

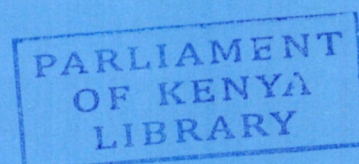
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**FRIENDS UNIVERSITY COLLEGE
KAIMOSI**

**FOR THE YEAR ENDED
30 JUNE, 2022**

THE NATIONAL ASSEMBLY	
PART II	
DATE: 05 JUL 2023	DAY: Wednesday
TABLED BY:	Hon. Kimani Ichungwa (Leader of the Majority Party)
CLERK AT THE TABLE:	Mado



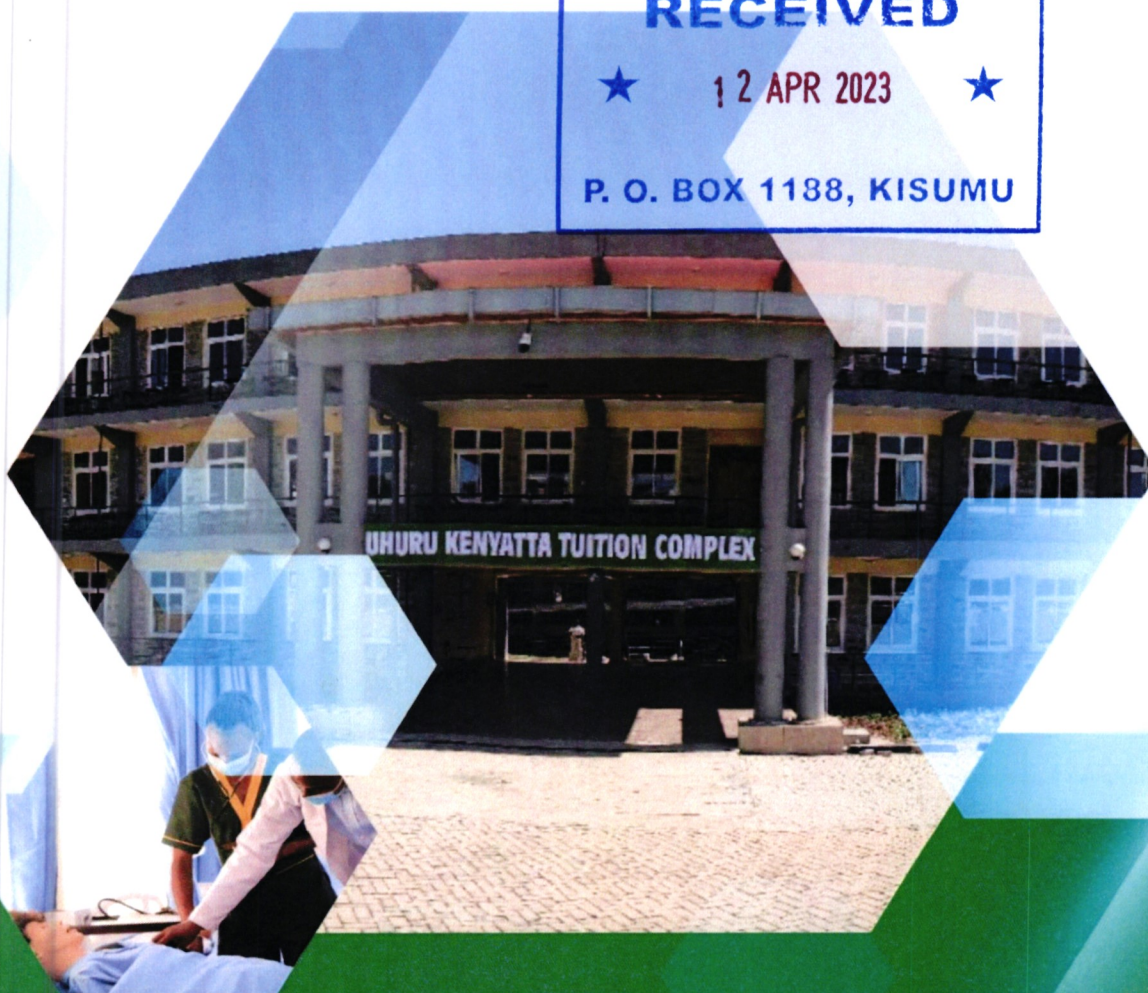
KAIMOSI FRIENDS UNIVERSITY COLLEGE

(A Constituent College of Masinde Muliro University of Science and Technology)

OFFICE OF THE AUDITOR GENERAL
RECEIVED

★ 12 APR 2023 ★

P. O. BOX 1188, KISUMU



ANNUAL REPORT

and

FINANCIAL STATEMENT

FOR THE PERIOD ENDED 30TH JUNE, 2022

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

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TABLE OF CONTENTS

Page

1. KEY ENTITY INFORMATION AND MANAGEMENT	iii
2. MEMBERS OF THE UNIVERSITY COLLEGE COUNCIL.....	viii
3. MANAGEMENT TEAM.....	xii
4. CHAIRPERSON'S STATEMENT.....	xiii
5. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xiv
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022.....	xvii
7. CORPORATE GOVERNANCE STATEMENT.....	xix
8. MANAGEMENT DISCUSSION AND ANALYSIS	xxvii
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	lv
10. REPORT OF THE DIRECTORS.....	lx
11. STATEMENT OF DIRECTORS RESPONSIBILITIES.....	lxi
12. REPORT OF THE INDEPENDENT AUDITOR FOR KAIMOSI FRIENDS UNIVERSITY COLLEGE	lxii
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022	2
15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022	3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022.....	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022	5
18. NOTES TO THE FINANCIAL STATEMENTS.....	8
19. APPENDIX.....	39

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kaimosi Friends University College hereinafter referred to as KAFUCO is a Statutory Corporation established under the Universities Act, 2012. The University College derives its objectives and functions from Section 3(1) of the Universities Act, 2012 and the Legal Notice No. 87 of the Kenya Gazette Supplement No. 65 of 2015.

KAFUCO, the only University in the tropical rain forest in Kenya is situated off Chavakali - Kapsabet road in Vihiga County. It is the premier and the only University in the County.

KAFUCO was conceptualized in October, 2006 by the East Africa Yearly Meeting of the Friends Church (Quakers) with a view to convert the Kaimosi Teachers Training College (KTTC) to a university. On 24th July, 2012 the Masinde Muliro University of Science and Technology (MMUST) Council considered the Friends Church's request and recommended the establishment of KAFUCO as her Constituent College. In this regard, CUE carried out an inspection and recommended upgrading of KTTC to a Constituent College of MMUST on 10th April, 2014.

KAFUCO started its operations on 3rd September, 2014 and admitted her first cohort of students on 9th January, 2017.

The University College has established four Schools with four (4) Senate approved Ph.D Programmes, fifteen (15) Masters Programmes, sixteen (16) Bachelor Programmes, four (4) Diploma courses and four (4) Certificate courses and endeavors to develop new programmes that suit the University College's philosophy and Academic niche.

In conclusion, KAFUCO with the support of Government, the University College Council, the commitment of its Management; and other stakeholders has actualized her dream of being a University of Excellence in Teaching, Learning, Research, Innovation and Holistic Development, notwithstanding the challenges of inadequate funding.

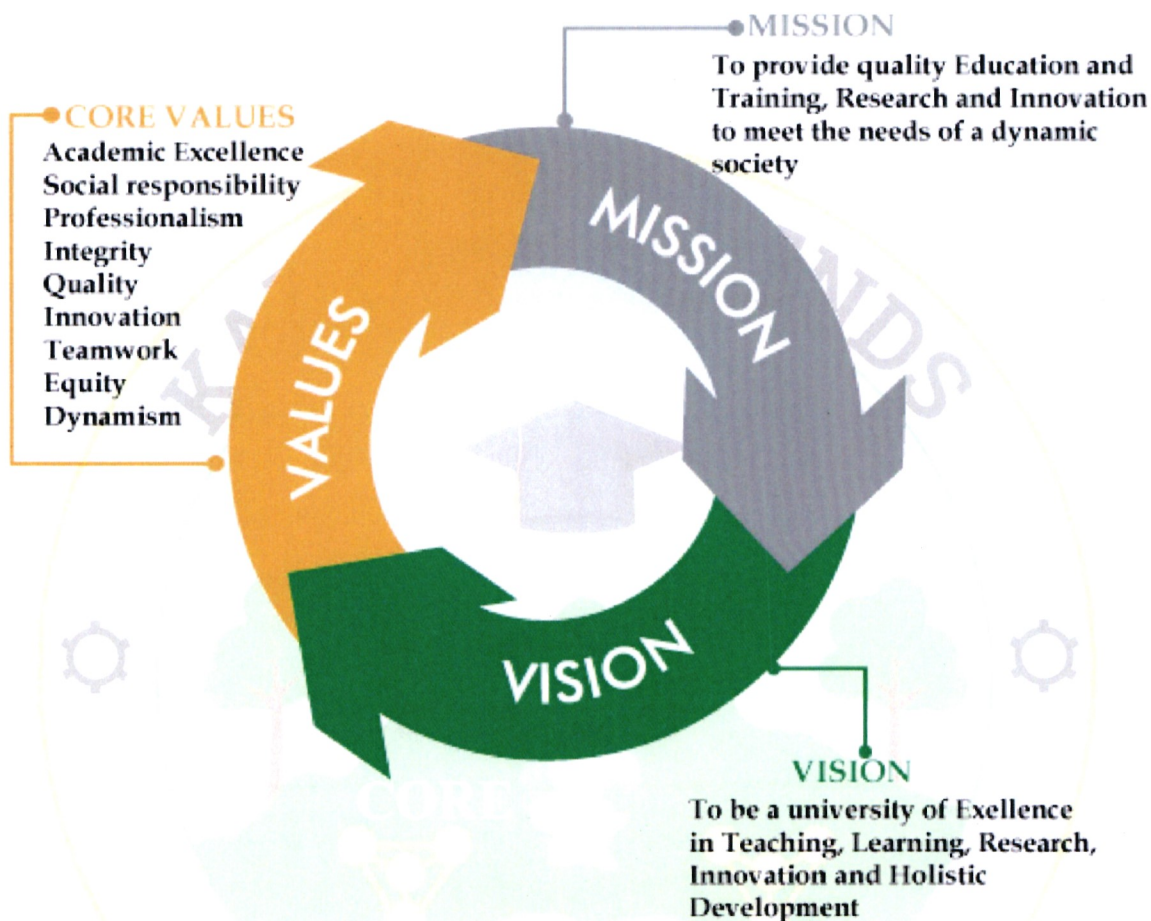
(b) Principal Activities

The principal activities of the University College are derived from the core functions as stipulated in the Universities Act, 2012 and the University College Statutes. The mandate of KAFUCO is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

The University College derives its mandate from University Act 2012 No.42, of 13th December, 2012, which stipulates the objectives as follows:

- Advancement of knowledge through teaching, scholarship research and scientific investigation
- Promotion of learning in the students' body and society in general
- Promotion of culture and societal life of society
- Support and contribution to realization of national economic and social development
- Promotion of high standards in and quality of teaching and research
- Education, training and retraining high level professionals, technical and management personnel
- Dissemination of outcomes of research conducted by the university to general community.
- Facilitation of life-long learning through provision of adult and continuing education
- Fostering of capacity for independent critical thinking among its students; and
- Promotion of gender balance and equality of opportunity among students and employees.
- Promotion of equalization for persons with disabilities, minorities and other marginalized groups.
- To contribute to agricultural, industrial and technological development of Kenya in collaboration with industrial and institutions through the transfer of appropriate technology
- To develop and provide education, culture professional, technological and vocational services to the community and in particular, foster corporate social responsibility
- To provide programmers, products and services in ways that reflects the principles of equity and social justice
- To facilitate student mobility between different programmes and different training institutions, universities and industry
- To foster the general welfare of all staff and students.

Vision, Mission And Values



Philosophy

Kaimosi Friends University College endeavours to be ranked amongst the world class universities based on academic excellence and research that impacts on societal needs.

Motto

Spring of Knowledge

Strategic Objectives

KAFUCO will continue to focus on the following strategic objectives as set out in the strategic plan

- i. To develop and implement demand driven academic programmes
- ii. To increase the size and quality of teaching staff in strategically important academic areas
- iii. To create and sustain a culture that supports teaching and learning excellence in all academic units

- iv. To strengthen and support capacity for independent critical thinking, innovations and research activities
- v. To conduct research and disseminate outcomes for the benefit of the general community

(c) Key Management

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

- University College Council
- University College Management Board
- University College Academic Board
- Principal

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Prof. Ogodo M.J.Nandi
2.	Deputy Principal Academic and Student Affairs	Prof. Julius Kipkemboi
3.	Deputy Principal Finance and Development	Prof. Maurice Musasia Amadalo
4.	Deputy Finance Officer	CPA Irine Nanzala Lumatete
5.	Ag. Assistant Registrar-Academic Affairs	Dr. Jane Amunga
6.	Senior Assistant Registrar-HR and Admin	Dr. Patrick Agesa Mugesani
7.	In-charge Legal Affairs	Ms. Linet Mayavi
8.	Assistant Librarian	Ms. Caroline Shikuku

(e) Fiduciary Oversight Arrangements

The key oversight committees are;

1. Finance and Human Resource Committee
2. Audit Government Risk Assurance and Compliance Committee
3. Academic Strategy Planning Development & Innovation Committee

(f) Entity Headquarters

Kaimosi Friends University College
Off Chavakali - Kapsabet road,
P.O. BOX 385-50309
Kaimosi, Kenya.

(g) Entity Contacts

Telephone: (254) 777373633
E-mail: principal@kafuco.ac.ke
Website: www.kafuco.ac.ke

(h) Entity Bankers

1. Co-operative Bank of Kenya Limited
Mbale Branch
P.O. Box 816-50300
Maragoli
2. Kenya Commercial Bank Limited
Serem Branch
P.O BOX 122-50308
Serem
3. Kenya Commercial Bank Limited
Mbale Branch
P.O BOX 1123-50300
Maragoli
4. Equity Bank Limited Mbale Branch
P.O BOX 545-50300
Maragoli
5. Absa bank plc
Western Group of Branches
Mbale Branch
P.O BOX 285-50300
Maragoli

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. MEMBERS OF THE UNIVERSITY COLLEGE COUNCIL



Dr. Josephine D. Waudu, PhD

Presiding Chair of council

Chairman, ASPD & I Comm. , Independent Member

YoB: 02.09.1955

PhD, (KU), M.Ed (UON), BED (UoN), Higher National Diploma (KIPC), Cert Teacher Education (State of Israel)

Dr. Waudu is currently a Council Member at Kitale National Polytechnic. She worked as an Acting Deputy Director- Research in charge of Policy, Planning & Strategy Division in the Directorate of Research Management and Development at Ministry of Education Science and Technology headquarters. She was also an assistant Director Quality Assurance and Standards Officer in charge of Teacher Education Development at the MoE headquarters and a senior Inspector of Schools in charge of Grading and regrading of Teachers Sub Section. In addition, she coordinated Social Studies Subject at the MoE headquarters.



Prof. Ogodo. M. J. Nandi,

Secretary, Executive Member

YoB: 19.03.1965

PhD (Maseno University), MBA (Moi University), MA (UoN) BA (UoN)

Prof. Ogodo, M.J Nandi is a full Professor and currently the Principal of Kaimosi Friends University College. He has over twenty-five years of teaching and research experience at University level and has published several university level books and articles in refereed journals. He has also won International research grants in multi-disciplinary research. He has taught and supervised many students at Masters and PhD level. Prof Nandi has served as an administrator for over fourteen years, six of this as head of department and eight as a director. He is a member of professional bodies (Association of African Study of Religion, Ecumenical Symposium of East African Theologians, Ecumenical Association of Third World Theologians and African Society of Edible and Medicinal Mushrooms, and has also made several linkages with scholars in other countries.



Dr. Fauziya Brek Karama OGW,

Chairman FHR Com, Independent Member

YoB: 10.04.1966

PhD, (JKUAT), MBA Bsc, Communications Manager

Dr. Karama is a former Head of Department - School of Business Raf International University, was Head of Special Programs & Brand Communication – (B2B Marketing Telkom Kenya), and served as a member of the Audit Committee at the Ministry of Health. She is a member of the Kenya Institute of Management and Marketing Society of Kenya.

Dr. Karama's core competencies include;

- Excellent team player to achieve desired goals and objectives including conducting ISO and Process audits
- Skilled in Project planning and execution.
- Strategic management, operational and logistics management and forecasting.
- Highly result-oriented individual with strong sense of commitment and integrity
- Skilled in internal staff capacity building, training and development.
- Good communication skills – oral and written, consensus building.
- Strong Analytical assessment skills on statistical analysis.
- Computer literate in Word, Excel, PowerPoint and SPSS (Statistical Package for Social Scientists).
- Excellent team player and motivator of staff to achieve desired goals and objectives
- Sensitive to cultural diversity and gender issues.
- Self-motivated with a strong desire to achieve performance targets and performs well even with no supervision
- Excellent writing skills – project reports, field visit reports and status reports.
- Expert in preparation of Business Performance reports and in preparations of Business Plans.
- Oriented in conducting business development surveys.
- Highly result –oriented individual and strong sense of commitment and integrity.

Arthur Anam Rateng, OGW

Chairman AGRAC Comm, Independent Member

YoB:14.09.1953

MSc, B.Ed (Tech. I), Educationist

Mr. Rateng has worked as Director of Technical Education in the Ministry of Education, Science and Technology. He also served as the Chief Principal, Machakos Technical Training Institute among other training institutions

Mr.Rateng is a highly skilled leader with diverse experience and capacity to initiate new projects and turn around existing projects in a cost-effective manner. Endowed with excellent capacity in situation analysis, interpretation and report writing as well as the knack for making written and oral presentations. He exhibits the following competencies;

- Policy design, formulation, planning and implementation.
- Training program design, development and implementation.
- Job task analysis, goal setting and staff deployment
- Project formulation, planning, implementation, monitoring and evaluation
- Organizing scientific and technological shows and exhibitions
- Teaching Practice coordination and supervision



- Coordination of examination setting, moderation, supervision, management and related psychometrics processes
- Development of competency based modular TVET curriculum
- Planning, organizations and facilitation of training sessions, seminars, workshops and conferences
- Development of project proposals and terms of reference for research studies and consultancies in various aspects of TVET
- Machine tool design and development for industry
- Productivity improvement training and work organization.

Mr. Paul Mwaura Wanderi

Independent Member

YOB: 03.04.1977

**MA-Project Planning & Management
(UON), PGD-HRM(KIM), B.Ed(Egerton)**

Mr. Wanderi is an independent assessor for Sustainable Development Goals for governments and intergovernmental bodies in Africa. He has also worked as a Deputy Chief Executive Officer and Head of Programmes at Kenya Land Alliance (KLA). He is a highly skilled, result-driven professional in leadership and strategic management with diverse experience with in depth knowledge and unparalleled skills in executive management and leadership.

Key focal areas of experience include Project Capacity Assessment, Civic Education, Training and Development, Capacity Building, Conflict Resolution, Human Rights, NGOs and Civil Society, Community Projects Design and Management, Monitoring and Evaluation, Politics and Policy Advocacy, Devolution Governance, Partnership and Relationships building.

He values transparency, accountability, justice, good governance and adherence to the rule of law. He has worked hard to assist the community to realize their potential in providing services that improve the social economic status in pursuit of sustainable development and a just and equitable society regardless of gender, race, nationality, religious or any other inclination.

Mr. Isaiah Odiwuor Ochelle

Independent Member

YOB: 10.10.1978

Representative of the Cabinet Secretary, National Treasury & Planning.

Mr. Ochelle holds a Bachelors of Arts Degree in Economics (Major) First Class Honours from the University of Nairobi (2002) and M.A in Public Policy (MPP) from University of Erfurt, Germany (2011). He has worked with the National Treasury for 18 years. During this period, he has gained working experience in public sector financial management and national



budgeting. He has served both in the Government Information Technology Services department and the Budget Department at the National Treasury as Deputy Director of Budget, where he is currently serving.

Rodney Odhiambo Oluoch

Member

YoB: 17.05.1980

LL.M-Tax Law (UNISA),

BL. L (Hons) (Moi University), PGD-Law (KSL)

Mr. Oluoch is an Advocate of the High Court of Kenya and currently a partner at NETO OTIENO and Company Advocates.

Mr. Oluoch has practical 12 years' legal experience during which time he has:

- Practiced law as a litigation counsel based in Kisumu city.
- Adjunct lecturer in local universities and colleges.
- Been employed as a Senior Legal officer and head of Legal Department at Bondo University College/Jaramogi Oginga Odinga University of Science and Technology (JOOUST).
- Been the Scheme Secretary of JOOUST Staff Retirement Benefits Scheme;
- Performed Council/Board Secretarial duties for the JOOUST Council.
- Been a member of several committees and Boards within JOOUST.
- Has been trained on management and leadership.
- Carried out civic education, training and consultancy for various legal entities and government agencies.
- Drafted Bills and By-Laws for County Governments.
- Offered general consultancy services for various government agencies and private enterprises.
- Presented papers at various conferences and workshops.



Mr. Johnson Nanjakululu

Independent Member

YoB: 00.00.1962

M.Ed- UON, B.Ed. (Sc)- KU.

Representative of the Principal Secretary, State Department for University Education and Research, Ministry of Education

Mr. Nanjakululu is a Deputy Director, University Education.

He has previously served as the Assistant Director Quality Assurance and Standards (TVET), Ag. Director General of Kenya National Qualifications Authority (KNQA). He has 34 years of experience as an educationist. He is a CBET curriculum expert and consultant.

3. MANAGEMENT TEAM



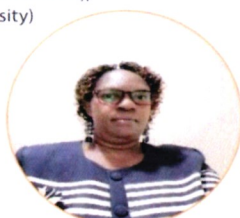
Prof. J. Kipkemboi
Deputy Principal, ASA
 PhD.(Wageningen University),
 Msc.(IHE Delft Institute- Netherlands),
 Bsc.(Egerton University)



Prof. Ogodo M.J Nandi
Principal
 PhD (Maseno University), MBA (Moi
 University), MA(UoN), BA (UoN)



Prof. M. M Amadalo
Deputy Principal
 (Finance & Development)
 PhD (KU), Med(KU), Bed (Sc), Hons(UoN)



Dr. Jane Amunga,
Ag.Snr. Ass. Registrar
 (Academic Affairs
 PhD. (MMUST), MEd (MMUST)
 BEd Arts(KU)



CPA Irine Lumatete,
Deputy Finance Officer
 MBA Finance (UoN), B.Com
 Accounting (UoN), CPA (K)



Dr. Joseph Otsyuloh Rep. CoDs
 PhD BA-HRM (MMUST)
 Msc HRM (MMUST), Bed (KU),



Dr. Denis Ouma
Rep. Deans & Directors
 PhD, (JKUAT), Msc (JKUAT),
 BEd,(KU)



Dr. P. A Mugesani
 Senior Assistant Registrar (HR & Admin)
 PhD HR (JKUAT), MBA HRM (KU)



Ms. C. Shikuku, Assistant Librarian
 MSc. Records & Archive Management (Moi),
 BSc. Information Science (Moi), Dip. Information
 Studies (Kenya Polytechnic)



Ms. Linet Mayavi, Advocate
 In-Charge Legal Affairs Office
 LLB Hons KU, Post Graduate Dip, Law (KSL),
 Dip. Public Relations (ICM)

4. CHAIRPERSON'S STATEMENT



I am pleased to present the Annual Report and Financial Statements for the year ended 30th June, 2022. During the year under review, the University remained steadfast in meeting its core mandate of excellence in teaching, learning, research, innovation and holistic development innovation and holistic development.

Kaimosi Friends University College continued to grow in all spheres including but not limited to student and staff numbers, programmes offered and the quality of services. Through the collective effort of the Council, University College Management Board, staff and all our key stakeholders, we managed to map our way forward by adhering to KAFUCO's Vision, Mission and Core Values. The University College continued to advance its brand proposition, infrastructure and the preparation towards becoming a fully-fledged University.

KAFUCO adhered to all the laws and regulations governing the University education and research sector. As we work towards becoming a chartered University that is ISO 9001:2015 certified, we continued to implement the strategic objectives in our Strategic plan 2018/19 -2022/23.

It is worth noting that just like any other Public University in Kenya, KAFUCO faces challenges in financing its operations especially; infrastructure development, full acquisition of requisite staff particularly programme leaders. However, the Council has developed and is overseeing the implementation of strategies and policies that guides income generation and prudent utilization of resources. These, will enable KAFUCO to unlock its potential in resource mobilization and utilization of the available resources.

I wish to applaud the University College Management for the commitment and support throughout this period amidst inadequate financial funding, man power and infrastructure to achieve this jubilee. Allow me to finally thank the Government of Kenya for its continued support towards realization of KAFUCO's Vision and Mission, and all our stakeholders for their continued support in steering the University College through another fruitful financial year.

A handwritten signature in blue ink, appearing to read 'J. Waudo'.

DR. JOSEPHINE D. WAUDO, PhD.

PRESIDING CHAIRPERSON, KAIMOSI FRIENDS UNIVERSITY COLLEGE COUNCIL

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



I hereby present the Annual Financial Report and Statements of Kaimosi Friends University College for the period ending 30th June, 2022 as required by the Universities Act 2012 and Public Financial Management Act 2012. The University has over the past years made significant progress and built on our viewpoint towards becoming a world-class University committed to scholarly excellence and research that impact on societal needs.

During the period under review, the University College continued to thrive against a backdrop of challenging times occasioned by the aftermath of Covid-19 pandemic and dropping Government capitation to maintain a strong performance. KAFUCO sustained a robust performance in its core mandate of teaching, training and research and improved tremendously in its performance evaluation results for State Corporations to position **18 out of 239 cumulatively** with a composite score of **2.6075** & in position **8 out of 38** in Public Universities under **Functional Category** graded as **“Very Good.”** Significantly, the University College launched and started implementing its Quality Management System based on the ISO 9001:2015 Standard to align all operations with international best practices. Substantially, KAFUCO made remarkable progress in meeting the Commission for University’s (CUE) requirements for the award of a university charter. As part of these efforts, KAFUCO hosted CUE for final inspection and timely responded to feedback on their reports. The period saw the Principal Secretary State Department for University Education and Research Amb. Simon Nabukwesi visit us on an inspection tour of ongoing and planned development projects, preparedness for the award of university charter and CBA implementation for staff. We are confident that we shall be elevated to a fully-fledged university in the near future.

