tuition fee	220,000,000	240,000,000	248,876,210	8,876,210
Catering	15,500,000	16,555,000	17,555,949	1,000,949
Farm	5,000,000	4,376,000	4,375,473	(527)
Rent	5,000,000	5,808,000	6,272,264	464,264
Sale of detergent	600,000	-	-	-
Other income	2,000,000	19,836,000	26,215,099	6,379,099
Graduation fee	-	546,443	546,443	-
Total income	898,322,705	971,186,175	987,906,170	16,719,995
Payments				
Compensation of employees	407,140,000	380,441,120	380,436,141	(4,979)
CBA arrears	-	32,570,887	32,570,887	-
Operational & admn cost	205,902,598	214,758,697	220,720,935	5,962,238
Equipment and other assets	53,400,000	43,699,474	49,377,338	5,677,864
Development project	231,880,107	299,715,997	299,706,807	(9,190)
Total expenditure	898,322,705	971,186,175	982,812,109	11,625,934
Surplus/Deficit for the period	-	-	5,094,062	5,094,062
Notes				
(i) Tuition fee:				
There was a reduction on fees collection due to reduction of the number of students who reported during the year.				
(ii) Equipment and other assets				
The reported variance resulted from increase in equipment bought to match growth in student population.				
(iii) Equipment and other assets				
Reported in PPE schedule			73,435,785	
Less: Donated assets			(11,781,667)	
Less: Library books			(2,940,008)	
Less: 2015/2016 Motor vehicles paid in 2016/2017			(9,336,772)	
			49,377,338	

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

University of Embu was established by and derives its authority and accountability from the Embu University College Legal Order of 17th June, 2011, under the University of Nairobi Act (Cap 210), legal notice No. 65 of 17th June 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to generate, advance and disseminate knowledge through training, research, and innovation for the development of humanity.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	(Effective for annual periods beginning on or January 1, 2017) University of Embu adopted IPSAS in the year ended 30 June 2014 and therefore provisions for first time adoption of accrual basis does not apply to it.
IPSAS 34: Separate Financial Statements	(Effective for annual periods beginning on or January 1, 2017) The University of Embu does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply
IPSAS 35: Consolidated Financial Statements	Effective for annual periods beginning on or January 1, 2017) The entity does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply
IPSAS 36: Investments in Associates and Joint Ventures	(Effective for annual periods beginning on or January 1, 2017) The entity does not have investments in associates or joint ventures and therefore the standard does not apply
IPSAS 37: Joint Arrangements	(Effective for annual periods beginning on or January 1, 2017) The entity does not have an interest in a joint arrangement and therefore the standard does not apply
IPSAS 38: Disclosure of Interests in Other Entities	(Effective for annual periods beginning on or January 1, 2017) The entity does not have an interests in other entities and therefore the standard does not apply

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
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 which are covered purely under Public Sector combinations as amalgamations.

iii) Early adoption of standards

University of Embu did not adopt any new or amended standards in the year 2016/2017.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

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Interest income

Interest income is recognized when earned, and accrued using the effective yield method.

Rental income

Rental income arising from operating leases on rental property is recognized on occupancy of the property and included in revenue.

b) Budget information

The original budget for the FY 2016/2017 was approved by the National Assembly on 30th March, 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the University Council. The additional appropriations were added to the original budget upon receiving the approvals in order to conclude the final budget. The University recorded additional appropriations of Ksh 42.96 on the 2016/2017 budget following the Councils approval.

The Universities' budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. 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. The depreciation is calculated on the reducing balance to write down the cost of each asset to its residual value over its estimated useful life using the following rates:

Land	0%
Buildings	2.5%
Motor Vehicles	25%
Furniture & Fittings	12.5%
Computer & Printers	30%
Plant & Equipment	12.5%
Library books	20%

d) Intangible assets

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

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accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

e) Research and development costs

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

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

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

f) Financial instruments

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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

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

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Provisions

Provisions are recognized when the University of Embu has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

University of Embu maintains the following the following reserves in terms of specific requirements.

(a) Accumulated surplus

The accumulated surplus is used to absorb retained earnings reported at the end of the year in the statement of financial performance.

(b) Development grants

This represents the cumulative development capitation for purchase of Property, Plant and Equipment.

(c) Revaluation reserve

The revaluation reserve arose from revaluation of property plant, and equipment. When revalued property and equipment are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realized, is transferred directly to the Accumulated Surplus.

i) Changes in accounting policies and estimates

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

j) Employee benefits

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

k) 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.

l) Borrowing costs

University of Embu has never taken any from a financial institution.

m) Related parties

The Entity 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. Members of key management are regarded as related parties and comprise the Council members, the Vice-Chancellor and senior managers.

n) Service concession arrangements

University of Embu has didn't have any concession arrangements with another entity or individual.

o) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of University of Embu. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

(i) 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:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset.

