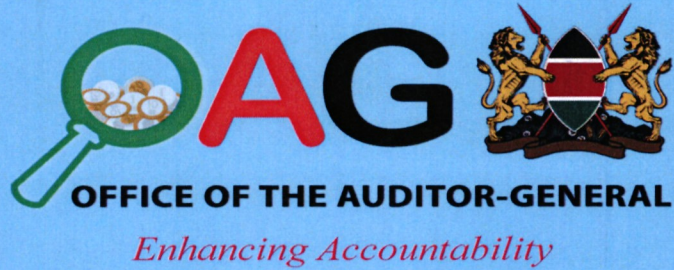


REPUBLIC OF KENYA



**REPORT**

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OF KENYA**

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

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**THE CO-OPERATIVE UNIVERSITY OF KENYA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2022**

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**THE CO-OPERATIVE UNIVERSITY OF KENYA**  
**Annual Report And Financial Statements**  
**For The Year Ended June 30, 2022**



**THE CO-OPERATIVE UNIVERSITY OF KENYA**  
**Annual Report And Financial Statements**  
**For The Year Ended June 30, 2022**

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# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### I. KEY ENTITY INFORMATION AND MANAGEMENT

#### (a) Background Information

The Co-operative University of Kenya (CUK) is a chartered public university established by the Kenyan Government under the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7<sup>th</sup> October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4<sup>th</sup> November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E). Since award of charter the University has been a leading institution for co-operative education, training and research at both national and international level.

During the financial year ending 30 June 2022, CUK had an average student population of 6931 as per the table below.

Quarter	Active Students			Registered Students			Unregistered Students		
	KUCCPS	SSP	TOTAL	KUCCPS	SSP	TOTAL	KUCCPS	SSP	TOTAL
Quarter 1	6952	2271	<b>9223</b>	5276	1445	<b>6721</b>	1676	826	<b>2502</b>
Quarter 2	6689	2323	<b>9012</b>	4735	1151	<b>5886</b>	1954	1172	<b>3126</b>
Quarter 3	5428	2025	<b>7453</b>	2954	1311	<b>4265</b>	2474	714	<b>3188</b>
Quarter 4	1038	996	<b>2034</b>	954	930	<b>1884</b>	84	66	<b>150</b>
<b>Average</b>	<b>5027</b>	<b>1904</b>	<b>6931</b>	<b>3480</b>	<b>1209</b>	<b>4689</b>	<b>1547</b>	<b>695</b>	<b>2242</b>

The University has staff population of 291 composed of 229 Permanent and Pensionable, and 62 on contract. This comprises 79 Academic members of staff and 212 Administrative, Technical and Information Science members of staff.

#### (b) Principal Activities.

The principal activity/mission of CUK is to provide innovative education, training, research, and consultancy services for sustainable community empowerment.

#### (c) Key Management.

CUK's day-to-day management is under the Vice-Chancellor who is supported by the University Management Board (UMB)

#### (d) Fiduciary Management.

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

Prof. Kamau Ngamau	-	Vice Chancellor
Prof. Emily Achieng' Akuno	-	Deputy Vice Chancellor, Academic Affairs
Prof. Esther N. Gicheru (Mrs) OGW	-	Deputy Vice Chancellor, Finance, Planning and Administration



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Prof. Isaac K. Nyamongo	-	Deputy Vice Chancellor, Co-operative Development, Research and Innovation
CPA Maxwell Nyaga	-	Finance officer
Mr David Otiende	-	Registrar, Academic Affairs
Mr Chris Kathoka	-	Registrar, Finance, Planning and Administration
CHRP Anne Jemimma Mmata	-	Ag. Principal Human Resource Manager
Dr. Lucinda Mugaa	-	Ag. Dean of Students
Dr. Lydia Mutua	-	Ag. Deputy Registrar, Co-operative Development, Research and Innovation

### (e) Fiduciary Oversight Arrangements

The University's key fiduciary oversight arrangements have been carried out by the following University Council Committees:

- i) Finance, Planning and Development Committee
- ii) Human Resource Management Committee
- iii) Audit and Risk Committee
- iv) Sealing Committee

### (f) Entity Headquarters

The Co-operative University of Kenya  
L. R. NO. 23134/1, Karen  
23134/2, Karen  
Ushirika Road  
P. O. Box 24814 00502  
KAREN NAIROBI

### (g) Entity Contacts

P. O. Box 24814 – 00502  
KAREN NAIROBI  
Tel. 020 8891401/3/4  
Wireless: 020 2430127  
020 2679456  
Mobile. 0724311606  
Fax: 020 8891410  
E-mail: [vc@cuk.ac.ke](mailto:vc@cuk.ac.ke)  
Website: [www.cuk.ac.ke](http://www.cuk.ac.ke)



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements For The Year Ended June 30, 2022

### (h) Entity Bankers

1. Standard Chartered Bank  
Karen Branch  
P.O. Box 24601- 00502  
KAREN, NAIROBI.
2. Co-operative Bank  
Karen Branch  
P O Box 60800 - 00200  
NAIROBI.
3. Equity Bank (Kenya) Limited  
Karen Supreme Branch  
P O Box 75104 - 00200  
NAIROBI.

### (i) Independent Auditors

Auditor – General  
Anniversary Towers, University Way  
P.O. Box 30084 - 00100  
NAIROBI

### (j) Principal Legal Advisers

1. The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112 City Square 00200  
Nairobi, Kenya
2. G.N. Mugo & Company Advocates  
P.O. Box 16538-00100  
Nairobi, Kenya
3. Waweru Gatonye and Advocates  
P.O. Box 5527-00200  
Nairobi, Kenya  
[info@wawerugatonye.com](mailto:info@wawerugatonye.com)  
+254202428452/3/4
4. J.N. Namasake and Company Advocates  
P.O. Box 9479-00100  
G.P.O Nairobi, Kenya  
[jnnamasake@yahoo.com](mailto:jnnamasake@yahoo.com)



# THE CO-OPERATIVE UNIVERSITY OF KENYA

Annual Report And Financial Statements

For The Year Ended June 30, 2022

+254202210297

+254722802222

+254735092256

5. Wanjiku Maina and Co. Advocates

P.O. Box 46007-00100

Nairobi, Kenya

[wanjikuassociates@gmail.com](mailto:wanjikuassociates@gmail.com)

+254202686320




# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### II. THE UNIVERSITY COUNCIL

Name	Profile & Work Experience
 <p data-bbox="137 1070 368 1137">Dr. Jeremy Bundi DOB; 1955</p>	<ul data-bbox="842 387 1513 1402" style="list-style-type: none"><li>• Chairperson – The Co-operative University of Kenya Council.</li><li>• Member – Chartered Institute of Logistics and Transport International (MILT -UK)</li><li>• iRAP associate member</li><li>• Chairman – St Ann Girls Secondary School, Maara District, Tharaka Nithi County</li><li>• Chairman – Muthambi Girls Secondary School</li><li>• EIA/EA, Certificate</li><li>• Former Branch Manager – The co-operative Bank of Kenya</li><li>• Former Principal Administration Officer – Ethics &amp; Anti Corruption Commission</li><li>• Former Chairman – County Land Management Board, Tharaka Nithi County</li><li>• Former Leaf Collection and Crop Development Officer – Kenya Tea Development Authority</li><li>• Former Operations Officer – Kenya Bus Services (KBS) Ltd</li><li>• Doctor of Philosophy (PhD), Transport Geography - University of Nairobi</li><li>• Master of Arts (M.A), Transport Geography University of Nairobi</li><li>• Bachelor of Arts (B.A.), Economics, Sociology &amp; Geography – University of Nairobi</li><li>• Post graduate professional course: The Chartered Institute of Transport (CIT –UK</li></ul>



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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Ms Anne Chepkorir  
DOB; 1966

- Council Member – The Co-operative University of Kenya.
- Founder and Director – Suluhisho Afrika Trust.
- Board member – Kipkeino Foundation.
- Treasurer – LCC Ladies Group
- Head of Business Support and Corporate Recoveries – Barclays Bank of Kenya.
- MBA, Strategic Management – The University of Nairobi.
- Bachelor of Commerce, Business Administration– The University of Nairobi.
- Advanced Commercial Lending – IFS School of Finance
- Associate of Chartered Institute of Bankers (ACIB) – Institute of Financial Services (UK).



Mr Christopher Ombati  
DOB; 1948

- Council Member – The Co-operative University of Kenya.
- Master of Science (Human Resource Development), FRSC University of Manchester, United Kingdom
- Bachelor of Commerce (Business Administration) University of Nairobi, Kenya



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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For The Year Ended June 30, 2022



Mr Peter Kariuki Gathirwa  
DOB;1967

- Council Member – The Co-operative University of Kenya.
- Chief Executive Officer (C.E.O) – Maika Investment.
- Chairman – Presbyterian Church of East Africa (P.C.E.A) Soy church, Soy Parish, Eldoret presbytery.
- Chairman Board of management – Sugoi Secondary School.
- Board member – Soy Township Academy.
- Chairman – P.C.E.A Parish Development Committee.
- Treasurer – Soy Developers Company.
- MBA, Strategic Management – Mount Kenya University.
- Bachelors of Commerce, Business Administration – The University Of Nairobi.
- Certificate in Government Financial Management and Cycle – Kenya Institute of Administration.



Mr Patrick L.M. Musyimi, HSC  
DOB; 1955

- Council Member – The Co-operative University of Kenya.
- Commissioner for Cooperative Development (Retired) – Ministry of Cooperative Development & Marketing
- Board Member – Kyevaluki Secondary School.
- Master Degree, Entrepreneurship – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Science, Agriculture – The University of Nairobi.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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Mr Dan Mesis

DOB;

Representing the Principal Secretary – State Department for University Education.

- Council Member – The Co-operative University of Kenya.
- Senior Deputy Secretary in The Ministry of Education
- Graduate of Public Administration with an accumulative career experience of over 30years.
- Alumni of the National Defence University College  
Has attended various Senior Leadership Management and security related courses, as well as Diplomacy and International relations courses.



Ms Susan Karuri

DOB;

Representing the Principal Secretary – The National Treasury.

- Council Member – The Co-operative University of Kenya.
- LL.M - International Economic Law from the East China University of Political Science and Law, Shanghai
- LL.B - Moi University
- Advocate of the High Court of Kenya



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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For The Year Ended June 30, 2022



CPA Peter Wanjohi Kiama

DOB;

Representing the Principal Secretary – State Department of Co-operatives, Ministry of Industry, Trade and Co-operatives.

- Council Member- The Co-operative University of Kenya.
- Assistant Commissioner for Co-operative Development – Ministry of Industry, Trade and Co-operatives.
- Doctor of Philosophy, Business Administration (Finance) Student –Jomo Kenyatta University of Agriculture and Technology
- Master of Business Administration (Finance) – University of Nairobi
- .Bachelor of Science (Maths Major) – Jomo Kenyatta University of Agriculture and Technology
- Professionally affiliated to the Institute of Certified Public Accounts of Kenya (ICPAK), and the Kenya Society of Professional Co-operators (KSPC)



Prof. Kamau Ngamau

DOB; 1966

- Vice Chancellor.

- Secretary – The Co-operative University of Kenya Council.
- Vice Chancellor – The Co-operative University of Kenya.
- Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology.
- Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany.
- Master of Science, Horticulture – The University of Nairobi.
- Masters degree, Organizational Development – United States International University, Kenya
- Bachelor of Science, Agriculture – The University of Nairobi.




# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### I. THE UNIVERSITY MANAGEMENT BOARD

Staff Profile	Responsibilities
 <p>Prof. Kamau Ngamau DOB; 1966</p> <ul style="list-style-type: none"><li>• Vice Chancellor.</li><li>• Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology.</li><li>• Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany.</li><li>• Master of Science, Horticulture – The University of Nairobi.</li><li>• Masters degree, Organizational Development – United States International University, Kenya</li><li>• Bachelor of Science, Agriculture – The University of Nairobi.</li></ul>	<ul style="list-style-type: none"><li>• Chief Executive Officer; Academic and Administrative Head of the University.</li><li>• Member of all committees appointed by Council or Senate.</li><li>• The Secretary to the Council and an ex officio member of the Council.</li><li>• Responsible for Policy matters, Planning, Coordination, Public Relations, Security, Audit, Fundraising and General Development of the University Policy Matters.</li><li>• Chairperson of Senate.</li><li>• Chairperson of Associate Professorial appointments.</li><li>• Chairperson of the University Management Board.</li><li>• Chairperson of the University Student Welfare Authority.</li></ul>



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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Prof. Emily Achieng' Akuno

DOB; 1962

- Deputy Vice Chancellor, Academic Affairs.
- Full Professor, Music – The Technical University of Kenya.
- Doctor of Philosophy, Music – Kingston University, Surrey, UK.
- Master of Music - North Western State University, Louisiana, USA.
- Bachelor of Education (Arts) – Kenyatta University, Kenya.

- Head of the Academic Division of the University.
- Provide the secretariat to the Senate and the following Committees of the Senate:
  - Board of Postgraduate Studies;
  - Deans Committee;
  - Students Welfare Committee;
  - Students Disciplinary Committee;
  - Library Advisory Committee;
- The returning officer for the election of Deans of Faculties.
- Provide the secretariat for the Honorary Degrees Committee of Council.
- Responsible for the allocation of academic facilities such as buildings, lecture rooms and offices and as well as formulation of rules governing the allocation and utilization.
- Chairperson of the University Training Committee.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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Prof. Esther N. Gicheru (Mrs) OGW  
DOB; 1952

- Deputy Vice Chancellor Finance, Planning and Administration.
  - Associate Professor in Cooperative Management and Organization Development – The Co-operative University of Kenya.
  - Doctor of Philosophy, Organization Development and Transformation – Cebu Doctors' University, the Philippines.
  - Masters Degree, Co-operative Management and Organization Development – Leicester University, United Kingdom.
  - Bachelor of Science, Agriculture – The University of Nairobi.
  - Diploma in Counselling Psychology – Tangaza University College.
- Head of Finance, Planning and Administration Division and is responsible for management of human, physical, financial resources; administrative, infrastructural and development matters which has the following responsibilities:
    - Staff Recruitment;
    - Training of Administrative Staff;
    - Promotions and Discipline;
    - Personnel Administration;
    - Financial Administration;
    - Coordination of All Income Generating Units;
    - Procurement Services;
    - Health Services;
    - Registry Administration;
    - Legal Matters;
    - Transport;
    - ICT and Central Services.
  - Provides the secretariat for the Council and the following Committees:
    - Terms of Service Committee;
    - Staff Appointments Committee;
    - Housing (policy and allocations) Committee;
    - Ceremonial Committee;
    - Health, Recreation, Environment and Safety Committee;
    - Staff Appraisal and Promotion Committee;
    - Staff Welfare;
    - Finance and General Purposes Committee;
    - Building and Development;
    - Sealing Committee;
    - Council Planning and Development Committee;
    - Planning, Establishment and Development Committee;
    - Disciplinary Committee;
    - Tender Committee;



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

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Prof. Isaac K. Nyamongo

DOB; 1963

- Deputy Vice Chancellor (Cooperative Development, Research and Innovation).
- Full Professor, Anthropology – The University of Nairobi.
- Doctor of Philosophy, Anthropology – University of Florida, USA.
- Master of Science, Anthropology – Punjab University, India.
- Bachelor of Science, Anthropology – Punjab University, India.

- Head of the Co-operative Development, Research, and Innovation Division which has the following responsibilities:
  - Integrating Co-operative models in rural development and transformation;
  - Coordination of Co-operative Development activities;
  - Coordination of research and extension services;
  - Coordination of workshops and seminars;
  - Coordination of short tailor-made training programmes and consultancy services for the Co-operative sector;
  - Coordination of national and international linkages with the Co-operative sector;
  - Soliciting of funds for Co-operative development, research and production;
- Provides the secretariat for the following Committees:
  - Research, innovation and incubation;
  - Linkages and partnership;
  - Community services;
  - Funding-raising;
  - Printing and publications;
  - Short courses.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022



CPA Maxwel Nyaga

DOB; 1974

- Finance Officer.
- PhD student Business Administration (Finance) – The Jomo Kenyatta University of Agriculture and Technology.
- Master Degree, Business Administration – The Jomo Kenyatta University of Agriculture and Technology.
- Master of Science, Procurement and Logistics – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Science, Applied Accountancy – Oxford Brooks University, UK
- Certified Public Accountant CPA (K).