In FY 2021/2022, we lived to our ideals of integrity and accountability in management of resources, met most of our financial obligations, settled bills and paid suppliers and contractors in time. On the contrary, the University College faced a financial decline occasioned by the reduction in Government capitation and a drop in revenue earned from enrolment of self-sponsored students. However, we managed to remain a float amidst the limitation and took the necessary austerity measures to ensure that we continue offering quality services to our customers.

We are keen and cognizant to the fact that the higher education sector in Kenya is dynamic and has experienced a rapidly changing operational environment and transformations in the recent past. In regard to the foregoing, the University College developed eight new undergraduate programmes geared towards Health Sciences which is its niche area as a modality of adapting to sector reforms and continue delivering on our core mandate to the satisfaction of our clientele. The new curricula was approved by the Commission for University Education and will be launched in September, 2022.

Our students have demonstrated commitment to studies. KAFUCO’s main focus as University College is providing quality education and training, research and innovation to meet the needs of a dynamic society. We continued to give emphasis on research through internal seminar series aimed at

strengthening research among academic staff. This has enabled us to mould graduates who are ready to take up their space in National development. We inked a memorandum of understanding with the Kenya National Chamber of Commerce for collaborations on entrepreneurship and entrepreneurial mentorship for youth and women in Vihiga County in line with our research objective to impact on the community.

KAFUCO's partnerships in research also continued to flourish, with our strengths in energy and environmental areas of research sciences recognized in talks involving the County Government of Vihiga and a UK based green energy firm. The firm, through the County Government is scouting KAFUCO as a potential site for the establishment of a waste-to-energy project. Likewise, our faculty continued to attract both national and international grants for research in areas of great impact to societies, strengthening our reputation as a quality-driven employer. Management, with the support of Council continued to demonstrate commitment to improving the University College particularly in the area of capacity building for staff members. We constantly encouraged staff to participate in short trainings, seminars, conferences, workshops as well as advancement of their professional skills to improve their competence levels. The University College in collaboration with the County Government of Vihiga hosted the Vihiga Water Stakeholders and Investment Conference which attracted participants from within and without the County and presented papers in tandem with the subthemes.

Further, the University College management with the support of Council, sought commitment to the strategic objective on human capital sustainability by hiring and retaining competent staff, formulated job description for all staff members, and notably, hired the Deputy Principal (Academic and Student Affairs), academic staff for the novel Bachelor of Science in Nursing Programme and changed the terms of Service for 94 administrative staff from contract to permanent and pensionable terms.

On the infrastructure front, we remained dedicated to our quest to provide a serene learning environment to our students. The most notable infrastructural developments are the Completion of the Uhuru Kenyatta Tuition Complex and commencement of construction of the Ultra-modern library which will effectively add space to the transformation of our University College & significantly enhance our learners' experience while on campus. Further, KAFUCO remained focused on technological enhancement and infrastructure objective by upgrading ICT infrastructure to support learning and administration.

KAFUCO's revenue base has continued to grow over time but is offset by the increase in personnel emolument, maintenance and depreciation costs. Established from a former Teachers College, the University College inherited buildings that were built long ago, thus resulting in high maintenance costs. However, Management has been keen in renovating the existing infrastructure with the aim of reducing costs while offering quality services to our customers.

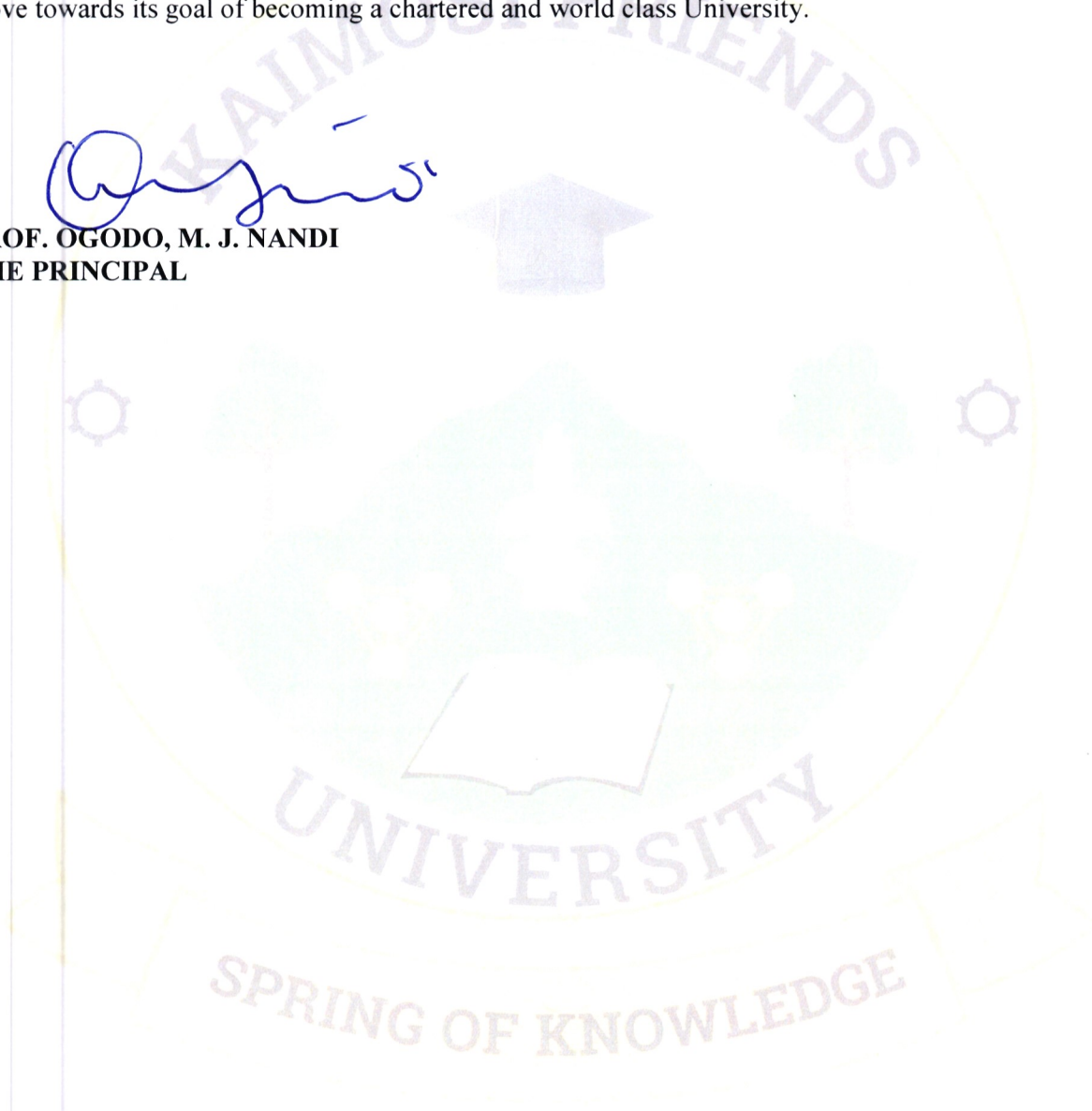
The University College is majorly funded by the Government of Kenya to undertake its core activities. Nonetheless, we source additional resources from tuition fees charged to students. Due to diminishing numbers of self-sponsored students who enroll for university learning, we established a Resource Mobilisation Unit whose exclusive role is to assist the University College in mobilization of funds. Through this Unit, we set up an endowment fund which is up and running. In our endeavor to achieve financial sustainability, we rationalized our operations in line with the Ministry of Education's guidelines and the annual budgetary allocation.

Kaimosi Friends University College
Annual Report and Financial Statements
For the year ended June 30, 2022

In the FY 2021/2022, we recorded a total recurrent income of KES 612.000M which included recurrent grant of KES 455.539M, and KES 156.460M from Appropriation In Aid (A-I-A). The University College recorded a deficit of Kshs. KES 0.357M as compared to the previous year's surplus of KES 7.907M.

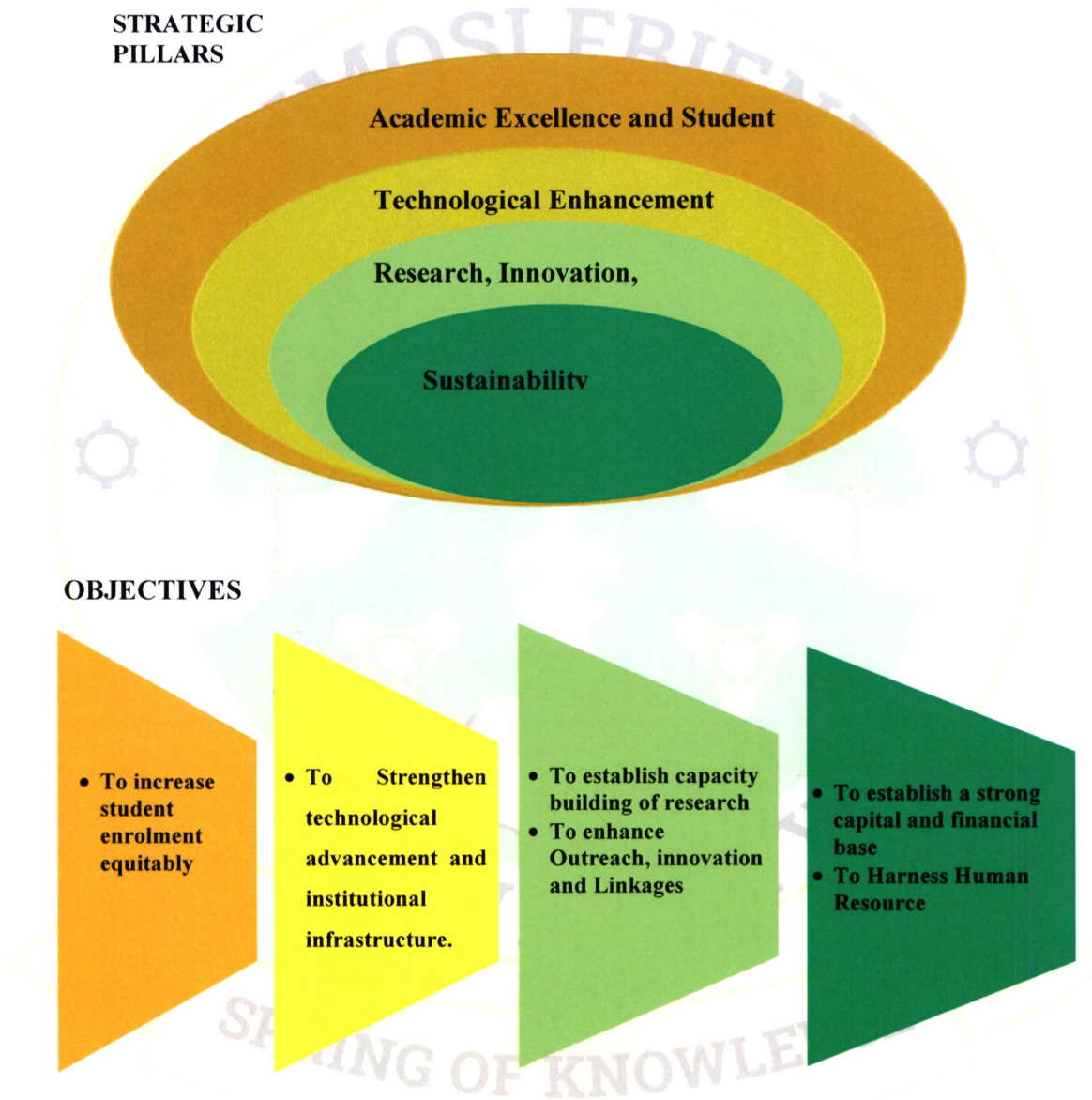
In conclusion, I take this opportunity to express my indebtedness to the Government of Kenya for direction and continued support, the Council, University College Management Board and all our revered stakeholders for their commitment and superb efforts to have seen KAFUCO successfully move towards its goal of becoming a chartered and world class University.


PROF. OGODO, M. J. NANDI
THE PRINCIPAL



6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

Kaimosi Friends University College has FOUR strategic pillars and objectives within the current Strategic Plan for the FY 2018/2019 - 2022/2023. These strategic pillars and objectives are as shown in the figure:



KAFUCO develops its annual work plans based on the above four strategic issues. Assessment of the Management's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2021/2022 for its four strategic pillars, as indicated in the diagram below.

Kaimosi Friends University College
Annual Report and Financial Statements
For the year ended June 30, 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Expected Target	Achievements
Strategic issue 1: Academic Excellence and Student Engagement	To increase student enrolment equitably	Number of students in science courses	Admit students in science programmes	1238	99
		Number of students admitted	Admit students to the programme	3825	1097
		E-learning infrastructure	Operationalize Open Distance Electronic learning by installing and commissioning of a studio for video recording and online teaching	100%	100%
Strategic Issue 2: Technological Enhancement and Infrastructure	To Enhance Infrastructure	Construction of tuition block and associated works	Complete construction of Tuition Block	100%	100%
		Construction of Ultra-Modern Library and associated works	Complete construction of Tuition Block	7%	4.81%
		ICT Infrastructure	Deploy a web conferencing facility by installing and customizing the big-blue button	100%	100%
Strategic Issue 3: Research, Innovation, Outreach and Linkages	Capacity building of research	Seminars and conferences	Academic staff seminars leading to publications	2	2
		Benchmarking	Benchmark with other research institutions on the best practices in research	2	2
		Partnership and Linkages	Create linkages with relevant institutions	7	9
	Outreach ,innovation and Linkages	Innovation	Innovate, produce and commercialize Bio-gel fuel to the public	100%	100%
Strategic issue 4: Sustainability	To establish a strong capital and financial base	Pending bills	Ensure pending bills do not exceed 1% of total budget	1%	0%
		A-In A Mechanisms	Enhance A-in-A revenue	132,896,000	153,691,931
		Absorption of allocated funds	Ensure absorption of all allocated funds	100%	98%
	To Harness Human Resource	Number of staff trained and developed	Train & Develop Staff	100%	100%
		Staff Training Needs Assessment	Carry out Staff Needs Assessment and execute the intervention strategies	100%	100%
		Performance monitoring	Conduct staff performance appraisal based on negotiated and agreed performance targets	100%	100%

7. CORPORATE GOVERNANCE STATEMENT

1. Ownership

KAFUCO is an institution of higher learning Gazetted on 22nd May, 2015 as a Constituent College of Masinde Muliro University of Science and Technology under the Legal Notice No. 87 Kenya Gazette supplement No 65. The University College is exclusively owned by the Government of Kenya.

2. Responsibility of the University College Council

The University College Council is responsible and accountable to the Government of Kenya through the State Department for University Education and Research. The Council ensures that the University College in execution of its core mandate, complies with the requirements of the Constitution of Kenya 2010, Universities Act No. 42 of 2012, Universities (Amendment) Act No. 28 of 2016, among other relevant statutory regulations, the University College Statutes (2022), approved University College policies and standard operating procedures, and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act chapter 446 and the Mwongozo Code of Governance for State Corporations.

3. Remuneration of the University College Council members

The University College Council members other than the Principal and the ex-officio members do not receive a salary. They are however paid a sitting allowance for every meeting attended. The sitting allowance paid to the Council members is disclosed in note 15 of the Annual report and financial statements.

4. Appointment, Removal from office and Success Plan

Council members are appointed by the Ministry of Education through a competitive process. The appointment and removal from office is as per the Universities Act, 2012 and KAFUCO Statutes.

5. Conflict of Interest

The Council has complied with Mwongozo provisions clause 1.3 that expects each Council member to act honestly at all times and not to place themselves in a situation where their personal interest conflict with those of the organization. In addition, in compliance with clause 1.16, Council members disclose all real or perceived conflict of interest registered in a register maintained and updated accordingly. A conflict of interest policy has been developed to this effect as envisaged in clause 2.6 (b) and applied as in and clause 4.3.

6. Council and Member Performance Evaluation

Corporate governance best practices require that Council conducts self-evaluation of its performance on annual basis. Further, *Mwongozo*, the Code of Governance State Corporations, requires that Council carries out annual performance evaluation and file a report thereof with the parent Ministry and the State Corporations Advisory Committee (SCAC).

In FY 2021/2022, Council did its performance evaluation on 13th October, 2021 facilitated by SCAC and had overall score of 93.58%.

7. Risk Management

The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The Council is responsible for risk management and has an approved policy, risk register and standard operating procedure document for risk management. The University College conducts risk assessment on regular basis which informs the internal audit plan. The University College has a risk management committee which oversees the risk management. The University College has established Internal Audit department to carry out risk based internal audits on a quarterly basis. The University Council through its Audit and Compliance Committee received regular reports during the financial year on internal control and risk.

Moreover, the University College management conducts legal compliance reviews, which are reported to the Council. The University College has an in-house legal officer who advises on legal and compliance matters. Management intends to contact annual governance audits from FY 2022/2023.

8. Statement of Compliance

The Council Members confirm that Kaimosi Friends University College has throughout the financial year ending 30th June, 2022 complied with the entire statutory and regulatory requirements and has been managed in accordance with the principle of Corporate Governance.

9. Committees of the University College Council

In order to facilitate the smooth running of its affairs, the University Council establishes such Committees with the membership and with such terms of reference as it may deem fit. The following Committees were in place during the Financial year ending 30th June, 2022;

- Finance & Human Resource Committee
- Audit, Governance, Risk Assurance & Compliance Committee
- Academic, Strategy, Planning, Development & Innovation Committee

The University Council nominates the Chairperson of each Committee of the Council provided that in the absence of the Chairperson of any Committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. During this period, Council operated without a Council Chairman.

Finance & Human Resource Committee

The Committee provides oversight, policy recommendation and advice on matters relating to the University College Finance & Human Resource matters, and pay due regard to the necessity of referring the matters of major importance to the Council for final approval.

Audit, Governance, Risk Assurance & Compliance Committee

The Committee oversees and advises on matters relating to the safety of assets; operations of adequate systems; control processes, preparation of accurate financial reports in compliance with legal and statutory requirements and standards; internal and external audits; risk assurance strategies; institutional governance; monitoring of performance contract; and quality assurance.

Academic, Strategy, Planning Development & Innovation Committee

The Committee advises and oversees the strategic development and implementation of academic and research programmes; physical facilities and infrastructures plan; quality assurance for excellence in teaching, learning, research and innovation and protection of intellectual assets.

a) MEMBERSHIP TO COMMITTEES OF COUNCIL

i. Finance and Human Resource Committee

- | | | |
|-------------------------------|---|---|
| 1. Dr. Fauziya B. Karama, OGW | - | Chairperson |
| 2. Mr. Rodney O. Oluoch | - | Member |
| 3. Mr. Johnson Nanjakululu | - | Rep., PS, State Department for
University Education and Research |
| 4. Mr. Isaiah Odiwuor Ochelle | - | Rep. CS, National Treasury and Planning |
| 5. Prof. Ogodo, M. J. Nandi | - | Secretary |

ii. Audit, Governance, Risk Assurance and Compliance Committee (AGRAC)

- | | | |
|------------------------------|---|---|
| 1. Mr. Arthur A. Rateng, OGW | - | Chairman |
| 2. Mr. Paul M. Wanderi | - | Member |
| 3. Mr. Johnson Nanjakululu | - | Rep., PS, State Department for
University Education and Research |
| 4. Mr. Isaiah O. Ochelle | - | Rep. CS, National Treasury and Planning |
| 5. CPA Fred Wasike | - | Internal Auditor/Secretary |

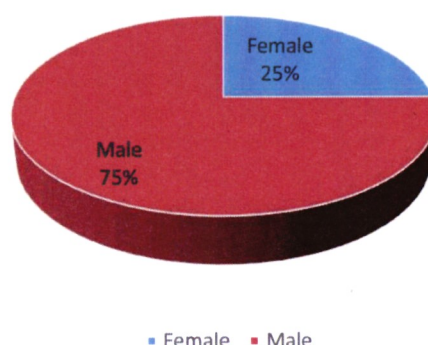
iii. Academic Strategy, Planning, Development & Innovation Committee (ASPD&I)

- | | | |
|-----------------------------|---|---|
| 1. Dr. Josephine D. Waudo | - | Chairperson |
| 2. Mr. Paul M. Wanderi | - | Member |
| 3. Mr. Johnson Nanjakululu | - | Rep., PS, State Department for
University Education and Research |
| 4. Mr. Isaiah O. Ochelle | - | Rep., CS, National Treasury & Planning |
| 5. Prof. Ogodo, M. J. Nandi | - | Secretary |

b) GENDER DIVERSITY OF THE COUNCIL

The University Council composition in FY2021/ 2022 did not meet the constitutional requirement relating to gender rule as shown in the pie chart below; 25% F and 75% for female and male gender respectively.

Gender Diversity of Council



c) TERMS OF REFERENCE (ToR) OF COUNCIL COMMITTEES;

Finance and Human Resource Committee ToRs

- i) Ensure compliance with finance and labour related laws, regulations and relevant circulars.
- ii) Recommend for approval, the necessary policies for finance, resource mobilization and Human Resource functions.
- iii) To advise the Council on policies and strategies relating to finance and resource mobilization.
- iv) Shall review and recommend to Council the approval of the Budget and the Financial Reports.
- v) Shall recommend for approval the annual procurement plan and ensure it is aligned to the approved Annual Budget and cash flow projections.
- vi) To receive and consider Monitoring and Evaluation reports on performance in the execution of ongoing projects and make suitable recommendations to the Council.
- vii) To oversee the proper utilization and safeguarding of all University assets and funds.

- viii) To consider and make recommendation to Council, any intended application of the University Seal to documents.
- ix) To review and recommend employment structure including job grading/ classification.
- x) To review and recommend the appointment, terms of appointment, performance and remuneration of the senior staff.
- xi) To review and recommend terms and conditions of service for employees, grievance mechanisms, disciplinary action, staff development and training, incentives for employees.
- xii) Review, recommend and coordinate training needs and appropriate Council Evaluation.
- xiii) Review and assess, at least annually, the Committee's Charter for approval by the Council.
- xiv) Coordinate Council Committees' effectiveness and performance.
- xv) Perform any other duties that the Council may assign from time to time related to finance, resource mobilization and Human Resource functions.

Audit Government Risk Assurance and Compliance Committee ToRs

- i) Ensure compliance with the law and regulations.
- ii) Approve the necessary policies for Audit, Governance, Risk Management and Compliance functions.
- iii) To oversee the internal and external audit function.
- iv) Examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls.
- v) Receive Management's response and track implementation status of internal control recommendations.
- vi) Advise Management about any significant deficiencies in the design and operation of internal controls.
- vii) Continuously review the implementation of the risk management framework.
- viii) Review and assess, at least annually, the Audit Committee's Charter for approval by the Council.
- ix) Perform other oversight functions that the Council may assign from time to time related to Audit, Governance, Risk Management and Compliance functions.

Academic Strategy Planning Development & Innovation Committee ToRs

- i. Oversee the development and regular updating of all policies relevant to the University College's Strategic Plan, Academic, development and innovation.

- ii. Provide strategic advice to the Council on development and updating of the University College's Strategic Plan, Academic, development and innovation.
- iii. Ensure negotiation, monitoring and evaluation of the University College's Performance Contract (PC).
- iv. Provide oversight to all infrastructure developments.
- v. Oversee the development and evaluation of the University College's academic programmes.
- vi. Recommend to the Council potential areas of research, development and innovation for the University College.
- vii. Ensure monitoring and evaluation of the University College's research as well as dissemination of research outputs through publications and exhibitions.
- viii. Oversee protection of the University College's intellectual property and rights.
- ix. Advise the Council on matters pertaining to international conventions.
- x. Enhance the University College's Corporate Image.
- xi. Ensure the University College's certification by the International Organization for Standardization (ISO).
- xii. Oversee the development and approval of the Council Charter, Almanac and work plan.
- xiii. Review and assess, at least annually, the Committee's Charter for approval by the Council.
- xiv. Perform other oversight functions that the Council may assign from time to time related to Strategic Plan, Academic, development and innovation function.

10. Council Charter

Council has a board charter that defines its roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Council members with an opportunity to think creatively and critically about how their strategic and operational plans align with the institution's strategic direction and expectations, with respect to governance. The Charter helps the Council in directing the organization to maximize long term value of services provided for all stakeholders.

11. Ethics and conduct

Council approved both Codes of Conduct and Ethics for Council and staff members which focus on ethical conduct and integrity at the workplace. This defines Council's commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Codes set out expectations for individual behaviour necessary to meet these standards and includes

requirements and guidance to help Council carry out their oversight role with integrity and in compliance with the law.

12. Governance and Legal Audit

Council formed a standing committee on governance to guarantee compliance with all statutory requirements. Governance and Legal Compliance Audits and Reporting are to be conducted annually to establish the level of adherence to applicable laws, rules and standards. However, during the year under review, KAFUCO was unable to do both audits.

13. University College Council Meetings

During the FY 2021/22, Council and its standing Committees implemented the Council Almanac by holding sixteen regular and eight special meetings. In addition, Council attended four trainings and two graduations. Further, the Council was timely sensitised on dynamics in practice, policies, laws and regulations governing operations of the University College from time to time.

All special meetings were approved by the Principal Secretary, State Department for University Education and Research.

Ordinarily, quarterly meetings are held as per the State Corporation Act 446, PFM Act 2012, Mwongozo Code of Governance for State Corporations and performance contracting regulations for the purposes of complying with the statutory timeliness stipulated in these laws for submission of reports to specific Government Agencies.

Below is a summary of Council meetings held during the financial year under review.

