

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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(HON. OWEN BAYA, MP)

CLERK-AT  
THE-TABLE:

IRENE NDUKU

**THE AUDITOR-GENERAL**

**ON**

**UNIVERSITY OF EMBU**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024



UNIVERSITY OF EMBU



ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE, 2024

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

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

**UNIVERSITY OF EMBU**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024**

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**ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS**

**A: Acronyms and abbreviations**

(i) A-I-A	–	Appropriation in Aid
(ii) FY	–	Financial year
(iii) GoK	–	Government of Kenya
(iv) ICPAK	–	Institute of Certified Public Accountants of Kenya
(v) IPSAS	–	International Public Sector Accounting Standards
(vi) ISMS	–	Information Security Management System
(vii) KCSE	–	Kenya Certificate of Secondary Education
(viii) KUCCPS	–	Kenya Universities and Colleges Central Placement Service
(ix) MoU	–	Memorandum of Understanding
(x) PC	–	Performance Contract
(xi) QMS	–	Quality Management System
(xii) SAGAs	–	Semi-Autonomous Government Agencies
(xiii) SoFP	–	Statement of Finance Performance
(xiv) UoEm	–	University of Embu
(xv) VC	–	Vice-Chancellor

**B: Glossary of terms**

- (i) Council – University of Embu Council.
- (ii) Fiduciary Management – Members of Management directly entrusted with the responsibility of financial resources of the University.

## FUNDAMENTAL STATEMENTS

### Vision

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

### Mission

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

### Philosophy

Enhancing human capacity for societal development.

### Core Values

Integrity,  
Innovativeness,  
Professionalism,  
Teamwork  
Customer focus

## UNIVERSITY INFORMATION AND MANAGEMENT

### (a) Background information

#### (i) Establishment

The University of Embu (UoEm) was established as Embu University College, a constituent college of the University of Nairobi, vide Legal Notice No. 65 of 17<sup>th</sup> June, 2011. The College was elevated to its current University status on 7<sup>th</sup> October, 2016, when it was awarded its Charter by the President of the Republic of Kenya, His Excellency, Uhuru Kenyatta.

#### (ii) Commencement of operations

The University College did not start operations immediately after establishment, because at that time, budget for the financial year (FY) 2011/2012 had already been approved, and the College had not been allocated funds in that budget. Operations commenced, in the FY 2012/2013.

#### (iii) Student population

The first group of students was admitted in April, 2013 through Joint Admission Board. The pioneer group had about 120 students. Student population has grown over time, rising to over 12000 students in the 2023/2024 financial year. This remarkable growth in numbers is attributed mainly to: quality student services, introduction of new academic programmes and aggressive marketing of the University.

### (b) Mandate of University of Embu

The Mandate of University of Embu, as contained in the Legal Notice No. 65 of the year 2011, includes:

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

### (c) University Management Board

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

**d) Fiduciary Management**

The management personnel who held office during the financial year ended 30<sup>th</sup> June, 2024 are:

Designation	Name
1) Vice-Chancellor	Prof. Daniel Mugendi Njiru
2) Deputy Vice-Chancellor (Planning, Adm. & Finance)	Prof. Eucharika Unoma Kenya
3) Deputy Vice-Chancellor (ARE)	Prof. Kiplagat Kotut
4) Registrar (Vice-Chancellor's Office)	Ms. Margaret Otolo
5) Registrar (Planning, Adm. & Finance)	Prof. Paul Nthakanio
6) Registrar (Academic Research & Extension)	Prof. Jackson Wachira
7) Head of Finance	Mr. Lawrence Kamonjo
8) Head of Human Resources	Ms. Gladys Atambo
9) Head of Procurement	Ms. Lindajean Kaaria
10) Legal Officer	Ms. Anne W. Ndegwa

**e) Fiduciary oversight arrangements**

**(i) Parliamentary Public Accounts Committee**

The Committee oversees the expenditure of public funds by ministries, state departments and corporations, commissions, and independent offices to ensure value for money and adherence to government financial regulations and procedures. It executes its mandate based on annual audit reports prepared by the Office of the Auditor General. As a public entity, the University of Embu is subject to the Committee's oversight, which involves examining and discussing its financial statements to ensure that the University's affairs are managed with sound financial principles and prudent practices.