- Responsible for the supervision and management of all administrative and operational functions of the office of the Finance Officer.
- Develops the finance policies and procedure Manual.
- Formulates the revenue generation and resource Mobilisation strategies for the university.
- Is responsible for financial forecasting and planning.
- Is responsible for Budget execution and control of Budgets.
- Prepares regular, quarterly and annual financial reports.
- Facilitates liaison with the National Treasury, Ministry of Education and the Auditor General on the Funding of the university.
- Is responsible for daily approval of expenditure in the consultations with the Deputy Vice Chancellor FPA and the Vice Chancellor.



Mr David Otiende

DOB; 1963

- Registrar Academic Affairs.
- PhD Student – The Catholic University of Eastern Africa.
- Master of Education, Administration – Kenyatta University.
- Bachelor of Education, Arts – Kenyatta University.

- Serves as the secretary to the Senate, senate committees and custodian of Senate minutes;
- Management of all academic records;
- Academic planning including time tabling, use of classrooms and other academic facilities;
- Supervises the process of graduation ceremony;
- Interprets and enforces policies and regulations of the University touching on academic matters.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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For The Year Ended June 30, 2022



Mr Chris Kathoka

DOB; 1981

- Registrar Finance, Planning and Administration.
- PhD student Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology.
- Masters, Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Science, Information Technology – The Jomo Kenyatta University of Agriculture and Technology.

- Responsible for the supervision and management of all administrative and operational functions of the office of the Registrar FPA.
- The secretary to the University Management Board.
- Responsible for effective administrative systems in line with University policies and procedures in line with the best practices.
- Provide strategic planning and guidance in the development, coordination and implementation of physical infrastructure and modernization projects in the University.
- Compile and analyse statistical data for use in general planning, strategic planning, and budgeting and sundry management requirements.
- Service matters such as appointments, promotions, retirement, disciplinary action, sanction of leave, incentive pertaining to teaching and non - teaching staff.
- Interpret and enforce policies and regulations of the University touching on Finance, Human Resource, Planning and Development



CHRP Anne Jemimma Mmata

DOB; 1981

- Ag. Principal Human Resource Manager
- Masters, Business Administration – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelors, Education – Kenyatta University.
- Higher National Diploma, Human Resource Management – The College of Human Resource Management.

- Responsible for the supervision and management of all administrative and operational functions of the office of the PHRM.
- Identifies hiring need, develops the position description, Recruitment Plan, organizational chart and other recruitment related documents.
- Ensures understanding of collective bargaining agreements' specific provisions with respect to the University Employees.
- Prepares job descriptions and ensures proper procedures for review and approval are met.
- Reviews recruitments and provides oversight of the recruitment process.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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Dr. Lucinda Mugaa

DOB; 1955

- Ag. Dean of Students
- PhD Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology.
- Masters, (Sociology) Labour Management – The University of Nairobi.
- Bachelor of Science, Business Administration – United States International University, Kenya.
- Diploma, Social Work – The University of Nairobi.

- Co-ordinates student activities and welfare;
- Co-ordinates the work of hostel wardens and counsellors, sports and games, entertainment services, catering and accommodation services;
- Chairperson of the Wardens Committee;
- Acts as Returning Officer of the Students' Organisation elections;
- Provides administrative support to students' professional clubs and societies.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022



Dr. Lydia N. Mutua

DOB; 1974

- Ag. Deputy Registrar, Co-operative Development, Research and Innovation
  - Doctor of Philosophy, Disaster Management and Sustainable Development – Masinde Muliro University of Science and Technology
  - Masters in Project Planning and Management – The University of Nairobi
  - Post Graduate Diploma, Planning and Management of Development projects – The Catholic University of Eastern Africa
  - Bachelor of Arts (Economics and Sociology) – The University of Nairobi
- Is responsible to the Deputy Vice-Chancellor Co-operative Development Research and Innovation
  - Coordinates implementation policies on research, innovation and partnerships.
  - Coordinates implementation of all agreements and collaborations of the University.
  - Coordinates linkages and partnerships.
  - Coordinates dissemination of research findings and publications.
  - Is the Custodian of Research, partnerships and innovation records and policies.
  - Coordinates community development services.
  - Coordinates implementation of research ethics policies.
  - Coordinates implementation of partnerships in the university.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### IV. CHAIRPERSON'S STATEMENT

#### Introduction

I am pleased to present the Annual Report and Financial Statements for The Co-operative University of Kenya for the year ended 30 June 2022. The pages that follow this introduction provide an analysis of attainments which reflect not only talent and commitment, but also a determination to focus our resources on our core mandate.

#### Financial Performance

In the year under review, the University reported a Gross income of **KSh.1,014,724,556** compared to **KSh 716,254,168** for the 2020/2021 financial year. This represents an increase of 42% from the previous year. There has been caused by an increase in Tuition fees of KSh 248,648,769, representing a 61% increase from the previous financial year. The Council was pleased to see real successes in the recruitment of students in most of the approved programs up to June 2022.

The University is still on recovery from the effects of the COVID-19 pandemic. The University has improved its bottom line from a deficit of KSh. 30 Million in the 2020/2021 financial year, to a surplus of KSh 39 Million in the current financial year. This is an improvement of KSh. 69 Million.

A persistent reduction in the resources available to CUK combined with increasing competition from many institutions of higher learning pose a great risk to achievement of the core mandate of the university as a global leader in co-operative training research and innovation for co- operative development.

#### Appreciation

On behalf of the Council, I wish to thank all the stakeholders for the confidence placed on the Council during the entire period and look forward to serving even better. In a special way, I thank the Ministry of Education, and all other organizations that have stood with us during the entire Financial Year. Your continued support is highly appreciated. Further, I thank the University Management, staff and students for dedication and commitment towards the growth of the University.



**Dr. Jeremy Bundi**

CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY OF KENYA COUNCIL



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### V. VICE CHANCELLOR'S REPORT

#### Introduction and Background

It is my great pleasure to present the Annual Report and Financial Statements for the Co-operative University of Kenya (CUK) for the year ended 30th June 2022. The Co-operative University of Kenya (CUK) is a Chartered Public University in the Republic of Kenya. The institution was established by the Government of Kenya under the Universities Act 2012 and Chartered on the 7th October, 2016 by H.E. President of the Republic of Kenya and Commander of the Kenya Defense Forces, Uhuru Kenyatta. The University is a leading Centre for Quality Co-operative Education, Training, Research and Consultancy in Kenya.

The predecessor Co-operative College of Kenya was established as a body corporate through the Co-operative College of Kenya Act, Chapter 490 (A), and Revised in 1996 becoming effective on July 1st 1998. In November 2011, the College was elevated to a Constituent College of Jomo Kenyatta University of Agriculture and Technology (JKUAT) through Legal Notice No 161 of 4th November 2011. The registered offices are located at Karen, Ushirika Road, P. O. Box 24814 – 00502 Karen, Nairobi, Kenya which is the Seat of the university.

Having been awarded a university charter in the 2016/2017 financial year, the University's mandate has broadened as stated in the charter documents and university statutes. It is important to acknowledge that despite a continued national reduction in Government funding for Universities, research and teaching, and the international COVID-19 pandemic, 2021/2022, has been a year of strong performance for The Co-operative University of Kenya.

#### Overview of the Financial Performance

Financially, the University's position remains sound, with no external borrowing; the University reported a Gross income of KSh 1,014,724,556 compared to KSh 716,254,168 for the 2020/2021 financial year. This represents a 42% increase from the previous year. There has been an increase in Tuition fees by KSh 248,648,769, representing a 61% increase from the previous financial year. The University management board was upbeat to ensure success in the recruitment of students in most of the approved programs.

A persistent reduction in the resources available to CUK combined with increasing competition from many institutions of higher learning pose a great risk to achievement of the core mandate of the university as a global leader in co-operative training research and innovation for co- operative development.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### Compliance with Statutory Guidelines

In the year under review, CUK diligently fulfilled its entire statutory obligations and guidelines set by government agencies and commissions. The university signed a performance contract with the Ministry of Education and the same was cascaded to relevant officers and staff of the university with continuous monitoring and evaluation.

### Challenges

Over the last four years, the University has been increasing enrolment of students gradually. However, the increase in the number of students is not commensurate with Government funding.

Over the financial year 2021/2022, the University has had to deal with the continued effects of the world wide Covid-19 pandemic. This has meant an increase in tuition income resulting from the increased number of semesters.

As we face these challenges, we know that we are most at risk if we ignore realities and fail to innovate. The University was in a good position to take advantage and expand on the e-learning modules platform that had been running for the past 5 years. This platform has proved to be capable of conducting learning and assessment for continued promotion of relevant quality education and training.

For this reason, the university is open for further collaborations with key partners and stakeholders. Further the university commits to benchmark with the best in the market to learn some of the best practices not yet here.

### Appreciation

I note with appreciation that the Government of Kenya, our collaborators, and other institutions that have rendered their support during the entire financial year under review. Further, I would like to appreciate the support accorded to me by staff and students in ensuring smooth running of the CUK.

The university acknowledges the guidance of the Governing Council in ensuring the Management is kept on the move towards attainment of the set targets.



**Prof. Kamau Ngamau**

**VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA**



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### VI. REVIEW OF THE UNIVERSITY PERFORMANCE FOR FY 2021/2022

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

The University is currently implementing her five (5) year strategic plan covering the period 2017 – 2022 FY. To effectively achieve the targets set therein, the plan has been summarized into the following seven (7) strategic objectives;

- A. Promote Relevant Quality Education and Training;
- B. Promote Research, Innovation and Dissemination of Knowledge;
- C. Enhance outreach to Co-operative sector and communities;
- D. Strengthen Financial Resource Base;
- E. Strengthen the Governance and Human Resource Capacity;
- F. Develop and Upgrade Physical and ICT Infrastructure;
- G. Market CUK, its Products and Services.

The University develops its annual work plans based on the above seven objectives. Assessment of the Board'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 period for its strategic objectives, as indicated in the diagram below

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
A. Academic Excellence	Promote Relevant Quality Education and Training	Accredited new programs	<ul style="list-style-type: none"> <li>- Implement 100% University and external regulatory bodies quality assurance policies, standards and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>- During the FY ended June 2022 eight new programmes were declared to KUCCPS for placement and ten other programmes were submitted and approved by CUE.</li> </ul>
		Digitized course content, examination and management of attachments.	<ul style="list-style-type: none"> <li>- Ensure submission of digitized course materials by each unit lecturer as prescribed in the learning management system</li> <li>- Digitize examination drafts to generate examinations by July 2020 and continuously update the database</li> </ul>	<ul style="list-style-type: none"> <li>- Through the Institute of Distance and Open Learning (I -ODEL) CUK Embarked on a digitization programme of its course content and examination drafts. By the end of June 2022, 326 course units were digitized.</li> </ul>
		Established TVET institute	<ul style="list-style-type: none"> <li>- Review existing academic programmes to incorporate competency based</li> </ul>	<ul style="list-style-type: none"> <li>- Twenty CBET programmes were approved for rolling out during the</li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

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			aspects and incorporate the same in all new programmes	financial year.
B. Research, innovation and production	Promote Research, Innovation and Dissemination of Knowledge.	Twenty (20) fundable proposals and five research projects annually  Two (2) issues of the Cooperative Journal produced per year;	<ul style="list-style-type: none"> <li>- Engage research teams to develop at least 20 fundable proposals annually</li> <li>- Publish two (2) Journal per year including one in Co-operatives;</li> </ul>	<ul style="list-style-type: none"> <li>- As at the end of 2021/2022 FY thirty (30) fundable proposals and four research projects were done towards attainment of this strategy.</li> <li>- The African Journal of Cooperative Development and Technology and was published in May 2018 and May 2019 and was scheduled for publication after the March 2020 conference which was postponed.</li> <li>- The journal for social sciences has been established and was also scheduled for publication after the March 2020</li> </ul>
		One international conference annually	<ul style="list-style-type: none"> <li>- Organize an International conference annually with at least one within the strategic plan period focusing on the big four agenda</li> </ul>	<ul style="list-style-type: none"> <li>- Conference on Social and solidarity economy as a catalyst for achievement of SGDs was held in July, 2021.</li> <li>- Vol. 2 of the Journal of Social Sciences and Business Technology, and Vol. 5 of the AJCDT (African Journal of Co-operatives and Technology) was released during the year in both print and Online versions</li> </ul>
		Research in Co-operatives and other fields to address Food security, affordable housing and Universal Health care	<ul style="list-style-type: none"> <li>- Undertake research in Co-operatives and other fields to address Food security, manufacturing, affordable housing and Universal Health care</li> </ul>	<ul style="list-style-type: none"> <li>- Researches on energy and Health are on-going</li> <li>- Kenya Rural Transformation Centers Digital Platform project is on-going</li> </ul>
C. Consultancy and outreach	Enhance outreach to Co-operative sector and communities	10 Trained Cooperatives annually in areas of the big four agenda	<ul style="list-style-type: none"> <li>- Train at least 10 Co-operatives and 10 MSME's in manufacturing, Housing and agricultural sectors annually</li> </ul>	<ul style="list-style-type: none"> <li>- Training of twenty (20) cooperative leaders took place during the FY ended June 2022</li> <li>- Proposal developed to establish</li> </ul>

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			<p>strength of social networks in cooperatives and in groups. Study area is Machakos, Kirinyaga and Kisii Counties</p> <ul style="list-style-type: none"> <li>- Proposal developed to build Capacity of Kenyan Counties in application of geospatial technologies in disaster risk management for resilience building against shocks</li> </ul>
	Established Co-operative profile database	<ul style="list-style-type: none"> <li>- Profile and update Co-operative businesses database</li> </ul>	<ul style="list-style-type: none"> <li>- Proposal to develop the database was developed in and has been submitted to various funding agencies for funding.</li> </ul>
	Model for awarding the most outstanding cooperative	<ul style="list-style-type: none"> <li>- Develop a model for awarding the most outstanding cooperative annually</li> </ul>	<ul style="list-style-type: none"> <li>- A proposal for awarding the most outstanding cooperative was developed in collaboration with CAK in November 2019. It is proposed that the awards be given during the Ushirika day celebrations as it happens with the SACCOS.</li> </ul>
	Sustainable MSME's	<ul style="list-style-type: none"> <li>- Undertake an annual evaluation of sustainability of MSME's in Cooperative Business and conduct capacity building in partnership with County Governments and other funding bodies</li> </ul>	<ul style="list-style-type: none"> <li>- An evaluation tool for cooperative sustainability developed.</li> <li>- Evaluation carried out in Kirinyaga and Machakos Counties in February and December 2019 respectively.</li> </ul>
D. Financial resource	Rationalized wage bill	<ul style="list-style-type: none"> <li>- Freeze budgetary allocation for any new recruitment of Administrative, Technical and Information Science staff for a period of three years up to 2021/2022 financial year so as to realize the acceptable limit of 35% of personnel cost against the overall operational budget</li> </ul>	<ul style="list-style-type: none"> <li>- No new recruitment of Administrative, Technical and Information Science staff was done during the 2021 – 2022 FY</li> </ul>
	Rationalized part time costs	<ul style="list-style-type: none"> <li>- Rationalize part time costs and redeploy underutilized permanent staff in all campuses</li> </ul>	<ul style="list-style-type: none"> <li>- This was achieved through harmonisation of course codes and combination of common units</li> </ul>
	Break even of cost centers	<ul style="list-style-type: none"> <li>- Review and Implement the class</li> </ul>	<ul style="list-style-type: none"> <li>- Certificate, diploma and bachelors</li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