(ii) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes 24 & 28

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. Three provisions have been made in this financial statements as follows:

(i) Provision for depreciation

This caters for reduction in the value of an asset with the passage of time, due to wear and tear. University of Embu uses reducing balance method to depreciate its assets. The applicable rates of depreciation are given in note 4(c) of this financial statements.

(ii) Provision for audit fee

Provision for audit fee is based on the invoice for the last financial year. The actual charge for audit services will be determined after the actual audit by the Auditor General.

(iii) Provision for bursaries.

This is a transfer to the bursaries kitty based on the amount provided in the budget. Actual expenditure is determined after the actual disbursement of bursaries.

(iii) Subsequent events

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

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30TH JUNE, 2017		
	2016/2017	2015/2016
	(Ksh)	(Ksh)
Note 6: Transfer from Ministry of Education Science & Technology		
(i) Recurrent grants	421,242,550	421,242,550
This is the regular capitation that University of receives on monthly basis from the ministry of Education Science & Tech.		
(ii) CBA income	32,570,887	-
This was a one off payment that was received from MoEST for settling CBA arrears		
Note 7: Rendering of services		
Tuition - KUCCPS	113,450,505	71,387,398
Tuition - SSP	126,654,565	88,667,752
	240,105,070	160,055,150
Accommodation	8,771,140	8,102,594
Catering	17,555,949	15,350,863
	26,327,089	23,453,457
Total	266,432,159	183,508,607
Note 8: Rental revenue		
Residential and commercial	6,219,264	5,097,220
Hostel accommodation - Shimoni Guest He	53,000	-
	6,272,264	5,097,220
Note 9: Farm revenue		
	4,375,473	4,121,073
This is the amount realised from sale of University farm produce.		
Note 10: Other incomes		
Tender application forms	25,000	118,000
Research grants	12,796,075	13,898,622
Administrative research grants fee	1,482,349	-
Bank Interest	9,388,559	5,591,439
Hire of Facilities	1,720,504	959,903
Health Unit fee	141,500	172,130
Miscellaneous Income	152,164	1,601,982
Disposal of obsolete items	12,936	20,700
Graduation fee	546,443	-
Library fine	26,040	-
Conferences & Seminars income	258,067	-
Supplementary examination fee	60,600	-
Surcharge	151,305	-
Total	26,761,542	22,362,775
Note:		
Miscellaneous income is made up of money received from various undclassified sources such as conference charges, sale of containers and empty sacks.		

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 TH JUNE, 2017		
	2016/2017	2015/2016
Note 11: Employee costs	(Ksh)	(Ksh)
Basic Salary	146,999,918	120,654,093
Responsibility and other chairman's allowance	33,291,614	22,704,751
Commuter allowance	29,555,308	23,578,887
Leave allowance	1,872,648	1,946,182
House allowance	89,930,107	74,203,302
Part-time teaching	30,562,305	35,610,217
Uniform allowance	-	40,000
Temporary employees	14,439,681	16,568,419
Medical expenses	-	9,674,160
Pension & gratuity	28,133,417	25,697,755
External examiners	969,440	667,652
NSSF	3,222,140	-
Interns' honoraria	1,459,564	-
Staff training	-	843,407
Travel & Subsistence	-	6,571,150
External Travel	-	1,127,537
Staff scholarship	-	608,120
Total	380,436,141	340,495,632
Note:		
The comparative figures have been re-arranged to ensure the accounts are consistent with the budget, hence staff training, travel and subsistence, external travel, medical expenses and staff scholarship votes have been categorised as General Expenses not, Employee Cost as in 2015/2016 financial year.		
Note 12: CBA arrears	32,570,887	-
This is a provision for salaries arrears covering the period from 2013/2014 to 2016/2017		
Note 13: Remuneration of Council & Chancellor		
Chancellor's honoraria	880,645	-
Chairman's honoraria	1,044,000	1,044,000
University Council's emoluments	14,728,440	8,241,000
Total	16,653,085	9,285,000
Note 14: Repairs and maintenance		
Maintenance of buildings	9,972,557	16,039,947
Maintenance of equipment	1,352,628	382,904
Maintenance of grounds	1,021,459	1,282,451
Minor works	16,923,033	-
Total	29,269,677	17,705,302