Kaimosi Friends University College
Annual Report and Financial Statements
For the year ended June 30, 2022

Council Members	Position in Council (Chairman/CEO/Mem-ber)	Gender	Date of Appointment DD/MM/YYYY	Expiry of Appointment DD/MM/YYYY	Membership & Attendance	University College Council	Finance & Human Resource Committee (FHR)	IT Trainings	Academic, Strategy, Planning, Development and Innovation Committee, (ASPD&I)	Audit, Governance, Risk Management and Compliance Committee, (AGRM/C)	Graduations	Special FHR	Special Council
Prof. Ogodo, M. J. Nandi	CEO	M	25/01/2018	24/01/2023	Attendance Membership	4/4 ✓	4/4 ✓	4/4 ✓	4/4 ✓	X X	2/2 ✓	3/4 ✓	3/4 ✓
Dr. Josephine D. Waudu	Member	F	20/11/2019	19/11/2022	Attendance Membership	4/4 ✓	X X	4/4 ✓	4/4 ✓	X X	2/2 ✓	X X	4/4 ✓
Dr. Fauziya B. Karama, OGW	Member	F	20/11/2019	19/11/2022	Attendance Membership	4/4 ✓	4/4 ✓	4/4 ✓	X X	X X	2/2 ✓	4/4 ✓	4/4 ✓
Mr. Arthur A. Rateng, OGW	Member	M	20/11/2019	19/11/2022	Attendance Membership	3/3 ✓	X X	4/4 ✓	X X	4/4 ✓	2/2 ✓	X X	4/4 ✓
Mr. Paul Wandari	Member	M	20/11/2019	19/11/2022	Attendance Membership	4/4 ✓	X X	4/4 ✓	4/4 ✓	X X	2/2 ✓	X X	4/4 ✓
Mr. Rodney O. Oluoch	Member	M	20/11/2019	19/11/2022	Attendance Membership	3/4 ✓	3/4 ✓	3/4 ✓	X X	X X	1/1 ✓	X 3/4	✓ 3/4
Mr. Stephen Mbasu	Representative, PS, State Department for University Education & Research	M	20/2/2020	19/11/2022	Attendance Membership	1/4 ✓	1/4 ✓	X ✓	1/4 ✓	1/4 ✓	X X	1/4 ✓	1/4 ✓
Mr. Johnson Nanjakululu	Representative, PS, State Department for University Education & Research	M	01/10/2021		Attendance Membership	3/4 ✓	3/4 ✓	3/4 ✓	3/4 ✓	3/4 ✓		3/4 ✓	3/4 ✓
Mr. Isaiah O. Ochelle	Representative, CS, National Treasury	M	19/08/2019		Attendance Membership	3/4 ✓	4/4 ✓	2/4 ✓	4/4 ✓	4/4 ✓	X X	1/4 ✓	1/4 ✓

8. MANAGEMENT DISCUSSION AND ANALYSIS

We have the pleasure to present the Annual Report and Financial Statements of KAFUCO for the period ended June 30, 2022 as per the Universities Act, 2012 and the Public Audit Act, 2015.

Despite the myriad challenges inherent in the university college's operating environment, the college continued to discharge its mandate of teaching, research and innovation successfully throughout the year.

STUDENT ENROLMENT AND TEACHING

The University College has two functional divisions namely, the Academic and Students Affairs and the Finance and Development Divisions.

The Academics and Students Affairs division is mandated to implement quality teaching, learning, research, innovation and holistic development as outlined in the University Vision. The division is currently made up of the following schools, Directorates and administrative Departments:

- | | |
|---|--|
| i) School of Education and Social Sciences | vii) Directorate of Research, Innovations and Outreach |
| ii) School of Business and Economics | viii) Directorate of International and Academic Linkages |
| iii) School of Science | ix) The proposed Learning Centre |
| iv) School of Computing and Informatics | x) University Library |
| v) Directorate of Postgraduate Studies | xi) Office of the Dean of Students |
| vi) Directorate of Open and Distance e-Learning | xii) Office of the Registrar (Academic Affairs) |

Academic programs

The University College offers 43 Senate approved and CUE accredited programs whose enrolment has generally been on a growth trajectory since the establishment of the University College. These include:

- i) Four (4) PhD programs
- ii) Fifteen (15) Masters programs
- iii) Sixteen (16) Bachelors programs
- iv) Five (4) Diploma Programs
- v) Five (4) Certificate Programs

Academic Staff Distribution

The University College has sixty-six (66) full time academic members of staff across schools distributed by rank as indicated in the table 1 below.

Table 1: Distribution of Academic staff by level and school

Cadre	School Of Business & Economics	School of Computing & Information Technology	School of Education & Social Sciences	School of Science	Department of Nursing	Total
Professors	0	0	1	0	0	1
Associate Professors	0	0	2	1	0	3
Senior Lecturers	1	1	6	2	0	10
Senior Research Fellow	0	0	0	0	1	1
Lecturers	7	0	9	5	1	22
Tutorial Fellows	4	5	8	2	4	23
Lab Technicians	0	0	0	3	2	5
Senior-Technical Assistant I	0	0	0	1	0	1
Total	12	6	26	14	8	66

A graphical representation of the academic in the University College is depicted below:

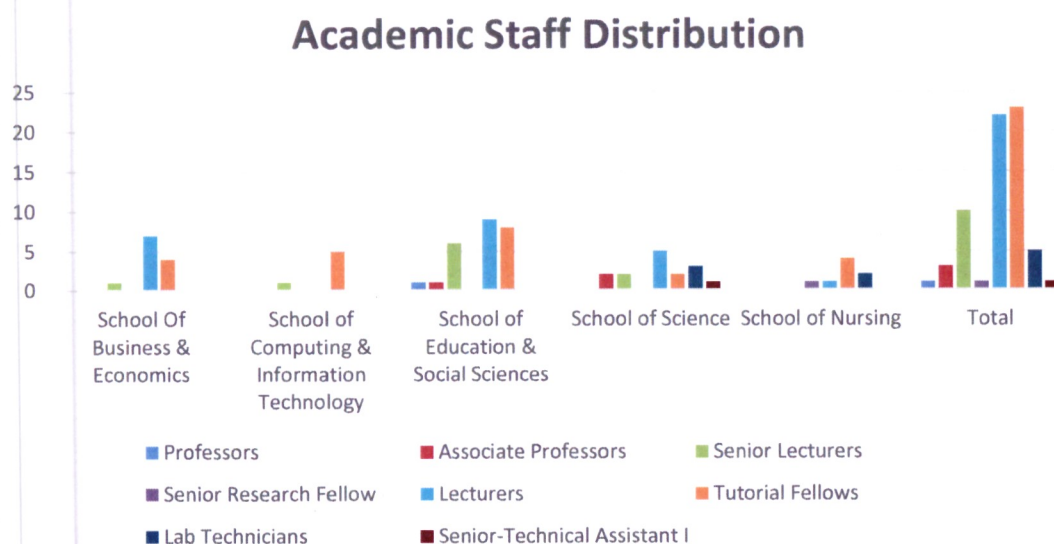


Fig. 1: Distribution of Academic Staff by Rank

The tabulation above shows the University College is understaffed, with Part-time lecturers filling the staffing gap. There were 118 Part-time lecturers during the financial year period under consideration.

Student Enrolment

There were 3746 students enrolled in the University College in the Financial Year 2021/2022 as at September 2021. Students enrolled in the schools are as depicted in Table 2 below:

Table 2: Student Enrolment in Schools

S/N.	School	Enrolment	Percentage (%)
1	School of Business and Economics	465	12
2	School of Computing and Informatics	177	5
3	School of Education and Social Sciences	2835	76
4	School of Science	269	7
	TOTAL	3746	100

The School of Education and Social Sciences (SESS) has the highest enrolment followed by the School of Business and Economics (SOBE).

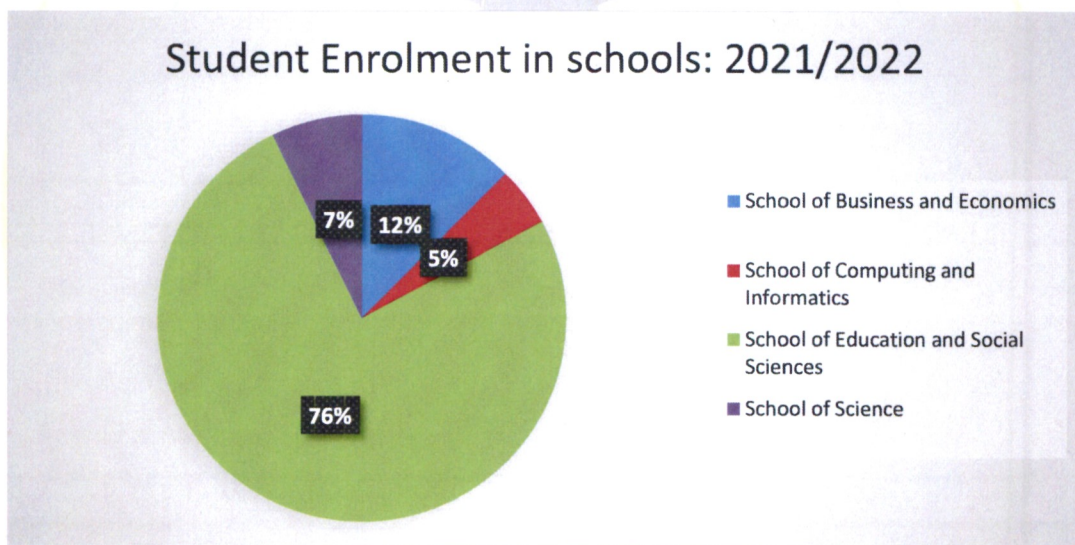


Fig.2. Institutional Enrolment Distribution in Schools 2021/2022

Enrolment Trends

Since its establishment as a campus and subsequently as a Constituent College of Masinde Muliro University of Science and Technology (MMUST), KAFUCO has had a steady positive growth in student enrolment; Table 3 below highlights enrolment for the period 2014/2015 to 2021/2022.

Table 3: Institutional Enrolment Trend 2014/15-2021/2022

YEAR	GSSP	PSSP	TOTAL
2014/15	186	49	235
2015/16	455	101	556
2016/17	1,013	306	1,319

Kaimosi Friends University College
Annual Report and Financial Statements
For the year ended June 30, 2022

YEAR	GSSP	PSSP	TOTAL
2017/18	1,520	218	1,738
2018/19	1,585	235	1,820
2019/20	1,879	279	2,158
2020/21	2,476	346	2,822
2021/22	3,343	403	3,746

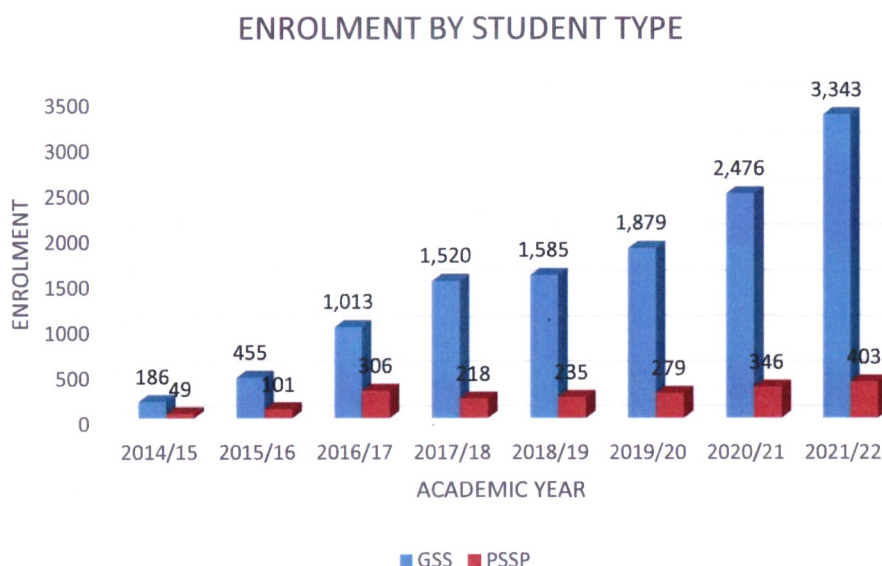


Fig. 3: Student Enrolment Growth by Category/Sponsorship

Graduation

The University College has graduated four (4) cohorts since enrolling the first group of students in August 2014. The distribution of graduates across schools is as indicated in the Table 4 below:

Table 4: Institutional Graduation Trends

Year	SOBE	SESS	SCIT	SOSCI	TOTAL
2018	53	142	0	0	195
2019	56	208	6	0	270
2020	117	177	10	3	307
2021	110	228	25	67	430
Total	336	755	41	70	1,202

Figure 3 presents a pictorial view of graduation trends over the past four years. There has been a steady increase in the number of students graduating annually as shown below.

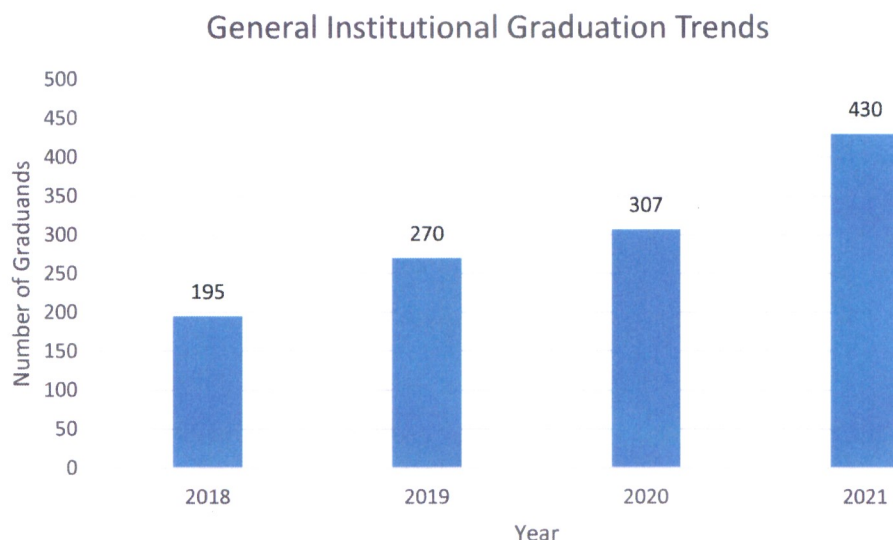


Figure 4: General graduation trends 2018-2021

A quick comparison of graduation trends among the four schools is presented below.

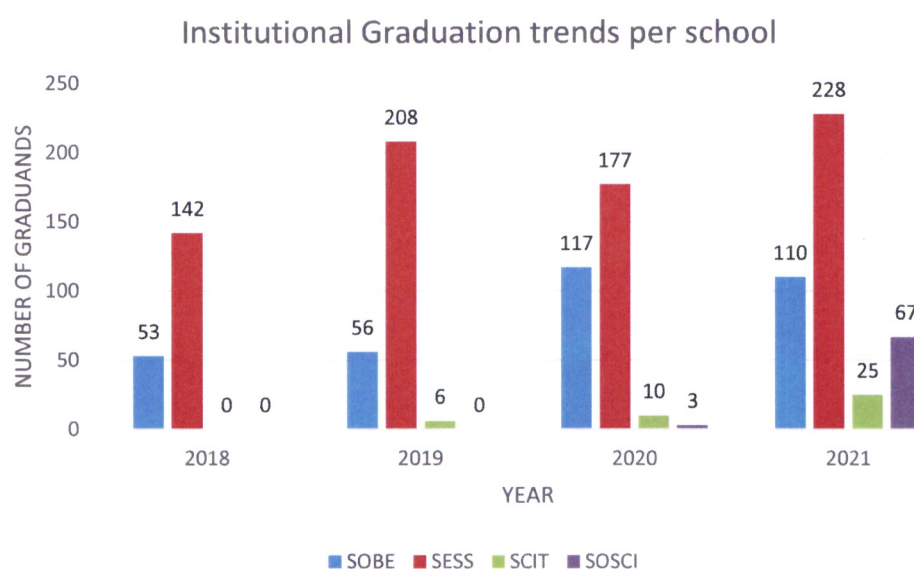


Fig 5: Institutional Graduation Trends

Again, the school of Education and Social Sciences has registered the highest number of graduands annually.

Academic Activities in Schools

This section discusses activities and outputs from schools. It begins with the School of Education and Social Sciences (SESS), followed by the School of Business and Economics (SOBE), then the School of Science (SOSCI) and finally the School of Computing and Information Technology (SCIT).

School of Education and Social Sciences

The School of Education and Social Sciences (SESS) is the mother of all schools in KAFUCO having been the transitional School from MMUST when KAFUCO was being established.

Departments of the School

The following departments constitute the School of Education and Social Sciences:

- i) Department of Languages and Literature
- ii) Department of Social Sciences
- iii) Department of Curriculum and Instruction
- iv) Department of Educational Psychology, Foundations and Managements

Programs of Education and Social Sciences

The following Programs are offered in the School of Education and Social Sciences:

- | | |
|--|--|
| i) Doctor of Philosophy in Comparative Literature | xii) Bachelor of Education (Arts) |
| ii) Doctor of Philosophy in Curriculum & Instruction | xiii) Bachelor of Education (Science) |
| iii) Doctor of Philosophy in Religion | xiv) Bachelor of Education (French) |
| iv) Master of Education (English Language) | xv) Bachelor of Education (ECDE) |
| v) Masters of Arts in Religion | xvi) Bachelor of Disaster Management and International Diplomacy |
| vi) Masters of Arts in Comparative Literature | xvii) Bachelor of Criminology |
| vii) Masters of Education in Education Psychology | xviii) Bachelor of Social Work |
| viii) Masters of Arts in Kiswahili | xix) Diploma in Criminology and Criminal Justice |
| ix) Masters of Arts in Geography | xx) Diploma in Social Work and Community Development |
| x) Master of Education (Educational Psychology) | xxi) Certificate in Criminology |
| xi) Master of Arts (History) | xxii) Certificate in Social Work |

Enrolment

The school has a total enrolment of 2,835 students distributed in 18 programs, seven each of which are in undergraduate and post graduate, and two each for certificate and diploma respectively (table 5).

Table 5: Enrolment in Programs

S.No	PROGRAM	GSSP	PSSP	TOTAL
1	Bachelor of Criminology	198	13	293
2	Bachelor of Disaster Management & International Diplomacy	31	0	13
3	Bachelor of Education (Arts)	1,613	54	1,667
4	Bachelor of Education (French)	37	0	37
5	Bachelor of Education (Science)	702	13	715
6	Bachelor of Education in Early Childhood Education	0	3	3
7	Bachelor of Social Work	56	5	61
8	Certificate in Criminology	0	7	7
9	Certificate in Social Work	0	3	3
10	Diploma in Criminology and Criminal Justice	0	54	54
11	Diploma in Social Work	0	11	14
12	Master of Arts in Geography	0	5	5
13	Master of Arts in Kiswahili	0	7	7
14	Master of Education in Educational Psychology	0	4	4
15	Masters of Arts in Comparative Literature	0	6	6
16	Masters of Arts in Religion	0	7	7
17	Masters of Education (English)	0	4	4
18	PhD in Literature	0	2	2
	TOTAL	2,637	198	2,835

Figure 6 illustrates the distribution of students in programs by proportion in the School in the year 2021/2022.

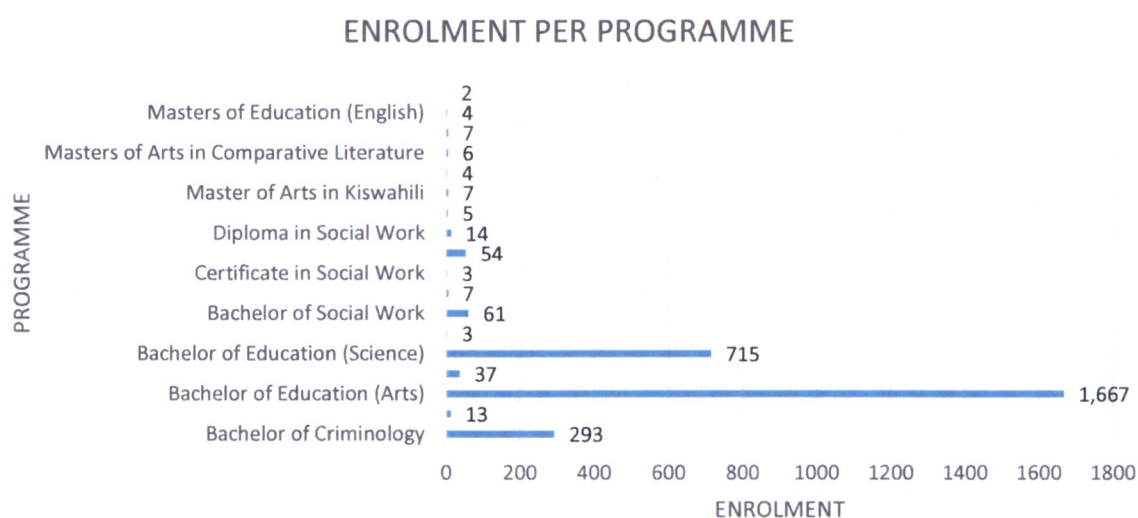


Figure 6: Enrolment Distribution by Program

SESS is the largest school in the University College. With an enrolment of 2,835 students, it constitutes over 76% of the entire student population. The school has had a steady growth in student numbers over the years whose trend distribution against the years is as shown in the table 6 below:

Table 6: Enrolment Growth

Year	Enrolment		
	GSSP	PSSP	TOTAL
2014/15	134	44	178
2015/16	348	83	431
2016/17	660	136	796
2017/18	956	177	1,133
2018/19	945	169	1,114
2019/20	1,214	174	1,388
2020/21	1,772	185	1,957
2021/22	2,637	198	2,835

Figure 6 below provides a pictorial representation of enrolment trends by type of sponsorship (GSSP and PSSP) in SESS.

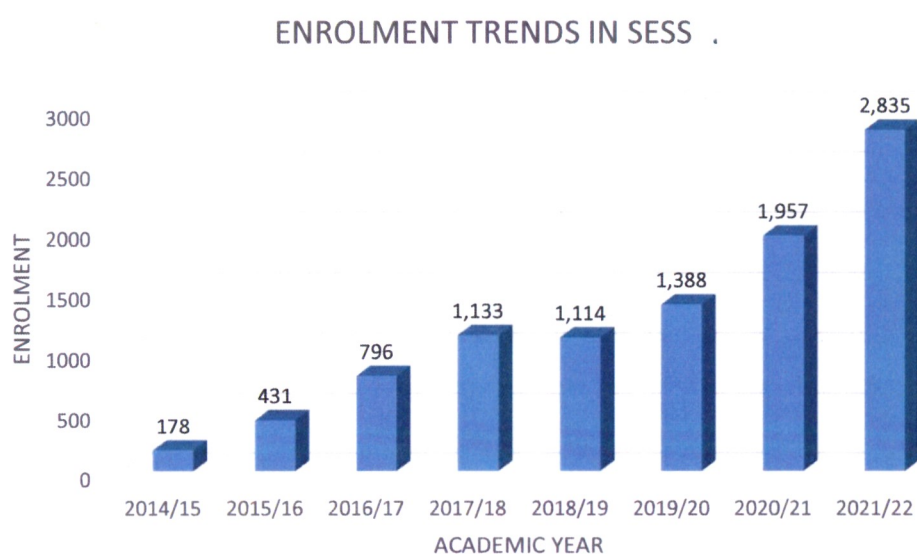


Figure 7: Enrolment Trends 2014/2015-2021/2022

Graduation

The school has had four (4) cohorts of students who have graduated in various programs since its establishment. Table 7 below is a display of graduations per program for the years under consideration.

Table 7: Students Graduations per Program

Year	Bachelors	Diploma	Certificate	Total
2018	127	10	5	142
2019	188	15	5	208
2020	166	9	2	177
2021	223	3	2	228
Total	680	37	14	731

Figure 8 below is a pictorial illustration of the general trend in graduation in the School of education and Social Sciences (SESS).

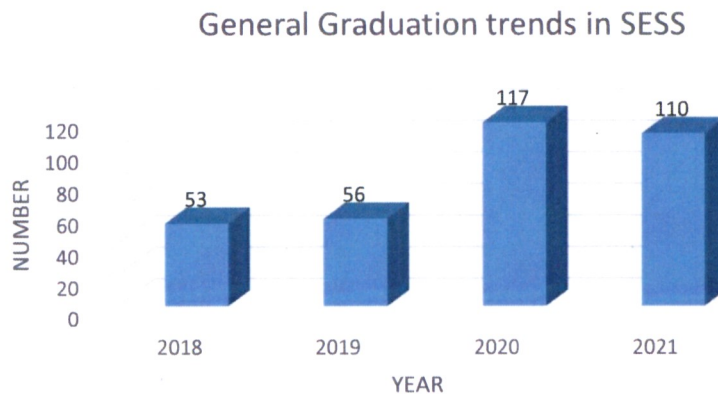


Figure 8: General Graduation Trend in SESS

The highest number of graduands was in 2021. Figure 10 depicts graduation trends by level within the school.

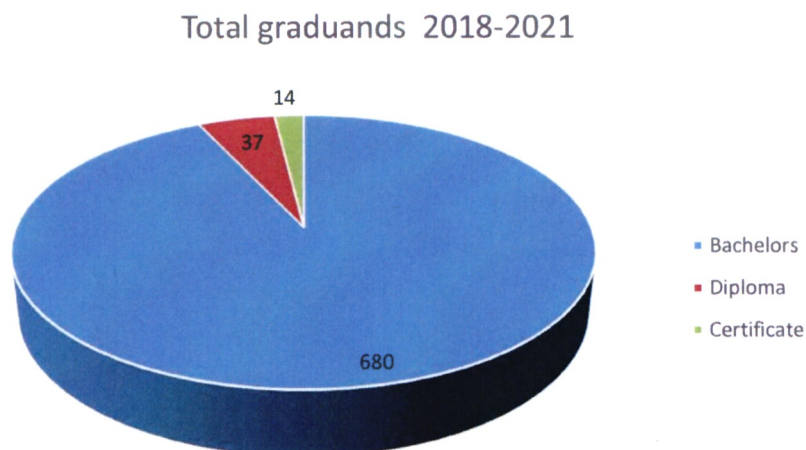


Figure 10: Graduation trends in SESS by level

School of Business and Economics

The school of Business and Economics (SOBE) is one of the pioneer schools in the University College, having been established at inception in 2015. Its vision is to be a leading Business school

connecting the region and the world. The School's progressive positive enrolment growth with student numbers currently standing at 490 is testimony of its staffs' ability to transform and deliver on its mandate. The school has received tremendous support from all stakeholders within and outside the University College to realize these achievements.