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			breakeven size policy	approved breakeven size is 15 students, masters courses-10 students
E. Governance and human resource capacity	Strengthen the Governance and Human Resource Capacity	Rationalized academic v/s Non-teaching staff ratios	<ul style="list-style-type: none"> <li>- Identify and re-deploy underutilized non-teaching and academic staff to service the new and understaffed units</li> <li>- Identify and re-designate non-teaching internal PHD holders who apply to relevant vacant academic positions and as per the schemes of service</li> <li>- Freeze recruitment of non-teaching staff up to 2020/2021 financial year except where it's a statutory requirement to do so.</li> </ul>	<ul style="list-style-type: none"> <li>- Five (5) staff redeployed to serve in the new and understaffed units</li> <li>- One non teaching staff (1) staff re-designated to academic division.</li> <li>- No new recruitments of non teaching staff have been done during the 2020 – 2021 FY.</li> </ul>
F. Physical and ICT resource capacity.	Develop and Upgrade Physical and ICT Infrastructure	Enhance NHIF medical scheme	Introduce the enhanced NHIF medical scheme for staff	<ul style="list-style-type: none"> <li>- The University has sustained the use of enhanced NHIF medical scheme.</li> </ul>
		Modern library	Construct phase one of the learning resource center (LRC) (Modern Library)	<ul style="list-style-type: none"> <li>- The project is on-going. Phase one A of the project stands at 86% complete.</li> </ul>
		Relocated sports facilities	Relocate and secure existing sports facilities to the land next to Cooperative bank leadership center	<ul style="list-style-type: none"> <li>- The construction of the sports field is on-going and stood at 76% by end of June 2022.</li> </ul>
		Rehabilitated sewerage system	Partner with Co-operative bank to modernize the sewerage system	<ul style="list-style-type: none"> <li>- The project was completed up to 100% by the end of the financial year. A handing over ceremony was carried out on 24<sup>th</sup> June 2022.</li> </ul>
G. Marketing of the University's products and services	Market CUK, its Products and Services	Enhanced image and visibility of the University	<ul style="list-style-type: none"> <li>- Develop a branding strategy</li> <li>- Increase the visibility of the University</li> </ul>	<ul style="list-style-type: none"> <li>- A committee was appointed to develop a branding strategy</li> <li>- Several signages are in place and updating of the website is regularly on-going.</li> <li>- University anthem has been composed.</li> <li>- It is presented during official university functions.</li> <li>- There have been numerous efforts to attend the Annual ASK</li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

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		<ul style="list-style-type: none"> <li>- Launch and Publicize CUK brand</li> </ul>	<p>trade shows and exhibitions. Numerous activations have been done in high school career fairs and other career fairs organised by the Nation Media Group and Standard Media Group. Most of the career fairs were targeting form four leavers, and high school students who are in form 3 and 4. The university participated in the following ASK Exhibitions</p> <ul style="list-style-type: none"> <li>- ASK Mombasa</li> <li>- ASK Nairobi</li> </ul>
Enhanced customer care & service delivery		Strengthen the Public Relation unit to effectively market the university	<ul style="list-style-type: none"> <li>- An advertisement was sent out for the following positions:               <ol style="list-style-type: none"> <li>1. Public Relations Officer</li> <li>2. Public Relations Intern</li> <li>3. Graphic Designer/Video Editor</li> </ol> </li> </ul>
Co-operator magazine		Sustain the University's Co-operator magazine and publish annually	Annual magazine published in December 2021
Corporate Social Responsibility		Participate in at least 3 charitable activities annually	<ul style="list-style-type: none"> <li>- The university has participated in the following annual charity events:               <ol style="list-style-type: none"> <li>1. Karen Heart Run 2021</li> <li>2. Mater Heart Run 2022</li> </ol> </li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### I. CORPORATE GOVERNANCE STATEMENT

The Co-operative University of Kenya (CUK) is committed to the highest standards of corporate governance and ethics. The University Council is responsible for and accountable to the Government of Kenya through the Ministry of Education, Science and Technology for ensuring that the University complies with the Universities Act 2012, Mwongozo Code of governance 2015, the University Charter and University Statutes, 2017 and any other existing legislation.

#### COUNCIL MEMBERS

The Governing Council is appointed in accordance with the Universities Act, 2012 (No. 42) by the Cabinet Secretary in the Ministry of Education and comprised of nine members; the Chairman and four independent members; Representative of the Principal Secretary, National Treasury, Representative of the Principal Secretary, State Department for University Education, Representative, Principal Secretary State Department for Co-operative Development and the Vice Chancellor who is an ex-official and Secretary to the Council. The membership of the Governing Council is as shown below;

S/No.	Name	Position	Appointment date
1.	Dr. Jeremy Bundi	Chairperson	4 <sup>th</sup> November 2020
2.	Mr Peter Kariuki Gathirwa	Independent member	4 <sup>th</sup> November 2020
3.	Mr Christopher Ogechi Ombati	Independent member	4 <sup>th</sup> November 2020
4.	Mr Patrick L. M. Musyimi	Independent member	4 <sup>th</sup> November 2020
5.	Ms Anne Chepkorir	Independent member	4 <sup>th</sup> November 2020
6.	Mr Peter Wanjohi Kiama	Rep. PS State dep. of Coops.	
7.	Mr Dan Mesis	Rep. PS State department for University Education	Appointment letter dated 20/09/2019
8.	Ms Susan Wanjiku Karuri	Rep. PS National Treasury	17th July 2020
9.	Prof. Kamau Ngamau	VC/Secretary	N/A

The full Council and its Committees meets at least four times a year. The members receive all information relevant to the discharge of their obligations in an accurate, timely and clear manner so that they can guide and maintain full and effective control over strategic, financial, operational and compliance issues.

#### Functions of the Council

The functions and powers of the Council are;

- To administer the property and funds of the University in a manner and for the purpose which promotes the interest of the University.
- To receive, and on behalf of the University, donations, endowment, gifts, grants or other moneys and make disbursement there from to the University or other bodies or persons.
- To approve appointment criteria and the terms and conditions of service of staff.
- To provide for the welfare of the staff of the University.
- To enter into association with other Universities, University Colleges or other Institutions of learning.
- To make regulations governing the conduct and discipline of the students of the University.



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- To ensure that a proper management structure is in place and that the structure function to maintain corporate integrity, reputation and responsibility.
- To monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University.
- To constantly review the viability and financial sustainability of the University.
- To ensure that the University complies with all the relevant laws, regulations, governance practice, accounting and auditing standards.

### Attendance of Council meetings and Membership of the Committees

The Council Committees in place includes;

#### i) **Finance, Planning and Development Committee**

##### **Terms of reference include;**

- i) Responsible for the management of the University's entire finances and recommends to Council for approval, the University's annual budget and certain items of major expenditure.
- ii) Responsible for:-
  - The administration of special funds benefactions;
  - Investment policy;
  - Staff loan schemes;
  - Financial consequences of the decisions of the terms of service committee;
  - Consideration of reports on fees revisions;
  - Ensuring the preparation of books and records of accounts of income and expenditure, assets and liabilities of the University;
  - Receipt and consideration of University Audit reports;
  - Fund raising for the University.
- iii) Co-opt other persons not exceeding three to attend meetings in an advisory capacity provided such persons shall not have any other rights.

#### ii) **Human Resource Management Committee**

##### **Terms of reference include;**

- i) To consider staff and recommend to the Council for appointment and promotions into all established academic and administrative posts.
- ii) To consider changes and evidence on staff disciplinary cases and recommend to the Council the appropriate action to be taken.
- iii) To review salaries, conditions and terms of service for University staff when necessary and make recommendations to the Council.
- iv) Co-opt other persons not exceeding three to attend meetings in an advisory capacity provided such persons shall not have any other rights.

#### iii) **Audit and Risk Committee**

##### **Terms of reference**

- i. Receive, review and recommend internal control mechanisms towards improving efficiency, effectiveness, transparency and accountability;
- ii. Receive and discuss internal and external audit reports and make recommendations to Council;
- iii. Review and oversee the settlement and implementation of recommendations from the Public Accounts and Public Investments Committees (PAC/PIC)
- iv. Review and regularly report to Council on the effectiveness and efficiency of the internal audit function;



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- v. Review Management procedures and make proposals to Council for mainstreaming of Risk Management, Controls and Governance;
- vi. Review and submit for Council approval the Audit and Risk Management Committee and internal audit department charters, and the internal audit annual work plans;
- vii. Review and submit proposals to Council on improvement of efficiency and effectiveness of Management systems, including and not limited to high risk areas such as public finance, human resource, academic programs, and general internal controls;
- viii. Review and submit a report to Council on compliance with policies, laws, regulations, procedures, plans, and ethics;
- ix. Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency;
- x. The Audit Committee may at its discretion, co-opt other persons not exceeding three to attend meetings in an advisory capacity provided such persons shall not have any other rights.

### iv) Sealing Committee

#### Terms of reference

- i) To recommend to Council, the application of the University seal on documents.
- ii) Co-opt other persons not exceeding three to attend meetings in an advisory capacity provided such persons shall not have any other rights.

The Council appoints a Chairperson of each Committee. The University Council Chairperson is not a member of any other Committee.

The composition of the Council Committees and attendance of the above listed Council Committee are follows;

S/No.	Name	No. of meetings attended
<b>a) Full Council (five meetings were convened and a Strategic Plan retreat *)</b>		
1.	Dr. Jeremy Bundi*	5
2.	Mr Peter Kariuki Gathirwa*	5
3.	Mr Christopher Ogechi Ombati*	5
4.	Mr Patrick L. M. Musyimi*	5
5.	Ms Anne Chepkorir*	4
6.	Mr Peter Wanjohi*	4
7.	Mr Dan Mesis*	5
8.	Ms Susan Wanjiku Karuri**	4
9.	Prof. Kamau Ngamau*	5
	* Attended Strategic Plan retreat	
	** Missed the strategic Plan retreat	
<b>b) Human Resource Management Committee (Five meetings were convened)</b>		
1.	Mr Patrick L. M. Musyimi	5
2.	Mr Christopher Ogechi Ombati	5
3.	Ms Susan Wanjiku Karuri	5
4.	Prof. Kamau Ngamau	5



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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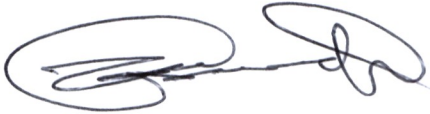
<b>c) Finance Planning and Development Committee (Four meetings were convened)</b>		
1.	Ms Anne Chepkorir	4
2.	Mr Dan Mesis	4
3.	Prof. Kamau Ngamau	4
<b>d) Audit and Risk Committee (Four meetings were convened and one training*)</b>		
1.	Mr Peter Kariuki Gathirwa	4
2.	Mr Peter Wanjohi	4
3.	Ms Susan Wanjiku Karuri	4
	* All members attended the training	

### INTERNAL CONTROLS

The Council has the responsibility of ensuring that CUK has adequate systems and processes of accountability, risk management and internal controls. The Council has approved the Risk Management Framework and has delegated to the University Management the responsibility to implement the risk management plan.

### COUNCIL EVALUATION

The Council undertook an annual evaluation of its performance during the period under review. The corporate board performance was 95.14%. The exercise was facilitated by officers from the State Corporations Advisory Committee.



**Dr. Jeremy Bundi**  
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY  
OF KENYA COUNCIL



**Prof. Kamau Ngamau**  
VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Co-operative University of Kenya exists to provide education, training, research and consultancy in order to produce leaders in the fields of Co-operative Development, Community Development, Rural transformation, business, applied sciences, Information and Communication Technology for Development. This is what guides the university as we deliver our strategy. Below is an outline of the University's policies and activities that promote sustainability.

#### i. Sustainability Strategy and Profile, and Environmental Performance

The University's sustainability strategy and environmental performance are evidenced by the employ of information technology in the daily operations. This includes the use of online teaching and working tools and aids, allowing for the sustainable and continued offline and online operations even during the height of the COVID-19 pandemic.

#### ii. Employee Welfare

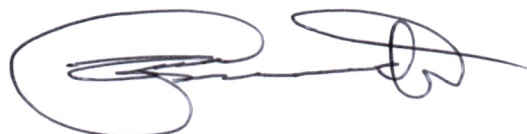
The University's efforts towards sustaining its employee welfare include the constant review and implementation of the training policy to enable and encourage the members of staff to improve their skills and manage their careers. Further, the University also has an annual evaluation and appraisal system to identify any skill gaps in the University.

#### iii. Market Place Practices

The University has implemented responsible competition practices by implementing strong anti-corruption measures and committees. The university has maintained responsible supply chain and supplier relations by ensuring adherence to its credit policy, and ensuring adherence to the government's public procurement and asset disposal act.

#### iv. Corporate Social Responsibility

During the year the university has engaged corporate social responsibility activities by the donation of books to High schools and visiting of children's homes.



**Dr. Jeremy Bundi**  
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY  
OF KENYA COUNCIL



**Prof. Kamau Ngamau**  
VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA



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### IX. MANAGEMENT DISCUSSION AND ANALYSIS

#### SECTION A

#### OPERATIONAL AND FINANCIAL PERFORMANCE

##### A) INCOME ANALYSIS:

The University registered a total of KSh. 1,014,724,556 in gross revenue against a target of KSh 1,014,736,431. This represents 100% achievement of the target revenue. In comparison to the same period in the previous financial year, CUK recorded an increase in revenue of KSh.298,470,388 which represents a 42% increase in gross revenue.

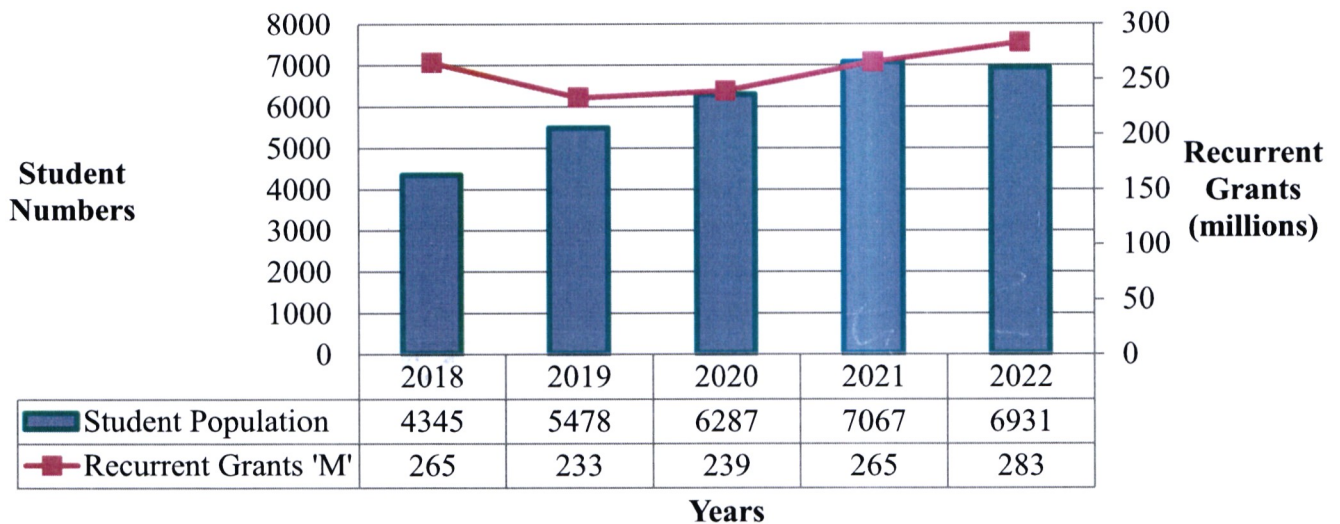
The major drivers of performance were the increase in tuition income by KSh.248,648,769, an increase in CRCC income by KSh. 29,853,168, and increase in recurrent grants by KSh 18,513,237.

The fee income for the period is KSh 654,488,949 compared to the same period of 2020/2021 of KSh 405,840,180. This is a 61% increase over the previous financial year. This was occasioned by the four academic semesters that ran during the financial year.

CUK registered a surplus of KSh 39,865,918 against 2020/2021 deficit of KSh. 30,037,422. This shows an improvement in performance of KSh. 69,903,340 in comparison to the same period last financial year.