UNIVERSITY OF EMBU: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30TH JUNE, 2017		
	2016/2017	2015/2016
Note 15: Research expenses	(Ksh)	(Ksh)
University grants	524,119	619,180
Donor grants	12,796,075	13,898,622
Total	13,320,194	14,517,802
Note 16: General expenses		
Academic Board & Senate	2,267,723	1,032,262
Advertisement and publicity	3,612,517	4,547,135
Audit fees	522,000	522,000
Bank charges	337,184	258,141
Bad & doubtful debts	-	647,073
Bursaries	-	500,000
Celebration & ceremonies	7,009,531	237,325
Charter award expenses	10,249,886	2,132,306
Cleaning materials	2,420,264	412,666
Conferences & seminars	1,771,814	534,771
Electricity	7,261,800	7,560,221
Farm activities (Commercial)	4,640,799	3,328,082
Farm activities (research)	61,340	80,555
Field course	528,115	285,550
Foodstuff	25,437,764	18,275,066
Fuel and oil	1,487,520	1,361,940
Funeral	163,500	55,000
Games & sports	3,033,900	1,855,220
Hire of security	4,059,663	3,619,234
HIV, AIDS & disability	77,000	129,450
Honours & awards	-	2,000
ICT expenses	573,655	342,431
Insurance	4,816,034	3,961,947
Internet expenses	2,334,776	1,915,653
ISO expenses	1,639,335	706,189
Kitchenware/cutlery	416,776	570,580
Legal expenses	342,125	314,200
Library expenses	7,315,332	1,887,641
Local exhibition	73,400	500,000
Management board	1,507,462	1,146,534
Medical expenses	11,138,194	-
Membership subscription	325,345	159,046
Non-pharmaceuticals	274,765	159,904
Other office expenses	1,082,067	846,458
Performance contracting	1,498,200	171,617
Pharmaceuticals	1,817,183	969,947
Postage	99,685	72,790
Printing and publishing	2,026,235	1,047,787
Professional contracted services	1,179,463	433,033
Sanitary services	1,539,540	1,010,205

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30TH JUNE, 2017		
	2016/2017	2015/2016
	(Ksh)	(Ksh)
Staff Uniform	371,300	187,771
Stationery	7,620,020	5,608,260
Statutory payment (KUCCPs)	1,629,760	1,772,000
Students award and bursaries	680,000	-
Student welfare & mentorship	1,035,570	846,654
Teaching materials	2,421,086	2,243,555
Teaching practice	2,295,897	218,281
Telephone	468,379	403,499
Tender/Procurement committees	-	100,000
Transport operating	5,518,546	4,213,668
Water & Conservancy	3,656,534	7,755,859
Internal roads	1,992,000	-
Programme accreditation	920,684	-
Protective Gear	158,287	-
Public relation	303,500	-
Staff scholarship	1,451,644	-
Staff training	735,428	-
Travel and Subsistence allowance	11,854,812	-
Detergent-making materials	112,520	-
Direct marketing	970,550	-
External travel	2,327,222	-
Quality assurance	12,350	-
Total general expenses	161,477,979	86,941,505
The comparative figures have been re-arranged to ensure the accounts are consistent with the budget, hence staff training, travel and subsistence, external travel, medical expenses and staff scholarship votes have been categorised as General Expenses not, Employee Cost as in 2015/2016 financial year.		
Note 17: Other gain/loss	978,500	540,000
This represents gain on valuation of biological as at 30th June 2017.		
Note 18: Cash and cash equivalents		
Current accounts	143,585,840	144,455,057
On-call deposits	NI	NI
Fixed deposits	NI	NI
Staff car loan/Mortgage loans	NI	NI
Cash in hand	961	13,713
Mpesa Paybill - a/c 418888	151,883	-
Total cash and cash equivalents	143,738,683	144,468,770

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Detailed analysis of the cash and cash equivalents			
a) Current accounts			
Financial institution			
KCB Fees	- A/c 1140846019	1,044,363	2,579,745
KCB Dollar	- A/c 1146975716	1,491,616	6,841,875
KCB Salary	- A/c 1141890933	77,779,876	133,369,335
Equity Fees	- A/c 0190260737294	63,079,971	972,564
Barday Fees	- A/c 2027527410	96,167	89,241
Barday Operations	- A/c 2025841959	-	107,152
NBK Fees	- A/c 01001081259300	89,976	220,857
Co-operative Fees	- A/c 01129408325000	3,871	274,289
Sub- total		143,585,840	144,455,058
c) Others			
Cash in hand		961	13,713
Mpesa - Paybill a/c		151,883	-
Sub- total		152,844	13,713
Grand total		143,738,683	144,468,770
Note 19: Receivables from exchange transactions			
Fees receivable		43,423,345	16,969,400
Farm income receivable		-	198,175
Total		43,423,345	17,167,574
Note 20: Receivables from non-exchange contracts			
Government grant - CBA salary arrears		32,570,887	40,000,000
Staff debtors		7,372,047	14,846,711
Rent receivable		-	18,946
Total current receivables		39,942,934	54,865,657
Note 21: Inventories			
Stationery		1,587,728	1,499,548
Hardware		3,487,295	2,186,460
Farm		205,955	276,872
Food store		796,914	734,561
Health Unit		1,617,957	833,638
Accommodation		95,227	379,362
Laboratory		2,191,985	1,668,528
Total		9,983,061	7,578,969
Note 22: Biological assets			
Cows		2,747,500	2,590,000
Chicken		602,500	580,000
Goats		156,000	190,000
Pigs		586,500	502,500
Coffee stumps		4,217,500	3,398,500
Fish		2,000	72,500
Total		8,312,000	7,333,500

Note 23: Investments		
As at the end of the FY, University of Embu did not have any investment in Treasury bill/bonds, investments in any bank or in any equity investments.		