Departments

SOBE is made up of the following three departments:

- i) Department of Business, Administration and Management
- ii) Department of Accounting and Finance
- iii) Department of Economics

Academic Programs

The school offers the following seven (7) programs:

- | | |
|--|---|
| i) Doctor of Philosophy in Business Administration | v) Bachelors of Science in Economics |
| ii) Masters of Business Administration | vi) Diploma in Business Management |
| iii) Master of Science (Economics) | vii) Certificate in Business Management |
| iv) Bachelors of Commerce | |

Options under Business Management Courses include:

- | | |
|------------------------------|---|
| i) Accounting | v) Marketing |
| ii) Banking and Finance | vi) Human Resource Management |
| iii) Business Administration | vii) Purchasing and Supplies Management |
| iv) Entrepreneurship | |

The school is at an advanced stage to establish KAFUCO Professional Centre which will offer the following profession courses to complement academic programs at the school in collaboration with Kenya National Accountants and Secretaries National Examination Board (KASNEB):

- i. Diploma in Credit Management
- ii. Accounting Technicians Diploma
- iii. Certified Credit Professionals
- iv. Certified Public Accountant
- v. Certified Investment and Financial Analyst
- vi. Certified Procurement and Supply Professional
- vii. Associate Procurement and Supply Chain

Enrolment

Student enrolment in regular programs of the school for the 2021/2022 academic year is indicated in Table 8 below:

Table 8: Student Enrolment in Regular Programs

PROGRAMS	GSSP	PSSP	TOTAL
Bachelor of Commerce	256	37	293
Bachelor of Science (Economics)	82	0	82
Certificate in Business Management	0	4	4
Diploma in Business Management	0	32	32
Master of Science in Economics	0	6	6
Masters of Business Administration	0	35	35
Doctor of Philosophy Business Administration	0	13	13
TOTAL	338	127	465

Figure 11 below gives a pictorial illustration of enrolment in the school for the academic year 2021/2022.

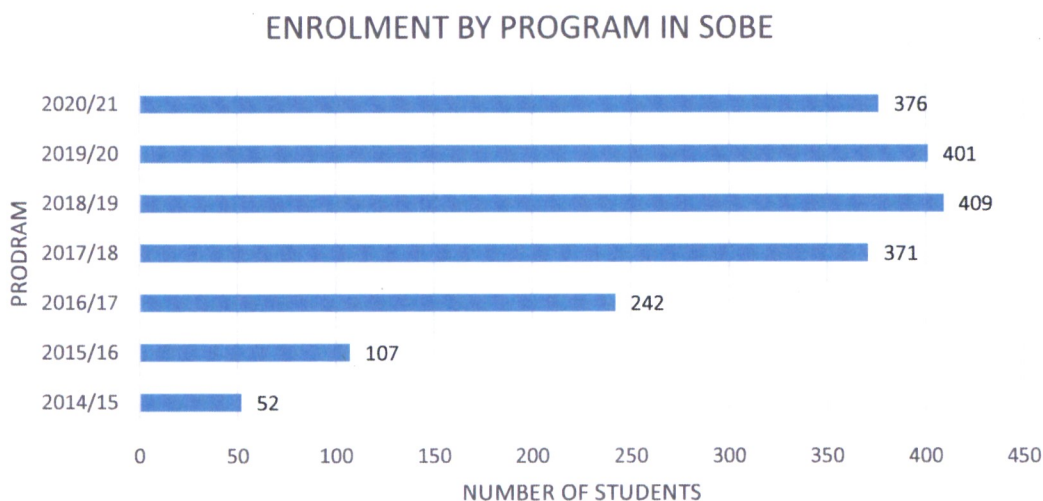


Fig. 11: Enrolment for 2021/2022 Academic Year

Enrolment Trends

The student enrolment for the period 2014/15 - 2021/22 is summarized in the table 9 below:

Table 9: Student Enrolment for 2014/15 – 2021/2022

	GSSP	PSSP	TOTAL
2014/15	52	5	57
2015/16	107	18	125
2016/17	242	16	258

	GSSP	PSSP	TOTAL
2017/18	371	37	408
2018/19	409	50	459
2019/20	401	66	467
2020/21	376	114	490
2021/22	338	127	465

The Figure 12 below depicts enrolment trends in the school under Government Sponsored (GSSP) and Privately Sponsored (PSSP) programs

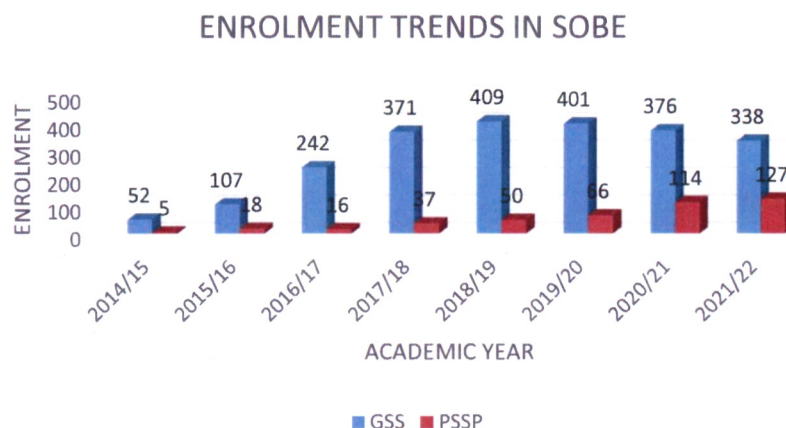


Fig. 12: Enrolment Trends in SOBE

Graduation

The school has graduated three (3) cohorts of students since its establishment. Table 10 below is a display of graduations for the programs offered in the School.

Table 10: Students Graduation

Year	B. Commerce	BSc. (Economics)	Diploma	Certificate	Total
2018	46	0	7	0	53
2019	49	0	4	3	56
2020	88	21	6	2	117
2021	87	11	9	3	110
Total	270	32	26	8	336

Figure 13 below gives a pictorial illustration of graduation trends in the School of Business and Economics:

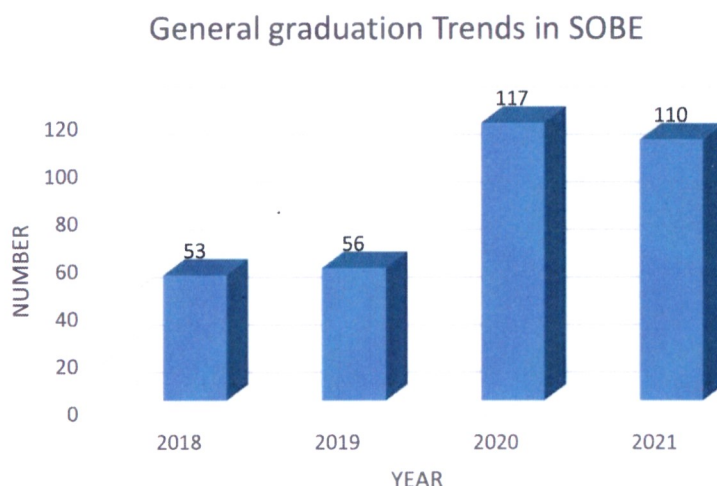


Fig. 13: Students Graduation Trends

School of Science

The school of science is among schools established after a significant growth in students and staff population at the School of Education, KAFUCO. It has an enrolment of 231 students, with its departments engaged in servicing sciences based courses for students in the School of Education and Social Sciences. The School of Science has been at the centre in driving the University's mission of teaching, research and innovation in the area of natural sciences. The School was remarkably involved in developing research solutions that impacted the society during the onset of COVID-19 pandemic, through production of sanitizers from locally available materials. This greatly aided the University College in mitigating the adverse effect of COVID-19 both within and among the immediate neighbouring communities.

Departments

The following departments constitute the School of Science:

- i) Biological and Agricultural Sciences
- ii) Mathematics and Statistics
- iii) Physical Sciences

Programs

The School of Science offers the following programs:

- i) Masters of Science in Microbiology
- ii) Masters of Science in Physics
- iii) Master of Science in Applied Mathematics
- iv) Masters of Science in Pure Mathematics

- v) Bachelor of Science in Agricultural, Economics and Resource Management
- vi) Bachelor of Science in Applied Statistics with IT
- vii) Bachelor of Science in Mathematics and Economics with IT
- viii) Bachelor of Science in Mathematics with IT

Enrolment

School of Science is among the fastest growing schools both in student numbers and in the number of programs launched. Table 11 below shows student enrolment trends since the establishment of the school in the 2016/2017 academic year.

Table 11: Student Enrolment

Year	GSSP	PSSP	TOTAL
2016/17	90	0	90
2017/18	149	1	150
2018/19	181	2	183
2019/20	205	8	213
2020/21	214	17	231
2021/22	131	46	177

The Figure 14 below depicts a pictorial enrolment trend for both GSSP and PSSP students in the school over the period 2016/2017 to 2021/2022 academic years.

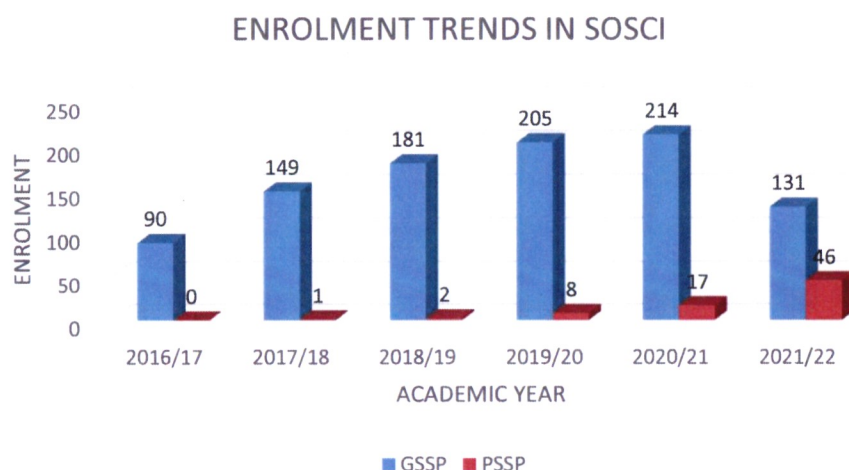


Fig. 14: Student Enrolment Trends

Graduation

The school graduated its first cohort at the end of the academic year 2019/2020. The graduation of this group of students was greatly affected by the COVID-19 pandemic which led to the closure of all education institution in Kenya.

Table 12 below highlights the pioneer students who were able to graduate in the school under the program, Agricultural Economics and Resources Management.

Table 12: Graduation Trend in School of Science

Year	Bachelors
2018	0
2019	0
2020	3
2021	67
Total	70

Figure 15 below on the other hand gives a pictorial illustration of the graduation trends in the school.

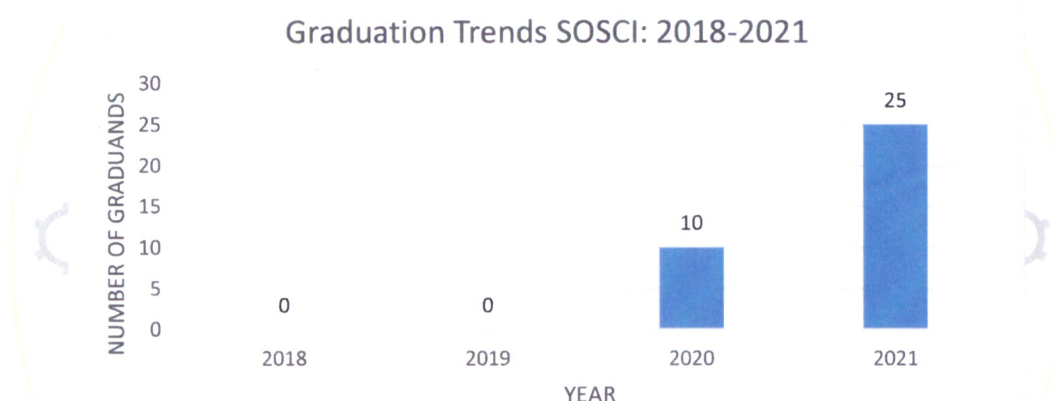


Figure 15: Graduation Trends in SOSCI

School of Computing and Informatics (SCIT)

The school of computing and informatics (SCIT) is among the latest to be established in KAFUCO. It previously existed as a Department in the School of Science. SCIT provides critical support in servicing courses with ICT components across the Schools.

Departments

The school has one running academic department: Department of Information Technology. However, the school also houses and is nurturing the Open and Distance e-Learning Centre whose mandate is to improve student access for virtual learning services and to help integrate Information Technology in all programs offered at KAFUCO.

Program

The following programs are currently offered at the School of Computing and Informatics:

- i) Master of Science in Information Technology
- ii) Bachelor of Science in Information Technology

- iii) Bachelor of Science in Computer Science
- iv) Diploma in Information Technology
- v) Certificate in Information Technology

Enrolment

Enrolment in the school over the years is captured in the table 13 below:

Table 13: Enrolment in the School

Program	GSSP	PSSP	TOTAL
Bachelor of Science (Information Technology)	114	3	117
Bachelor of Science in Computer Science	17	0	17
Certificate in Information Technology	0	9	9
Diploma in Information Technology	0	18	17
Master of Science in Information Technology	0	16	13
Total	131	46	177

Figure 16 below gives a pictorial show of the distribution of programs in the school

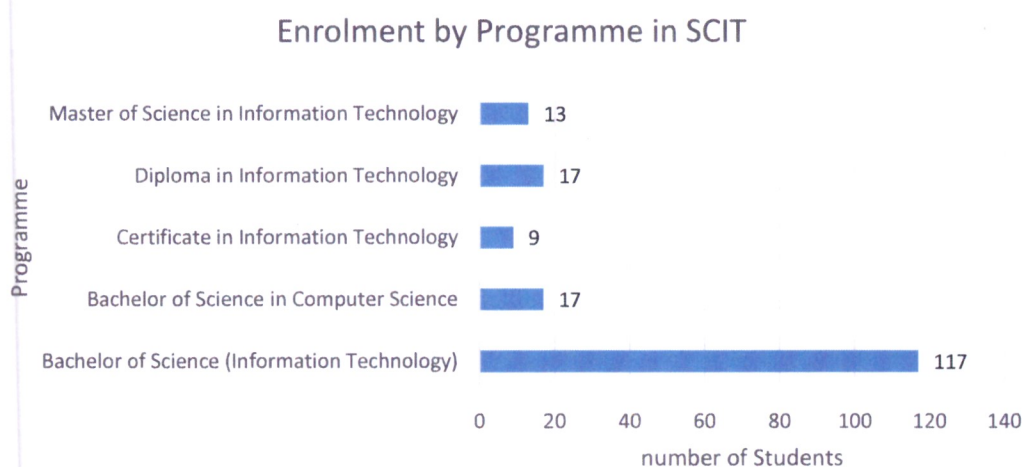


Figure16: Enrolment in SCIT by programme

Enrolment Trends

Table 14 below highlights enrolment trend in the School of Computing and Information Technology since 2016/2017 academic year.

Table 14: Enrolment Trend, School of Computing and Information

Year	GSSP	PSSP	TOTAL
2016/17	21	1	22
2017/18	44	3	47
2018/19	50	14	64
2019/20	59	33	92
2020/21	102	42	144
2021/22	131	46	177

The figure 17 below gives a pictorial representation of enrolment growth in the school for the highlighted period.

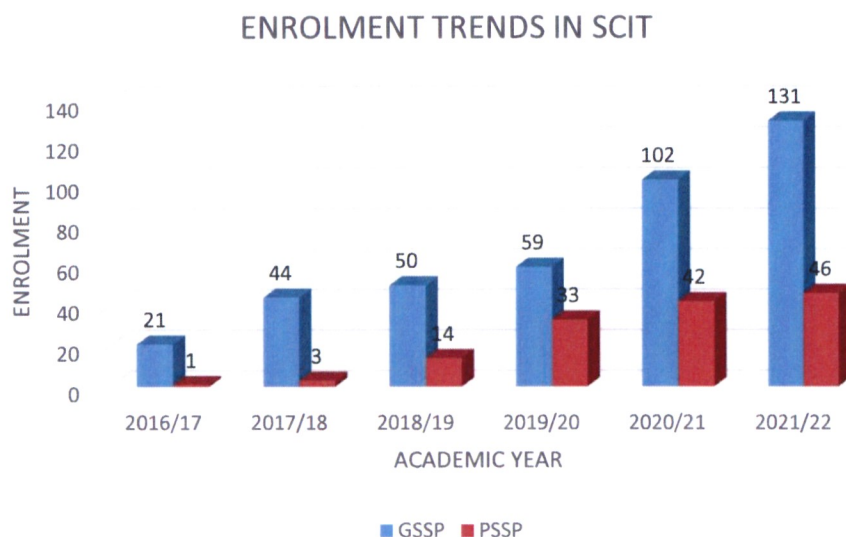


Fig. 17: Enrolment Growth Trends

Graduation

The school graduated five of its pioneer degree students which together with diploma and certificate graduates totalled ten in the academic year 2019/2020. The table 15 below highlights graduation rates in the school.

Table 15: Graduation Rates, School of Computing and Information

Year	Bachelors	Diploma	Certificate	Total
2018	0	0	0	0
2019	0	0	0	0
2020	5	2	3	10
2021	22	0	3	25
Total	27	2	6	35

Graduation Trends in SCIT: 2018-2021

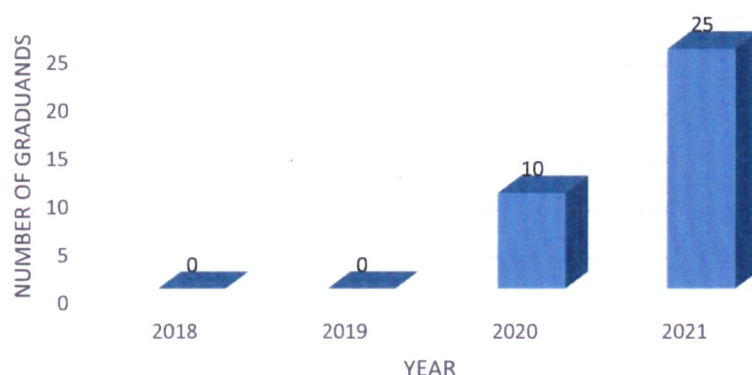


Fig. 18: Graduation Trends, School of Computing and Information Technology

Graduation trends according to Programme levels

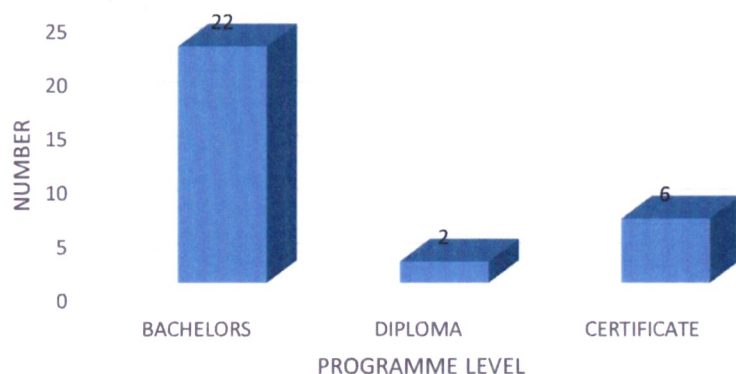


Figure 19: Graduation Trends in SCIT by level

Department of Nursing

The Bachelor of Science in Nursing Programme (currently hosted in the School of Science) has been established after inspection by the Nursing Council, and approval by Commission for University Education. All requisite equipment and laboratory facilities have been put in place. Staff expected to run the School have also been sourced. The programme currently has 46 students and expects to receive an additional 49 students in September 2022. Plans are underway to commence the Bachelor of Science in Midwifery Programme. All these initiatives will culminate in the establishment of a fully-fledged school that is, the School of Nursing, thus bringing the number of Schools at KAFUCO to five from the current four.

Directorate of Open and Distance e-Learning

The University College has established an Open and Distance e-Learning Centre whose mandate is to facilitate delivery of programs online, and promote integration of ICT in teaching. This will enable the University College adopt a blended (face-to-face and virtual) mode of content delivery. KAFUCO strives to be among the institutions in western region that can reach out to international students through virtual engagement.

Directorate of International Relations and Academic Linkages

The Directorate has continued to work towards realizing various collaborations with institutions both local and foreign. The University College has so far signed MOUs with 9 Institutions (6 local and 3 foreign). However, it is still negotiating with other institutions to collaborate with. So far, 12 MOUs are underway and awaiting finalization.



Overview of activities during the FY 2021/2022

CBC Book launch



March, 2022| KICD Director Prof Ochieng Ong'ondo holds up one of the books on CBC Curriculum authored by KAFUCO don Dr. Jane Imbunya during the launch of her two books on philosophical underpinning of the new curriculum.

Launching of Nursing Programme



Nursing Council of Kenya CEO Edna Tallam unveils the commemorative plaque during the launch of the BSc Nursing programme. The University is rooting for a School of Health Sciences to drive a niche in the area

The ultramodern library site



The University secured funds to commence construction of the library as well as a perimeter wall along its boundaries to enhance security

Football Match during Tamasha



From Left: DP (A&SA) Prof. Julius Kipkemboi, Principal Prof Ogodo M.J. Nandi and Vihiga Governor Dr Wilber Ottichilo in a group photo with the KAFUCO football team during TAMASHA in March. The Governor graced the students' cultural event.

Visit by PS State Department for University Education and Research



The Principal Prof. Ogodo M.J. Nandi (L) and Deputy Principal (A&SA) Prof. Julius Kipkemboi take PS State Department for University Education and Research Amb. Simon Nabukwesi on a tour of the key projects in November

Research Seminar



Prof. Collins Ouma of Maseno University) presents on "Application for Grants: Key aspects of a competitive proposal" during the KAFUCO Research Seminar Series hosted by the Directorate of Research, Innovation and Outreach in April. The seminar series are in efforts to strengthen research and research culture among academic staff and postgraduate students.

QMS Training



ACAL facilitator Martin Nyongesa during the training of QMS auditors in June. The University College is piloting its QMS in a quest for ISO 9001:2015 certification

Vihiga water Stakeholders Conference



The Principal Prof. Ogodo M.J. Nandi and Vihiga Governor Dr. Wilber Ottichilo at an exhibition stand during the Vihiga water Stakeholders Conference held at KAFUCO in March

Tamasha



One of the Female students showcasing her talents during the Tamasha Festival at Kaimosi University ground

Student Leaders Training



The University College conducted a successful election to elect a student government who are guiding fellow comrades in the current 2021/2022 Academic year. We are looking forward to have a peaceful period steered by the students' leaders shown below after a successful training sponsored by the University College at Tom Mboya Labour College, Kisumu from 25th February 2022 – 27th February, 2022.

FINANCIAL PERFORMANCE

The University College recorded an aggregate income of **KES 612.000 Million** as at end of the year, with the recurrent grant from the Exchequer of **KES 455.539 million**. Internally generated revenue stood at **KES 156.460 million** as at end of the year consisting of Rendering of services, sale of goods, rental revenues and other income. In General, the University College recorded a deficit of **KES 0.357 million** as compared with a surplus of **KES 7.907 million** during the previous year. The University College is committed to establishing Income generating activity projects that are aimed at smoothening the seasonal income trend and to expand its financial resource base and enhance income streams that projects to higher levels of appropriation in Aid (A-I-A).

INCOME

Particulars	2021/2022	2020/2021	2019/2020	2018/2019	2021/2022	2020/2021	2019/2020	2018/2019
	Ksh '000'				PERCENTAGES (%)			
Transfers from Ministries, Departments and Agencies (MDAs)	455,539	444,024	477,893	172,738	74	77	83	66
Levies, Fines and Penalties	50	81	69	3,902	0	0	0	1
Public Contributions and Donations	180	0	110	20	0	0	0	0
Rendering Of Services	133,891	117,572	89,929	77,109	22	20	16	29
Sale of Goods	10,062	7,151	3,178	5,440	2	1	1	2
Rental Revenue from Facilities and Equipment	9,290	6,605	5,048	4,411	2	1	1	2
Other Income	2,988	504	74	2	0	0	0	0
TOTAL	612,000	575,935	576,301	263,622	100	100	100	100

INCOME DISTRIBUTION

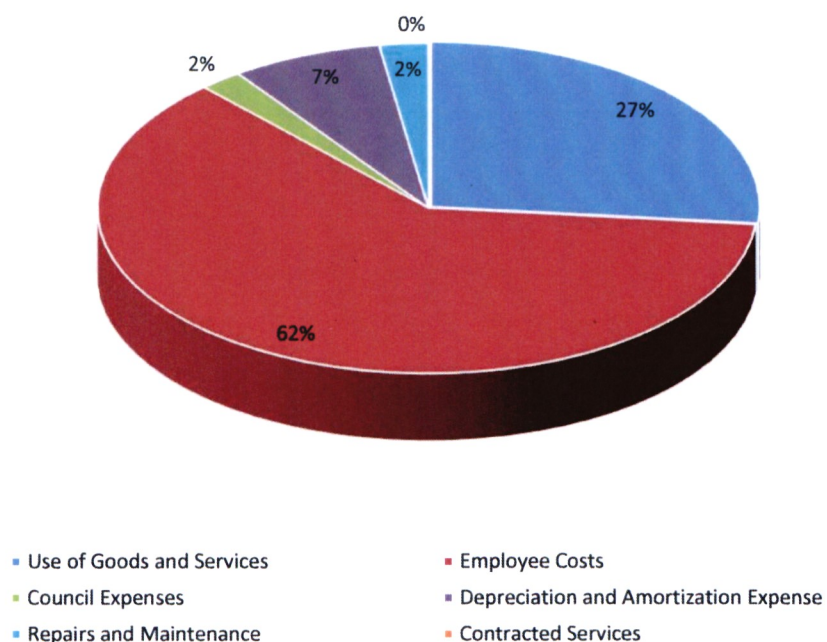


EXPENDITURE

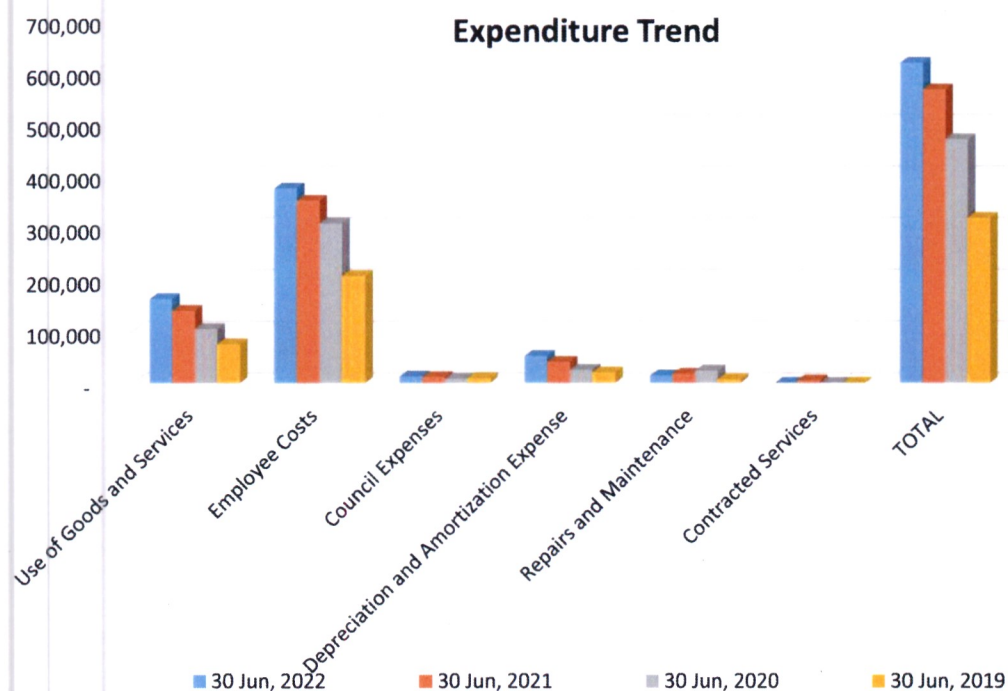
Personnel emoluments continued to comprise the largest part of the expenditure during the year at 62% of the total expenditure while all other expenses constituted the balance of 38%. The table below illustrates the expenditure trends for four year-period with the overall total expenditure rising steadily during the year under review.