Over the last 4 years, recurrent grants from the GoK have been almost constant despite the growth in personnel costs and increase in student population, especially the government sponsored students. This is illustrated in the graph below.

**Student Numbers Against Recurrent Grants**



■ Student Population      ■ Recurrent Grants 'M'



# THE CO-OPERATIVE UNIVERSITY OF KENYA

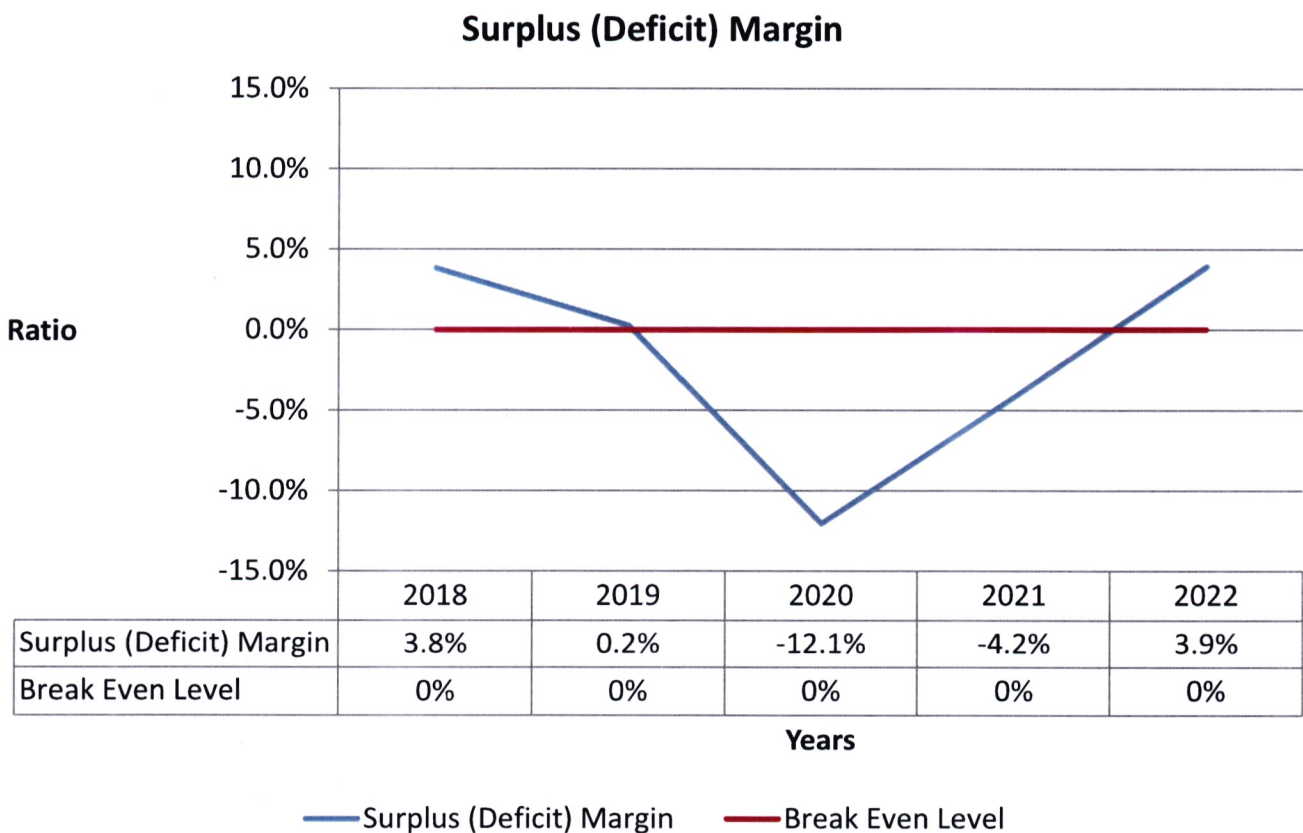
## Annual Report And Financial Statements For The Year Ended June 30, 2022

### B) EXPENDITURE ANALYSIS.

As at 30<sup>th</sup> June 2022, CUK registered total operating expenditure of KSh 975,469,139 against previous year's expenditure of KSh 744,816,339, an increase of KSh 230,652,800 representing 31% increase in expenditure.

Employee Costs took 58.4% of the total income; Remuneration of Council members 0.7%, Depreciation and amortisation expense 4.6%, Repairs and Maintenance 2.1%, Use of Goods 28.8%, and Contracted Services of 1.6% of the total income.

In summary, the University has registered a surplus of KSh 39,865,918 as a result of the additional third semester of the 2020/2021 academic year in the 2021/2022 financial year. The financial performance is as summarised below.



This is a measure of operational efficiency. As seen above, the University's surplus margin has improved in the current financial year.



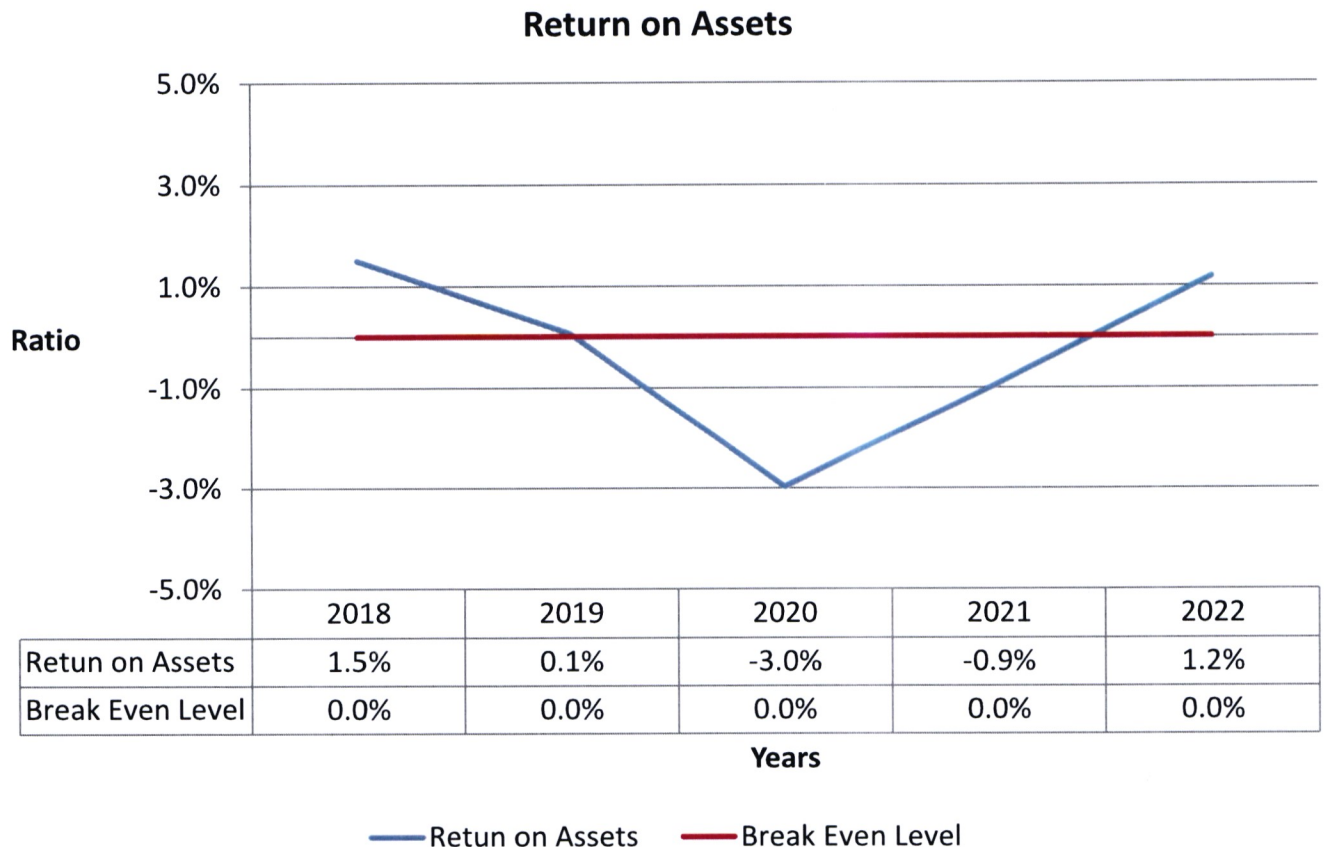
# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### C) STATEMENT OF THE FINANCIAL POSITION.

The statement of financial position indicates that the university closed the year with Total assets of KSh. 3,386,686,453. This is against KSh 3,220,006,142 registered in the financial year 2019/2020. This reflects an increase in total assets of KSh. 166,680,311.



This is a measure of how profitable the University's assets are by comparing net income to the Net Assets. As can be seen above, the University's Return on Assets has improved over the past two years.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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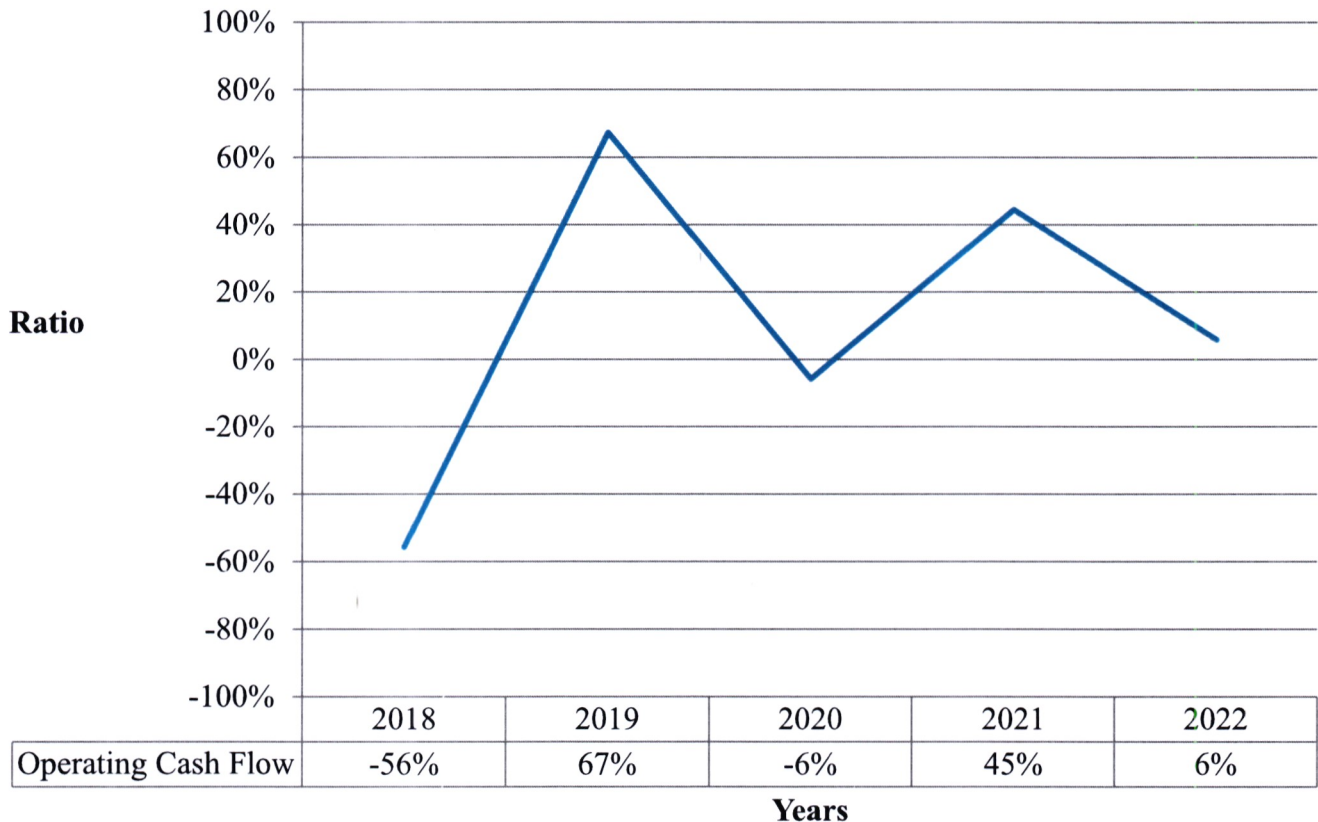
For The Year Ended June 30, 2022

### D) STATEMENT OF CASHFLOWS

As at 30 June 2022, the University had net cash generated from operating activities of KSh 10,091,677. This is the net amount utilized by the University to facilitate operations.

The net change in cash and cash equivalents was KSh 29,653,370 closing the year with KSh 129,930,450.

#### Operating Cash Flow



Operating cash flow ratio is cash from operating activities as a percentage of current liabilities in a given period. It is a measure of the University's liquidity.

As can be seen above, the operating cash flow is less than an ideal 100%; this means that the University has generated less cash in the period than it needs to pay off its short-term liabilities. This signals a need for more capital.

However, the low operating cash flow ratios for this period is not necessarily a bad thing since the University is investing heavily in development of academic programs, it's expected that the investment in new programs will pay off in the end and generate more cash.

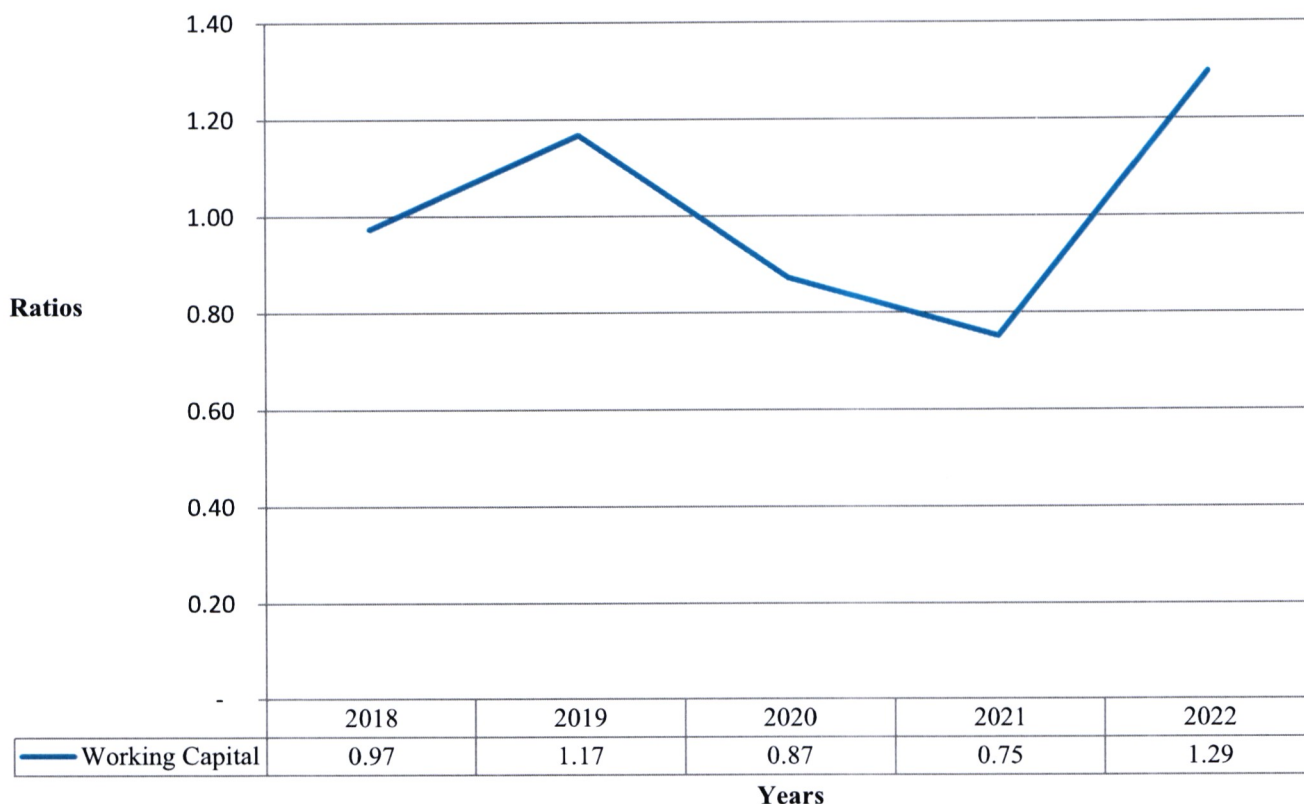


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For The Year Ended June 30, 2022

### Working Capital



Working capital is a measure of both the University's operational efficiency and its short-term financial health. The working capital ratio (current assets/current liabilities), or current ratio, indicates whether the University has enough short-term assets to cover its short-term debt. A good working capital ratio is considered anything between 1.2 and 2.0.