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NOTE 24: PROPERTY, PLANT AND EQUIPMENT									
Cost	Land and Buildings (Ksh)	Motor vehicles (Ksh)	Furniture and fittings (Ksh)	Computers (Ksh)	Library Books (Ksh)	Plant and Equipment (Ksh)	Capital In Progress (Ksh)	Total (Ksh)	
At 1st July 2015	1,343,097,227	48,556,905	27,093,027	35,021,675	45,177,179	19,312,933	212,859,914	1,731,118,859	
Additions	1,233,102	-	5,167,280	14,784,266	1,665,756	6,423,025	270,416,070	299,689,497	
Disposals	-	-	-	-	(2,200,000)	-	-	(2,200,000)	
At 30th June 2016	1,344,330,329	48,556,905	32,260,307	49,805,941	44,642,934	25,735,957	483,275,984	2,028,608,357	
Additions	64,169,474	21,129,621	8,129,480	12,674,009	2,940,008	28,562,668	259,022,598	396,627,858	
Disposals	-	-	-	-	-	-	-	-	
At 30th June, 2017	1,408,499,803	69,686,526	40,389,787	62,479,950	47,582,942	54,298,625	742,298,582	2,425,236,215	
Depreciation and impairment									
At 1st July 2015	18,061,198	22,409,921	7,430,899	16,101,824	10,578,229	5,248,908	-	79,830,979	
Depreciation	5,964,353	6,536,746	3,103,676	10,111,235	6,812,941	2,560,881	-	35,089,832	
Disposal	-	-	-	-	(515,130)	-	-	(515,130)	
At 30th June 2016	24,025,551	28,946,667	10,534,575	26,213,059	16,876,040	7,809,789	-	114,405,682	
Depreciation charge	7,419,481	10,184,965	3,731,902	10,880,067	6,141,380	5,811,104	-	44,168,900	
On Disposals	-	-	-	-	-	-	-	-	
At 30th June, 2017	31,445,032	39,131,632	14,266,477	37,093,126	23,017,420	13,620,893	-	158,574,581	
Net book values									
At 30 th June, 2017	1,377,054,770	30,554,894	26,123,311	25,386,823	24,565,522	40,677,731	742,298,582	2,266,661,634	
At 30 th June 2016	1,320,304,777	19,610,238	21,725,732	23,592,882	27,766,894	17,926,168	483,275,984	1,914,202,674	
Note:									
1) The reported value for Land and Buildings comprises of:				(a) Land	1,087,695,000				
				(b) Buildings	289,359,770				
					1,377,054,770				
2) Additions to buildings resulted from transfer of completed projects from Work In Progress, to buildings.									

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30TH JUNE, 2017		
	2016/2017	2015/2016
	(Ksh)	(Ksh)
Note 25: Trade and other payables from exchange transactions		
Trade payables	3,482,721	31,220,253
Retention on constructions work	65,739,156	33,481,415
CBA Salary arrears	32,570,887	-
Total	101,792,764	64,701,668
Note 26: Trade and other payables from non-exchange transactions		
Deferred Donor Research grants	9,392,781	2,466,847
Vice-Chancellor fund	564,822	564,852
Students Union Subscription - UESA	1,510,025	456,810
Students' clubs	13,775	-
Staff insurance claim - Group Life	100,000	-
Total	11,581,403	3,488,509
Note 27: Refundable deposits from customers		
Rental deposits	764,900	660,400
Undeclared deposits	-	358,600
	764,900	1,019,000
Note 28: Provision for audit fees		
Balance b/f	1,293,035	1,888,000
Provision for the year	522,000	522,000
Less: Payment	(1,000,000)	(768,965)
Prior period adjustment	-	(348,000)
	815,035	1,293,035
Note 29: Payment received in advance		
Deferred fee income	17,168,036	6,444,062
This amount reflects excess fees paid by students at the close of the year which is carried forward to be utilized in the subsequent financial period for continuing students or refundable for those who have completed course.		
Note 30: Students bursaries fund		
	571,305	500,000
The amount is made up of funds set aside by the University, Students' union and contributions from volunteers, for purposes of supporting needy students.		
Note 31: Caution Money		
	9,578,000	6,490,000
This amount is paid by Students to cater for any damage to property that may arise as a result of students' action while in the University. The amount is refundable after the student dears from the University, net of any charges.		
Note 32: CBA Refund - Other Universities		
	81,560,000	81,560,000
CBA refund represents the balance from Ksh 106 million received in the FYs 2012/2013 and 2013/2014 for CBA implementation. At that time the University was new and did not have CBA arrears to pay. The amount was used to cater for refurbishment of facilities. The Ministry of Ed. Science & Technology later directed that the money be refunded to other Universities. Ksh 24.44 million was refunded, leaving the above balance.		