**(ii) Audit, Risk and Compliance Committee of the University Council**

The University has an Audit, Risk, and Compliance Committee of the University Council. This Committee plays an oversight role in the University's operations by independently reviewing both financial and non-financial activities. It reports to the University Council on a quarterly basis. The Committee's mandate is executed through regular audits conducted by the Internal Auditor. Each quarter, the Internal Auditor presents a detailed report to the Committee, outlining audit findings, recommendations, and actions taken by the Management to address identified risks.

**(iii) Finance, Resource Mobilization and General Purposes Committee**

This Committee of the University Council provides financial analysis, advice and; oversight of the University's budget. The mandate of the Committee as provided in its Charter, includes:

- i) To review, evaluate and recommend to Council for approval, the operating and financial results and to ensure effective, accurate, timely and transparent disclosure of pertinent;
- ii) To mobilize resources to ensure availability, systematic allocation and application of the resources for the development and sustainability of the University;
- iii) To review, evaluate and recommend for approval by Council major resource allocation and capital investments by the University as may be found appropriate from time to time;
- iv) To review on a quarterly basis, the attainment of targets and objectives set out in the
- v) To review and recommend for approval by the Council rules and procedures for control of expenditure and administration of financial matters; and
- vi) To review, evaluate and recommend for approval by the Council procurement and disposal plans and expenditure.

**(iv) Ethics and Anti-Corruption Commission**

The Commission is mandated to spearhead the fight against corruption, and promote sound ethical standards and practices in Kenya. In execution of the mandate, the Commission oversees the University systems to ensure that they are effective in preventing corruption and unethical practices in the University.

**f) University Headquarters**

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

**g) University of Embu contacts**

P.O. Box 6-60100 Embu, Kenya  
Email: [vc@embuni.ac.ke](mailto:vc@embuni.ac.ke)/[info@embuni.ac.ke](mailto:info@embuni.ac.ke)  
Website: [www.embuni.ac.ke](http://www.embuni.ac.ke)  
Tel: +25420244 4136/+254727933950/ +254788199505

**h) Bankers**

i. Absa Bank of Kenya Limited	-	Embu Branch
ii. Cooperative Bank of Kenya Limited	-	Embu Branch
iii. Equity Bank Limited	-	Embu Branch
iv. KCB Bank Kenya Limited	-	Embu Branch
v. National Bank of Kenya Limited	-	Embu Branch
vi. NCBA Bank	-	Embu Branch