The University's working capital position has been improving over the past two years; with a healthy working capital ratio of 1.29 during the current financial year.

#### E) STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS

CUK attained its revenue target projections in most of its revenue lines. In total the variance between actual revenue and the budget was KSh 11,875 representing utilization of 100% revenue by 30 June, 2022.

In expenditure projections, the university was below target by Ksh 4,141,362. This is utilization of 100% of the target expenditure.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

Annual Report And Financial Statements

For The Year Ended June 30, 2022

## SECTION B

### Compliance with statutory requirements

CUK complied with all the statutory obligations within the financial year.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### SECTION C

#### Key projects and investment decisions planned and implemented

Within the 2021/2022 financial year, the University has been implementing the following projects in order of priority.

S/No	Project	% of Completion	Financing of the project	Remarks
1	Consultancy for construction of the Ultra-Modern Library & Learning resource Centre	46%	G.O.K	The design works and the tendering of construction works of the Library (phase 1A of LRC) were finalized. Supervision of Phase 1 on-going
2	Construction of the Ultra-Modern Library & Learning resource Centre	99%	G.O.K	LRC contractor still working on external works. Major work remaining is connection of the sewer line. Approval has been given for excavation of the remaining part.
3	Upgrade of Sewer System	100%	The Co-operative Bank of Kenya	The works have been commissioned and are in use.
4	Construction of Classrooms (Lecture III Annex)	52%	CUK	The project is stalled. The PM supervising the project has detailed the shortcomings of the contractor, and the possible clauses for termination of the contract.
5	Installation of defloridization machine for Shirika Water	0%	CUK	The machine has been bought from Davis & Shirtliff. The contract for civil works is complete and installation is complete.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### SECTION D

#### Major Risks Facing the University

TYPE OF RISK	RISK DESCRIPTION	RISK MITIGATION STATUS.	PENDING ISSUES	ACTION OFFICER	TIMELINE	STATUS AS AT 30/06/2022
Operational risks	Likely loss arising from shortfalls in revenue targets for Tuition fees, CRCC income and Students and cafeteria.	<ul style="list-style-type: none"> <li>- Implementation of online learning) to mitigate against COVID -19 Pandemic.</li> <li>- Implementation and control of 2022/2023 budget to ensure the university operates within its means</li> </ul>	<ul style="list-style-type: none"> <li>- 2022/2023 budget implementation.</li> </ul>	- FO	- June 2023	<ul style="list-style-type: none"> <li>- Revenue targets achieved</li> </ul>
	Likely loss due to inability to facilitate normal operations and extension of semester.	<ul style="list-style-type: none"> <li>- Revision of budget and income estimates to ensure the university operates within its means.</li> </ul>	<ul style="list-style-type: none"> <li>- 2022/2023 budget implementation.</li> </ul>	- FO	- June 2023	<ul style="list-style-type: none"> <li>- Surplus as the end of the quarter.</li> </ul>
	Likely loss arising from Classroom space Crises from September 2021 to May 2023.	<ul style="list-style-type: none"> <li>- Immediate construction of classrooms based on savings from the lecture theatre project. This will be done after approval of supplementary budget by MOE and National treasury</li> </ul>	<ul style="list-style-type: none"> <li>- Construction of classrooms</li> </ul>	- DVC FPA	- June 2023	<ul style="list-style-type: none"> <li>- Construction is has started, but the contractor is not on site at the moment.</li> </ul>
Government policy risks	Loss of revenue as a result of lack of funding for Diploma Programs	<ul style="list-style-type: none"> <li>- Sourcing of funds from the state Department of TVET when TVET funding board is established</li> <li>- Met with PS state department of TVET to table our request</li> </ul>	<ul style="list-style-type: none"> <li>- Reversing the trend of the declining student enrolment due to competition from TVET institutions</li> </ul>	- DVC FPA/A A	- June 2023	<ul style="list-style-type: none"> <li>- Purchasing of TVET programs done</li> <li>- Launch of TVET programs</li> <li>- Purchasing</li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

		for additional funding - Met with UFB to table our request for additional funding	that are funded for their diplomas		additional TVET Programs
--	--	--	------------------------------------	--	--------------------------

TYPE OF RISK	RISK DESCRIPTION	IMPLEMENTATION STATUS.	PENDING ISSUES	ACTION OFFICER	TIMELINE	STATUS AS AT 30/06/2022
Government policy risks	Likely loss arising from decline/Stagnation of growth in recurrent grants based on DUC model of Funding	- Develop additional Market driven programs to compensate for those declining in enrolment	- Admission of students in new programs as placed by KUCCPS - Approval of additional programs for accreditation by CUE	- DVC AA DVC FPA	- June 2023	- Minimal growth in the recurrent grants
Market Risks	Likely loss due to declined performance in the University sector arising from COVID - 19 Pandemic	- University preparing Business continuity Plans to ensure resumption and continuity of learning	- Implementation of Business Continuity Plans -	- VC	- Continuous	- Online learning in progress for about 60% of students

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

TYPE OF RISK	RISK DESCRIPTION	IMPLEMENTATION STATUS.	PENDING ISSUES	ACTION OFFICER	TIMELINE	STATUS AS AT 30/06/2022
Market Risks	Loss of Brand/ image/ Mandate in Co-operative Training	<ul style="list-style-type: none"> <li>- Increase the number of Diploma Programs which would then form the market for the degree programs.</li> <li>- Increase the variety of market driven programs</li> </ul>	<ul style="list-style-type: none"> <li>- The school of Co-operative development is the oldest as per Mandate; however, the school has been overtaken in the following areas.</li> <li>- Number of Diploma Programs</li> <li>- Number of degree programs</li> <li>- Enrolment as per KUCCPS admission is wanting</li> <li>- Loss of Market for Co-operative degree programs</li> <li>- Programs and Population Ratios.</li> </ul>	<ul style="list-style-type: none"> <li>- DVC</li> <li>- AA</li> </ul>	<ul style="list-style-type: none"> <li>- June 2023</li> </ul>	<ul style="list-style-type: none"> <li>- Development of market driven Co-operative centred programs on-going</li> <li>- A committee appointed to make recommendations to revamp cooperative programs</li> </ul>
	Likely loss arising from Poor enrolment of Post Graduate Programs in CUK	<ul style="list-style-type: none"> <li>- Development of post graduate programs on-going</li> <li>- Development of PHD programs on-going.</li> </ul>	<ul style="list-style-type: none"> <li>- Poor Completion rate for Master of Cooperative Management.</li> <li>- Poor/ No Marketing strategy for Postgraduate programs.</li> </ul>	<ul style="list-style-type: none"> <li>- DVC</li> <li>- AA</li> </ul>	<ul style="list-style-type: none"> <li>- March 2023</li> </ul>	<ul style="list-style-type: none"> <li>- Development of post graduate programs on-going</li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

TYPE OF RISK	RISK DESCRIPTION	IMPLEMENTATION STATUS.	PENDING ISSUES	ACTION OFFICER	TIMELINE	STATUS AS AT 30/06/2022
Credit Risks	Revenue shortfalls leading to failure to meet financial obligations.	<ul style="list-style-type: none"> <li>Implementation of blended learning (Face to face and online learning) to mitigate against COVID -19 Pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>-Registration of Semester three of the 2021/2022 academic year</li> </ul>	<ul style="list-style-type: none"> <li>- VC</li> <li>- DVC (AA)</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- August 2022</li> </ul>	60% of students registered for online learning
Liquidity Risks	Inadequate Cash flow	<ul style="list-style-type: none"> <li>- Implementation of 2021/2022 budget to manage cash flow.</li> <li>- Reduction of current liabilities through effective budget management</li> </ul>	<ul style="list-style-type: none"> <li>- Receipt of KSh 25 M development grants which is a major source of decline in liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>- FO</li> </ul>	<ul style="list-style-type: none"> <li>- Continuous</li> </ul>	<ul style="list-style-type: none"> <li>- Full development grant has been released</li> <li>- Negotiating with suppliers/contractors for more credit period</li> </ul>
Capital Risks	Loss of working capital due to idle capacity in Nairobi Campus	<ul style="list-style-type: none"> <li>- Restructuring of Nairobi Campus</li> <li>- Deployment of new management of the campus</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of the new initiatives by the new management to revive the campus</li> </ul>	<ul style="list-style-type: none"> <li>- VC</li> <li>- DVC</li> <li>- FPA</li> <li>- DVCAA</li> </ul>	<ul style="list-style-type: none"> <li>- September 2022</li> </ul>	<ul style="list-style-type: none"> <li>- Nairobi Campus registered financial deficits.</li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### SECTION E

#### Material arrears in statutory/financial obligations

As at June 30, 2022, CUK did not have any material arrears in statutory or financial obligations.

### SECTION F

#### Financial probity and serious governance issues

- i) CUK does not have any financial improbity as reported by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight.
- ii) There are no governance issues among the Board or members of the Board and top management including conflict of interest.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### X. REPORT OF THE UNIVERSITY COUNCIL

The University Council submits their report together with the financial statements for the year ended June 30, 2022 which show the state of the Co-operative University of Kenya's affairs.

#### Principal activities

The principal activity/mission of CUK is to provide innovative education, training, research, and consultancy services for sustainable community empowerment. .

#### Results

The results of the entity for the year ended June 30, 2022 are set out on page 1 of the Annual Report and Financial Statements.

The results indicate that CUK registered a total of KSh. **1,014,724,556** in gross revenue against a target of KSh. 1,014,736,431. This represents 100% of the target revenue. In comparison to the previous financial year, CUK recorded a 42% increase in revenue. At the same time, CUK registered total expenditure of KSh **975,469,139** against a target of KSh. 979,000,000. This represents 100% of the target expenditure. In comparison to the previous financial year, CUK recorded a 31% increase in expenditure.

As the University continues in its recovery from the COVID-19 pandemic, the third semester of the 2020/2021 academic calendar was pushed back to the 2021/2022 financial year. This greatly increased the tuition fee generated in the financial year 2021/202. Consequently, the University has registered a surplus of KSh 39,507,075 in the financial year.

Over the last four (4) years, recurrent grants from the G.O.K have remained almost constant despite the growth in personnel costs and increase in student population especially the Government Sponsored Students. Since 2013, CUK has been receiving over a thousand G.O.K students annually with no commensurate increase in government funding. This has greatly affected the expected growth.

The Council is pleased to report that the Charter was granted on 7<sup>th</sup> October 2016 by His Excellency the President of the Republic of Kenya, Hon. Uhuru Kenyatta. Strategies implemented on award of the Charter have borne fruit with an increase in the number of students in postgraduate and undergraduate programs. This will see an increase in gross revenue.

#### Directors

The members of the University Council who served are;

- |                          |              |
|--------------------------|--------------|
| 1. Dr. Jeremy Bundi      | Chairperson. |
| 2. Ms Anne Chepkorir     | Member.      |
| 3. Mr Christopher Ombati | Member.      |
| 4. Mr Peter Gathirwa     | Member.      |
| 5. Mr Patrick Musyimi    | Member       |
| 6. Mr Daniel Messis      | Member.      |



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

- |                       |            |
|-----------------------|------------|
| 7. Ms Susan Karuri    | Member.    |
| 8. CPA Peter Kiama    | Member.    |
| 9. Prof. Kamau Ngamau | Secretary. |

### Auditors

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

By Order of the University Council.

**Prof. Kamau Ngamau**

**VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA**



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### XI. STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act; require the Council to prepare Financial Statements which give a true and fair view of the state of affairs of the University at the end of the Financial Year and the operating results for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institution. The Council is also responsible for safeguarding the assets of the Co-operative University of Kenya (CUK).

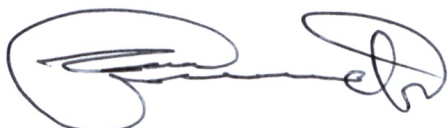
The Council is responsible for the preparation and presentation of the Financial Statements, which give a true and fair view of the state of affairs of the University as at the end of the Financial Year ended on June 30, 2022. This responsibilities includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institution; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of The Co-operative University of Kenya; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standard (IPSAS), and in the manner required by the PFM Act, the State Corporations Act and Public Sector Accounting Standard Board. The Council is of the opinion that CUK's financial statements give a true and fair view of the state of the institution's transactions during the financial year ended June 30, 2022, and the financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council to indicate that CUK 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 Co-operative University of Kenya's financial statements were approved by the Council on the 4<sup>th</sup> of August 2022, and signed on its behalf by:



**Dr. Jeremy Bundi**  
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY  
OF KENYA COUNCIL

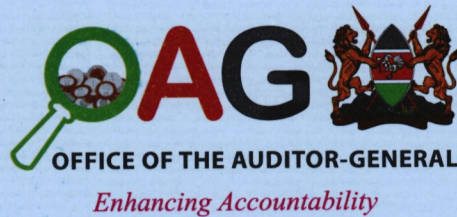


**Prof. Kamau Ngamau**  
VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON THE CO-OPERATIVE UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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 the Co-operative University of Kenya set out on pages 1 to 29, which comprise of the statement of financial position as

at 30 June, 2022, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Co-operative University of Kenya 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 the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Long-Outstanding Accounts Receivables**

The statement of financial position and Note 20 to the financial statements reflects a balance of Kshs.92,376,559 in respect of receivables from exchange transactions. This was an increase of Kshs.30,489,761 or 49% from the prior year balance of Kshs.61,886,798. The receivables include amounts due from the Nairobi City County dating back to the year 2015. The dues were long outstanding and had not been reflected in the Nairobi City County records as payables to the University.

In the circumstances, the existence and recoverability of the receivable's balances could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Co-operative University of Kenya 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 audit 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 with University Charter**

Section 13(1) of the University Charter on appointment of the Chancellor indicates that the University shall have a Chancellor appointed by the President who shall confer degrees and grant diplomas, certificates and other awards of the University. However, information provided indicates that the University has not had a Chancellor for a long period of time. The Management explained that the first Chancellor of the Co-operative University of Kenya resigned in mid - 2017. The University therefore embarked on the process of appointing a new Chancellor as per the requirements of the University's Act. The University, in January, 2019, submitted the shortlisted candidates for appointment to the Ministry of Education who would then recommend to the appointing authority. The University was still awaiting for a response.

In the circumstances, it was not clear when the University will have a Chancellor appointed.

### **2. Officers Working Beyond 60 Years**

During the year under review, the University retained a senior office administrator II who was above 60 years of age contrary to Section D.21 of the Human Resource Policies and Procedures Manual for the Public Service which states that all officers shall retire from the Service on attaining the mandatory retirement age of 60 years, 65 years for persons with disabilities and/or as may be prescribed by the Government from time to time.

In the circumstances, the University was in breach of the law since the officer retired at an age of 62 years during the closure of the financial year.

### **3. Unutilized Enterprise Resource Planning System**

The University contracted a supplier for the implementation of an Enterprise Resource Planning (ERP) system at a contract sum of Kshs.18,450,070 on 18 September, 2014. The system comprises of four (4) modules namely; Finance Applications, Human Resource Application, Academic modules and ICT Features/Capabilities. Audit inspection conducted during the year under review revealed that although the University operated an automated payroll system, the payroll was manually updated and lacked the following key staff information: staff personal details which include; date of birth, date hired, national identification number, KRA pin number, job grade, employee banking details and bank account number.