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Note 33: Borrowings		
University of Embu did not have any borrowing during the Financial year under review.		
Note 34: Cash generated from operations	(Ksh)	(Ksh)
Surplus for the year before tax	80,736,513	132,837,151
Adjusted for:		
CBA grants received	(32,570,887)	232,000
Depreciation	44,168,900	35,089,832
Government grant arrears received	(40,000,000)	(26,520,213)
Creditors paid	27,737,531.83	13,918,125
Non-cash grants received	11,781,667	
Provision for bursary	680,000	500,000
Provision for bad debts	-	647,073
Audit fee paid	(1,000,000)	522,000
Working Capital adjustments:		
Increase in biological assets	(978,500)	(540,000)
Increase in inventory	(2,404,093)	(1,648,460)
Increase in receivables	(18,762,161)	(33,885,186)
Increase in deferred income	10,723,974	1,863,297
Increase in provision for bursary	71,305	-
Increase in caution money	3,088,000	4,008,000
Increase in payables	7,838,061	39,882,858
Decrease provision for audit fee	(478,000)	(594,965)
Decrease in investment	-	30,000,000
Decrease/Increase in refundable deposits	(254,100)	397,006
	9,641,697	63,871,366
Net cash flow from operating activities	90,378,210	196,708,517
Note 35: Development grants		
These are grants received from the Exchequer, for funding capital projects.		
Balance as at 1st July	600,708,178	403,848,178
Received during the year	221,480,155	196,860,000
Balance as at 30th June	822,188,333	600,708,178
Less: Amortised grants	(1,604,237)	-
	820,584,096	600,708,178
Amortization of Development Grants		
Completed buildings	64,169,474	-
Amortization @2.5%	(1,604,237)	-
Balance c/f	62,565,237	-
Note 36: Revaluation Reserve	1,289,348,660	1,289,348,660
This reserve was created after the revaluation of the University land		

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Note 37: Revenue Reserves		
Balance b/f	56,832,031	(77,063,317)
Prior year adjustment	(5,276,215)	2,743,067
Loss on disposal of Library books	-	(1,684,870)
Current surplus	80,736,513	132,837,151
Bad debts written off	(612,773)	-
Total	131,679,556	56,832,031
Add: Amortised Other Grants (Refer to note 38)	8,101,708	-
Add: Amortised Development Grants (Refer to note 35)	1,604,237	-
Balance c/f	141,385,501	56,832,031
(i) Prior year adjustment	(Ksh)	(Ksh)
In 2012/2013 FY, some staff members from the University of Nairobi (UoN) were seconded at Embu University College to help in setting internal systems. Emoluments worth Ksh 5,276,215= were paid to the seconded staff by the UoN during the secondment period. The UoN later wrote a demand letter seeking reimbursement of the said amount. A prior year adjustment has been done to address the payment.		
(ii) Bad debt written off		
This is the amount that a deceased member of staff owed the University prior to his death. The amount has been written off after a resolution of the University Council to have the amount written off.		
Note 38: Other grants		
Book donations	33,232,000	33,000,000
Street light donated by Equity Bank	-	232,000
Equipment donated - Fox International	11,781,667	-
	45,013,667	33,232,000
Less: Amortization of grants, equivalent to the annual depreciation	8,101,708	-
Balance c/f	36,911,959	33,232,000
Amortization of grants		
Library books @20%	6,600,000	
Donated equipment @12.5%	1,501,708	
Note:	8,101,708	
During the year the University received a donation of research equipment from Fox international valued at Ksh. 11,781,667.		

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Note 39: Contingent Liability

Plaintiff	Estimated contingent liability (Ksh)
Mrs. Lilian Njagi	Dependent on the outcome of the case.
Mrs. Phides Mbura	Dependent on the determination of the cost by the plaintiff

(i) Mrs. Lilian Njagi sued University of Embu for alleged wrongful termination of employment, and is seeking reinstatement. If the outcome of the case will be in her favour, she may sue for damages. The case was filed in Nyeri Labour Court.

(ii) Embu University College had a case with Mrs. Phides Mbura, the Legal Administrator of the estate of the late Mr. Faustine Mukui (former employee of Embu University College) and who is also the wife of the late Mr. Faustine Mukui filed at Nyeri Law Court. The case was dismissed with costs. The actual liability to the University will be determined after receiving cost invoice.