**i) Independent Auditors**

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




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

**j) Principal Legal Adviser**





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

### UNIVERSITY COUNCIL

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



<p>Council Chairperson (Awaiting Appointment)</p>	
<div style="text-align: center;">  </div> <p>Mr. James Muchiri Ndung'u – Representative of the Principal Secretary, Ministry of Ed. - State Department for Higher Education and Research</p>	<p>Date of Birth: 1973 Holds a Masters degree in Education Planning, Kenyatta University and a Bachelor of Education degree from Moi University.</p> <p>He has a wealth of experience in Education Management. Mr. Ndung'u is currently serving as the Deputy Director in the Ministry of Education.</p>
<div style="text-align: center;">  </div> <p>Mr. Samuel Kiiru – Cabinet Secretary Representative, National Treasury</p>	<p>Date of Birth: October 20, 1969 Holds a Master of Arts in Economics, Carleton University, Canada and a Bachelor of Arts in Economics from University of Nairobi. He is currently serving as the Director of Planning and Head of Budget Policy, The National Treasury</p>
<div style="text-align: center;">  </div> <p>Ms. Agnes Wanjuki Ndwiga, HSC, CDFA Chairperson - Finance, Resource Mobilization and General Purposes Committee</p>	<p>Date of Birth: 4<sup>th</sup> September, 1962 Holds a Master of Science Degree in Development Finance from Reading University, United Kingdom and a Bachelor of Commerce Degree in Business Administration from the University of Nairobi. She is currently pursuing a Doctorate Degree in Development Studies. She is a financial sector expert with over 20 years' experience. Ms. Ndwiga was awarded the head of state commendation (HSC) by the President of the Republic of Kenya in recognition of her outstanding contribution in financing of SMEs through her work in the Finance industry and public sector board roles. She is currently serving as a General Manager, Corporate and Public sector banking, Equity Group. She is a member of the Endowment Fund Board of Trustees, University of Embu. Ms. Ndwiga previously served in the Embu University College Council.</p>

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 <p>Mr. Onyancha Bw'Omote Chairman - Audit, Risk and Compliance Committee</p>	<p>Date of Birth: 31<sup>st</sup> December, 1952</p> <p>He holds a Masters of Laws from University of London, a Bachelor of Laws from University of Nairobi and a Diploma in law from Kenya School of Law. Mr. Onyancha is an advocate of the High Court of Kenya and has over 40 years' experience in arbitration, litigation and conveyancing. He is currently a managing partner at Onyancha Bw'Omote &amp; Company Advocates.</p>
 <p>Mr. Abdi Mohamed Abdi Chairman - Human Resource Development and Academic Affairs Committee</p>	<p>Date of Birth: 2<sup>nd</sup> December, 1959</p> <p>He holds a Master degree in Educational Administration, Planning and Curriculum Development from Kenyatta University, a Bachelor of Education (Arts) degree from Egerton University and A Diploma in Education from Kisii Teachers College. Mr. Abdi has over 20 years' experience in Education Administration, Planning, Curriculum Development, Implementation, Monitoring and Review. He is also a trained certified professional mediator as established by Mediation Training Institute International, USA.</p>
 <p>Ms. Josephine Njeri Chege Member (Deceased)</p>	<p>Date of Birth: 8<sup>th</sup> August, 1959</p> <p>She held a Master of Arts in Leadership (Business and Entrepreneurship), a Bachelor of Arts, Bible and Theology both from Pan African Christian University and a Diploma in Christian Ministries and Civic Responsibility from Carlile College. Ms. Josephine Chege had over 40 years' experience in administration, gained over time in the course of her career. She was also a Captain in the Anglican Church and also serving as the Vice-Chairperson of J.M. Kariuki Memorial Hospital Board of Management.</p>
<p>Council Member (Awaiting appointment)</p>	
 <p>Prof. Daniel Mugendi – Vice-Chancellor, and Secretary to the Council</p>	<p>Date of Birth: 8<sup>th</sup> June, 1961</p> <p>Holds a Doctorate degree in Agroforestry, University of Florida, Gainesville, FL, USA, Master of Science degree in Crop Science/Horticulture, University of Nairobi, and a Bachelor of Science degree in Forestry from Moi University. Prof. Mugendi has a wealth of experience in University Management. He is also a prolific researcher and has been recognized by being ranked position 12 best researcher in Kenya and Position 628 in Africa in the 2022 World Scientist and University Rankings, AD Scientific Index ranking which ranks individual researchers in Universities across the world. He is the Vice-Chancellor, University of Embu and the Secretary to the University Council.</p>