Further, according to Appendix A, 4.12 feature 12: payroll module of the service level agreement, among the reports the system was expected to generate were staff details and bio data, employee banking details, direct electronic remittance to the bank report, a

payroll analysis report and access to payroll past data. The agreement further depicts clearly how the four modules were integrated to work efficiently. However, Management was unable to access parts of the system and generate detailed reports.

In addition, the University did not utilize the system effectively and no explanation was provided for the anomaly since the University had interacted with the system since 18 September, 2014.

In the circumstances, the University may not have effectively realized value for money utilized in the implementation of the ERP system.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Poor Stores Management**

Physical inspection conducted on 25 August, 2022 in the University's stores revealed that the store was congested, not properly ventilated and supplies were not well-arranged making it difficult to access all the items in the store contrary to Section 177(a) of the Public Procurement and Asset Disposal Regulation, 2020 which states that the officer in charge of stores of a procuring entity shall ensure that the store-rooms are kept clean, properly ventilated and in good condition and that the stores are well arranged and easy to access.

In the circumstances, the existence of an effective control and risk management of the stores could not be confirmed.

#### **2. Untagged Assets**

Review of the fixed asset register and physical verification revealed that the assets valued at Kshs.43,701,167 were not tagged for ease of identification and movement contrary to Section 139(1)(b) of the Public Finance Management (National Government) Regulations,

2015 which stipulates that the Accounting Officer of a National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that movement and conditions of assets can be tracked.

In the circumstances, proper control and ease identification of the assets could not be achieved without the tagging.

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

13 April, 2023

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### KIII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
<b>Revenue from non-exchange transactions</b>			
Unconditional Grants	6	283,586,433	265,073,196
Research Funds	7	10,748,125	23,161,165
		<b>294,334,558</b>	<b>288,234,361</b>
<b>Revenue from exchange transactions</b>			
Rendering of Services - Tuition Income	8	654,488,949	405,840,180
Income from Co-operative Retreat & Conference Centre	9	40,145,123	10,291,955
Rental revenue from facilities and equipment	10	3,170,827	2,293,375
Finance income	11	361,301	-
Other income	12	22,223,798	9,594,297
		<b>720,389,998</b>	<b>428,019,807</b>
<b>Total revenue</b>		<b>1,014,724,556</b>	<b>716,254,168</b>
<b>Expenses</b>			
Use of goods and services	13	291,954,602	153,083,284
Employee Cost	14	592,747,631	508,702,590
Board expenses	15	6,756,009	5,347,570
Depreciation and amortization expense	16	46,675,256	43,786,631
Repairs and Maintenance	17	21,446,129	16,938,699
Contracted Services	18	15,889,512	16,957,565
		<b>975,469,139</b>	<b>744,816,339</b>
<b>Other Gains/(Losses)</b>			
Bad Debts recovered / (Written Off)	13 (b)	(13,250)	24,040
Foreign Exchange Gain / (Loss)	19	263,351	(112,591)
(Increase) / Decrease in Provision	20	360,400	(1,386,700)
		<b>39,865,918</b>	<b>(30,037,422)</b>

The notes set out on pages 6 to 28 form an integral part of the Financial Statements



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### XIV. STATEMENT OF FINANCIAL POSITION

As At 30 June 2022

	Note	2021-2022	2020-2021
Assets		KSh	KSh
<b>Current assets</b>			
Cash and cash equivalents	19	129,930,450	100,277,080
Receivables from exchange transactions	20	92,376,559	61,886,798
Receivables from non-exchange transactions	21	600,138	187,643
Inventories	22	2,575,948	2,120,596
		<b>225,483,095</b>	<b>164,472,117</b>
<b>Non-current assets</b>			
Property, plant and equipment	24	2,753,897,582	2,649,755,637
Investments	23	8,425,530	8,425,530
Intangible Assets	25	19,141,940	18,752,930
Work In Progress	26	379,738,306	378,599,928
		<b>3,161,203,358</b>	<b>3,055,534,025</b>
<b>Total assets</b>		<b>3,386,686,453</b>	<b>3,220,006,142</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	27	173,815,738	181,887,300
Trade and other payables from non-exchange transactions	28	314,351	37,334,678
		<b>174,130,089</b>	<b>219,221,978</b>
<b>Long term liabilities</b>			
Long term liabilities	29	23,708,663	32,505,836
		<b>23,708,663</b>	<b>32,505,836</b>
<b>Total liabilities</b>		<b>197,838,752</b>	<b>251,727,814</b>
<b>Net Assets</b>			
Capital fund	30	1,548,890,111	1,368,373,769
Revaluation Reserves	31	1,748,157,035	1,778,358,779
Accumulated Deficit	32	(108,199,445)	(178,454,220)
<b>Total net assets</b>		<b>3,188,847,701</b>	<b>2,968,278,328</b>
<b>Total net assets and liabilities</b>		<b>3,386,686,453</b>	<b>3,220,006,142</b>

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



**Dr. Jeremy Bundi**  
CHAIRPERSON, THE CO-OPERATIVE  
UNIVERSITY OF KENYA COUNCIL



**Prof. Kamau Ngamau**  
VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA



**CPA. Maxwell Nyaga**  
ICPAK No. 11419  
FINANCE OFFICER,  
THE CO-OPERATIVE  
UNIVERSITY OF KENYA



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### XV. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2022

	Accumulated Deficit KSh	Capital Reserve Fund KSh	Revaluation Reserve KSh	Total KSh
Notes	32	31	30	
<b>Balance as at 30 JUNE 2020</b>	<b>(176,997,599)</b>	<b>1,289,915,073</b>	<b>1,806,614,324</b>	<b>2,919,531,798</b>
Surplus for the period	(30,037,422)	-	-	(30,037,422)
Excess Depreciation on revaluation	26,840,999	-	(26,840,999)	-
Additions in the year	325,256	78,458,696		78,783,952
<b>Balance as at 30 JUNE 2021</b>	<b>(179,868,766)</b>	<b>1,368,373,769</b>	<b>1,779,773,325</b>	<b>2,968,278,328</b>
Surplus for the period	39,865,918	-	-	39,865,918
Excess Depreciation on revaluation	31,616,290	-	(31,616,290)	-
Additions in the year	187,113	180,516,342		180,703,455
<b>Balance as at 30 JUNE 2022</b>	<b>(108,199,445)</b>	<b>1,548,890,111</b>	<b>1,748,157,035</b>	<b>3,188,847,701</b>



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### XVI. STATEMENT OF CASHFLOWS

For the year ended 30 June 2022

	Notes	30.06.2022 KSh	30.06.2021 KSh
<b><u>Cash flows from Operating activities</u></b>			
<b>Surplus for the period</b>		39,865,918	(30,037,422)
Adjustment for:			-
Profit/Loss on Disposal of Assets		-	-
Depreciation and amortization	16	46,675,256	43,786,631
Operating Profit before Working Capital Changes		86,541,174	13,749,209
<b>Change in Working Capital</b>			
(Increase)/Decrease in inventories	22	(455,352)	(476,956)
(Increase)/Decrease in receivables from Exchange transactions	20	(30,489,761)	27,141,642
(Increase)/Decrease in receivables from Non-Exchange transactions	21	(412,495)	55,938,517
Increase/(Decrease) in payables from Exchange transactions	27	(8,071,562)	(44,944,956)
Increase/(Decrease) in payables from Non-Exchange transactions	28	(37,020,327)	12,744,069
<b>Net cash generated from operating activities</b>		<b>10,091,677</b>	<b>64,151,525</b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of Property, Plant & Equipment	24	(144,897,344)	(10,873,232)
Intangible Assets	25	(6,308,867)	(3,016,000)
Investment in ATC	23	-	(5,600,000)
Work in progress	26	(1,138,378)	(113,181,427)
<b>Net cash flows from investing activities</b>		<b>(152,344,589)</b>	<b>(132,670,659)</b>
<b><u>Cash flows from financing activities</u></b>			
Capital Reserve fund	30	180,516,342	78,458,696
Revaluation Reserve	31		-
Accumulated Deficit	32	187,113	325,256
Decrease in Long-term Liabilities	29	(8,797,173)	10,000,000
<b>Net cash flows from financing activities</b>		<b>171,906,282</b>	<b>88,783,952</b>
<b>Net change in cash and cash equivalents</b>		<b>29,653,370</b>	<b>20,264,818</b>
<b>Opening cash and cash equivalent</b>	19	<b>100,277,080</b>	<b>80,012,262</b>
<b>Closing cash and cash equivalent</b>	19	<b>129,930,450</b>	<b>100,277,080</b>



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Revenue	Original budget 2022		Adjustments 2022		Final budget 2022		Actual on Comparable Basis 2022		Performance Difference 2022		% of Utilization
	KSh		KSh		KSh		KSh		KSh		
Unconditional Grants	281,903,410		1,683,021		283,586,431		283,586,433		(2)		100%
a) Research Funds	36,200,000		(9,100,000)		27,100,000		19,894,145		7,205,855		73%
Tuition fees & Other Levies	405,494,570		241,355,430		646,850,000		654,488,949		(7,638,949)		101%
b) Rental revenue from facilities and equipment	2,300,000		(100,000)		2,200,000		3,170,827		(970,827)		144%
Income from Co-operative Retreat & Conference Centre	10,000,000		31,000,000		41,000,000		40,145,123		854,877		98%
c) Other income	8,500,000		5,500,000		14,000,000		13,439,079		560,921		96%
<b>Total income</b>	<b>744,397,980</b>		<b>270,338,451</b>		<b>1,014,736,431</b>		<b>1,014,724,556</b>		<b>11,875</b>		<b>100%</b>
<b>Expenses</b>											
Use of Goods and Services	145,305,303		144,894,697		290,200,000		291,344,101		(1,144,101)		100%
Employee Cost	508,797,475		87,202,525		596,000,000		592,747,631		3,252,369		99%
Board Expenses	6,054,600		945,400		7,000,000		6,756,009		243,991		97%
Depreciation and amortization expense	38,000,000		9,000,000		47,000,000		46,675,256		324,744		99%
d) Repairs and Maintenance	16,305,660		6,694,340		23,000,000		21,446,129		1,553,871		93%
Contracted Services	16,889,500		(1,089,500)		15,800,000		15,889,512		(89,512)		101%
<b>Total expenditure</b>	<b>731,352,538</b>		<b>247,647,462</b>		<b>979,000,000</b>		<b>974,858,638</b>		<b>4,141,362</b>		<b>100%</b>
<b>Surplus (Deficit) for the period</b>	<b>13,045,442</b>				<b>35,736,431</b>		<b>39,865,918</b>				

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### Explanation of Material Variances on Statement of Comparison of Budget and Actual Amounts

- a) **Research Funds.** The recurrent grants variance is as a result of the research partners failing to release the funds in time. This variance is expected to be recovered in the 2022/2023 financial year.

The research funds in the budget comprises of research funds generated by the Co-operative Development, Research and Innovation division. This includes research grants from research partners and research income, reported under Research Grants; and income from consultancies and the University's International conference reported under Other Income in the statement of financial performance.

Item	Note	Kshs
Research Funds	7	10,748,125
Special Grants (International Conference.)	12	9,146,020
<b>Total Research Funds to Budget Comparison</b>		<b>19,894,145</b>

- b) **Rental revenue from facilities and equipment.** This is income from staff houses to our members of staff, office space let to ATC, a company limited by guarantee by the Co-operative University of Kenya, and office space let to the Co-operative Alliance of Kenya. Recognition of the rental income from the Co-operative Alliance of Kenya resulted in the over performance of rental revenue recognised..

- c) **Other Income.** Other Income in the statement of comparison of budget and actual is composed of the following:

Item	Note	Kshs
Finance Income	11	361,301
Catering	12	6,363,754
Dispensary	12	81,065
Contribution from ATC	12	1,200,000
Water and Electricity	12	615,850
Sale of Farm Produce	12	11,800
Miscellaneous Income	12	4,805,309
<b>Total Research Funds to Budget Comparison</b>		<b>13,439,079</b>

- d) **Use of Goods and Services.** Use of Goods and Services is composed of the following:

Item	Note	Kshs
Use of Goods and Services	13	291,954,602
Bad debts	13 (b)	13,250
Foreign Exchange Gain	19	(263,351)
Decrease in Provision for bad debts	20	(360,400)
<b>Total Research Funds to Budget Comparison</b>		<b>291,344,101</b>



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### XVIII. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 1. General Information

The Co-operative University of Kenya (CUK) is a chartered public university that is established and derives its authority and accountability from the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7<sup>th</sup> October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4<sup>th</sup> November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E). The University is wholly owned by Government of Kenya and is domiciled in Kenya.

The principal activity of CUK continues to be the provision of Co-operative Education, Business, and Information Technology and related Disciplines for various stakeholders including the Co-operative movement and the Government. CUK serves as a Centre of academic excellence in the Co-operative Movement in Kenya, together with other mandates as stipulated under the Universities Act No. 42 of 2012, and the Co-operative University of Kenya Charter of 7<sup>th</sup> October 2016.

#### 2. Statement of Compliance and Basis of Preparation

The Co-operative University of Kenya's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), the State Corporations Act and the PFM Act. The preparation of financial statements in conformity with IPSAS allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The financial statements are presented in Kenya shillings, which is the accepted functional and reporting currency and all values are rounded to the nearest shilling. The accounting policies have been consistently applied to all the years presented.

##### Basis of preparation

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

#### 3. Adoption of New and Revised Standards

##### a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

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

##### b) New and amended standards in issue but not yet effective in the year ended 30 June 2022

- IPSAS 41, Financial Instruments – This IPSAS establishes 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.

This will impact on the analysis of the University's individual financial assets and liabilities and inform the estimations and provisions for cash flows.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- IPSAS 42, Social Benefits - 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.

This Standard will allow the University to provide clearer information in the financial statements on its social benefits to the community and stakeholders.

#### c) Early adoption of Standards

The University 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

- **Unconditional Grants**

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).

This recognition is only 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 Co-operative University of Kenya and can be measured reliably.

- **Conditional Grants**

Conditional grants are treated as a liability and credited to the income and expenditure statement when the activities for which they were provided for have been undertaken.

##### ii) Revenue from Exchange Transactions

- **Rendering of Services - Tuition Fees**

Revenue from tuition fees is recognized at the beginning of the semester when the student has met all the admission and registration requirements for that particular semester. Tuition fees are accounted for on accrual basis over the period of instruction to which they relate. Fees paid in advance are carried forward as liabilities at the end of each reporting period.

- **Sale of Goods and Services**

Revenue from the sale of goods and services from the Co-operative Retreat and Conference Center is recognised 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.

- **Rental Income**

Rental income arising from provision of housing is recognized as the income earned in accordance with the terms of the tenancy agreement.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### b) Budget Information

The University's budget is not 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. Similarly the budget is prepared on accrual basis. 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.

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

#### c) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if there cognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Investment properties are derecognized either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

#### d) Property, Plant and Equipment

All properties, 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 Co-operative University of Kenya recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a reducing balance method for all other categories of assets except for land which is not depreciated. The applied depreciation rates are as shown below:

• Land	Nil
• Building, Sewer and Water works	2.5%
• Plant and Machinery	10%
• Furniture and Fitting	12.5%
• Motor Vehicles	25%
• Office Equipment	12.5%
• Computer and Accessories	30%
• Telecommunication Equipment	20%
• Kitchen Equipment and Cutlery	10%
• Tools	10%



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### e) 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.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, if that 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 Co-operative University of Kenya.

#### f) Provisions

Provisions are recognized when the Co-operative University of Kenya has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

- **Contingent liabilities**

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

#### g) Nature and Purpose of Reserves

The Co-operative University of Kenya creates and maintains reserves in terms of specific requirements.

- **Capital Fund**

This fund is composed of development grants sourced from the Government and Development Partners, which are used in capital projects by the Co-operative University of Kenya. The Co-operative University of Kenya recognizes any expenditure incurred of a capital nature and those funds are transferred to the capital fund upon incurring such expenditure.

- **Accumulated Fund**

These are the funds that are retained by the Co-operative University of Kenya. These funds are cumulative and are increased by the surplus or decreased by the deficit in a particular accounting period.