Note 40: Financial Risk management

The University's activities expose it to a variety of financial risks including credit and liquidity and effects of foreign currency changes and changes in market prices. The University's overall risk management focuses on unpredictability of changes in business environment and seeks to minimize the potential adverse effects 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 extended to students and staff with an established credit history.

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

(i) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations when due, resulting to financial loss to the University. 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.

University's credit risk is primarily attributable to its fees revenue receivable. The amount presented in the Statement of Financial Position is gross amount expected from students. No provision has been made for doubtful debts. This is mainly because the Higher Education Loans Board (HELB) has been financing majority of our student through loans, with tuition component of the loans being remitted directly to the University bank account, resulting to no bad debts. The credit risk on liquid funds with financial institutions is low, because we bank our monies with reputable banks.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk is made up as follows:

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	Less than 1 month	Between 1-3	Over 5 months	Total
As at 30th June, 2016				
Fee receivable	-	16,969,400	-	16,969,400
Farm income receivable	198,175	-	-	198,175
Government grants	40,000,000	-	-	40,000,000
Staff debtors	14,846,711	-	647,073	15,493,784
Bank balances	144,468,770	-	-	144,468,770
Rent receivable	18,946	-	-	18,946
TOTAL	199,532,602	16,969,400	647,073	217,149,075
As at 30th June, 2017				
CBA arrears	32,570,887	-	-	32,570,887
Bank balance	143,738,683	-	-	143,738,683
Fee receivable	-	43,423,345	-	43,423,345
Staff debtors	3,422,792	3,914,955	34,300	7,372,047
TOTAL	179,579,519	47,338,300	34,300	226,952,119

University's fee payment policy requires payment of fees within the first three weeks of a semester. Where the student is not able to pay fee within the first three weeks of the semester, they are required to either call off the semester, or apply for phased fee payment, where fee is paid in three instalments. No student is allowed to sit for examination with a fee balance, unless with a written commitment to pay by a specified date. Consequently, students' receivables are categorized as past due. Past due amounts are those beyond the maximum established credit period and represent slow but paying students.

Concentration risk

The reported receivables from fees wholly relate to balances due from the students who are unrelated, thus there is no concentration risk.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University Management, 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. University of Embu 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. University of Embu management reviews its cash forecasts regularly and determines the University's cash requirement. However, the University as a government funded institution, faces the risk of inadequate and/or delayed funding by the National Treasury. This implies that sometimes the University does not have sufficient cash to meet its operational costs and obligations on timely basis.

The table below analyses the University's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity at the reporting date. The reported balances equal their carrying amounts, as the impact of discounting is not significant.

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As at 30th June, 2016	Less than month	Between 1-3 month	Over 5 months	TOTAL
Trade payables	-	-	31,220,253	31,220,253
Retention on constructions work	-	-	33,481,415	33,481,415
Deferred Donor Research grants	-	-	2,466,847	2,466,847
Vice-Chancellor fund	-	-	564,852	564,852
Students Union Subscription - UESA	-	-	456,810	456,810
Rental deposits	-	-	660,400	660,400
Unclaimed deposits	-	-	358,600	358,600
Audit fees payable	-	-	1,293,035	1,293,035
Deferred fee income	-	-	6,444,062	6,444,062
Student bursaries	-	-	500,000	500,000
Caution Money	-	-	6,490,000	6,490,000
CBA refund (Other universities)	-	-	81,560,000	81,560,000
			165,496,274	165,496,274
As at 30th June, 2017				
Trade payables	3,482,721	-	-	3,482,721
Retention on constructions work	-	-	65,739,156	65,739,156
CBA Salary arrears	32,570,887	-	-	32,570,887
Deferred Donor Research grants	-	-	9,392,781	9,392,781
Vice-Chancellor fund	-	-	564,822	564,822
Students Union Subscription - UESA	-	-	1,510,025	1,510,025
Students' clubs	-	-	13,775	13,775
Staff insurance claim - Group Life	100,000	-	-	100,000
Rental deposits	-	-	764,900	764,900
Audit fees payable	-	-	815,035	815,035
Deferred fee income	-	-	17,168,036	17,168,036
Student bursaries	-	-	571,305	571,305
Student caution money	-	-	9,578,000	9,578,000
CBA refund (Other universities)	-	-	81,560,000	81,560,000
	36,153,608	-	187,677,834	223,831,443

(iii) Market risk

University of Embu Management has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk

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exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

Foreign exchange risk

University of Embu has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	(Ksh)	Other currencies (USD)	Total (Ksh)
At 30 June, 2017			
Financial assets (investments, cash ,debtors)	1,491,616	14,393.91	1,491,616
Net foreign currency asset/(liability)	Nil	Nil	Nil

Price risk

Embu University does not holds quoted shares that would be subject to price risk.

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 interest rate risk arises from bank deposits. This exposes University of Embu to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on bank deposits.