**UNIVERSITY MANAGEMENT BOARD**

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

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

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 <p>Prof. Jackson Wachira</p>	<p><b>Registrar, Academic Research &amp; Extension</b></p> <p>Holds a PhD in Chemistry, a Master of Science Degree in Chemistry and Bachelor of Education (Science) Degree, all from Kenyatta University.</p>
 <p>Prof. Paul Njiruh Nthakanio</p>	<p><b>Registrar, Planning, Administration and Finance</b></p> <p>Holds a PhD in Genetics and Plant Breeding from Zhejiang University, China. In addition, he holds a Master of Science Degree in Genetics and Plant breeding, and a Bachelor Degree in Agronomy from Zhejiang Agricultural University.</p>
 <p>Mr. Lawrence Kamonjo</p>	<p><b>Head of Finance</b></p> <p>Holds a Master Degree in Finance, and a Bachelors of Education (Arts); both from Kenyatta University. In addition, he is a Certified Public Accountant of Kenya.</p>

### COUNCIL CHAIRMAN'S REPORT

University of Embu supports national economic development through its academic programmes, research, and extension services. Its growth is driven by effective resource management, innovation, and staff expertise. With the University Council's oversight, operational efficiency and productivity have improved, leading to superior service delivery and overall institutional performance.

#### Appointment of the Third University Council

During the year under review, the University's 3<sup>rd</sup> Council was appointed, with the positions of Chairman and one member yet to be filled. Regrettably, we lost one Council member, Ms. Josephine Njeri Chege, who succumbed to illness. Upon taking office, the Council immediately undertook the responsibility of ensuring a smooth transition, continuing the governance and operations from where the second Council left off.

#### Funding by the Government of Kenya

In the year 2023/2024, the University received a total of KES 762,756,637, an increase from KES 656,351,636 in the previous year, resulting to an increase of KES 106,405,001. The received amount includes KES 221 million scholarships for students under the New Funding Model. The overall increase is detailed below.

Type of grant	Amount in KES (2023/2024)	Amount in KES (2022/2023)	Change (KES)	% change
Recurrent	757,756,637	628,750,182	129,006,455	20.52
Development	5,000,000	27,601,454	(22,601,454)	(81.89)
Total funding	762,756,637	656,351,636	106,405,001	

#### Introduction of the New Funding Model

Over an extended period, the Higher Education Sector in the country encountered numerous finance-related challenges that directly impacted the service delivery systems. In response to persistent and wide spread concerns, the sector's long-term sustainability and resilience was made a national priority, necessitating the introduction of an alternative funding model.

The University Council is confident that the New Funding Model, which will address the financial challenges confronting public universities. These challenges primarily arise from significant increases in enrollment coupled with inadequate funding. With the implementation of the model, the University expects a progressive increase in revenue compared to previous years, thereby achieving enhanced financial stability.

#### Key activities during the financial year

The following are some of the notable activities in which the University participated during the year:

- i) Hosted the 62<sup>nd</sup> Edition of The Kenya National Drama and Film Festivals in April 2024.
- ii) Held the Eighth Graduation Ceremony in September 2023, where 1,601 graduates were awarded degrees, diplomas, and certificates.
- iii) Organized the First Science Symposium for Junior Secondary Schools in June 2024, bringing together over 400 learners from 15 schools to showcase innovations in thematic areas such as Agricultural Technology, Information Technology, and Critical Thinking.
- iv) Celebrated World Environment Day on 5th June 2024 under the theme "Land Restoration, Desertification, and Drought Resilience."
- v) Engaged with Families in Kathita and Shauri Yako Informal Settlements in Embu County on 18<sup>th</sup> May 2024, during the International Day of Families, with the theme "Embracing Diversity, Strengthening Families."
- vi) Held the Second Annual Mathematics Contest and Capacity Building Workshop for secondary school students in March 2024, themed "The Ultimate Mathematical Experience: Stimulating Enthusiasm and Love for Mathematics."
- vii) Participated in the Agricultural Society of Kenya (ASK) Embu Show in March 2024 at Njukiri Showground and won a number of prizes.
- viii) Successfully Conducted UESA Elections and inaugurated newly elected leaders in March 2024.
- ix) Hosted the 2024 Culfest in February 2024, an annual event celebrating talents and cultural diversity within the University community.