- **Revaluation Reserve**

Beginning in 2014, the revaluation surplus reserves include the results of a revaluation (from historic cost to fair value) of the assets owned by the institution. The fair value has been determined by an independent valuation.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### i) Changes in Accounting Policies and Estimates

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

#### i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year

#### j) 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.

Amortization is calculated on a reducing balance method for all categories of intangible assets. The applied amortization rates are as shown below:

- Software 30%
- Master plan 2%

#### k) Foreign Currency Transactions

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

#### l) Financial Instruments

##### i. Financial assets

##### • Initial recognition and measurement

Financial assets 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 Co-operative University of Kenya determines the classification of its financial assets at initial recognition.

##### • Receivables

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.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2022

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### ii. Financial liabilities

##### • Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Co-operative University of Kenya 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.

#### m) Related Parties

The Co-operative University of Kenya regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. These related parties include: The Government of Kenya and Members of key management comprising the University Council and the University Management Board.

#### n) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### o) Employee Benefits.

##### Retirement Benefit Plans

The University provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which the University pays fixed contributions into a separate entity (The Co-operative University of Kenya Staff Provident 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 period in which they become payable.

The University does not have any defined benefit plans.

#### p) Comparative Figures

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

#### q) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 5. Significant Judgments And Sources Of Estimation Uncertainty

The preparation of the Co-operative University of Kenya'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, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Changes in estimates are reflected in the period in which they become known.



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<b>6. Transfers from Other Government entities</b>	<b>2021-2022</b>	<b>2020-2021</b>
<b>Unconditional grants</b>	<b>KSh</b>	<b>KSh</b>
Government of Kenya	283,586,433	265,073,196
<b>Total government grants and subsidies</b>	<b>283,586,433</b>	<b>265,073,196</b>

<b>7. Research Funds</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Projects (LFC)	5,266,160	5,189,380
Research Grants	5,481,965	17,971,785
<b>Total Research Funds</b>	<b>10,748,125</b>	<b>23,161,165</b>

<b>8. Rendering of Services - Tuition Fees</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Main Campus	640,573,111	387,573,788
Nairobi CBD Campus	13,915,838	18,250,918
Meru Campus	-	12,474
Mombasa Campus	-	3,000
<b>Total revenue from Tuition fees</b>	<b>654,488,949</b>	<b>405,840,180</b>

<b>9. Sale of Services - Co-operative Retreat &amp; Conference Centre</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Sales from CR&CC	40,145,123	10,291,955
<b>Total from CR&amp;CC</b>	<b>40,145,123</b>	<b>10,291,955</b>

This income from the Co-operative Retreat and Conference Centre declined greatly in the financial year 2020-2021 due to closure of the hospitality sector by the Government as part of measures to contain the Covid-19 pandemic. However, in the current financial year 2021-2022, there has been an upturn and increased business from the facility.

<b>10. Rental revenue from facilities</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Rent Income	3,170,827	2,293,375
<b>Total Rental Income</b>	<b>3,170,827</b>	<b>2,293,375</b>

The rental income is rent from staff houses to the University's members of staff and office space let to ATC, a company owned by the University's guarantee and The Co-operative Alliance of Kenya.

<b>11. Finance income</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Interest income from call deposit	361,301	-
<b>Total Interest Income</b>	<b>361,301</b>	<b>-</b>

This income is the interest the University earned from monies placed in a call deposit account at the Co-operative Bank of Kenya.



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2. Other income	2021-2022	2020-2021
	KSh	KSh
Catering	6,363,754	1,857,691
Dispensary	81,065	56,013
Contributions from ATC	1,200,000	3,500,000
Water and Electricity	615,850	199,200
Sale of Farm Produce	11,800	-
Co-operator Magazine Income	-	124,401
b) Special Grants - Income from Consultancies	9,146,020	1,384,119
Miscellaneous Income	4,805,309	2,472,873
<b>Total other income</b>	<b>22,223,798</b>	<b>9,594,297</b>

a) The increase in the items of the other income is primarily attributed to the recovery from the Covid-19 pandemic. Resumption in person learning and other in person activities has increased the amount of income generated.

b) Special Grants. This is the income from consultancies carried out by the Co-operative Development Research and Innovation (CDRI) Division of the University. This amount was in prior years reported under research funds, but has now been reclassified under other income.

### 13. Use of Goods and Services:

Central Services	2021-2022	2020-2021
	KSh	KSh
Electricity expenses	11,394,110	7,164,172
Water expenses	1,559,853	496,718
Vehicle licenses & insurance	459,801	413,606
Vehicle fuel and oil	4,597,684	3,147,774
Publishing & Printing	275,000	295,010
Advertising and Publicity	4,337,714	3,888,003
Telephone expenses	355,484	703,288
Postal & Courier services	71,285	45,200
Conferences/workshops and seminars	9,184,860	4,854,250
Catering cost	27,134,310	8,537,689
Cleaning materials	3,247,351	2,096,938
External travelling	3,579,897	3,050
Gas and fuel	7,415,874	2,438,400
Training expenses/Staff training	1,976,574	1,351,640
Subscription to professional bodies	2,281,666	1,106,888
Utensils & Crockery	1,091,510	3,000
Performance Contract	6,739,433	1,951,538
Booked meals for staff	6,240,681	52,140
Newspapers	337,640	17,940
Internet services	15,075,320	10,401,441
ISO certification & maintenance	185,600	142,400
Staff welfare	3,558,549	2,192,950
Fumigation services	1,280,962	865,590
Generator expenses	500,920	297,200
Rent & rates	20,786,382	14,767,827
Purchase of uniforms	1,317,354	1,411,684
Purchase of Drugs	3,806,414	2,025,170
Stationery & stores	6,746,257	3,889,141
Purchase of production materials	1,547,349	1,092,300



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Use of Goods and Services Cont.	2021-2022 KSh	2020-2021 KSh
a) Medical scheme	43,346,492	15,081,653
General insurance	935,175	291,566
Staff group personal accident	-	343,930
Student group personal accident	550,000	-
Set up of ICT infrastructure	9,868,350	5,142,478
<b>Students Welfare</b>		
Inter university games	4,283,830	91,200
Students work-study programme	310,354	100,000
Sports equipment	253,800	-
Students Fee Waivers	1,039,759	2,766,989
<b>Academic Costs</b>		
Research, production & extension	28,616,696	19,131,775
Corporate social responsibility	430,000	563,000
Shows & Exhibitions	120,750	100,000
Library books/e-library/journals	3,163,439	481,500
Curriculum Development	1,536,803	6,576,270
Alumni association	215,000	314,000
Examination expenses	888,934	488,410
Graduation expenses	7,185,648	3,374,140
Leadership for change	4,834,715	6,106,860
HIV/AIDS Control Unit	354,478	259,600
KUCCPS/CUE Accreditation	10,682,000	3,941,000
<b>Administrative Costs</b>		
Legal Expenses	3,904,350	2,143,620
Audit Expenses	870,000	870,000
Travelling and accommodation	10,778,417	4,739,385
Bank charges/interest	2,988,301	1,731,385
Task Force/Facilitation Allowances	1,528,635	1,326,258
Official Entertainment	29,802	69,800
VAT Expense	4,466,936	576,000
Corporation Tax	-	107,404
CR&CC Rebates	629,032	569,414
b) Debts Written Off	-	-
Outsourced Accommodation	449,100	112,700
Hire of Machinery & Equipment	607,972	30,000
<b>Total</b>	<b>291,954,598</b>	<b>153,083,284</b>

a) Medical Scheme. This is the medical insurance that the University has entered into with the National Hospital Insurance Fund (NHIF) for provision of medical services to staff members. This is budgeted under insurance and medical expenses in the University's budget.

b) Debts Written Off	2021-2022 KSh	2020-2021 KSh
Debts Recovered / (Written Off)	(13,250)	24,040
<b>Total debts recovered / (Written Off)</b>	<b>(13,250)</b>	<b>24,040</b>

In the financial year 2021/2022 debts worth Kshs. 13,250 were written off, whereas in the financial year 2020/2021 written off debts amounting to Kshs. 24,040 were recovered and is reported on the statement of financial performance as bad debts recovered.



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14. Employee costs	2021-2022	2020-2021
	KSh	KSh
Basic Salaries	255,226,700	231,270,483
Casual workers	1,776,315	97,779
Part time teaching	87,073,481	32,429,829
Gratuity	7,803,822	9,796,859
b) Pension	39,702,448	35,839,850
House to Office allowance	32,949,481	32,964,042
Other personnel allowances	62,344,703	60,576,405
Group life insurance	3,507,580	3,581,251
Leave allowance	3,251,829	3,065,356
New recruits, passage & Baggage	76,698	272,011
House allowances	99,034,574	98,808,725
<b>Employee costs</b>	<b>592,747,631</b>	<b>508,702,590</b>

a) The Employee Costs for the financial year 2021-2022 has increased mainly as a result of the increase in part time teaching costs. This increase is due to the four academic semesters that were run during the financial year.

b) Pension - Employer Contribution to pension schemes

	2021-2022	2020-2021
	KSh	KSh
National Social Security Fund (NSSF)	691,000	1,205,740
CUK Staff Provident Fund	37,543,997	33,243,292
JKUAT Staff Provident Fund	1,467,451	1,390,818
<b>Total</b>	<b>39,702,448</b>	<b>35,839,850</b>

15. Board Expenses	2021-2022	2020-2021
	KSh	KSh
Sitting Allowance	3,480,000	3,200,000
Travelling Allowance	450,185	212,166
Subsistence Allowance	1,138,900	635,150
Medical Scheme	439,502	441,954
Co-opted Members Allowance	203,422	84,000
Chairperson's Honoraria	1,044,000	774,300
<b>Total Board Expenses</b>	<b>6,756,009</b>	<b>5,347,570</b>

16. Depreciation and amortization expense	2021-2022	2020-2021
	KSh	KSh
Property, plant and equipment	40,755,399	38,080,101
Intangible asset	5,919,857	5,706,530
<b>Total depreciation and amortization</b>	<b>46,675,256</b>	<b>43,786,631</b>



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

<b>17. Repairs and maintenance</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Motor Vehicle repairs	3,324,670	2,793,278
Maintenance of Sewerage and water	788,739	406,860
Maintenance of Buildings and station	12,734,103	10,352,956
Maintenance of computers/printer	1,426,476	1,009,915
Maintenance of plant & equipment	3,172,141	2,375,690
<b>Total repairs and maintenance</b>	<b>21,446,129</b>	<b>16,938,699</b>

The increase in repairs and maintenance expense is due to measures put up to comply with the Ministry of Health's Covid-19 guidelines on social distancing and sanitization.

<b>18. Contracted Services</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Contracted professional services	7,323,752	8,258,033
Outsourced Cleaning Services	8,565,760	8,699,532
<b>Total Contracted Services</b>	<b>15,889,512</b>	<b>16,957,565</b>

<b>19. Cash and cash equivalents</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Current Accounts	114,989,641	95,449,037
On-Call Deposits	10,361,301	-
Fixed Deposits Accounts	4,507,360	4,507,360
Others	72,148	320,683
<b>Total cash and cash equivalents</b>	<b>129,930,450</b>	<b>100,277,080</b>

#### a) Current account

Standard Chartered Bank (Account No. 01020448587500)	13,927,839	20,863,314
Co-operative Bank Business Account (Account No. 01136062663600)	21,933,065	6,842,323
Co-operative Bank WE-Effect Project Account (Account No. 01136082663601)	855,797	1,129,416
Co-operative Bank Research Grants Account (USD) (Account No.02120062663600)	6,320,773	6,489,132
Co-operative Bank Research & Projects Account (Account No. 01120125033500)	38,103,663	22,453,623
Equity Bank GIVE Project Account (Account No. 1630278965967)	856,768	9,721,084
Equity Bank KRTCDP Project (Account No. 1630280550859)	6,000,054	-
Co-operative Bank Fees Collection Account (Account No. 01129062663600)	26,014,006	26,971,147
Co-operative Bank HELB Collection Account (Account No. 01129062663601)	783,234	796,162
Co-operative Bank Agency Account (Account No. 01109062663600)	14,183	-
Equity Bank Fees Collection Account (Account No. 1250277107862)	180,259	182,836
<b>Sub- total</b>	<b>114,989,641</b>	<b>95,449,037</b>



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#### b) On- Call deposits

Co-operative Bank Call Deposit Account	10,361,301	-
<b>Sub- total</b>	<b>10,361,301</b>	<b>-</b>

#### c) Fixed deposits account

Co-operative Bank Collateral Account (Account No. 01246062663600)	4,507,360	4,507,360
<b>Sub- total</b>	<b>4,507,360</b>	<b>4,507,360</b>

#### d) Others

Cash in hand	72,148	320,683
<b>Sub- total</b>	<b>72,148</b>	<b>320,683</b>
<b>Grand total</b>	<b>129,930,450</b>	<b>100,277,080</b>

#### i) Foreign Exchange gain

The Co-operative Bank Research Grants Account (USD) (Account No.02120062663600) is a dollar account for Research money received by the University. Translation of this account at the end of the financial year 2021-2022 generated a foreign exchange gain of KSh. 263,351. In the financial year 2020-2021, the translation generated a foreign exchange loss of KSh. 112,591.

#### 20. Receivables from exchange transactions

	2021-2022 KSh	2020-2021 KSh
<b>Current receivables</b>		
(a) Student debtors	72,001,705	51,911,619
Seminar debtors	16,980,001	6,913,430
Rent & water bills outstanding	2,455,907	2,348,205
Imprest outstanding	148,362	65,345
Rent, Electricity & Telephone Deposits	3,551,200	3,551,200
Institute of Co-operative Development Debtors	462,804	680,819
Co-operator Magazine Debtors	423,400	423,400
(b) Less: Provision for Bad Debts	(3,646,820)	(4,007,220)
<b>Total receivables</b>	<b>92,376,559</b>	<b>61,886,798</b>

Provision for bad debts relates to specific Seminar Debtors that are more than 360 days old.

#### b) Movement in provisions for Bad Debts

	2021-2022 KSh	2020-2021 KSh
Balance at the beginning of the year	4,007,220	2,620,520
Provision for the year	-	1,620,500
i) Paid off/ Written off in the year	(360,400)	(233,800)
<b>Balance at the end of the year</b>	<b>3,646,820</b>	<b>4,007,220</b>

#### 21. Receivables from Non-exchange Transactions

	2021-2022 KSh	2020-2021 KSh
Salary advances outstanding	600,138	187,642
a) Recurrent Grants	-	1
<b>Total current receivables</b>	<b>600,138</b>	<b>187,643</b>



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<b>22. Inventories</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Dry & perishable foods	241,020	131,518
Production materials	292,546	126,120
General stationery	688,661	653,319
Cleaning materials	346,501	298,598
Electrical and hardware	1,006,020	909,841
Drugs	1,200	1,200
<b>Total inventories</b>	<b>2,575,948</b>	<b>2,120,596</b>

<b>23. Investments</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KSh</b>	<b>KSh</b>
Opening Balance	8,425,530	2,825,530
Additions during the year	-	5,600,000
<b>Total investments</b>	<b>8,425,530</b>	<b>8,425,530</b>

The investment in Agri. And Co-operative Training and Consultancy Services (ATC) which is a Company owned by the Co-operative University of Kenya and registered under Certificate No. 142828 was as at 30<sup>th</sup> June 2007 worth KSh 2,825,530, which was capital injected by Donor Partners through the University.

During the financial year 2020-2021, the University Council approved the conversion of debt amounting to Ksh. 5,600,000 owed from ATC into capital. This has increased the investment in ATC to Ksh. 8,425,530 which is the amount carried in these financial statements.