Particulars	2021/2022	2020/2021	2019/2020	2018/2019	2021/2022	2020/2021	2019/2020	2018/2019
	KES '000'				PERCENTAGES (%)			
Use of Goods and Services	163,137	140,107	104,927	75,426	27	25	22	24
Employee Costs	376,506	352,771	308,946	206,886	62	62	65	65
Council Expenses	12,839	11,364	8,112	9,284	2	2	2	3
Depreciation and Amortization Expense	45,357	41,125	25,503	20,182	7	7	5	6
Repairs and Maintenance	14,467	17,682	24,304	7,152	2	3	5	2
Contracted Services	51	4,980	-	-	0	1	0	0
TOTAL	612,357	568,028	471,792	318,930	100	100	100	100

Expenditure Distribution



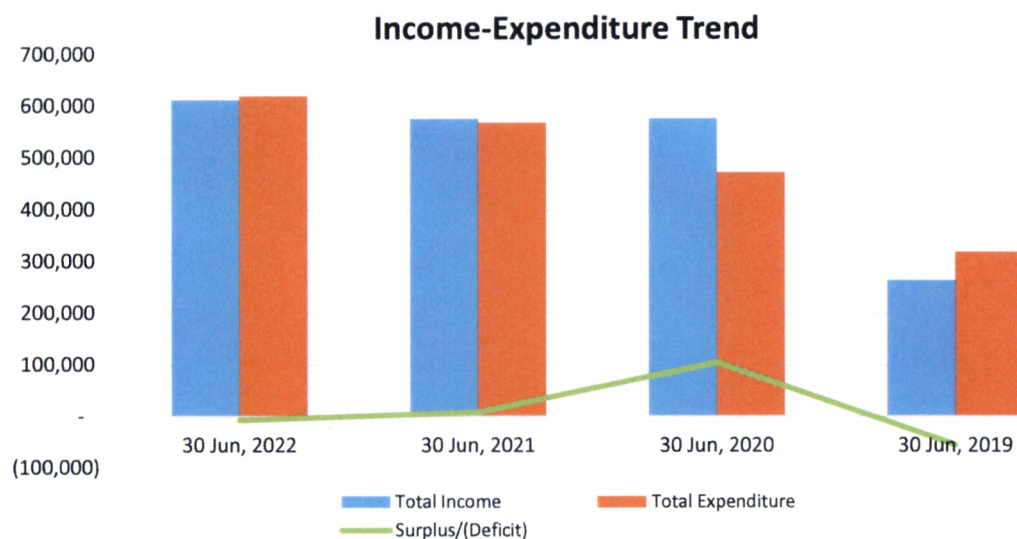
To ensure the achievement of academic excellence, the University College has focused most expenses on enhancing teaching and research in a progressive manner.



TOTAL INCOME VERSUS TOTAL EXPENDITURE

The relationship between income and expenditure is as tabulated below. There has been seasonal trend in the performance of the institution for a period of four years.

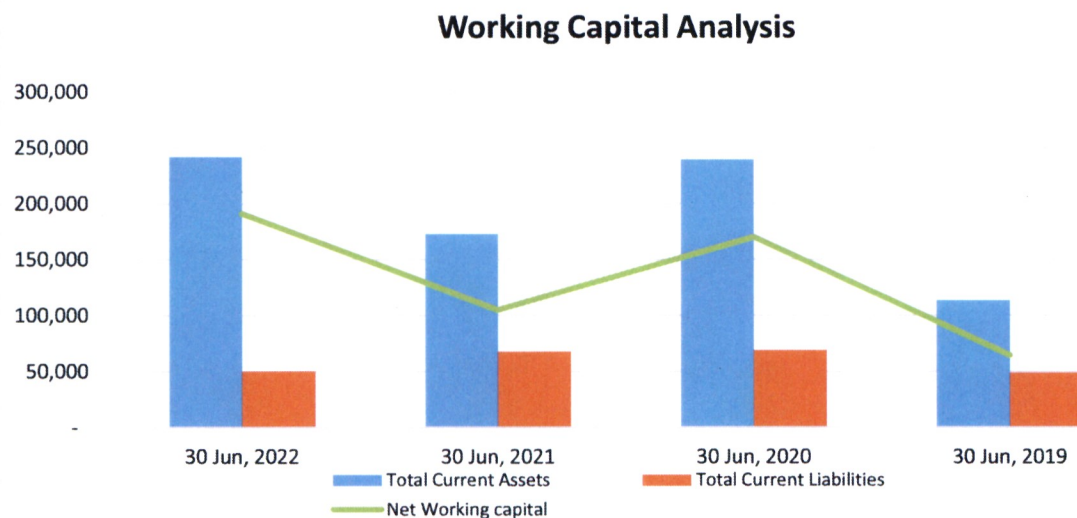
Income/Expenditure trend	2021/2022	2020/2021	2019/2020	2018/2019
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Total Income	612,000	575,935	576,301	263,622
Total Expenditure	612,357	568,028	471,792	318,930
Surplus/(Deficit)	(357)	7,907	104,509	(55,308)



WORKING CAPITAL

The University has had a healthy Working capital position with positive net current assets position as shown below:

Working capital review	2021/2022	2020/2021	2019/2020	2018/2019
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Total Current Assets	242,198	172,928	239,328	113,564
Total Current Liabilities	50,874	67,743	69,315	49,130
Net Working capital	191,324	105,185	170,013	64,434
Working Capital Ratio	4.76 : 1	2.55 : 1	3.45 : 1	1.3 : 1



Performance Margin

	JUNE 2022	JUNE 2021
	KES	KES
Surplus/(Deficit)	(357,164)	7,906,992
Total Recurrent Revenue	611,999,512	575,935,396
Performance Margin	-0.06%	1.37%

The University College posted a performance (deficit) margin of -0.06% in the FY 2021/2022 compared to 1.37% in the previous year. Although the margin declined from the previous year, this also indicates high level of budget absorption, as the University College is a service non-profit making entity.

Debt to Equity Ratio

	JUNE 2022	JUNE 2021
	KES	KES
Debt(Non-Current Liabilities)	49,244,789	46,304,542
Capital Fund & Reserves	1,211,447,788	1,037,510,128
Debt To Equity Ratio	0.04: 1	0.04 : 1

This ratio tells how much debt you have per Kshs 1 of equity. Once the debt to equity ratio is less than 1, then it is generally less risky than debt to equity ratio which is greater than 1. This ratio has a direct relationship with liquidity and insolvency risks. Therefore, the low ratio depicts low risks, which means the chances of running bankrupt are low or zero. Hence, the University College has a good debt to equity ratio.

ONGOING PROJECTS

Kaimosi Friends University College has undertaken commencement of Ultra-Modern Library project, whereas the Tuition block & Associated works project has been practically completed with few works expected to be cleared in short span.

The Tuition block is our Vision 2030 flagship project whose expected and revised completion date is 20th June 2022.

WORK IN PROGRESS

1. Tuition Block and Associated works: KES. 301,009,638. This is a vision 2030 flagship project. It is 100 % complete.



2. Proposed Construction of Ultra-Modern Library and Associated works: KES. 645,555,963. The project is ongoing at 12% completion.



COMPLIANCE WITH STATUTORY REQUIREMENTS

The University College complies with statutory requirements as follows:

1. PAYE

Income Tax Act, 1973, Laws of Kenya, places on employers an obligation to deduct and remit monthly income tax for all employees and be remitted to the pay master general on or before 9th day of the following month. The University College has complied with the deadline for remittance.

2. NSSF

The NSSF Act, 2013, Laws of Kenya, requires employers to deduct and remit NSSF deductions on a monthly basis and remit the same on or before 9th of the following month. The University College has been remitting the deductions to NSSF on time.

3. NHIF

NHIF Act, 1998, Laws of Kenya, requires the employer to deduct the NHIF dues and remit the same on or before the 9th of the following month. The University has complied with the NHIF Act.

4. HELB

HELB Act, 1995, Laws of Kenya, requires employers to deduct from the wages or remuneration of the loanee(s) the amount of any loan as instructed by the Board and submit within 15 days after the end of each month. The University College has effected the recovery of HELB loans as required and remitted the same within the stipulated fifteen days after the end of each month.

5. NITA

Industrial Training Levy Act CAP 237 requires employers to pay KES 50/= per employee, including temporary, casual and apprentices per month. The University College has effected the payments for NITA as required and remitted the same within the stipulated timelines which is the last working day of the month.

The University College is cognizant of the fact that compliance is a continuous process. To this effect it has put measures in place to ensure the institution maintains the required threshold of compliance in adherence to the best corporate Governance principles.

MAJOR RISKS FACING THE ENTITY

The University College's principal financial assets are, trade receivables and cash and short term deposits which arise directly from its operations. The institution has financial liabilities comprising trade and other payables.

KAFUCO is exposed to the following risks:

- i) Market risks
- ii) Liquidity risk

iii) Credit risks

The University College Council has overarching responsibility for the establishment and oversight of the University College's risk management framework.

The institution's risk management policies have been established to identify and analyze the risks encountered by the University College, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in economic conditions and the University College's activities.

i) Market risk: -Low Student Enrolment

The University College is more likely to experience low student enrolment due to competition which may result in the reduction of revenue.

ii) Liquidity risk: -Low Funding

Liquidity risk is the risk that the KAFUCO will not be able to meet its financial obligations as and when they fall due. The University College's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University College's reputation. Typically, the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All capital investments are funded by the Government. However, Low funding levels by the government may result to liquidity issues and slow development in infrastructure which can lead to congestion & inadequate facilities.

iii) Credit risk

Credit risk is the risk of financial loss to the University College if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. KAFUCO receives fees from students which minimizes the credit risk exposure.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kaimosi Friends University College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Kaimosi Friends University College is committed to embedding the principles of sustainable living and development across the whole scope of the activities. Sustainability has been defined as meeting the needs of the present without compromising the ability of the future generations to meet their own needs.

KAFUCO aims to:

- Adopt as far as possible, recognized good practice across all of its operations.
- Comply with all applicable legal requirements.
- Provide all students with opportunities to develop their awareness of sustainability related curriculum, tutoring and enrichment activities.
- Promote the conservation of material resources to reduce environmental impact.
- To include sustainability and environment impact as criteria when assessing potential contractors.
- Make choices to reduce energy consumption, improve energy efficiency where possible and to endeavour to use renewable energy supplies

ii) Environmental performance

The Strategic Plan envisions the creation of an Environmental Policy to monitor the environmental impact of business operations. In the Plan, environmental sustainability will be attained through the implementation of green strategies to reduce the carbon emissions and waste, conserve energy and water, and promote the use of clean and renewable sources.

Environmental and sustainability issues will be included in the curricula and research agenda to promote awareness of these pertinent issues. Currently, the University College channels efforts towards having a clean, conducive environment with good infrastructure.

Also, the policy provides a framework for: reducing negative environmental impacts such as energy or water consumption, waste production or impacts on natural systems. The University College has taken lead in proposition and advocacy of a sustainable and environmentally friendly society. The University College is therefore increasingly proactive on green issues taking advantage of its ideal location within

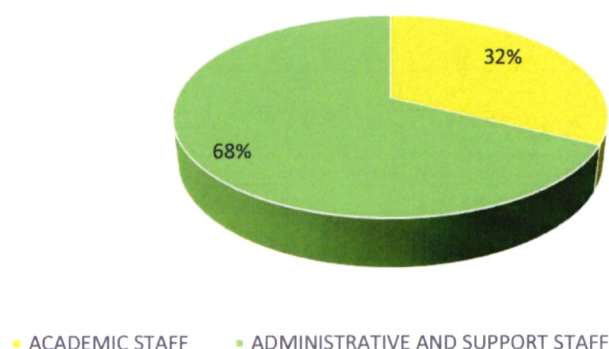
the Tropical Kakamega Rain Forest. Re-afforestation and protection efforts by the University College have preserved its biodiversity in the wake of increased potential threats of encroachment.

The University College further intends to improve energy conservation efforts by purchasing more energy-saving jikos. Further, it engages the environment within regulations and rules of the National Environmental Management Authority in ways such as to planting trees, conservation of soil through the reduction of soil erosion and keep the environment clean. One of the challenges faced is limited funding to undertake the environmental sustainability projects.

iii) Employee welfare

Kaimosi Friends University College staff population was two hundred and four (204) as at 30th June 2022. This consisted of sixty-six (66) academic staff while administrative and support staff were one hundred and thirty-eight (138) as shown in the distribution table below:

STAFF DISTRIBUTION



The guiding principles on hiring take into account gender ratio in line with the third gender rule of the Constitution of Kenya 2010, stakeholder engagement, and embrace an open and competitive approach to recruitment based on merit. Employment transcends religious affiliations to reflect the face of Kenya. The University College consistently implements its Human Resource Policy and Procedures Manual in the management of employee welfare. During the year under review, the University College converted ninety-three (93) administrative and support staff to permanent and pensionable terms.

The University College recognizes training and development as a key determinant in the quality of services rendered by the employees. Staff training and development contributes significantly to the realization of staff potential and enhancement of their professional development and work environment.

The University College is committed to promote employee well-being at the workplace. In this regard, the University College's Occupational Health, Safety and Work Environment (OSHA) policy outlines

guidelines and standards for the prevention and protection of University College staff against accidents and occupational hazards arising at the workplace. Further, the University College has three unions: academic staff (UASU), administrative staff (KUSU) and for ancillary staff (KUDHEIHA) whose roles are to look after the interests of their members.

iv) Market place practices-

a) Responsible Competition Practice

Kaimosi Friends University College is bound and abides by provisions of the Constitution of Kenya 2010, Public Procurement Act 2015, the Competition (Amendment) Act 2019 as well as the Internal Procurement Policy and Anti-corruption policy.

Every time a new good or service is being procured, the University College appoints tender evaluation and acceptance committees, which carry out the technical and financial evaluation of tenders or proposals thus enhancing fair competition. Further, a committee of the Ethics and Anti-Corruption Commission guards against vested individual interests.

b) Responsible Supply chain and supplier relations

Kaimosi Friends University College encourages responsible supply chain and supplier relations by conducting sensitization workshops to Youth, Women and Persons with Disability groups on government procurement procedures and the requirements for accessing government procurement opportunities. In addition, the University College has set a target of 30% in its Procurement Policy for the supply goods and services by the special groups.

c) Responsible marketing and advertisement

The University College continually markets its services to prospective clients through general and targeted advertising and publicity.

Mass media marketing are bound by provisions of the Marketing Society of Kenya and the Government Advertising Agency: Rules and Guidelines, as well as the Communication Authority of Kenya.

Internally, marketing activities are guided by provisions of the Communication and Public Relations Policy.

d) Product stewardship

The University College is bound by a strong code of practice and endeavours to maintain a good working relationship with its business partners. The University College commits to honouring

contracts and agreed terms of payment. Payments to suppliers are always made within the credit period and there are no pending bills as at end of the period under review.

Moreover, the University College has a service charter in both Kiswahili and English which guides its clients on the services and requirements for the services being sought. The service delivery charters are displayed as strategic points for ease of reference by its clients.

Lastly, the University College has put in place policies in its programmes that guide on the safety of its consumers, suppliers and other stakeholders with an objective of enhancing visibility of the University College and its programmes as well as positioning KAFUCO as a University of choice.

e) Corporate Social Responsibility / Community Engagements

Kaimosi Friends University College is a public-spirited institution that aspires to make positive contribution to the community. This is achieved through cognizance of the importance of stakeholder participation and partnerships in the attainment of the strategic objectives.

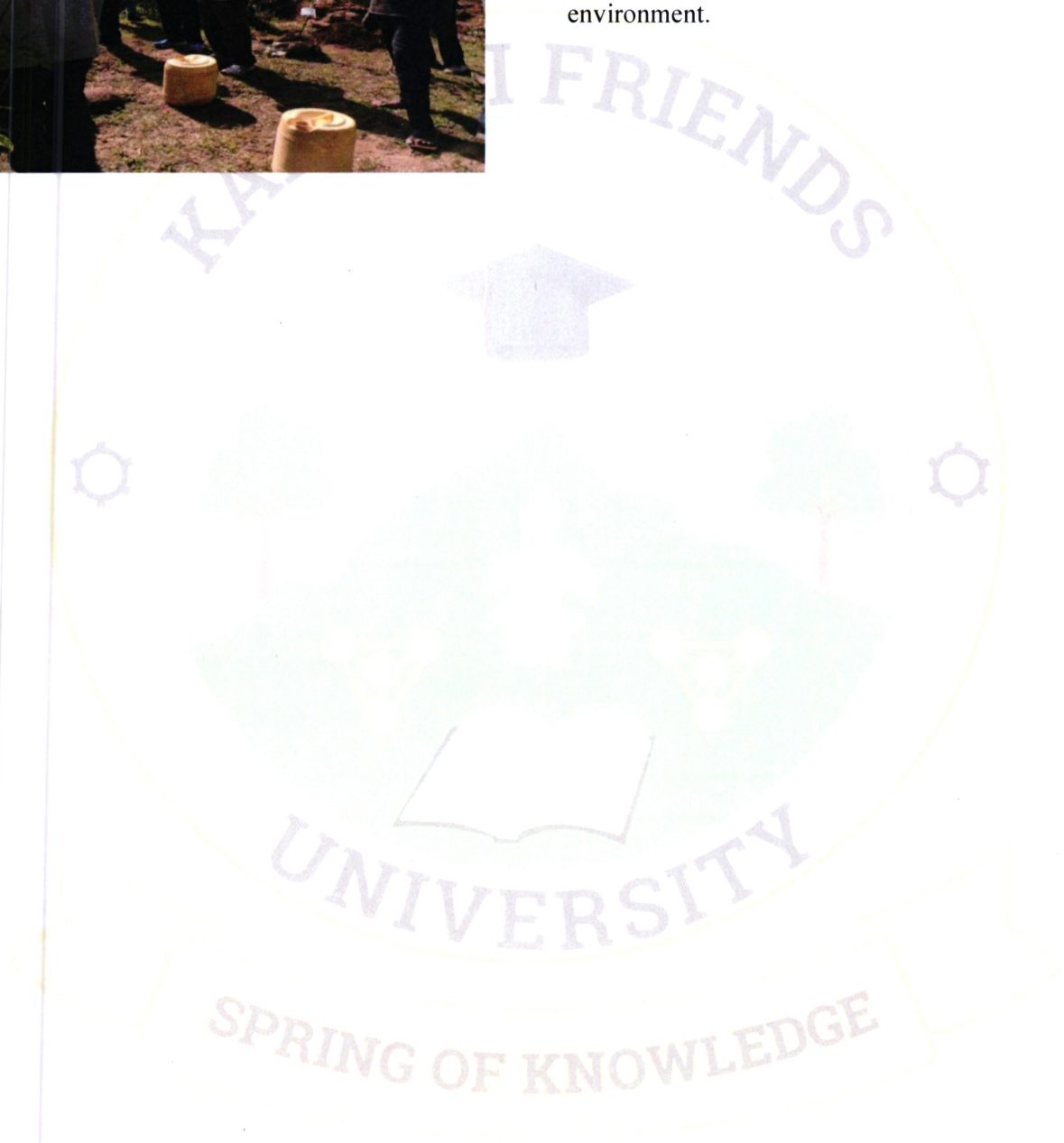
In this regard, we have built a strong commitment around our core mandate to contribute to the socio-economic wellbeing of the extensive KAFUCO community.

Our CSR strategy is anchored on the following strategic objectives:

- i. Developing, in partnership with local leadership, programmes that address social justice and Security issues
- ii. Organizing training for stakeholders and communities to improve their livelihood.
- iii. Partnering with stakeholders to hold free medical camps to address the community's health issues.
- iv. Offering other outreach programmes aimed at giving back to society to foster good relationships between the University College and the community
- v. Intensifying National Cohesion and integration campaigns to improve peaceful coexistence between KAFUCO and the community.
- vi. Promoting Gender and Disability Mainstreaming activities to ensure inclusivity.



During the Financial Year under review, the University College took part in a tree planting exercise at the Maragoli Hills. The exercise enabled improvement of tree cover of the hills thus conserving the environment.



10. REPORT OF THE DIRECTORS

The University College Council submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the KAFUCO's affairs.

i) Principal activities

The principal activity of KAFUCO is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

ii) Results

The results of the University College for the year ended June 30, 2022, are set out on page 1 to 5

iii) Directors

The members of the Board of Directors who served during the year are shown on page x to xiii. During the year no director retired/ resigned and none was appointed.

iv) Surplus remission

The University College did not remit any funds to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of KAFUCO in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of KAFUCO for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Council

Prof. O.M.J. Nandi

Signature:

Date: 26/09/2022

Principal/Secretary to the Council

11. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act cap 446 require that the Council to prepare financial statements in respect of the University College, which give a true and fair view of the state of affairs of the University College at the end of the financial year and the operating results of the university college for the year ended June 30, 2022. The Council is also required to ensure that the University College keeps proper accounting records which disclose with reasonable accuracy the financial position of the University College. The Council is also responsible for safeguarding the assets of the University College.

The University Council is responsible for the preparation and presentation of KAFUCO's financial statements, which reflect a true and fair view of the state of affairs of KAFUCO for and as at the end of the financial year ended on June 30, 2022. 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 KAFUCO; (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 KAFUCO; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for KAFUCO's 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 (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act Cap 446. The Council members are of the opinion that KAFUCO's financial statements reflect a true and fair view of the state of KAFUCO's transactions during the financial year ended June 30, 2022, and of KAFUCO's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for KAFUCO's, which have been relied upon in the preparation of the KAFUCO's financial statements as well as the adequacy of the systems of internal financial control.

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

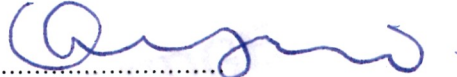
Approval of the financial statements

The KAFUCO's financial statements were approved by the Council on 26/09 2022 and signed on its behalf by:



Dr. Josephine D. Waudu, Phd.

Presiding Chairperson of Council, KAFUCO



Prof. O.M.J. Nandi

Principal, KAFUCO

REPUBLIC OF KENYA

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Enhancing Accountability

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Anniversary Towers
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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON FRIENDS UNIVERSITY COLLEGE KAIMOSI FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Friends University College Kaimosi set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have

obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Friends University College Kaimosi as at 30 June, 2022, 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 Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Unsupported Depreciation and Amortization Expenses

The statement of financial performance reflects an amount of Kshs.45,357,000 under depreciation and amortization, which as disclosed in Note 16 to the financial statements relates to depreciation and amortization charged on the property, plant and equipment of the College. However, records presented for audit revealed depreciation and amortization charges amounting to Kshs.52,730,660, resulting to a variance of Kshs.7,373,660, which Management attribute to change in the rate of depreciation. However, no disclosure Note has been made in these financial statements. In addition, no explanation was provided for the change in the depreciation and amortization rates.

In the circumstances, the accuracy of the depreciation and amortization charges of Kshs.45,357,000 could not be confirmed.

1.2 Current and Non-Current Provision

The statement of financial position reflects an amount of Kshs.9,330,000 and Kshs.17,808,000 under current and non-current provisions, which as disclosed in Note 29 and 32 to the financial statements respectively relates to unpaid but existing liabilities, and some provisions. It is therefore not clear, and Management has not disclosed why certain incurred services should be recorded as provisions. It is also not clear, and Management has not explained, how provision for audit fees can be a non-current provision.

In the circumstances, the accuracy and completeness of the indicated balance on current and non-current provisions of Kshs.9,330,000 and Kshs.17,808,000 respectively, could not be confirmed.

1.3 Unsupported Movement on Revenue Reserves

The statement of financial position reflects an amount of Kshs.64,947,000 under revenue reserves, however, this amount includes an adjustment of Kshs.10,649,000 made to the revenue reserves as disclosed in the statement of changes in net assets. The adjustments to the revenue reserves related to ordinary transactions of the university like, deferring of school fees, provision for part time lecturers pay, revision of rate of depreciation and provision for gratuity. However, Management did not explain the reasons for adjusting normal transactional activities directly to revenue reserves.

In the circumstances, the accuracy of the reported revenue reserves of Kshs.64,947,000 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance to Fiscal Responsibility Principles

The statement of financial performance reflects expenditure on compensation of employees of Kshs.376,541,887 and as disclosed in Note 14 to the financial statements is approximately 61% of the total revenue of Kshs.612,000,000 which is in excess of the set limit of 35% as per Regulation 26(1) of the Public Finance Management (National Government) Regulations, 2015.

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

2. Non-Compliance with Law on Ethnic Composition

Review of the staff establishment and documents provided revealed that the University had two hundred and nine (209) staff out of which one hundred and forty-one (141) or 64% are from one dominant community within the County. This is contrary to the provisions of Section 7(1) and (2) the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Payment of Avoidable Penalties

The statement of financial performance reflects employee cost of Kshs.376,506,137 which as disclosed in Note 14 to the financial statements, includes employer NSSF of Kshs.976,720. However, it was noted that the University incurred penalties amounting to Kshs.103,720 due to late remittance of NSSF deductions.

This was contrary to Regulation 43 (d) of the Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall manage, control and ensure that policies are carried out efficiently and wastage of public funds is eliminated.

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

4. Contingent Liability on Termination of a Contract

Note 24 on property, plant and equipment reflects Kshs.390,130,927 as total amount capitalized under buildings. Included, in this balance is Kshs.70,639,793 paid to a contractor. Review of the contract documents and other correspondences provided for audit revealed that, there was misunderstanding on project execution between the contractor and the University Management. As a result, the University Management terminated the contract in October, 2019 when the contract execution was at 18% of the total contract sum of Kshs.390,130,927 and later awarded the contract to a different contractor.