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### Achievements

Despite the hard economic realities, the University recorded 45% and 3% growth in revenues and total assets respectively during the year under review. Other remarkable achievements that were realized, included the following:

- (i) Graduated 1601 students in September, 2023 during the eight graduation ceremony. The number comprises of 5 Ph.Ds, 24 Masters, 13 post graduate diplomas, 1324 Bachelors, 184 diplomas and 51 certificates.
- (ii) Recorded 14.58% growth in student population, from 10975 students to 12750.
- (iii) Webometrics ranking – in January 2024 the University was ranked position 15 out of 125 institutions of higher learning in Kenya.
- (iv) Implementation of ISO 9001:2015 Quality Management Systems and ISO 27001:2013 Information Security Management Systems. Surveillance audits that were conducted by the Kenya Bureau of Standards during the year revealed that the University's management and information systems were effective in attaining the specified objectives.

### Key Challenges

The main challenges faced by the University during the year were as follows:

- i) Escalating operational costs due to rising prices of consumer goods.
- ii) Insufficient financial resources to cover planned recurrent and capital activities.
- iii) Intense competition from larger, more established institutions.
- iv) A key challenge has been under-enrollment in certain academic programmes.

Despite challenges, the University has ensured business continuity through a strong risk management framework and strategies to seize emerging opportunities. Moving forward, we will focus on key priorities and leverage operational excellence to drive sustainable growth.

### Future outlook

As we continue to advance our sustainability strategy, our projects and activities remain closely aligned with the 2018–2028 Strategic Plan. This plan outlines our key initiatives to: develop and enhance infrastructure systems for effective service delivery; enhance Human capital management through the integration of the best practice in the recruitment, management and optimization of the workforce; promote effective Governance and leadership practices; expand the capacity of the University operations and services; establish and expand linkages, partnerships and collaborations with other institutions; and achieve financial stability and enhance long term sustainability.

The projects and activities undertaken during the year are strategically aligned with the ten-year Strategic Plan. With the implementation of the new funding model for universities, the Plan is poised to deliver substantial outcomes, including enhanced financial stability and long-term sustainability. It reflects our unwavering commitment to advancing Kenya Vision 2030, Bottom-Up Economic Transformation Agenda and leveraging our internal growth potential.

### Appreciation

On behalf of the University Council, I extend my profound appreciation to the Government of Kenya for the unwavering support received during the review period. I also wish to convey my deep gratitude to the current and former members of the Council, the University Management, and all staff members for their exceptional dedication, innovative contributions, and efficiency. Their commitment has been instrumental in driving our vision forward and achieving significant success.

  
Ms. Agnes Wanjuki Ndwiga  
Ag. Chairman, University of Embu Council

21<sup>st</sup> November, 2024

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### REPORT OF THE VICE-CHANCELLOR

This report provides a comprehensive overview of the University's performance, highlighting key financial and non-financial aspects such as performance contracting, student enrollment, staff and student welfare, the Endowment Fund, and the challenges faced during the year.

### NON – FINANCIAL INFORMATION

The University of Embu (UoEm) is renowned for its quality teaching, research, and student welfare services. Our mission is guided by the vision: "A dynamic epicentre of excellence in training and research for service to humanity." During the year under review, the University, like many other organizations, faced rising consumer costs due to external market disruptions. However, our prudent resource management, effective risk mitigations, austerity measures, and dedicated staff enabled us to achieve notable success. Supported by our stakeholders, we maintain high performance standards and engage with them to ensure a favorable operating environment.

In response to the growing global demand for higher education, UoEm has increased its enrolment capacity. By innovating in digital and blended learning, we effectively address evolving student needs and enhance enrolment and learning outcomes.