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24. Property, Plant & Equipment	LAND	BUILDING AND SEWER	PLANT & EQUIPMENT	FURNITURE & FITTING	COMPUTER & ACCESSORIES	MOTOR VEHICLES	TOOLS	OFFICE EQU	TEL. EQU	KITCHEN	TOTAL
VALUATION AS AT 01/07/2021	1,766,664,000	913,496,087	14,132,684	71,370,173	47,347,805	29,748,800	13,826,244	5,339,208	18,830,559	3,709,655	2,884,465,215
ADDITIONS IN THE PERIOD	-	131,253,992	776,711	559,100	6,760,208	4,600,000	-	388,700	558,633	-	144,897,344
DISPOSALS	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2022	<u>1,766,664,000</u>	<u>1,044,750,079</u>	<u>14,909,395</u>	<u>71,929,273</u>	<u>54,108,013</u>	<u>34,348,800</u>	<u>13,826,244</u>	<u>5,727,908</u>	<u>19,389,192</u>	<u>3,709,655</u>	<u>3,029,362,559</u>
DEPRECIATION											
AS AT 30/6/2021	-	116,074,072	4,783,388	32,055,141	33,800,626	23,741,108	9,207,023	2,533,068	10,610,901	1,904,251	234,709,578
CHARGE FOR THE PERIOD	-	23,216,900	1,012,601	4,984,279	6,092,216	2,651,923	461,922	399,356	1,755,658	180,544	40,755,399
DEPRECIATION ON DISPOSAL	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2022	-	<u>139,290,972</u>	<u>5,795,989</u>	<u>37,039,420</u>	<u>39,892,842</u>	<u>26,393,031</u>	<u>9,668,945</u>	<u>2,932,424</u>	<u>12,366,559</u>	<u>2,084,795</u>	<u>275,464,977</u>
NET BOOK VALUE AS AT 30-06-2022	<u>1,766,664,000</u>	<u>905,459,107</u>	<u>9,113,406</u>	<u>34,889,853</u>	<u>14,215,171</u>	<u>7,955,769</u>	<u>4,157,299</u>	<u>2,795,484</u>	<u>7,022,633</u>	<u>1,624,860</u>	<u>2,753,897,582</u>



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24. Property, Plant & Equipment	<u>LAND</u>	<u>BUILDING AND SEWER</u>	<u>PLANT &amp; EQUIPMENT</u>	<u>FURNITURE &amp; FITTING</u>	<u>COMPUTER &amp; ACCESSORIES</u>	<u>MOTOR VEHICLES</u>	<u>TOOLS</u>	<u>OFFICE EQU</u>	<u>TEL. EQU</u>	<u>KITCHEN</u>	<u>TOTAL</u>
<u>2021</u>	99 YRS	2.5%	10.0%	12.5%	30%	25%	10%	12.5%	20%	10%	
VALUATION AS AT 01/07/2020	1,766,664,000	913,496,087	11,563,784	70,985,773	40,963,673	29,748,800	13,826,244	4,401,408	18,232,559	3,709,655	2,873,591,983
ADDITIONS IN THE PERIOD	-	-	2,568,900	384,400	6,384,132	-	-	937,800	598,000	-	10,873,232
DISPOSALS	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2021	<u>1,766,664,000</u>	<u>913,496,087</u>	<u>14,132,684</u>	<u>71,370,173</u>	<u>47,347,805</u>	<u>29,748,800</u>	<u>13,826,244</u>	<u>5,339,208</u>	<u>18,830,559</u>	<u>3,709,655</u>	<u>2,884,465,215</u>
DEPRECIATION											
AS AT 30/6/2020	-	95,627,353	3,744,578	26,438,704	27,994,694	21,738,543	8,693,776	2,132,191	8,555,987	1,703,651	196,629,477
CHARGE FOR THE PERIOD	-	20,446,718	1,038,810	5,616,437	5,805,933	2,002,564	513,247	400,877	2,054,914	200,600	38,080,101
DEPRECIATION ON DISPOSAL	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2021	<u>-</u>	<u>116,074,071</u>	<u>4,783,388</u>	<u>32,055,141</u>	<u>33,800,627</u>	<u>23,741,107</u>	<u>9,207,023</u>	<u>2,533,068</u>	<u>10,610,901</u>	<u>1,904,251</u>	<u>234,709,578</u>
NET BOOK VALUE AS AT 30- 06-2021	<u>1,766,664,000</u>	<u>797,422,016</u>	<u>9,349,296</u>	<u>39,315,032</u>	<u>13,547,178</u>	<u>6,007,693</u>	<u>4,619,221</u>	<u>2,806,140</u>	<u>8,219,658</u>	<u>1,805,404</u>	<u>2,649,755,637</u>



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### Revaluation of Property Plant and Equipment

On April 1<sup>st</sup>2014, the University's Property, Plant and Equipment were revalued (from historic cost to fair value). This has resulted in a revaluation surplus in some classes of Property, Plant and Equipment, leading to a revaluation Surplus Reserve. Other classes of Property, Plant and Equipment have had a Revaluation Loss which has been reflected in the statement of financial performance. The fair value has been determined by an independent valuation by Kenval Realtors (EA) Limited. The basis of revaluation was the Open Market Value.

#### 25. Intangible Assets

	2021-2022	2020-2021
	KSh	KSh
<b>Valuation</b>		
As At The Beginning of the Financial Year	31,271,514	28,255,514
Additions In The Period	6,308,867	3,016,000
Transfers	-	-
As At the End of the Financial Year	<u>37,580,381</u>	<u>31,271,514</u>
<b>Amortization</b>		
As At The Beginning of the Financial Year	12,518,584	6,812,054
Charge of the period	5,919,857	5,706,530
As At the End of the Financial Year	<u>18,438,441</u>	<u>12,518,584</u>
	<b><u>19,141,940</u></b>	<b><u>18,752,930</u></b>

Intangible assets is composed of: Unified Threat Management Solution (Firewall), Enterprise Resource Planning (ERP) Software and Master Plan. The Firewall and ERP software have been amortized at 30% reducing balance. The University Master plan has been amortized at 2% reducing balance.



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

26. Work In Progress	BAL B/F	<u>ADDITIONS</u>	<u>TRANSFERS</u>	TOTAL
Drilling of Borehole	3,313,550	-	(3,313,550)	-
Construction of Water Tank tower	3,424,100	-	(3,424,100)	-
Disaster Recovery Server	3,779,320	-	(3,779,320)	-
Access Control System	1,697,389	3,454,335	-	5,151,724
Construction of New Lecture Theatre Annex	-	8,201,013	-	8,201,013
a) Construction of Ultra-Modern Learning Resource Centre	366,385,569	-	-	366,385,569
<b>Balance carried down</b>	<b>378,599,928</b>	<b>11,655,348</b>	<b>(10,516,970)</b>	<b>379,738,306</b>

- a) Construction of Ultra Modern Learning Resource Centre: The project is on Phase 1A which includes Construction of Library, Gate house and Sports field.
- b) The borehole, water tank tower and disaster recovery server projects were completed and commissioned during the 2021/2022 financial year. These have now been transferred and recognised in the property, plant and equipment schedule.

### 27. Trade and other payables from exchange transactions

	2021-2022 KSh	2020-2021 KSh Restated
Trade payables	43,100,389	47,990,448
Student Creditors	78,871,830	90,711,449
Unidentified Bankings	420,282	714,626
Unallocated Bursaries	2,614,475	6,025,500
Caution Money	8,953,000	8,935,000
Student Union Fees	6,420,800	1,607,600
Payroll Liabilities	31,664,448	19,622,743
Insurance Claims Payable	-	4,509,420
Tablet/Laptop Over deductions	30,514	30,514
Provision for Audit Fees Current year	870,000	870,000
Provision for Audit Fees Previous year	870,000	870,000
<b>Total trade and other payables</b>	<b>173,815,738</b>	<b>181,887,300</b>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 28. Trade and other payables from non-exchange transactions

	2021-2022	2020-2021
	KSh	KSh
Development Payables	314,351	37,334,678
<b>Total development payables</b>	<b>314,351</b>	<b>37,334,678</b>

Payables from Non-Exchange Transactions relate to capital projects which have been contracted, approved, certificate issued, but not yet settled.

### 29. Long Term Liabilities

	2021-2022	2020-2021
	KSh	KSh
Construction of Library Retentions	23,708,663	32,505,836
<b>Total Long term liabilities</b>	<b>23,708,663</b>	<b>32,505,836</b>

Long term liabilities relate to capital project retentions for certificates paid.

### 30. Capital Reserve Fund

	2021-2022	2020-2021
	KSh	KSh
At start of Year	1,368,373,769	1,289,915,073
a) Government of Kenya	50,000,000	78,458,696
b) African Development Bank	6,000,000	-
c) The Co-operative Bank of Kenya	124,516,342	-
<b>At end of the Year</b>	<b>1,548,890,111</b>	<b>1,368,373,769</b>

a) This is composed of development grants from the Government of Kenya for capital projects by the Co-operative University of Kenya. The Co-operative University of Kenya recognizes any expenditure incurred of a capital nature and those funds are transferred to the capital fund upon incurring such expenditure.

b) This fund is composed of funds disbursed through the development vote from The African Development Bank towards The Kenya Rural Transformation Centers Digital Platform project.

c) This is composed of a sewer capital project donated by the Co-operative bank of Kenya. The cost of the donated capital project has been recognised as capital and recognised in the capital reserve fund.

### 31. Revaluation Reserves

	2021-2022	2020-2021
	KSh	KSh
At start of Year	1,779,773,325	1,806,614,324
Excess Depreciation on Revaluation	(22,775,073)	(26,840,999)
<b>At end of the Year</b>	<b>1,756,998,252</b>	<b>1,779,773,325</b>

Excess depreciation on Revaluation: This refers to the excess depreciation raised as a result of revaluation of the assets.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

32. Accumulated Deficits	2021-2022	2020-2021
	KSh	KSh
At start of Year	(179,868,766)	(176,997,599)
a) Excess Depreciation on Revaluation	31,616,290	26,840,999
b) Changes During the Year	187,113	325,256
Surplus/(Deficit) for the Year	39,865,918	(30,037,422)
<b>At end of the Year</b>	<b>(108,199,445)</b>	<b>(179,868,766)</b>

- a) **Excess depreciation on Revaluation:** This refers to the excess depreciation raised as a result of revaluation of the assets.
- b) **Changes during the Year:** The current year figures relate to internal debtors erroneously captured as expenses in the previous financial year. This has now been corrected.  
The amount for the comparative period refers to retention amount on development payables that had not been captured as a payable in the previous financial year.

### 33. Financial Risk Management Disclosure.

The Institution is exposed to certain liquidity and credit risks. The Institution does not have significant exposure to liquidity risk as it has substantial unrestricted cash resources which are replenished from the results of its operations.

The Institution's Accounts Receivable is almost exclusively from its operations with its students and therefore risks related to credit are considered minor. A provision has been made against asset value of Accounts Receivables relating to Cooperative Retreat and Conference Centre to reflect Receivables for which payment is not anticipated in the short-term.

### 34. Related Party Balances.

#### a) Nature of related party relationships

Entities and other parties related to the Co-operative University of Kenya include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

The entity is related to

- i) The National Government;
- ii) The Ministry of Education;
- iii) The University Council;
- iv) The University Management Board;



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### b) Related party transactions

	2021-2022 KSh	2020-2021 KSh
Transfers from related parties'	339,586,432	343,531,891
<b>At end of the Year</b>	<b>339,586,432</b>	<b>343,531,891</b>

This refers to the amounts received from the Ministry of Education.

#### c) Key management remuneration

	2021-2022 KSh	2020-2021 KSh
University Council	6,756,009	5,347,570
University Management Board	84,284,422	77,279,923
<b>At end of the Year</b>	<b>91,040,431</b>	<b>82,627,493</b>

This refers to the Remuneration & Allowances paid to the University Council and the University Management.

#### d) Due from related parties

	2021-2022 KSh	2020-2021 KSh
Due from Ministry of Education	-	-
Due from other Ministries SC's & SAGA's	-	-
<b>At end of the Year</b>	<b>-</b>	<b>-</b>

This refers to the amounts receivable from the Ministry of Education and other State Owned Entities.

### 35. Employees.

The University has Two hundred Ninety One (291) employees composed of Two hundred twenty nine (229) Permanent and Pensionable and sixty two (62) on contract. This comprises seventy nine (79) Academic members of staff and Two hundred and twelve (212) Administrative, Technical and Information Science members of staff. The University operates a defined contribution scheme for permanent and pensionable employees.

### 36. Going Concern.

The University's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of 30 June 2022, the University registered a surplus of KSh. 39,865,918 and closed the year with a positive working capital of KSh. 51,353,006. The University has leveraged on technology and rolled out a robust e-learning environment for all its students which has made it possible to turn around the deficit of KSh. 30,037,422 in the 2020-2021 financial year to a surplus within one (1) financial year.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 37. Reporting Currency.

The University's Principal activities are carried out in the Republic of Kenya and the Accounts are reported in Kenya Shillings.

### 38. Events after the Reporting Period.

There are no material non adjusting events after the reporting date.

### 39. Ultimate and Holding Entity

The University is a chartered public university established by the Kenya Government under the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7<sup>th</sup> October 2016. Its ultimate parent is the Government of Kenya.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

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### XIX. APPENDIX

#### Appendix I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FOR 2020/2021 FINANCIAL YEAR

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

Ref.	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue	Status:	Timeframe :
1	Sustainability services of	Budgeting mechanism to plan a sustainable budget.	VICE CHANCELLOR	On-going	2022-2023 Financial Year



**Dr. Jeremy Bundi**  
CHAIRPERSON, THE CO-OPERATIVE  
UNIVERSITY OF KENYA COUNCIL



**Prof. Kamau Ngamau**  
VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA



**CPA. Maxwel Nyaga**  
ICPAK No. 11419  
FINANCE OFFICER,  
THE CO-OPERATIVE  
UNIVERSITY OF KENYA



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### Appendix II: PROJECTS IMPLEMENTED BY THE ENTITY

S. No.	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1	Consultancy for Construction of Ultra-Modern Library & Learning Resource Centre	98,000,000	45,106,274	46%	78,458,696	19,614,674	GOK
2	Construction of Ultra-Modern Library & Learning Resource Centre	373,091,295	321,279,295	93%			
3	Upgrade of Sewer System	96,000,000	-	100%	96,000,000	24,000,000	Co-op Bank
4	Construction of Classrooms	15,000,000	8,201,013	52%	15,000,000	3,750,000	CUK
	<b>Total</b>	<b>582,091,295</b>	<b>366,385,569</b>		<b>189,458,696</b>	<b>47,364,674</b>	



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### Appendix III: INTER-ENTITY TRANSFERS

Name of the Entity sending the grant	Amount recognized to statement of comprehensive income	Amount deferred under deferred Income	Amount recognized in capital fund	Total grant income during the year	2021-2022
Ministry of Education	283,586,432.00	-	56,000,000.00	339,586,432.00	339,586,432.00
<b>Total</b>	<b>283,586,432.00</b>	<b>-</b>	<b>56,000,000.00</b>	<b>339,586,432.00</b>	<b>339,586,432.00</b>
<b>Breakdown of Transfers from State Department for University Education</b>					
<b>FY:2021/2022</b>					
a)	Recurrent Grants	Bank Statement Date	Amount (Kshs)	FY to Which the Amounts Relate	
		04.08.2021	23,491,951.00	2021-2022	
		03.09.2021	23,491,951.00	2021-2022	
		29.09.2021	23,491,950.00	2021-2022	
		02.11.2021	23,491,951.00	2021-2022	
		07.12.2021	23,491,951.00	2021-2022	
		28.12.2021	23,491,951.00	2021-2022	
		01.02.2022	23,491,952.00	2021-2022	
		02.03.2022	23,491,952.00	2021-2022	
		01.04.2022	23,491,950.00	2021-2022	
		28.04.2022	23,491,951.00	2021-2022	
		06.06.2022	24,333,460.00	2021-2022	
		28.06.2022	24,333,462.00	2021-2022	
		<b>Total</b>	<b>283,586,432.00</b>		
b)	Development Grants	Bank Statement Date	Amount (Kshs)	FY to Which the Amounts Relate	
		17.08.2021	25,000,000.00	2021-2022	
		20.06.2022	25,000,000.00	2021-2022	
		30.06.2022	6,000,000.00	2021-2022	
		<b>Total</b>	<b>56,000,000.00</b>		