However, vide a letter dated 8/2/2022, the contractor whose contract was terminated for purportedly failing to meet the contractual obligations went for arbitration demanding compensation amounting to over Kshs.293,316,096 citing wrongful termination. The matter is yet to be concluded.

In the circumstances, the University risk losing substantial amount of money if the arbitrator rules in favour of the contractor whose contract was terminated.

5. Failure to Hand Over Completed Projects in Time

Note 24 on property, plant and equipment reflect Kshs.390,130,927 as total amount capitalised during the year under review. Included in this amount are projects for extension of library, renovation of buildings/removal of asbestos, construction of ablution block and renovation Governor's hall all costing Kshs.30,483,524 which were completed between 2017 and 2018 and were expected to be capitalised and subjected to depreciation charge but this was not done then.

Failure to subject completed buildings to depreciation is in contravention of Paragraph 71 of the International Public Sector Accounting Standards 17, which provides that depreciation of an asset begins when it is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

In the circumstances, Management did not adhere to the accounting standards.

6. Inadequate Funding for Construction of a Library Block at Kaimosi Friends University

A contract for construction of a library block at Kaimosi Friends University was awarded to a company at a contract sum of Kshs.454,697,725. The construction work commenced on 5/1/2022 and was expected to be completed on 5/1/2024, a period of two years. The University Management was therefore expected to put in place measures to secure adequate funding for this project.

However, examination of the documents and physical verification revealed the following:

- (a) During this audit in February, 2023, one year had elapsed from the time of commencement of the project and only 14% of the work had been completed as per the certificate No.3 prepared in December 2022. Although, the University Management pegged the completion percentage at 21% in February 2023, the work progress was extremely slow and it may not be completed in the next 11 months as envisaged in the contract.
- (b) During the year under review, the University budgeted for a total of Kshs.188,946,000 only for development projects while the University Management had earlier negotiated a contract of over Kshs.454 million for the construction of the library alone. This implies that the budget provision was not consistent with the real development requirements of the University.

In the circumstances, the low development expenditure budget and slow work progress may subsequently result into cost overruns and value for money will not be achieved.

7. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.24,011,131 in respect of receivables from exchange transactions which as disclosed in Note 20 to the financial statements includes a balance of Kshs.17,672,374 comprising of student debtors and sundry debtors-insurance of Kshs.17,100,633.00 and Kshs.571,741.50 respectively which had been outstanding for a period of over one year. Further, some of the debt relates to student who cleared their courses long ago.

This was contrary to paragraph 5.2(i) and 5.2.2 of the University Finance Policy which provides that all students must clear their outstanding accounts by the fourth week of the semester and other debtors being allowed a thirty (30) days moratorium period before payment of any outstanding amount due on contractual obligations. A 10% provision has been noted in these financial statements which appears inadequate.

In the circumstances, the recoverability of receivables from exchange transactions of Kshs.17,672,374 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether

effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the University Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements

are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 June, 2023

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Revenue From Non Exchange Trans			
Transfers from Ministries, Departments and Agencies (MDAs)	6	455,539	444,024
Levies, Fines and Penalties	7	50	81
Public Contributions and Donations	8	180	-
Total Revenue from Non-Exchange Trans		455,769	444,105
Revenue From Exchange Trans			
Rendering Of Services	9	133,891	117,572
Sale of Goods	10	10,062	7,151
Rental Revenue from Facilities and Equipment	11	9,290	6,605
Other Income	12	2,988	504
Total Revenue from Exchange Trans		156,231	131,831
TOTAL REVENUES		612,000	575,935
EXPENSES			
Use of Goods and Services	13	163,137	140,107
Employee Costs	14	376,506	352,771
Council Expenses	15	12,839	11,364
Depreciation and Amortization Expense	16	45,357	41,125
Repairs and Maintenance	17	14,467	17,682
Contracted Services	18	51	4,980
TOTAL EXPENSES		612,357	568,028
Surplus/(Deficit) for the Period		(357)	7,907

The notes set out on pages 20 to 33 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Principal
Prof. O.M.J. Nandi

Head of Finance
CPA Irine Lumatete
ICPAK Member Number: 16901

Presiding Chairperson of Council
Dr. Josephine D. Waudu

Signature:

Date: 26/09/2022

Signature:

Date: 26/09/2022

Signature:

Date: 26/09/2022

Kaimosi Friends University College
Annual Report and Financial Statements
For the year ended June 30, 2022

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTES	2021-2022	2020-2021
ASSETS		Kshs '000'	Kshs '000'
Current Assets			
Cash And Cash Equivalents	19	156,245	103,928
Receivables from Exchange Trans	20	24,011	48,761
Receivables from Non-exchange Trans	21	50,002	5,630
Inventories	22	11,878	14,438
Prepayments	23	61	171
Total Current Assets		242,197	172,928
Non-current Assets			
Property, Plant & Equipment	24	1,060,466	963,951
Intangible Assets	25	7,243	12,872
Biological Assets	26	1,660	1,806
Total Non-current Assets		1,069,369	978,630
TOTAL ASSETS		1,311,566	1,151,558
Liabilities			
Current Liabilities			
Trade and Other Payables	27	(1)	(1)
Refundable Deposits and Prepayments from Customers	28	35,984	15,451
Current Provisions	29	9,330	37,680
Deferred Income	30	781	10,270
Special Accounts & Grants	31	4,780	4,343
Total Current Liabilities		50,874	67,743
Non-Current Liabilities			
Non-Current Provision	32	17,808	12,515
Capital Retentions	33	31,437	33,789
Total Non-Current Liabilities		49,245	46,305
Total Liabilities		100,119	114,048
Net Assets			
Revenue Reserves		64,947	75,954
Capital Fund	35	770,504	585,504
Revaluation Reserve	36	375,996	376,052
Total Net Assets		1,211,447	1,037,510
TOTAL NET ASSETS & LIABILITIES		1,311,566	1,151,558

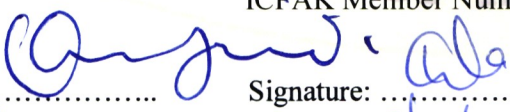
The notes set out on pages 20 to 33 form an integral part of these Financial Statements.

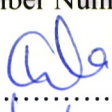
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Principal
 Prof. O.M.J. Nandi

Head of Finance
 CPA Irine Lumatete
 ICPAK Member Number:16901

Presiding Chairperson of Council
 Dr. Josephine D. Waudo

Signature: 
 Date: 26/09/2022

Signature: 
 Date: 26/09/2022

Signature: 
 Date: 26/09/2022

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	CAPITAL FUND	REVENUE RESERVE	REVALUATION RESERVE	TOTAL
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
At July 1, 2020	533,974	74,371	-	608,345
Adjustment	-	(6,324)	375,681	369,357
	533,974	68,047	375,681	977,702
Capital Grant	51,530	-	-	51,530
Fair Value adjustment on Biological Assets	-	-	371	371
Surplus for the year	-	7,907	-	7,907
				-
At June 30, 2021	585,504	75,954	376,052	1,037,510
				-
At July 1, 2021	585,504	75,954	376,052	1,037,510
Adjustment		(10,649)		(10,649)
	585,504	65,305	376,052	1,026,861
Capital Grant	185,000	-	-	185,000
Fair Value adjustment on Biological Assets	-	-	(56)	(56)
Surplus for the year	-	(357)		(357)
				-
At June 30, 2022	770,504	64,948	375,996	1,211,448

The notes set out on pages 20 to 33 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Principal
Prof. O.M.J. Nandi

Head of Finance
CPA Irine Lumatete
ICPAK Member Number: 16901

Presiding Chairperson of Council
Dr. Josephine D. Waudo

Signature:

Date: 26/09/2022

Signature:

Date: 26/09/2022

Signature:

Date: 26/09/2022

SPRING OF KNOWLEDGE

Kaimosi Friends University College
Annual Report and Financial Statements
For the year ended June 30, 2022

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2021-2022 Kshs '000'	2020-2021 Kshs '000'
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Transfers from Ministries, Departments and Agencies (MDAs)	6	455,539	444,024
Levies, Fines and Penalties	7	50	81
Public Contributions and Donations	8	180	-
Rendering of Services	9	133,891	117,572
Sale of Goods	10	10,062	7,151
Rental Revenue from Facilities and Equipment	11	9,290	6,605
Other Incomes	12	2,988	504
Payments:			
Use of Goods and Services	13	(163,137)	(140,107)
Employee Costs	14	(376,506)	(352,771)
Remuneration of Council Members	15	(12,839)	(11,364)
Repairs and Maintenance	17	(14,467)	(17,682)
Contracted Services	18	(51)	(4,980)
		45,000	49,032
(Increase)/Decrease in receivables from exchange transactions	20	24,750	(18,116)
(Increase)/Decrease in receivables from non-exchange transactions	21	(44,371)	31,572
(Increase)/Decrease in inventory	22	2,560	5,725
(Increase)/Decrease in Prepayments	23	110	(171)
Increase/(Decrease) in Trade and other payables	27&31	437	(1,320)
Increase/(Decrease) in Capital(Retentions) payables	33	(2,353)	2,905
Increase/(Decrease) in Provisions	29&32	(23,057)	(3,538)
Increase/(Decrease) in Deferred Income	30	(9,489)	10,270
Increase/(Decrease) in Revenue Reserve Adjustments	34	(10,649)	
Total		(62,062)	27,328
NET CASHFLOW FROM/(USED IN) OPERATING ACTIVITIES		(17,062)	76,360
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	24	(136,242)	(176,622)
Disposal of Biological Assets	26	90	
NET CASHFLOW FROM INVESTING ACTIVITIES		(136,152)	(176,622)
CASHFLOW FROM FINANCING ACTIVITIES			
Increase in Capital Funds/Equity (Capital Grants)	35	185,000	51,530
Refundable Deposits from Customers	28	20,532	1,342
NET CASHFLOW FROM FINANCING ACTIVITIES		205,532	52,872
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		52,318	(47,389)
Add Cash & Cash Equivalents At Start of the period		103,928	151,317
Cash & Cash Equivalents at End of the period		156,246	103,928

The notes set out on pages 20 to 33 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Principal	Head of Finance	Presiding Chairperson of Council
Prof. O.M.J. Nandi	CPA Irine Lumatete	Dr. Josephine D. Waudo
	ICPAK Member Number:16901	

Signature:

Date: 26/09/2022

Signature:

Date: 26/09/2022

Signature:

Date: 26/09/2022

Kaimosi Friends University College
Annual Report and Financial Statements
For the year ended June 30, 2022

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2022

Particulars	ORIGINAL ANNUAL	ADJUSTMENTS	FINAL ANNUAL	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	PERFORMANCE DIFFERENCE (%)	EXPLANATION OF MATERIAL VARIANCES
RECURRENT BUDGET	KES '000'	KES '000'	KES '000'	KES '000'	KES '000'	%	
	a	b	c=(a+b)	d	e=(c-d)	f=e/c	
INCOMES							
Revenues from other Government Entities	454,492	1,047	455,539	455,539	-	0	a
Levies, Fines, and Penalties	-	50	50	50	-	0	b
Public Contributions and Donations	-	180	180	180	-	0	c
Rendering Of Services	99,151	19,691	118,842	133,892	15,049	13	d
Sale of Goods	7,000	22	7,022	10,062	3,041	43	e
Rental Revenue from Facilities & Equipment	3,605	3,187	6,793	9,290	2,497	37	f
Other Income	-	10	10	2,988	2,978	29777	g
TOTAL INCOMES	564,249	24,186	588,435	612,000	23,564	4	
EXPENDITURE							
Use of Goods and Services	143,793	23,004	166,798	163,137	3,660	2	h
Employees Costs	380,030	(1,728)	378,302	376,506	1,796	0	i
Remuneration of Council Members	12,500	800	13,300	12,839	461	3	j
Repairs and Maintenance	9,900	4,693	14,593	14,467	126	1	k
Contracted Services	100	(49)	51	51	0	0	l
Non-Current Assets	17,925	(6,480)	11,445	9,037	2,408	21	m
Re-Alignment	-	3,946	3,946	-	3,946		n
TOTAL EXPENDITURE	564,249	24,186	588,435	576,037	12,398	2	
RECURRENT SURPLUS/(DEFICIT)	-		-	35,963	35,963		
CAPITAL DEVELOPMENT BUDGET	137,780	51,166	188,946	127,123	61,823	33	

The notes set out on pages 20 to 33 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Principal
Prof. O.M.J. Nandi

Head of Finance
CPA Irine Lumatete
ICPAK Member Number: 16901

Presiding Chairperson of Council
Dr. Josephine D. Waudo

Signature:

Date: 26/09/2022

Signature:

Date: 26/09/2022

Signature:

Date: 26/09/2022

Budget notes

1. Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

Rendering of Services(d)

The University College received an increased number of 1st year students leading to an overall increase in number of students who reported during the financial year. Due to this, higher income was realised.

Sale of goods (e)

With enhanced IGU activities in the farm and ready internal market, the IGU recorded a higher income.

Rental revenue from facilities and equipment (f)

Accommodation was mandatory to all first-year students so as to ensure their security. This led to increased revenues received from rental facilities.

Other Income (g)

This was occasioned by a decrease in provision for doubtful debts.

Non-Current Assets (m)

Part of the items initially budget for under purchase of non-current assets were classified under use of goods and services.

Re-alignment to capital(n)

The realignment of budget from recurrent to capital was done during the revision to ensure renovation of existing buildings.

2. An explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Revenue

- An adjustment of Transfers from MDAs as a result of additional capitation received under Supplementary budget.
- The adjustment on Levies, fines & penalties, Public contributions & donations, sales of goods, Rental revenue from facilities and other income was pegged on post mid-year performance review.
- An adjustment of rendering of services was done after actual students reported and a higher number was realized, which informed the upward adjustment.

Expenditure

- The changes between original and final budget was based on mid-year actual performance review.
- Employee costs budget adjustment was based on some staff exits/resignations and retirement, which led to movement of employee costs to other operational costs.
- The realignment of budget from recurrent to capital was done during the revision to ensure renovation of existing buildings

3. Purchase of Non-Current assets was moved to Property, Plant and Equipment hence is not part of the Statement of Financial Performance. It was capitalized and therefore forms part of the Statement of Financial Position. The table below shows reconciliation between the Statement of Budget comparison with actual amounts and Statement of Financial Performance surplus.

RECONCILIATION BETWEEN RECURRENT BUDGET COMPARISON AND STATEMENT OF FINANCIAL PERFORMANCE SURPLUS		
	Surplus As Per Statement of Comparison of Budget and Actual	35,963
Add:	Purchase of Non-Current Assets	9,037
Less:	Depreciation Charge for the year	(45,357)
	Surplus/(Deficit) as per Statement of Financial Performance	(357)

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kaimosi Friends University College (KAFUCO) is established by and derives its authority and accountability from University Act 2012. KAFUCO is wholly owned by the Government of Kenya and is domiciled in Kenya. KAFUCO's principal activity is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the KAFUCO's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Standard	Effective date and impact:
IPSAS resulting from IPSAS 41, Financial Instruments	components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<i>Applicable 1st January 2023</i> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

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

KAFUCO did not apply any amendments in the year ended 30th June 2022.

iii. Early adoption of standards

The University College did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The University College recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University College and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The University College recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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 University College.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

ii) Revenue from exchange transactions

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly in June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University College upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University College recorded additional appropriations of Kshs 74,186,270 on the 2021-2022 budget following the governing body's approval.

The University College's 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.

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 7 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University College 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

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation and Amortisation are calculated on the straight-line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

Assets	Annual Rate
Buildings	2.5%
Plant & machinery	20%
Computer	25%
Motor vehicles	20%
Furniture, Fitting & equipment	12.5%
Intangible Assets	20%
Books & Journals	12.5%

e) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the University College. KAFUCO has an operating lease where the lease payment is recognized as a revenue.

f) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) 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.

h) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University College 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 University College assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

b) 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.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or

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

j) Provisions

Provisions are recognized when the University College 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 College 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.

k) Contingent assets

The University College 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.

The University College entered into a Contract of Works on 23rd December, 2016, with Lubimbayi Limited, for the construction of the Tuition Block and Associated Works. The contract was terminated on 7th October, 2019 because of breaches.

The Contractor has disputed the amounts of Ksh.17 Million as work owed to the University College and is in the process of sourcing for an arbitrator through their letter dated 16th July, 2020. The amount owed is a debt but the probability of recovery cannot be reliably ascertained.

l) Nature and purpose of reserves

The University College creates and maintains reserves in terms of specific requirements. KAFUCO maintains revenue and capital reserves as per the approved standards.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

The University College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

KAFUCO pays defined monthly contribution to MMUST Pension Scheme to cater for retirement benefits for its employees.

o) 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.

p) Related parties

The University College 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 Principal and the Deputy Principals.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

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

s) 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, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of KAFUCO'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. State all judgements, estimates and assumptions made:

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. KAFUCO based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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 KAFUCO.
- 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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 29 & 32.

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

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.

Provisions raised in this Financial Year are as below.

Particulars	KES '000'
i. Provision for Gratuity	5,029
ii. Audit Fees	928
iii. Provision for Doubtful Debt of 10%	2,762
iv. Provision for Part-time payments	255
v. Provision for Fuel & Lubricants	312
vi. Provision for Electricity	261
vii. Provision for Graduation	2,483
viii. Provision for Smart Cards	415
ix. Provision for NITA Contribution	80

Management estimated the expenditure requirement to pay off the obligations.

6. Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2021/2022	Prior year 2020/2021
	KShs	KShs	KShs	KShs	KShs
State Department of University Education and Research	455,539,013	-	185,000,000	640,539,013	444,023,780
		-			
Total	455,539,013	-	185,000,000	640,539,013	444,023,780

7. Levies, Fines and Penalties

Description	2021-2022	2020-2021
	KShs	KShs
Fuel levy	-	-
Fines	49,600	80,951
Penalties	-	-
Total	49,600	80,951

This revenue is collected from students as a result of damages/losses on property

8. Public Contributions and Donations

Description	2021-2022	2020-2021
	KShs	KShs
The Green Belt Movement	-	-
Health donations	-	-
Research donations	-	-
Other public donations (specify)	180,000	-
Total transfers and sponsorships	180,000	-

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Reconciliation of public contributions and donations		
Balance unspent at beginning of the year	-	-
Current year receipts	180,000	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

This is a donation received from Equity and KCB bank towards the Launching of the school of nursing.

9. Rendering of Services

Description	2021-2022	2020-2021
	KShs	KShs
KUCCPS Tuition Fees	55,169,000	42,683,700
PSSP Tuition Fees	12,158,900	9,541,500
Master Tuition Fees	3,572,000	6,725,000
Ph.D Tuition Fees	540,000	-
Registration Fees	592,700	709,600
Teaching Practice/Attachment Fees	5,315,400	3,442,200
Student ID Cards	538,500	596,900
Examination Fees	14,388,300	13,108,700
Activity Fees	2,670,500	2,532,000
Amenity	2,669,000	2,530,000
Medical Fees	4,369,000	4,403,000
KUCCPS Processing Fees	1,492,500	1,584,000
ICT Levy	13,679,000	13,262,300
Library Fees	8,204,400	8,001,600
Graduation Fees	2,773,500	1,967,000
Students Organization Fees (KAFUSO)	1,068,400	1,012,900
Application Fees	119,000	125,144
Supervision Fees	2,910,000	4,031,000
Supplementary Exams	497,400	160,000
CUE Quality Assurance Fee	1,045,000	1,155,000
Insurance Fee	24,000	-
Skills Laboratory Fee	48,000	-
Hospital Consumables	47,000	-
Total revenue from rendering of services	133,891,500	117,571,544

This is revenue collected from tuition and tuition related charges. Examination fee includes Thesis/Project Examination and Examination fees

10. Sale of Goods

Description	2021-2022	2020-2021
	KShs	KShs
Sale of goods		
Farm Sales	2,570,538	1,694,344
Catering Sales	7,491,510	5,456,456
Total revenue from sale of goods	10,062,048	7,150,800

This is revenue received from sale of farm output and catering services. Catering sales includes catering income-others, staff catering sales, students catering sales and other IGU income.

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

11. Rental Revenue from Facilities and Equipment

Description	2021-2022	2020-2021
	KShs	KShs
Hire of Hall & Conference facilities	8,000	-
Accommodation fees	8,769,100	6,361,000
Rent Income	435,800	230,000
Hire Of Playing Ground	17,000	1,000
Hire Of Bus	59,712	12,500
Total rentals	9,289,612	6,604,500

This is revenue received from hire of facilities and hostel fee charged to students.

12. Other Income

Description	2021-2022	2020-2021
	KShs	KShs
Miscellaneous Income	211,921	503,821
Gain on disposal	14,235	
Bad & Doubtful Debts	2,761,583	-
Total other income	2,987,739	503,821

13. Use of Goods and Services

Description	2021-2022	2020-2021
	KShs	KShs
IGU/Farm Operating Expenses	3,692,254	3,975,640
Catering Expense	9,266,436	8,090,210
Internet Charges	8,166,318	7,578,157
Postal and courier expenses	115,325	45,725
Electricity expenses	5,015,491	3,445,770
Water & Sewerage	4,244,456	2,421,384
Security Services	14,556,320	10,596,630
Sanitary Services Expenses	594,500	445,000
Property Insurance Expenses	719,891	1,335,429
Fumigation	640,000	724,500
Contracted Cleaning Services	5,740,000	5,500,000
Academic Trips	182,430	190,050
Admission Expenses	220,870	456,230
Advertisements & Publicity	1,569,788	1,293,160
Alcohol and Drug Abuse Prevention and Counselling	100,000	-
Anti-corruption Expenses	151,920	295,850
Audit Fees	928,000	950,000
Bank Charges	498,045	313,030
Research innovation and Incubation expenses	4,200	167,905
Cleaning Materials	571,973	670,897
Coaching and Mentoring	6,100	4,500
CUE Inspection Expenses	108,610	-
Corporate Social Responsibility	216,430	195,000
Cultural Week/Tamasha Expenses	422,000	170,000
Disability and Gender Mainstreaming	174,550	148,700
Examination Expenses	888,260	623,856

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Description	2021-2022	2020-2021
	KShs	KShs
External Examiners	1,946,620	1,964,370
Fees Waiver Expense	32,000	-
Fuel & Lubricants	2,410,118	2,151,321
Group Life Cover	1,466,362	1,025,239
HIV/Aids	486,830	310,270
ICT Operating Expense	98,450	234,800
Inter-University Games	632,880	308,640
ISO Certification	7,028,140	2,324,310
KAFUSO	1,012,500	408,670
KUCCPS Admission	1,317,000	1,545,000
Laboratory Materials	686,290	1,542,469
Library expenses	77,685	158,160
Subscriptions, License & Affiliation Expenses	1,400,390	1,197,922
Management & Academic Board Expenses	2,452,730	1,443,205
Purchase of Medical Drugs and reagents	4,583,546	3,103,224
Curriculum development/review expenses	680,630	492,720
Office Expenses	767,133	674,036
Consultancy/Professional Services	2,263,964	5,347,127
Performance Contracting Services	575,910	1,264,684
Professional & Legal Charges	1,500,000	2,580,000
Bad & Doubtful Debts	-	2,002,982
Public Celebrations & Funerals	404,705	40,000
Printing & Publications	2,107,000	695,000
Purchase of Cutlery & Crockery	-	453,890
Purchase of Stationary	4,451,282	6,792,160
Recruitment, Appointments and Promotions	330,070	60,716
University College research fund	513,820	2,210,020
Teaching Practice	2,963,390	1,801,100
SGC Elections & Training	893,470	984,270
Sports Equipment	297,780	491,570
Staff Training & Development	4,744,890	4,206,140
Seminars & Conference	519,950	27,600
Strategic Planning & Training expenses	-	499,400
Teaching Materials	150,105	-
Tender Expenses	1,729,700	1,032,110
Travelling & Accommodation expenses	12,565,725	9,589,546
WIBA (Work Injury Benefits)	-	89,719
Loss on Disposal	3,510,000	180,000
Graduation Expenses	2,773,500	1,967,000
Staff Uniform & protective gears	378,680	218,050
Student Work Study	316,450	202,400
Payment of Medical Bills	18,782,200	12,073,382
Industrial Attachment	1,026,830	2,201,498
National Cohesion	100,000	71,040
Public Complains	89,600	-
Transport expense	49,370	101,657
Curtains and mattresses	1,119,000	1,104,000

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Description	2021-2022	2020-2021
	KShs	KShs
ODeL Expense	519,530	9,000
CUE Quality assurance expenses	1,156,000	1,122,000
Career services expenses	126,405	180,290
Staff development programme	2,325,000	3,292,400
University choir/drama	690,992	-
Industrial workshop materials	340,990	-
Pension expenses	511,540	1,486,503
COVID-19 Related Expenses	465,150	2,949,852
Risk Management Expenses	412,880	1,392,845
Collaboration and Linkages	256,254	-
PSSP Payments	-	2,298,100
Road Safety Mainstreaming	75,000	-
Professional Centre Expenses	683,470	-
Outsourced Landscaping & Lawn Mowing	614,697	-
Students Smart Cards	415,500	566,500
Charter Expenses	2,710,160	-
Competence Development Framework	318,220	-
Clinical Placement & Attachment	48,160	-
Directorate of Post Graduate studies	92,050	-
Purchase of computer software	745,000	-
Purchase of Gowns	237,500	-
Purchase of Instrument of Authority	362,000	-
Totals	163,137,359	140,106,530

14. Employee Costs

	2021-2022	2020-2021
	KShs	KShs
Personnel Emoluments Cost		
Basic salary	194,708,579	179,280,583
House Allowance	78,144,725	74,377,396
Commuting Allowance	12,393,139	13,052,447
Car Allowance	14,515,982	11,902,533
Responsibility Allowance	7,738,449	7,048,833
Acting Allowance	419,372	224,020
Entertainment allowance	4,810,159	4,267,166
Telephone Allowance	2,747,225	2,593,000
Domestic workers	1,260,000	960,000
Professorial Allowance	120,000	120,000
Risk Allowance	572,901	260,400
Tool Allowance	-	1,740
Extraneous Allowance	2,931,000	1,848,000
Passage and Baggage allowance	139,500	144,658
Part-time Teaching Payments	22,448,000	26,562,630
Gratuity	5,029,010	3,514,732
EMPLOYERS NSSF	976,720	699,800
Employers Pension Contributions	23,047,363	18,337,406
Leave Allowance	1,812,800	1,732,200

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Casual Labor expenses	2,026,376	2,126,946
Electricity Allowance	55,803	62,060
Research/Book Allowance	335,000	225,000
Salary Locum Appointees	-	3,019,090
Special Allowance	51,384	309,845
NITA Employer Contribution	152,650	90,200
Uniform Allowance	70,000	10,000
Total Personnel Emoluments Cost	376,506,137	352,770,685

The University College runs a Defined Contribution scheme under MMUST Staff Retirement Benefit Scheme. In the Financial year 2021/2022 the University College made a contribution to the Scheme of Kshs. 23,047,363.