#### (a) Academic schools and programmes

During the year under review, the University comprised six academic schools: School of Pure and Applied Sciences, the School of Agriculture, the School of Education and Social Sciences, the School of Business and Economics, the School of Nursing, and the School of Law. Additionally, the University offers certificate and diploma programmes through its TVET institute.

Plans are underway to establish eight new schools: School of Pharmacy, the School of Public Health, the School of Medicine, the School of Engineering and Technology, the School of Built Environment, the School of Computing and Mathematics, the School of Journalism, and the School of Humanities and Social Sciences. Currently, the University offers 130 academic programmes, as displayed in the table below.

School	Number of Departments	Number of academic programmes with registered students					
		Certificate	Diploma	Post Graduate Diploma	Bachelor	Master	Ph.D.
Pure & Applied Sciences	4	1	2	0	13	12	8
Agriculture	3	0	2	0	7	9	9
Education & Soc' Sciences	2	0	5	1	6	8	2
Business & Econ.	2	2	2	0	7	3	2
Nursing	1	0	1	0	3	1	0
Law	1	0	0	0	1	0	0
UoEm TVETI	1	8	15	0	0	0	0
<b>SUB-TOTAL</b>	<b>14</b>	<b>11</b>	<b>27</b>	<b>1</b>	<b>37</b>	<b>33</b>	<b>21</b>
<b>TOTAL</b>	<b>14</b>	<b>130 Programmes</b>					

#### (b) Student Enrolment

Despite challenges within the higher education sector, we have consistently delivered exceptional academic services and an outstanding student experience. As a result, the University remains a preferred choice for students nationwide. Moreover, during inter-university transfers, we have attracted more students than those who have opted out. By the end of June 2024, the University's student population had surpassed 12,750, marking significant growth from 123 students in the 2013/2014 academic year.

#### (c) Student leadership

University of Embu places great emphasis on student leadership, recognizing its importance in governance processes. An active Student Council is entrusted with overseeing all aspects of student welfare. The election of the 6<sup>th</sup> Student Council took place in March 2024, followed by the swearing-in of the new leaders in

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the same month. The Council works in close collaboration with University Management to ensure student welfare matters are effectively taken care of.

In addition to student leadership, the University supports students facing financial challenges through an Endowment Fund and a Financial Aid Kitty. Bursaries are awarded competitively by the Student Welfare Committee, based on established criteria, to ensure fair and transparent distribution of financial support.

**(d) University of Embu Endowment Fund**

Formally launched in October 2018, the Endowment Fund is structured to be all inclusive, accommodating permanent, quasi, and term endowments. This flexible approach allows donors to contribute to areas of personal interest. The Fund primarily raises resources through bequests, donations, gifts, and investment returns. A Board of Trustees, appointed by the University Council, is responsible for mobilizing resources and ensuring the Fund's growth, through prudent investments. As of 30<sup>th</sup> June 2024, the Fund's gross value was KES 51,289,724, with several fundraising initiatives in progress to further increase its value.

**(e) Performance Contracting (PC)**

At our University, performance is a top priority. Individual performance targets are established through open negotiations between staff and their immediate supervisors. We foster teamwork and uphold a culture of excellence in all our endeavours. Nationally, we have consistently achieved excellent Performance Contracting (PC) scores over the past decade, starting from the financial year 2014/2015. The table below illustrates the University's PC scores for the last eight years.

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/2021	2021/2022	2022/2023
Score	2.0334 (Excellent)	1.8762 (Excellent)	1.9965 (Excellent)	1.9198 (Excellent)	2.125 (Excellent)	1.9290 (Excellent)	1.7272 (Excellent)	1.7357 (Excellent)

The self-evaluation for the year 2023/2024, conducted internally by the Directorate of Performance Contracting and ISO, indicated an excellent score for the University. The final performance rating will be confirmed following the evaluation by the Performance Management and Co-ordination Office.