Management of interest rate risk

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

Capital risk management

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

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	2016/2017	2015/2016
	(Ksh)	(Ksh)
Revaluation reserve	1,289,348,660	1,289,348,660
Retained earnings	141,385,501	56,832,031
Total funds	1,430,734,161	1,346,180,691
Total borrowings	Nil	Nil
Less: Cash and bank balances	143,738,684	144,468,770
Net debt/(excess cash and cash equivalents)	143,738,684	144,468,770
Gearing	Nil	Nil

Note 41: Related party disclosures

Entities and other parties related to the UoEm include parties who have ability to exercise control or significant influence over UoEm's operating and financial decisions. UoEm is related to the following:

- 1) Government of Kenya
- 2) University Chancellor
- 3) University Council
- 4) University Management

Related party transactions

(i) Government of Kenya

Transaction with the Government of Kenya

Nature of transaction	Amount in 2016/2017	Amount in 2015/2016
Transfer from the GoK	675,293,590	618,102,550
Transfer to the GoK	Nil	Nil

(ii) University Council and the Management Board.

During the year under review, the University had one member of the Council, receiving remuneration on a full-time equivalent basis. Details of their remuneration are displayed below:

S/no.	Category	Number of people	Amount
1.	University Chancellor	1	880,645
2.	University Council expenses	8	14,728,440
3.	Council member on full time equivalent	1	1,044,000
4.	Management Board - Salaries & Allowances	8	45,507,911
	TOTAL		62,160,996

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(iii) Due from related parties

Nature of transaction	Amount in 2016/2017 (Ksh)	Amount in 2015/2016 (Ksh)
Due from the MoEST	32,570,887	40,000,000

(iv) Due to related party

Nature of transaction	Amount in 2016/2017 (Ksh)	Amount in 2015/2016 (Ksh)
Due to the MoEST	Nil	Nil

Note 42: Segment reporting

University of Embu does not have operations in different geographical regions. All operations are conducted in the registered office.

Note 43: Capital commitments

UoEm did not have any commitments at the end of the year under review, which were carried forward to the next financial year.

Note 44: Ultimate and Holding entity

UoEm is a Semi-Autonomous Government Agency under the Ministry of Education Science and Technology. Its ultimate parent is the Government of Kenya.

Note 45: Currency

The financial statements are presented in Kenya Shillings (Ksh).

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PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

The table below gives a summary of issues raised by the external auditors, and the Management responses to the issues.

Issue No.	Issue / Observations from Auditor	Management comments	Responsible person	Status	Time frame
1.0	<p>1) STAFF DEBTORS</p> <p>The total receivables for the year which comprises receivables from exchange transaction and receivables from non-exchange transactions balances of Ksh 17,767,574 and Ksh 54,865,657 respectively both totaling Ksh 72,033,231 increased by Ksh 34, 513,313 (47%) from Ksh 38,148,045 as at 30th June, 2015 to Ksh 72,033,231 as at 30th June, 2016. However, included in the receivable from non-exchange transactions balance of Ksh 54,865,657 were staff debtors totaling Ksh 14,846,711 which further included Ksh 612,773 advanced to an employee. Scrutiny of the documents supporting the advance indicated that it arose as a result of irregularities which occurred in the Cash office between 31 May and 4 November 2013 where the officer was a cashier.</p> <p>However the amount has not been recovered to date. The officer has since died and although the University filed a case on 25th June, 2016 at Nyeri Law courts, against the estate of the deceased, no</p>	<p>1) The reported receivables balance of Ksh 72,033,231 as at 30th June 2016 comprised of the following (Refer to notes 15 and 16 in the audited Financial statement):</p> <p>(a) Receivables from Exchange transactions</p> <p>Fee receivable Ksh 16,969,400 Farm income Ksh 198,175 Ksh 17,167,574</p> <p>(b) Receivables from Non-exchange transactions</p> <p>GoKgrants Ksh 40,000,000 Staff debtors Ksh 14,846,711 Rent Ksh 18,946 Ksh 54,865,657</p> <p>TOTAL Ksh 72,033,231</p> <p>2) Government grants (i) This is a grant of Ksh 40,000,000 that was due from the Government of Kenya by 30th June, 2016. (ii) Full amount was later received, and therefore its recoverability ceased to be doubtful.</p> <p>3) Staff debtors: Staff debtors reported by the auditors are purely imprests given to staff to perform authentic and formal assignment(s) of the University. Except for the Ksh</p>	Prof. Daniel Mugendi – Vice-Chancellor	All issues fully addressed	All issues fully addressed

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		<p>disbursement. Sometimes HELB sends commitment letters directly to the University, indicating that money will be released in due</p>			
		<p>course. A student with such a commitment letter is allowed to attend classes even with a balance, as the University Managements pursues disbursement with HELB. The amount that was due from the students was recovered in full during the FY 2017/2018.</p> <p>5) Farm income receivable These were sales on credit to university employees. Full amount had been received by the time of audit. Hence the amount ceased to be doubtful.</p> <p>6) Rent income receivable All the rent that was due by the end of the year under review was recovered in full in the FY 2016/2017. At the time of audit, full amount had been settled. Hence its recoverability ceased to be doubtful.</p>			