15. Council Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Chairman/Directors' Honoraria	-	381,000
Sitting allowances	3,968,000	4,417,732
Subsistence Allowance	4,777,500	3,488,700
Other Council Expenses	4,093,520	3,076,792
Total	12,839,020	11,364,224

16. Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	KShs	KShs
Depreciation on Building	11,167,194	3,958,541
Depreciation on Computers, Copiers & Printers	6,094,576	8,589,255
Depreciation on Furniture, Fixtures & Equipment	4,103,930	3,416,458
Depreciation on Motor Vehicles	1,035,952	9,893,636
Depreciation on Plant & Machinery	16,343,752	8,350,459
Amortization on ERP System	5,446,800	5,262,360
Depreciation on Books & Journals	982,269	1,471,760
Amortization on Computer Software	182,288	182,288
Total depreciation and amortization	45,356,761	41,124,757

17. Repairs and Maintenance

Description	2021-2022	2020-2021
	KShs	KShs
Maintenance of Buildings & Stations -Property	8,419,702	11,275,238
Maintenance of Hostel Facilities -Property	-	369,200
Maintenance of Plant & Equipment -Equipment and machinery	1,738,495	147,300
Maintenance of Motor Vehicles-Other Repairs -Vehicles	1,066,177	521,709
Maintenance of Computers & Other Electronics -Computers and accessories	955,000	1,302,208
Maintenance of Playgrounds	14,820	798,475
Maintenance of Water Suppliers & Sewerage	182,500	499,960
Maintenance of ERP system and other software	459,904	2,768,116
Maintenance of Networks	1,630,001	-
Total repairs and maintenance	14,466,598	17,682,206

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

18. Contracted Services

Description	2021-2022	2020-2021
	KShs	KShs
Property Valuation Expense	50,800	4,980,000
Investment valuations	-	-
Total contracted services	50,800	4,980,000

19. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	KShs	KShs
Current account	156,245,688	103,927,782
Savings account		-
On - call deposits		-
Fixed deposits account		-
Un-deposited Funds	-	-
Staff car loan/ mortgage		-
Total cash and cash equivalents	156,245,688	103,927,782

19 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
CO-OP Pssp Fees A/C	1129698477700	34,844,384	17,404,131
EQUITY Kuccps Fees	960271081548	6,738,624	3,651,090
KCB Savings A/C Mmust-Kaimosi	1164385291	1,241,260	1,180,025
KCB Savings A/C Kafuco Deposit	1203735065	42,649,015	31,036,364
KCB Kafuco Capital Development A/C	1203709862	8,034,732	55,507
KCB-Kafuco Payments A/C	1203735030	10,125,079	6,619,076
Equity Retention Account	0960279158643	50,773,530	36,784,881
KCB Bank Guarantee A/C		850,000	850,000
ABSA Research Account A/C	2042616160	988,084	6,345,730
KCB Retention Account	1222460874	980	980
Sub- total		156,245,688	103,927,782
b) Others(specify)			
Petty Cash		-	-
Un-deposited Funds		-	-
Sub- total		-	-
Grand total		156,245,688	103,927,782

20. Receivables from Exchange Transactions

20(a) Receivables from Exchange Transactions (Current)

	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Student Debtors	25,500,568	53,116,396
Prov. for Doubtful Debts	(2,550,057)	(5,311,640)

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Sundry Debtors	916,620	812,220
Insurance Claim Receivables	144,000	144,000
Total current receivables	24,011,131	48,760,977

20(b) Receivables from Exchange Transactions (Long-term)

Description	2021-2022	2020-2021
	KShs	KShs
Total Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
	-	-
Current portion transferred to current receivables	(-)	(-)
Total non-current receivables	-	-
Total receivables (a+b)	24,011,131	48,760,977

21. Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
Staff Imprest Debtors	-	5,630,400
Staff Advances	1,800	-
GoK Grants Receivable	50,000,000	-
Total current receivables	50,001,800	5,630,400

22. Inventories

Description	2021-2022	2020-2021
	KShs	KShs
Central Stores:- Stationary	2,799,322	2,645,250
Medical Drug Stores	2,521,267	3,512,700
Maintenance Stores	3,100,510	5,180,954
Central Stores :- Catering Stores (Foodstuff)	1,729,245	704,869
Central Stores:- Cleaning	145,275	201,738
Teaching Laboratory Stores	393,920	544,025
Farm Stores	1,188,336	1,648,325
Total inventories at the lower of cost and net realizable value	11,877,875	14,437,861

23. Prepayments

Description	2021-2022	2020-2021
	KShs	KShs
Prepaid Nssf	6,000	111,600
Prepaid VAT @ 16%	52,470	57,142
Prepaid Withholding VAT 2%	2,440	2,440
Total Prepayments	60,910	171,182

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

24. Property, Plant and Equipment

Particulars	Land	Buildings	Motor vehicles	Furniture, Fixtures, fittings & Equipment	Computer & Accessories	Plant & Machinery	Books & Journals	Capital Work In Progress	Total
Rate		2.5%	20%	12.5%	25%	20%	12.5%		
Cost:	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2020	-	36,910,122	39,574,550	25,021,379	22,141,104	26,669,918	5,095,674	355,975,540	511,388,287
Additions	-	4,120,679	-	3,920,376	5,595,408	9,146,680	1,547,503	152,291,220	176,621,866
Disposals	-	-	-	-	-	-	-	-	-
Valuation/ adjustments	204,000,000	309,924,229	-	2,333,580	4,624,550	50,071,424	-	(205,662,291)	365,291,491
At 30th June 2021	204,000,000	350,955,030	39,574,550	31,275,335	32,361,062	85,888,022	6,643,177	302,604,469	1,053,301,645
Additions	-	-	-	2,074,800	1,928,000	3,414,000	1,619,968	127,122,734	136,159,501
Disposals	-	(3,600,000)	-	-	-	-	-	(390,130,927)	(3,600,000)
Transfers/adjustments	-	390,130,927	-	-	-	-	-	-	-
At 30th June 2022	204,000,000	737,485,956	39,574,550	33,350,135	34,289,062	89,302,022	8,263,145	39,596,276	1,185,861,144
Depreciation and impairment:									
At 1 July 2020	-	922,753	26,119,834	6,605,498	11,827,035	7,876,530	318,480	-	53,670,129
Depreciation for the year	-	3,958,541	9,893,638	3,416,457	8,589,255	8,350,460	1,471,761	-	35,680,111
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfers/ adjustments	-	-	-	-	-	-	-	-	-
At 30th June 2021	-	4,881,294	36,013,472	10,021,955	20,416,290	16,226,989	1,790,240	-	89,350,241
Depreciation for the year	-	11,167,193	1,035,952	4,103,929	6,094,578	16,343,751	982,269	-	39,727,670
Disposals	-	(90,000)	-	-	-	-	-	-	(90,000)
Impairment	-	-	-	-	-	-	-	-	-
Transfers/ adjustments	-	-	-	(283,538)	(4,435,796)	1,126,619	-	-	(3,592,715)
At 30th June 2022	-	15,958,487	37,049,424	13,842,346	22,075,072	33,697,359	2,772,509	-	125,395,195
Net Book Values:									
At 30 June 2022	204,000,000	721,527,469	2,525,126	19,507,789	12,213,990	55,604,663	5,490,636	39,596,276	1,060,465,949
At 30 June 2021	204,000,000	346,073,736	3,561,078	21,253,380	11,944,771	69,661,033	4,852,937	302,604,469	963,951,404

During the year under review, several project were capitalized and the balance of Kshs. 39,596,276 relates to works on the Ultra-Modern Library,

LPG installation and ICT infrastructure.

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Valuation

Land and buildings were valued by Mobisoft Ltd independent valuer on 02.12.2020 on reinstatement cost basis of valuation, in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020). These amounts were adopted on 26.04.2021.

24 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	204,000,000	-	204,000,000
Buildings	737,485,957	15,958,488	721,527,469
Plant and machinery	89,302,020	33,697,358	55,604,662
Motor vehicles, including motorcycles	39,574,550	37,049,422	2,525,128
Computers and related equipment	34,289,062	22,075,070	12,213,991
Office e Furniture, Fixtures and fittings	33,350,133	13,842,347	19,507,786
Books and Journals	8,263,145	2,772,509	5,490,636
Work-in-Progress	39,596,277	-	39,596,277
	1,185,861,143	125,395,194	1,060,465,949

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
	Kshs	Kshs
Plant and machinery	-	-
Motor vehicles, including motor cycles	34,394,800	8,598,700
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
Total	34,394,800	8,598,700

25. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Rate	20%	20%
Cost		
At beginning of the year	28,145,430	26,915,830
Additions	-	-
Transfers/adjustments	-	1,229,600
At end of the year	28,145,430	28,145,430
Amortization and impairment		
At beginning of the year	15,273,280	9,828,632

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Description	2021-2022	2020-2021
	Kshs	Kshs
Rate	20%	20%
Amortization	5,629,088	5,444,648
Impairment loss	-	-
At end of the year	20,902,368	15,273,280
NBV	7,243,062	12,872,150

25.a) Intangible Assets

Description	ERP System	Computer Software	Total
	KShs	KShs	KShs
Cost			
At 1 July 2020	26,004,400	911,430	26,915,830
Additions			
Disposals			
Transfers/adjustments	1,229,600	-	1,229,600
At 30th June 2021	27,234,000	911,430	28,145,430
Additions			
Disposals			
Transfers/adjustments			
At 30th June 2022	27,234,000	911,430	28,145,430
Amortization and impairment:			
At 1 July 2020	9,783,060	45,572	9,828,632
Amortization/Impairment for the Period	5,262,360	182,288	5,444,648
At 30th June 2021	15,045,420	227,860	15,273,280
Amortization/Impairment for the Period	5,446,800	182,288	5,629,088
At 30th June 2022	20,492,220	410,148	20,902,368
NBV At 30th June 2022	6,741,780	501,282	7,243,062

26. Biological Assets

Description	2021-2022	2020-2021
	KShs	KShs
Cows	1,660,000	1,806,000
Total Biological Assets	1,660,000	1,806,000

27. Trade and Other Payables

Description	2021-2022	2020-2021
	KShs	KShs
General Creditors	(1,162)	(1,162)
Capital Creditors	(1)	(1)
PAYE	-	-
VAT @ 16%	-	-
WHT Mngt, Consultancy & Professional Tax 5%	-	-
Withholding Vat 2%	-	-
Total trade and other payables	(1,163)	(1,163)

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

28. Refundable Deposits and Prepayments from Customers

Description	2021-2022	2020-2021
	KShs	KShs
Caution Money-Refundable Deposit	3,414,000	2,715,000
Fees Prepayments	32,569,591	12,736,244
Total deposits	35,983,591	15,451,244

29 Current Provisions

Current Provision	Provision for part time teaching payments	Provision for CBA Arrears	Provision for Fuel & Lubricants	Provision for Electricity	Provision for PSSP Payments	Provision for Graduation	Provision for Smart Cards	Provision for NITA Employer Contribution	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Balance b/d 01/07/2021	26,376,400	1,258,041	372,151	423,160	2,298,100	1,967,000	566,500	-	37,679,694
Additional Provisions	255,200	-	312,186	260,905	-	2,482,920	415,500	79,800	3,806,511
Provisions Utilized	(26,376,400)	-	(372,151)	(423,160)	-	-	(566,000)	-	(32,156,053)
Change due to discount and time value for money	-	-	-	-	-	-	-	-	-
Transfer from non-current provision	-	-	-	-	-	-	-	-	-
Total Provisions as at 30/06/2022	255,200	1,258,041	312,186	260,905	2,298,100	4,449,920	416,000	79,800	9,330,152

30 Deferred Income

Description	2021-2022	2020-2021
	KShs	KShs
National government	36,500	8,051,500
International funders	744,930	1,044,559
Public contributions and donations	-	1,174,375
Total deferred income	781,430	10,270,434

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
Balance brought forward	8,051,500	1,044,559	1,174,375	10,270,434
Additions	-	807,776	-	807,776
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Disbursements	(8,015,000)	(1,107,405)	(1,174,375)	(10,296,780)
Balance carried forward	36,500	744,930	-	781,430

31 Special Accounts and Grants

Description	2021-2022	2020-2021
	KShs	KShs
Endowment Funds	333,000	200,000
HELB Loan Fund	1,557,290	1,806,290
CDF/Sponsorships	2,696,638	2,336,587
Direct bank deposits control account	192,900	-
Total Special Accounts & Grants	4,779,828	4,342,877

32 Non-Current Provisions

Non-Current Provision	Provision for Audit Fees	Provision for Gratuity	Total
	KShs	KShs	KShs
Balance b/d 01/07/2021	2,744,000	9,771,061	12,515,061
Additional Provisions	928,000	6,221,094	7,149,094
Provisions Utilized	(1,856,000)	-	(1,856,000)
Change due to discount and time value for money	-	-	-
Less Current Portion	-	-	-
Total Non-Current Provision as at 30/06/2022	1,816,000	15,992,154	17,808,154

33 Capital Retentions

Description	2021-2022	2020-2021
	KShs	KShs
Retention Fees 10 %	28,622,960	30,752,661
Retention 5%	52,495	-
CLOSED-Retention Account	2,761,180	3,036,820
Total Long Term Liabilities	31,436,635	33,789,481

34 Reserves

Description	2021-2022	2020-2021
	KShs	KShs
Revenue Reserves	71,116,986	73,859,168
Opening Balance Equity	(5,812,293)	(5,812,293)
Total Reserves	65,304,693	68,046,875

35 Capital Fund

Description	2021-2022	2020-2021
	KShs	KShs
Capital Development Funds	768,222,768	583,222,768
Capital Donations	2,281,398	2,281,398
Total Owners' Equity(Capital Fund)	770,504,166	585,504,166

36 Revaluation Reserve

Description	2021-2022	2020-2021
	KShs	KShs
Revaluation Reserves	375,996,092	376,052,092
Total Revaluation	375,996,092	376,052,092

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

36 a. Revaluation Reserve

Revaluation Reserve	
	KShs
Balance b/d 01/07/2021	376,052,092
Additions During the year:	
Revaluation on Land	
Revaluation on Buildings	
Fair Value adjustment on Biological Assets	(56,000)
Total Revaluation Reserve as at 30/06//2022	375,996,092

37 Cash Generated from Operations

	NOTES	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from Operating Activities			
Receipts:			
Transfers from Ministries, Departments and Agencies (MDAs)	6	455,539,013	444,023,780
Levies, Fines and Penalties	7	49,600	80,951
Public Contributions and Donations	8	180,000	-
Rendering of Services	9	133,891,500	117,571,544
Sale of Goods	10	10,062,048	7,150,800
Rental Revenue from Facilities and Equipment	11	9,289,612	6,604,500
Other Incomes	12	2,987,739	503,821
Total Receipts		611,999,512	575,935,396
Payments:			
Use of Goods and Services	13	163,137,359	140,106,530
Employee Costs	14	376,506,137	352,770,685
Remuneration of Council Members	15	12,839,020	11,364,224
Repairs and Maintenance	17	14,466,598	17,682,206
Contracted Services	18	50,800	4,980,000
Total Payments		566,999,914	526,903,645
		44,999,597	49,031,751
(Increase)/Decrease in receivables from exchange transactions	20	24,749,845	(18,115,837)
(Increase)/Decrease in receivables from non-exchange transactions	21	(44,371,400)	31,572,134
(Increase)/Decrease in inventory	22	2,559,986	5,725,318
(Increase)/Decrease in Prepayments	23	110,272	(171,182)
Increase/(Decrease) in Trade and other payables	27&31	436,951	(1,319,948)
Increase/(Decrease) in Capital(Retentions) payables	33	(2,352,847)	2,905,207
Increase/(Decrease) in Provisions	29&32	(23,056,448)	(3,537,647)
Increase/(Decrease) in Deferred Income	30	(9,489,004)	10,270,434
Increase/(Decrease) in Revenue Reserve Adjustments	34	(10,649,176)	-
Total		(62,061,821)	27,328,479
Net Cash flows from Operating Activities		(17,062,223)	76,360,230

38 Financial Risk Management

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

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

i) Credit risk

KAFUCO has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Receivables from exchange transactions	24,011,131	24,011,131	0	0
Receivables from non-exchange transactions	50,001,800	50,001,800	0	0
Bank balances	156,245,688	156,245,688	0	0
Total	230,258,619	230,258,619	0	0
As at 30 June 2021				
Receivables from exchange transactions	48,760,977	48,760,977	0	0
Receivables from non-exchange transactions	5,630,400	5,630,400	0	0
Bank balances	103,927,782	103,927,782	0	0
Total	158,319,159	158,319,159	0	0

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the University College has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. KAFUCO has significant concentration of credit risk on amounts due from students (receivables from exchange transactions).

The Council sets the University College's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the University College's short, medium and long-term funding and liquidity management requirements. KAFUCO manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the KAFUCO under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Trade payables	(1,163)	-	-	(1,163)
Current portion of borrowings	-	-	-	-
Provisions	9,330,152	-	17,808,154	27,138,306
Deferred income	781,430	-	-	781,430
Employee benefit obligation	-	-	-	-
Total	10,110,419	-	17,808,154	27,918,573
As at 30 June 2021				
Trade payables	(1,163)	-	-	(1,163)
Current portion of borrowings	-	-	-	-
Provisions	37,679,694	-	12,515,061	50,194,755
Deferred income	10,270,434	-	-	10,270,434
Employee benefit obligation	-	-	-	-
Total	47,948,965	-	12,515,061	60,464,026

iii) Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the University College 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 exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The University College's Risk Management Committee is responsible for the development of detailed risk management policies (subject to review and approval by the University College Council) and for the day-to-day implementation of those policies. There has been no change to the KAFUCO's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The University College does not have any have transactional currency exposures.

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

The University College's all bank accounts are held in deposits and not savings, hence not affected by fluctuations in interest rates.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

The University College does not hold any financial instrument.

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	375,996,092	376,052,092
Retained Earnings	64,947,530	75,953,870
Capital Reserve	770,504,166	585,504,166
Total Funds	1,211,447,788	1,037,510,128
Total Borrowings	-	-
Less: Cash And Bank Balances	(156,245,688)	(103,927,782)
Net Debt/(Excess Cash And Cash Equivalents)	(156,245,698)	(103,927,782)
Gearing	0%	0%

39 Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the University College include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of Kaimosi Friends University College, holding 100% of the KAFUCO's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) State Department of University Education and Research
- ii) KAFUCO key management
- iii) KAFUCO Council

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Gov't	455,539,013	444,023,780
Total	455,539,013	444,023,780
b) Key management compensation		
Council' emoluments	12,839,020	11,364,224
Compensation to key management	25,865,853	22,369,755
Total	38,704,873	33,733,979

N/B: Key Management includes the Principal, Deputy principal-ASA and Deputy Principal-F & D

40 Segment Information

Kaimosi Friends University College does not operate in different geographical regions other than the Main Campus, and therefore segmental reporting does not apply.

41 Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised and Contracted for	623,286,047	65,394,603
Total	623,286,047	65,394,603

42 Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The University College did not make any surplus during the year (FY 2021/2022-Nil) and hence no remittance to the Consolidated Fund.

43 Taxation

The University College does not realize taxable income hence no taxation. However, it withholds tax from suppliers and remits the same to KRA.

44 Events after the Reporting Period

The University College capitalized the Construction of Tuition Block at the end of the Financial year after receiving its practical completion certificate in June 2022. However, the handover of the project was done in August 2022.

45 Ultimate and Holding Entity

Kaimosi Friends University College is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

46 Currency

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

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

19. APPENDIX

Appendix 1: Implementation Status of Auditor-General's Recommendations

FY 2019-2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Inaccuracies in the Financial Statements	The following inaccuracies were noted from the review of the financial statements: i. The statement of cash flows reflect a decrease of Ksh.28, 053,000 under trade and other payables while the same component in the statement of financial position reflect a decrease of Ksh.14,368,000 resulting to unexplained variance of Ksh.13,685,000. ii. The statement of changes in net assets reflects revenue reserves as at 30th June 2020 of Ksh.74, 398,000 which differs with the amount of Ksh.74,413,000 in the statement of financial position indicated as reserves carried forward. Further the fair value adjustment of Ksh.15,000 reflected in the statement of net assets is not explained or supported by an accounting policy or framework. Consequently, the accuracy of the financial statements for the year ended 30th June 2020 could not be confirmed.	This figure includes the change in Trade payables in note 27, Employee benefit obligation in note 30, Payments received in advance in note 31 and Special accounts and grants in note 32. The statement of changes in net assets as at 30th June 2020 includes revenue reserves of Ksh.74, 398,000 and Fair value adjustment of Ksh.15,000 which cumulatively add to Ksh.74,413,000 that appears in the statement of financial position.	RESOLVED	December 2020
Budgetary control and performance	The statement of comparison of budget and actual amounts reflects total budgeted revenues of Ksh.610,789,000 and actual revenues of Ksh.576,301,000 resulting to a budget shortfall of Ksh.34,488,000 or 6%. The statement also reflects total budgeted expenditure of Ksh.610,789,000 and actual expenditure of Ksh.499,110,000 resulting to under absorption of Ksh.111,679,000 or 18% of the budget. Management explained that the under absorption of Ksh.11,679,000 was caused by cessation of learning activities due to the Covid 19 pandemic. However, the budget shortfall and the under expenditure may have affected the planned activities of the University College.	The under absorption of Ksh.11,679,000 was caused by cessation of learning activities due to the Covid 19 pandemic.		

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Stalled Projects	Included in the work in progress of Kshs. 355,670,089 are projects worth Kshs. 36,426,376 as shown below: - Renovation of Existing Buildings & Associated Works: Start Date- 22 November 2018, Expec. Cmplet. Date- 21 May 2019, Contract Price -Kshs. 18,538,320, Amt Paid to Date Kshs. 13,669,890, Status:- Contractor not on site - LPG Installation: Start Date- 1 April 2019, Expec. Complet. Date- 30 June 2020, Contract Price -Kshs. 9,986,490, Amt Paid to Date Kshs. 5,151,031, Status:- Resumption of work on this project depends on the completion of renovations in the project above. At the time of audit in December 2020 the contractor was not on site and LPG installation had not started. Under the circumstances, the value for money on the expenditure of Ksh.18,820,921 incurred on the project may not be realised.	Management acknowledges the stalling of the LPG project. The project stalled as it was depended on another project for renovations of the Dining Hall in which the LPG gas was to be installed. However, the management is following up with the contractor to ensure that the project is back on track.	ON-GOING	JUNE 2023
2.0 Construction of a Tuition Block	The construction of a tuition block was awarded to a contractor on 23 December 2016 at a contract sum of Kshs. 125,138,335. However due to delayed completion, the contract was terminated and retendered on 8 April 2020. At the time of termination, Kshs. 87,593,233 had been paid and the remaining works at the time estimated at Kshs. 54,545,102. The retendered contract was enhanced to include other associated works and the total contract sum revised to Kshs. 269,827,933. The work as at the time of the audit was at 29% and is ongoing. The delay in completion of the project affects its delivery and its intended value to university.	The project is 100% complete and has been handed over.	RESOLVED	AUGUST 2022

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
3.0 Staff Ethnicity	Upon examination of payroll for the month of June, 2020 it was observed that 74% of the university's employees were from one ethnic community against the recommended 70% and below. This is contrary to National Cohesion and Integration Commission Act, 2008 Section 7 (1) which requires that all public establishments seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community. Consequently, the management is in breach of the law.	The University College shall implement on subsequent recruitments.	Continuous	
4.0 Investment of Excess Funds	The closing cash and cash equivalents as at 30 June 2020 was KShs. 151,316,974 as per the statement of financial position. The university held the funds in various current and savings accounts. Management has not provided valid reasons on why the funds were not being invested in short term bills/bonds as per the Treasury Circulars No.10 of July 1992 and No. 2 of February 1998. Consequently, the funds were not being used in an effective way.	The Treasury Circular No. 12 of 2002 dated 29th November 2002 stipulates that State Corporation must continue investing surplus funds in treasury bills/bonds and seek treasury approval to invest in commercial banks and financial institutions. The break down for KES 151,316,974 is as follows; • KES 74,833,580.79 was for construction of Tuition Block which had been re-tendered and the contractor was on site and other projects. • KES 31,287,934.00 was retention money for contractors and refundable deposits from customers. • KES 1,000,000 was for research activities awarded at the end of the financial year. • Kes. 44,195,460.18 was meant for operations at the start of the new financial year and payment of pending bills. Therefore, KES 151,316,974 was not surplus funds hence the University College could not invest the funds.	RESOLVED	December 2020

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

FY 2018/2019

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
KSM/KAFUC O/2018/12	Procurement of fuel and lubricants from Total Kenya Plc with no local purchase order issued or service agreement signed by the two parties	Management noted the external Auditors' observation and has since signed a contract with Total Kenya that ended in December 2020. In 2021 the University engaged Vivo Energy and signed a contract.	RESOLVED	September 2019
2.0 Failure to Observe ONE-Third Rule	Examination of the payroll for the year revealed that nine (9) staff members were earning less than a third of their basic salaries contrary to the Employment Act 2007. Consequently, the management was in breach of the employment law and regulations.	The management has already taken corrective action and ensured strict adherence to the third basic salary rule after the observation by the Auditors since October 2019.	RESOLVED	October 2019

FY 2017/2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Unsupported Payments	1.1 Unsupported Payments in Bank Statement not yet Recorded in the Cash Book: The statement of financial position reflects a cash and cash equivalents balance of Kshs. 99,164,000 as at 30 June 2018. However, various payments were being made direct from bank account without any evidence of payment vouchers being processed in the cash book as detailed on various bank statement dates below: • 30th June 2018 –Kshs. 16,800 • 31st May 2018 –Kshs. 30,016,280 • 31st April. 2018 –Kshs. 30,016,280 • 31st March 2018 –Kshs. 10,015,730	The transactions were inter-bank transfers which did not require a payment voucher to be effected. The following documents confirms the same; • Approvals of transfer letters, • copy of transaction declaration form, and • bank statements of transferor and payee bank The other entries are bank charges which had not	RESOLVED	January 2019