**(f) Staff welfare**

University of Embu owes its success to the dedication, talent, and professionalism of its staff. Our team upholds a culture of innovation, ethics, and integrity, delivering exceptional value to our customers and stakeholders. We prioritize staff wellbeing and invest in their welfare to enhance morale. Our comprehensive medical scheme covers the principal member and immediate family including spouse and children, providing for hospitalization and treatment costs.

The work environment is supportive, with attention to staff interests, including support for groups such as the staff choir and sports teams. Additionally, UoEm offers a performance-based training program to enhance skills and productivity, with skills gaps identified through a thorough training needs assessment.

**(g) Future outlook**

During the 2023/2024 year, the University was in the fifth year of its ten-year Strategic Plan (2018–2028). This Plan focuses on six strategic areas:

- 1) *Development & enhancement of Infrastructure and security, for effective service delivery.*
- 2) *Enhancement of human capital management through the integration of best practice in the recruitment, management and optimization of the workforce.*
- 3) *Promotion of effective Governance and leadership practices.*
- 4) *Expansion of capacity of University operations and services.*
- 5) *Establishment and expansion of linkages, partnerships and collaborations with other institutions.*
- 6) *Achievement of financial stability and enhancement of long-term sustainability.*

The review process of the Plan is ongoing to ensure alignment with guidelines issued by The National Treasury and Economic Planning. We are confident that the current economic environment will support the successful implementation of the revised Plan.

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**FINANCIAL INFORMATION**

**Business Performance**

The University realised gross revenue of KES 1,431,031,139 during the year, which is an improvement from 1,100,841,255 reported in the FY 2022/2023. Breakdown of the recorded revenue during the year is given below.

Details	Amount in KES (2023/2024)	Amount in KES (2022/2023)	Change (KES)	% Change
Recurrent grants (GoK)	536,343,657	628,750,182	(92,406,525)	(15)
Students scholarships from the Universities Fund	221,412,980	-	221,412,980	-
Amortization of development grants	25,516,965	26,550,910	(1,033,945)	(4)
Internally generated revenues	647,757,538	445,540,163	202,217,375	45
Gross revenue	1,431,031,139	1,100,841,255	330,189,885	

Expenditure for the year increased by KES 99,561,253 rising from KES 1,092,789,638 in the FY 2022/2023 to KES 1,192,350,891 representing a growth of 9.1%. Overall, the University achieved a net surplus of KES 238,680,248, a substantial improvement from the net surplus of KES 7.8 million recorded in the FY 2022/2023.

**Growth in assets**

During the year, the value of total assets increased by 3.17%, rising from KES 3.962 billion to KES 4.088 billion. Current assets saw a 35% increase, growing from KES 187.78 million to KES 253.66 million. Non-current assets also increased by 1.59%, rising from KES 3.77 billion to KES 3.83 billion

**(ii) Challenges**

- a) Since its inception, the University has encountered a major challenge of insufficient financial resources to address both recurrent and development needs. This challenge stems from inadequate budgetary allocations, unexpected budget cuts, and underutilized capacities in certain programs.
- b) The University also faces the challenge of under-enrollment in certain programmes, driven by low KCSE performance. The declared capacity across universities often exceeds actual placements by KUCCPS.
- c) During the year under review, development budget was reduced from KES 20 million to KES 5 million, equivalent to 75% reduction. The University faces an acute problem of inadequate hostel facilities. The available capacity can only accommodate 5.8% of the total student population.
- d) Escalating operational costs due to the increasing prices of consumer goods, which are influenced by market forces. These rising costs impact the University's budget by driving up expenses for essential supplies and services, thereby affecting overall operational efficiency

**Appreciation**

I would like to extend my deepest gratitude to the University Council for their essential support and guidance, which has been fundamental to our achievements. My heartfelt thanks also go to the University Management and all staff members for their hard work and dedication, which have resulted in our outstanding performance this year. It is a great privilege for me to serve as your leader. Additionally, I sincerely appreciate our esteemed students, customers, and other stakeholders for their unwavering support, which has played a significant role in the growth and success of the University.