[Handwritten Signature]

CHAIRPERSON OF THE UNIVERSITY COUNCIL

Date: 28/5/2018

[Handwritten Signature]

VICE-CHANCELLOR

Date: 28/5/18

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	<p>reason was given as to why the University took over two (2) years to take action.</p> <p>In the circumstances, the accuracy and recoverability of the receivables balance of Ksh 72,033,231 as at 30th June 2016 could not be confirmed.</p>	<p>612,773 that was due from the deceased referred to in the “basis for qualification” paragraph, the rest of the imprests had been surrendered by the time of 2015/2016 audit. In this regard, recoverability ceased to be doubtful.</p>			
		<p>Ksh 612,773 due from the deceased The University Management did not take two years to take legal action against the deceased cashier. The University filed two cases against the late as follows: (i) In December, 2014 at the Embu Law Court. The case abated after it was established that the officer had died. (ii) In April, 2016, second case was filed against the Legal Administrator of the estates of the deceased.</p> <p>Court ruling on 5/5/2017 for cause No. 18 of 2016 dismissed a claim by the University to recover the amount that was due. Consequently, the University Council vide Council minute no. 14.6 of 23/6/2017 approved write-off of the debt. This was done in the Financial Statements for the FY 2016/2017.</p> <p>4) Fee receivable University of Embu admits students from diverse backgrounds and with varying ability to pay University fee. While it is recognized that the University policy on fee payment requires fee payment in full at the start of the semester, sometimes unique cases are given special consideration, where a student with a fee balance is allowed to attend classes. For example, where a student has been awarded a bursary or Higher Education Loans Board (HELB) loan, awaiting</p>			

APPENDIX 1: PROJECTS IMPLEMENTED BY THE UNIVERSITY OF EMBU

Projects implemented by the University of Embu funded by the development partners
University of Embu does not have any project that is funded by the development partners. All its projects are funded by the GoK through exchequer.

Status of projects completion

S/No	Project	Total project Cost (Ksh)	Total expended to date (Ksh)	Completion % to date	Budget (Ksh)	Actual (Ksh)	Source(s)
1.	Administration block	546,478,215	465,229,597	95%	165,540,556	165,540,556	GoK
2.	Library (Phase I)	169,267,284	140,612,283	96%	100,425,080	100,423,077	GoK
3.	Guest house	6,965,029	6,965,029	100%	7,006,680	7,006,674	GoK
4.	Office block	46,167,290	44,147,064	100%	15,484,035	15,480,033	GoK
5.	Animal house	4,427,436	4,427,436	100%	1,933,000	1,933,000	GoK
6.	Multipurpose hall	15,771,550	15,771,550	100%	1,416,845	1,416,845	GoK
7.	Herbarium	2,845,493	2,845,493	100%	1,669,450	1,669,450	GoK
8.	Lecture hall	7,477,901	6,391,545.26	99%	5,304,351	5,304,351	GoK
9.	Fence	936,000	935,780	100%	936,000	935,780	GoK

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APPENDIX 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized						Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of Education	10 th Aug. 2016	Recurrent	35,103,545.80	✓						35,103,545.80
	26 th Aug. 2016	Recurrent	35,103,545.80	✓						35,103,545.80
	30 th Sep. 2016	Recurrent	35,103,545.80	✓						35,103,545.80
	24 th Oct. 2016	Development	46,835,306		✓					46,835,306
	9 th Nov. 2016	Recurrent	35,103,545.80	✓						35,103,545.80
	7 th Dec. 2016	Development	45,813,165		✓					45,813,165
	13 th Dec. 2016	Recurrent	35,103,545.80	✓						35,103,545.80
	30 th Dec. 2016	Recurrent	35,103,545.80	✓						35,103,545.80
	9 th Feb. 2017	Recurrent	35,103,545.80	✓						35,103,545.80
	15 th Mar. 2017	Recurrent	35,103,545.80	✓						35,103,545.80
	23 rd Mar. 2017	Development	48,461,644				✓			48,461,644
	7 th April, 2017	Recurrent	35,103,545.80	✓						35,103,545.80
	2 nd May, 2017	Recurrent	35,103,545.80	✓						35,103,545.80
	10 th May. 2017	Development	80,370,040					✓		80,370,040
2 nd June, 2017	Recurrent	35,103,545.80	✓						35,103,545.80	
27 th June, 2017	Recurrent	35,103,545.80	✓						35,103,545.80	
03/07/2017	Recurrent	32,570,887.15	✓						32,570,887.15	
Total			675,293,590.75							675,293,590.75