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

	• 28th Feb 2018 –Kshs. 10,015,620 • 31st January 2018 –Kshs. 10,005,510 • 31st December 2017 –Kshs. 0 • 30th November 2017 –Kshs. 10,000,550 • 31st October 2017 –Kshs. 4,410 • 30th September 2017 –Kshs. 7,910 • 31st August 2017 –Kshs. 4,410 • 31st July 2017 –Kshs. 3,750 Total Kshs. 100,107,250	been recorded in the cash book. Transfers and their related bank charges were later updated in the cashbook and the reconciliation is now up-to-date.		
2.0 Property, Plant & Equipment	2.1 The statement of financial position indicates property, plant and equipment balance of Kshs. 46,842,000 as at 30 June 2018. However, the financial statements reflect purchase of Kshs. 106,066,000 additional property, plant and equipment while examination of the fixed asset register in respect of property, plant and equipment indicates total additional assets of Kshs. 104,333,595 resulting in an unexplained difference of Kshs. 1,732,405. Further, the fixed assets register remains un updated with the additional assets. Consequently, the accuracy, completeness and validity of property, plant and equipment balance of Kshs. 46,842,000 in the financial statements is in doubt.	The variance was noted and corrected. Currently there is no variance between the financial statement PPE figures and the Asset Register.	RESOLVED	December 2020
3.0 Trade and Other Payables	Included in in the financial statements under Note 18 is trade and other payables from exchange transactions of Kshs. 36,031,000 which includes a balance of Kshs. 12,726,000 as refundable deposits from customers. This comprises of refunds meant for contractors' retention money. However, the University College did not maintain a deposit account for the refunds. This is contrary to section 81(2) of the Public Finance Management Act (National Government) Regulations, 2015 which stipulates that the accounting officer shall include in the financial statements a statement of the entity's assets and liabilities as at the end of the financial year in respect of the recurrent vote, development vote and funds and deposits. Consequently, the University College is in breach of the law and the custody and safety of the refundable deposits of Kshs. 12,726,000 could not be ascertained.	The financial statement stipulated clearly the KAFUCO assets and liabilities in respect of the recurrent vote, development vote and funds and deposits as per PFM Act Section 81(2). The University noted the concern on custody and safety of the refundable deposits. The University College management later opened a Retention Account for contractors, retention monies and refundable deposits from customers.	RESOLVED	January 2020
OTHER MATTER				
1.0 Budget as a Control Tool	1.1 Under Absorption: Analysis of the approved budget revealed that the capital budget had been reduced to Kshs. 42,500,000 from Kshs. 170,000,000 due to utilization of the capital funds during the financial year 2016/2017 resulting to a balance of Kshs. 118,107,441 in the development account as at 30 June 2017.	The opening balance was meant to be utilized for the 24th No Tuition Block project that had stalled thus the low absorption.	RESOLVED	December 2021

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

	During the year under review actual funding for development was Kshs. 36,337,500. However, the University College only utilized Kshs. 88,137,142 representing 57% of the available funds amounting to Kshs. 154,444,941 leaving a balance of Kshs. 66,307,799 unutilized as detailed below (under absorption): <table><tr><th>Details</th><th>Available Funds (Kshs)</th><th>Actual Expenditure (Kshs)</th><th>Balance (Kshs)</th></tr><tr><td>Amount carried forward from 2016/2017</td><td>118,107,441</td><td>-</td><td>-</td></tr><tr><td>Budgeted amount (170,000,000x 0.25= 42,500,000)</td><td>36,337,500</td><td>-</td><td>-</td></tr><tr><td>Total amount & /budgeted available for use</td><td>154,444,941</td><td>88,137,142</td><td>66,307,799</td></tr></table>	Details	Available Funds (Kshs)	Actual Expenditure (Kshs)	Balance (Kshs)	Amount carried forward from 2016/2017	118,107,441	-	-	Budgeted amount (170,000,000x 0.25= 42,500,000)	36,337,500	-	-	Total amount & /budgeted available for use	154,444,941	88,137,142	66,307,799	However, after termination and re-tendering of the project, the amount has been fully utilized in construction of the said project.	
Details	Available Funds (Kshs)	Actual Expenditure (Kshs)	Balance (Kshs)																
Amount carried forward from 2016/2017	118,107,441	-	-																
Budgeted amount (170,000,000x 0.25= 42,500,000)	36,337,500	-	-																
Total amount & /budgeted available for use	154,444,941	88,137,142	66,307,799																
2.0 Failure to Prepare Monthly Bank Reconciliation Statements	All the seventy four (74) monthly bank reconciliation statements for the six (6) bank accounts were prepared on the 28 September 2018 as opposed to being prepared on a monthly basis as required by Section 90 (1) of the Public Finance Management Act 2012, which states that “An Accounting Officer shall ensure bank reconciliations are completed for each bank held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General”. Further, the submitted bank reconciliations statements did not have the names, designation and the dates of the preparer, checker by and the reviewer respectively. In the circumstances, the validity, accuracy and completeness of the submitted bank reconciliation statements could not be ascertained.	Management noted the concern of the external Auditors and since then has prepared monthly bank reconciliation statements in compliance with Section 90(1) of the PFM Act 2012.	RESOLVED	January 2019															
1.0 Work in Progress	1.1 Incomplete Works: Examination of tender documents revealed that an open tender was advertised in respect of construction of the proposed tuition block and associated works (Contract No. KAFUCO/EST/01/16-17), for contract price of Kshs. 125,138,335. The nine (9) firms bided. However, seven (7) firms were responsive hence considered for technical evaluation as follows: It was noted that, Lubimbayi Construction Limited was awarded, at a fixed contract price of Kshs. 125,138,335 and formal agreement signed on 23 December 2016.	The tuition block works was tendered in trio as; - Proposed Construction Tuition Block and associated works - Supply delivery Installation, Testing and Commissioning of Sanitary fittings, Plumbing, drainage and portable fire-fighting equipment.	RESOLVED																

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

	- Jumba Engineering Services were paid Kshs. 3,335,790 under the same contract but no payment voucher was made available for audit review. Further, how they were identified was not clear from the examination of both the Bills of Materials (BOMs) and evaluation reports. - The contract start date was 24 January 2017 and expected completion date was 30 November 2017 (contract duration of 11 months). This was however revised to 30 May 2018. However, no extension letter has been availed for audit scrutiny. Thus the contract period elapsed and its now 2 years later and the works have stalled. - Further, it means the contractor Lubimbayi Construction Company Limited did not have the capacity; given the project has stalled and was already paid a total of Kshs. 70,206,564.	iii. Installation of electrical works. Jumba Engineering Services was awarded a contract for installation of Electrical Works. The payment voucher for Jumba Engineering Services was provided. - During the evaluation process Lubimbayi Construction Company Limited had the financial capability.	
	1.2 Project Physical Verification: Another contractor, Icon Construction Company Limited was on site, as evidenced by our interaction with his foreman but no signboard was erected to show that he was actually on the ground. No agreement between the contracted contractor, Lubimbayi and Capital Icon Construction Co. Limited was availed to enable us ascertain the terms of engagement of the new contractor. Further, cut off test established that all payments are done to Lubimbayi despite the fact that another contractor has been engaged, thus in case of any dispute arising from non-performance it's not clear who the University College being the employer will sue and vice versa. No works evaluation report terminating Lubimbayi and engaging Capital Icon Construction Company Limited was availed for audit review. The University College has not obtained value for money from the expenditure of Kshs. 70,206,564 already paid to the contractor for the incomplete works two years after contracting and no effort is being made to remedy the situation.	The tuition block works was tendered in trio as; i. Proposed Construction Tuition Block and associated works –Awarded to Lubimbayi Construction Company Limited ii. Supply delivery Installation, Testing and Commissioning of Sanitary fittings, Plumbing, drainage and portable firefighting equipment – Awarded to Josswa Plumbers and General Contractors Ltd. iii. Installation of electrical works – Awarded to Jumba Engineering Services. The University College had no contract with Capital Icon Construction Co. Ltd in respect to Construction of Tuition Block and Associated Works and therefore could not pay Capital Icon	RESOLVED
2.0 Work in Progress	2.1 Split Tender: Examination of tender documents revealed that an open tender was advertised in respect of proposed removal of Asbestos, Re-roofing and Associated Works at Kaimosi Friends University College (Contract No. KAFUCO/EST/04/17-18). The following was noted: The contract was awarded to four (4) contractors and divided in Lots I, II, III and IV. Total contract price was grand total of Kshs. 18,518,410. However, this works was split as follows:	Management noted the concern and since then no other tender has been split.	

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

	• Midland Construction Co.Ltd –Lot I, KAFUCO/EST/04/17-18 =Kshs. 5,118,400 • Kontinum Access Construction Co. Ltd-Lot II, KAFUCO/EST/05/17-18 =Kshs. 4,135,950 • Pan Cable Technology Kenya Kenya Ltd –Lot III, KAFUCO/EST/06/17-18 =Kshs. 4,286,610 • Mecada Contractors Limited –Lot IV, KAFUCO/EST/07/17-18 =Kshs. 4,977,450 TOTAL Kshs. 18,518,410 No newspaper advertisement stating whether the tender was open, or request for quotations was availed for audit review. It was not clear, why similar works (proposed removal of asbestos, re-roofing and associated works) was done by four different contractors, some of which bided in all the four contracts. This is tantamount to split tender contrary to Section 54(1) of Public Procurement and Disposal Act 2015. Thus it was not clear why the said contract was done in batches instead of consolidating into one procurement, having been of similar service.		
3.0 Repairs & Maintenance	3.1 Irregular Procurement of Minibus Repair Services: As disclosed in the report, the vehicle engine for KAW 523Z broke down as result of undue diligence and failure on the part of the driver to exercise reasonable care when engaging the gear system. The report on the damage of the vehicle is from the University College department. Further inquiry and assessment was made and it was noted that the department does not have enough capacity in terms of technical know-how to carry out mechanical valuation and assessment. The report is prepared by a driver. It is expected that the University College should have liaised with the mechanical officer in the Department of Public Works to aid in the process so that a competent assessment and report is done. Further analysis was done and it was revealed that Kshs. 1,288,618 was incurred as the cost for repairs. Namo Italiano Ltd was charged with the responsibility of the repairs. Consequently, the management was in breach of the procurement law and regulations.	Management noted the anomaly and has since then corrected where by all technical aspects relating to vehicles are first referred to the Public works department for assessment and guidance before taking any action.	RESOLVED
1.0 Understanding the Entity	1.1 Non-Compliance on Issue on Audit Committee Requirement: It was noted that the Audit Committee did not have the following during the period under review: Approved Audit Committee Service Charter, Approved Risk Based Annual Work Plan (that contains the risk assessment report) and the Internal Audit	Management noted external Auditors' observation and has since then done the following; 1.0 The Internal Audit has an approved Audit	RESOLVED

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Strategic Plan,	Committee service charter.
There is also an approved Risk based annual work plan that contains risk assessment report.	
The Department currently has an approved Audit Strategic Plan.	
Other notable observations include: i. The audit committee had some recommendations based on audit issues raised to the management which were not adequately responded to.	RESOLVED
ii. Minutes of the Audit Committee meeting were not signed contrary to Section 5.4 (e) of the same gazette notice number 2690 which requires that after the minutes are confirmed as true record of the meeting, they should be signed by the chair and the secretary.	RESOLVED

FY 2016/2017

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Stalled Tuition Block and Associated Works	1.1 The 2016/2017 statement of financial position and as disclosed under Note 16 and 17 to the financial statements reflect a balance of Kshs. 103,780,345 which include an amount of Kshs. 52,994,094 in respect of capital works in progress. It was noted that the University awarded a local contractor a contract to construct twenty-four (24) units of tuition block and associated works at a price of Kshs. 52,994,094 captured as work in progress in the financial statements. The components of the works include, main tuition block with 24 units of lecture rooms and 25 offices, mechanical and electrical services, access road and parking yard to paved concrete block finish and a project vehicle. However, a site visit conducted	i. The University College noted that the project had stalled and efforts were made through default notices and other correspondences to rescue the project. The project stalled because the contractor was not executing the project as per the timelines. ii. Termination process was undertaken and finally project re-tendered and a new contractor	RESOLVED	May 2020

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

	on the project revealed the following anomalies: i). The project had stalled and the contractor has left the site. ii). No materials are on site. iii). Certificates of works done and contract agreement, including project timelines were not availed for audit review. The project started on 10 January 2015 and was supposed to be complete by 10 September, 2017 and seven months down the line the project is not yet complete. iv). There were no progress reports from the public works officer to confirm that the construction works were supervised/inspected by a certified public works officer before payments were made. In the circumstances, it has not been possible to ascertain the carrying value of property, plant and equipment balance of Kshs.103, 780,345	engaged. The project is currently progressing on well at 50% completion status and is expected to be complete by April 2021. iii. Certificates for works done including contract agreement and project timelines for the previous contract were provided. iv. Management noted the observation of External Auditors and has since then engaged officers from the ministry of Public Works who have since been filing regular reports and certificates. -Certificates for the old and new contracts -Sample Regular/Progress reports from the public works officers.	
2.0 Tuition Fees	2.1 The statement of financial performance and as disclosed under Note 2 to the financial statements reflects a figure of Kshs. 55,868,150 as at 30 June 2017. A review of the tuition fees records showed actual collection figure of 55,868,150. However, schedules availed in support of receipts only added up to a figure of Kshs. 50,488,289 resulting in an un-explained variance of Kshs. 5,379,861 2.2 Accommodation fees figure of Kshs. 1,948,100 differed with the supporting schedule total of Kshs. 1,450,500, leaving un-reconciled variance of Kshs. 497,600. In addition, there were other variances between the financial statement balances and the supporting schedules as detailed below; 2.3 The financial statement balance of Catering Income of Kshs. 5,471,360 differed with its support schedules of balance of Kshs. 2,524,900 resulting in un-explained variance of Kshs 2,946,460. 2.4 The financial statement balance of Rent Income of Kshs. 32,500 differed with its support schedules of balance of Kshs. 32,000 resulting in un-explained variance of Kshs. 500 2.5 The financial statement balance of Sale of Tender Documents of Kshs. 50,000 differed with its support schedules of balance of Kshs. 49,000 resulting in un-explained variance of Kshs. 1,000 2.6 The financial statement balance of Supplementary Exams of Kshs. 70,000 differed with its support schedules of balance of Kshs. 69,000 resulting in un-explained variance of Kshs. 1,000. 2.7 The financial statement balance of Personnel Emoluments of Kshs. 15,046,084 differed with its support schedules of balance of Kshs. 14,936,815 resulting in un-explained variance of Kshs. 109,269.	The University College is a state corporation that reports its financial transactions and statements on accrual basis and not cash basis. Therefore, the variance of Kshs. 5,379,861 is the fees arrears for the year under review kept on separate schedule and forms part of the total expected tuition fees of Kes. 55,868,150 as per total student invoices. - The variance of Kshs. 497,600 relates to arrears that forms part of the total expected fees from accommodation of Kshs. 1,948,100 - The variance of Kshs. 2,946,460 relates to arrears that forms part of the total expected income from Catering income of Kshs. 5,471,360 - The variance of Kshs. 500 relates to arrears that forms part of the total expected income from rent of Kshs. 32,500 - The variance of Kshs. 1,000 relates to arrears that forms part of the total expected fees from sale of tender of Kshs. 50,000 - The variance of Kshs. 1,000 relates to arrears that forms part of the total expected fees from supplementary exams of Kshs. 70,000 - The variance of Kshs. 109,269 relates to unpaid..... that is part of the total personnel costs of Kshs. 15,046,084	RESOLVED

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

	In the circumstances it has not been possible to ascertain the accuracy and completeness of tuition fees figure of Kshs. 55,868,150 and other amounts reflected in the financial statement.		
3.0 Revaluation Reserve	3.1 The statement of financial position shows revaluation reserve balance of Kshs. 7,350,372 which was not supported with a detailed schedules and notes to the financial statements. Further, the University did not carry out any valuation/revaluation of assets during the year under review. In the circumstances, it was not possible to ascertain validity and accuracy of the revaluation reserves balance of Kshs. 7,350,372.	Therefore, all the variances to the above transactions are accrued items of incomes and expenditure that were included in respective ledgers for accrual basis. The Kshs. 7,350,372 is the assets donated by MMUST to KAFUCO when the University College was starting.	RESOLVED
4.0 Under Collection of Tuition Fees	4.1 The University College failed to meet its target in collection of tuition fees by Kshs 22,938,550 with a budget of Kshs. 78,806,700 and actual collection of Kshs. 55,868,150 which leads to a variance of 110% of its revenue target.	i. The variance was 29% and not 110% ii. The budget item-tuition fees collection was not met because the first year admission target from KUCCPS for 2016/2017 was not achieved. The University had projected to receive an additional 850 students to add up to 1,397 students but received an actual of 654 adding up to a total of 1,201 students.	RESOLVED
5.0 Over-Expenditure	5.1 There was an over expenditure of Kshs. 2,110,697 on repair and maintenance cost leading to a variance of 159% arising from the budgeted cost of Kshs 3,600,000 against the actual expenditure of Kshs. 5,710,697. Also there was an over of Kshs. 1,013,920 on Council expenses which lead to an over expenditure of 110% of the budget of Kshs. 10,000,000 against actual expenditure of Kshs. 11,013,920.	i. The variance on Repair and Maintenance was 59% and not 159% and The variance on Council expenses was 9% and not 110%	RESOLVED

Principal, KAFUCO

Prof. O.M.J. Nandi

Sign.....

Date. 26/09/2022

Presiding Chairperson of the Council, KAFUCO

Dr. Josephine D. Waudu,

Sign.....

Date. 26/09/2022

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Appendix II: Projects implemented by (KAFUCO)

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

S/No	Project Title	Project Number	Donor	Period/ Duration	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.	Proposed Construction of Ultra-Modern Library and Associated Works	KAFUCO/LIB/001/2021-2022	GOK	104 Weeks	None	No	Yes
2.	Supply, Installation and Commissioning of LPG Gas	KAFUCO/DN/01/18-19	GOK	56 Weeks	None	No	Yes
3.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College	KAFUCO/ICT/T04/2018-19	GOK	52 Weeks	None	No	Yes
4.	Proposed Construction of Tuition Block and Associated Works	KAFUCO/EST/01/16-17	GOK	116 Weeks	None	No	Yes
5.	Construction of Modern Dairy Unit	KAFUCO/GU/01/18-19	GOK	140 Weeks	None	No	Yes
6.	Proposed Construction of Library Extension and Associated Works Proposed Construction of Library Extension Phase II	KAFUCO/EST/05/16-17 and KAFUCO/EST/02/17-18	GOK	98 Weeks	None	No	Yes
7.	Proposed renovations and Branding works at KAFUCO – Lot 1	KAFUCO/EST/01/18-19	GOK	73 Weeks	None	No	Yes
8.	Proposed Masonry and Carpentry Works on Students' Halls Of Residence And Science Laboratory Carpentry	KAFUCO/EST/08/17-18	GOK	10 Weeks	None	No	Yes

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Status of Projects completion

QUARTER 1 FY 2021-2022

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Tuition Block and Associated Works: KAFUCO/EST/01/16-17	301,009,638	226,499,312	75.25	94,000,000	19,286,372	GOK
2.	Proposed Construction of Library Extension and Associated Works: KAFUCO/EST/05/16-17	19,079,330	15,133,310	93.42	3,946,020	0	GOK
	Proposed Construction of Library Extension Phase II KAFUCO/EST/02/17-18						
3.	Proposed renovations and Branding works at KAFUCO – Lot 1: KAFUCO/EST/01/18-19	18,538,320	13,669,890	73.74	4,368,100	0	GOK
4.	Supply, Installation and Commissioning of LPG Gas: KAFUCO/DN/01/18-19	9,986,491	5,151,030	51.51	0	0	GOK
5.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College: KAFUCO/ICT/T04/2018-19	3,986,185	3,382,857	85	0	0	GOK
6.	Construction of Modern Dairy Unit : KAFUCO/IGU/01/18-19	45,999,999	43,220,419	93.96	2,779,570	0	GOK
	Practically complete projects						
7.	Proposed Masonry and Carpentry Works on Students' Halls Of Residence And Science Laboratory Carpentry : KAFUCO/EST/08/17-18	3,752,700.00	3,115,722	82.03	0	0	GOK

QUARTER 2 FY 2021-2022

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Tuition Block and Associated Works: KAFUCO/EST/01/16-17	301,009,638	242,676,361	80.62	94,000,000	16,177,049	GOK
2.	Proposed Construction of Library Extension and Associated Works: KAFUCO/EST/05/16-17	19,079,330	15,133,310	93.42	3,946,020	0	GOK
	Proposed Construction of Library Extension Phase II KAFUCO/EST/02/17-18						

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

3.	Proposed renovations and Branding works at KAFUCO – Lot 1 KAFUCO/EST/01/18-19	18,538,320	13,669,890	73.74	4,368,100	0	GOK
4.	Supply, Installation and Commissioning of LPG Gas: KAFUCO/DN/01/18-19	9,986,491	5,151,030	51.51	0	0	GOK
5.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College: KAFUCO/ICT/T04/2018-19	3,986,185	3,382,857	85	0	0	GOK
6.	Construction of Modern Dairy Unit: KAFUCO/IGU/01/18-19	45,999,999	43,220,419	93.96	2,779,570	0	GOK
	Practically complete projects						
7.	Proposed Masonry and Carpentry Works on Students' Halls Of Residence And Science Laboratory Carpentry : KAFUCO/EST/08/17-18	3,752,700.00	3,115,722	82.03	0	0	GOK

QUARTER 3 FY 2021-2022

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Tuition Block and Associated Works KAFUCO/EST/01/16-17	301,009,638	275,548,475	91.54	94,000,000	32,872,114	GOK
2.	Proposed Construction of Library Extension and Associated Works KAFUCO/EST/05/16-17	19,079,330	15,133,310	93.42	3,946,020	0	GOK
	Proposed Construction of Library Extension Phase II KAFUCO/EST/02/17-18						
3.	Proposed renovations and Branding works at KAFUCO – Lot 1 KAFUCO/EST/01/18-19	18,538,320	13,669,890	73.74	4,368,100	0	GOK
4.	Supply, Installation and Commissioning of LPG Gas: KAFUCO/DN/01/18-19	9,986,491	5,151,030	51.51	0	0	GOK
5.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College: KAFUCO/ICT/T04/2018-19	3,986,185	3,382,857	85	0	0	GOK
6.	Construction of Modern Dairy Unit : KAFUCO/IGU/01/18-19	45,999,999	43,220,419	93.96	2,779,570	0	GOK
	Practically complete projects						
7.	Proposed Masonry and Carpentry Works on Students' Halls Of Residence And Science Laboratory Carpentry : KAFUCO/EST/08/17-18	3,752,700	3,115,722	82.03	0	0	GOK

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

QUARTER 4 FY 2021-2022

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing Projects						
1.	Proposed Construction of Ultra-Modern Library and Associated Works KAFUCO/LIB/001/2021-2022	645,555,963	31,062,390	12	33,852,330	31,062,390	GOK
2.	Supply, Installation and Commissioning of LPG Gas: KAFUCO/DN/01/18-19	9,986,491	5,151,030	51.51	0	0	GOK
3.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College: KAFUCO/ICT/T04/18-19	3,986,185	3,382,857	85	0	0	GOK
	Complete Projects						
4.	Proposed Construction of Tuition Block and Associated Works KAFUCO/EST/01/16-17	304,952,107	292,217,164	100	94,000,000	16,668,689	GOK
5.	Construction of Modern Dairy Unit : KAFUCO/IGU/01/18-19	45,999,999	45,999,957	100	2,779,570	2,779,538	GOK
6.	Proposed Construction of Library Extension and Associated Works: KAFUCO/EST/05/16-17	19,079,330	19,079,330	100	3,946,020	3,946,020	GOK
	Proposed Construction of Library Extension Phase II KAFUCO/EST/02/17-18						
7.	Proposed renovations and Branding works at KAFUCO – Lot 1: KAFUCO/EST/01/18-19	18,538,320	17,974,453	100	4,368,100	4,330,563	GOK
8.	Proposed Masonry and Carpentry Works on Students' Halls Of Residence And Science Laboratory Carpentry : KAFUCO/EST/08/17-18	3,752,700	3,115,722	100	0	0	GOK

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

Appendix III- Inter-Entity Confirmation Letter

Kaimosi Friends University College wishes to confirm the amounts disbursed as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kaimosi Friends University College (KAFUCO) as at 30th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by State Department of University Education & Research (MOE) (KShs) as at 30 th June 2022			Amount Received by KAFUCO (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	
FT212155F9ZM	03 Aug-2021	37,874,348	-	-	37,874,348	872,366
FT21224PH8X7	18 Aug-2021	-	67,500,000	-	67,500,000	15,969,556
FT21244GHYRF	01 Sept-2021	37,874,348	-	-	37,874,348	872,366
FT21272Z0THD	29 Sept-2021	37,874,347	-	-	37,874,347	872,366
FT21306RG13S	02 Nov-2021	37,874,348	-	-	37,874,348	872,366
FT21330K2H2B	26 Nov-2021	37,874,348	-	-	37,874,348	872,366
FT21362QYVB	28 Dec-2021	37,874,348	-	-	37,874,348	872,367
FT22032047KF	01 Feb-2022	37,874,348	-	-	37,874,348	872,366
FT22061RCN5Y	02 Mar-2022	37,874,348	-	-	37,874,348	872,366
FT22075V5T3B	16 Mar-2022	-	67,500,000	-	67,500,000	67,500,000
FT22091M744S	01 Apr-2022	37,874,347	-	-	37,874,347	872,366
FT22118C6PST	28 Apr-2022	37,874,348	-	-	37,874,348	872,366
FT2215795JRY	06 Jun-2022	38,397,767	-	-	38,397,767	1,395,785
FT22179JN24R	28 Jun-2022	38,397,768	-	-	38,397,768	1,395,787
FT22189ZMT59	08 Jul-2022	-	50,000,000	-	50,000,000	50,000,000
Total		455,539,013	185,000,000	0	640,539,013	144,984,789

Kaimosi Friends University College
Annual Reports and Financial Statements
For the year ended June 30, 2022

I confirm that the amounts shown above are correct as of the date indicated.

Principal

Kaimosi Friends University College



Sign -----

Head of Accounting Unit

State Department of University Education & Research



Sign -----