Prof. Daniel Mugendi Njiru, (Ph.D)  
Vice-Chancellor

Date: 21<sup>st</sup> November, 2024

## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2023/2024

University of Embu has six strategic pillars and six objectives in its 2018-2028 Strategic Plan. Each pillar has one objective. The strategic pillars are as follows:

Pillar 1: Infrastructure

Pillar 2: Human Capital Management

Pillar 3: Leadership and Governance

Pillar 4: Operations and Services

Pillar 5: Collaborations and Partnerships

Pillar 6: Resources Mobilization and Sustainability

The University develops its annual work plans based on the above six pillars. Assessment of the Council's performance against its annual work plans is done on a quarterly basis. The University achieved its targets set for the financial year 2022/2023 in all its strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	To develop and enhance infrastructure systems for effective service delivery.	Completion Certificate	Construct and furnish Tuition Blocks	Construction of Tuition Block from 85% to 91%
Pillar 2	To enhance Human capital management through the integration of the best practice in the recruitment, management and optimization of the workforce.	Appointment letters  Recommendation letters	Recruit qualified Staff  Enhance Staff Motivation for improved performance	Recruited 48 staff and 8 interns during the year.  342 members of staff received commendation letters for their exemplary performance.
Pillar 3	To promote effective Governance and leadership practices.	Approved Policies	Develop and operationalize enabling regulations.	The following five policies were reviewed during the year: a) Student Conduct, Welfare and Support Services Policy b) Curriculum Development, Review and Implementation Policy c) Academic Quality Assurance Policy d) Disability Mainstreaming Policy e) Anti-Corruption and Whistleblower Policy

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 4	To expand the capacity of the University operations and services.	(i) Operationalisation the e-learning portal (ii) Uploaded teaching Units in the portal	Implement integrated E-learning	1305 teaching units uploaded in the e-learning portal as follows: Semester 1, 2023/2024 – 563 units Semester 2, 2023/2024 – 619 units Trimester 2023/2024 – 123 units
Pillar 5	To establish and expand linkages, partnerships and collaborations with other institutions.	Signed MoU with 15 organizations for mutual benefit	Identifying collaboration partners  Signing of MoUs	Eleven (11) MoUs were signed between the University and other entities.
Pillar 6	To achieve Financial Stability and enhance long term sustainability.	Approved budget	Received A-I-A and Government capitation	KES 647,757,538 was generated internally while KES 757,756,637 was received from the government. The entire amount was fully utilized in service delivery, and development of infrastructure.

The University has consistently achieved notable success in both Performance Contract (PC) activities and the implementation of the Strategic Plan (SP). The execution of the Strategic Plan is embedded in the University's daily operations, with activities distributed across all administrative levels. To facilitate seamless implementation, the annual PC targets are aligned with the Strategic Plan. The strong interconnection between the SP and PC is outlined below:

- a) Part II of the Performance Contract (PC) outlines the Vision, Mission, and Strategic Objectives of the University, all of which are derived from the Strategic Plan (SP).
- b) Targets specified in the PC are aligned with the SP and aim to support its objectives. For instance, Section A of the PC focuses on Financial Stewardship & Discipline, which contributes to the SP objective of achieving financial stability and long-term sustainability.
- c) Infrastructural projects included in the PC are intended to fulfill the SP objective of developing and enhancing infrastructure systems to ensure effective service delivery.
- d) The objective of establishing and expanding linkages, partnerships, and collaborations with other institutions is addressed through targets in the core mandate section of the PC, which encompasses industry linkages, community empowerment, and the attraction of research grants.
- e) The goal of enhancing human capital management is addressed in Section G of the PC, which covers various cross-cutting issues related to staff and students, including competence development.

### Conclusion

The University's excellent annual performance is evaluated based on targets outlined in the negotiated annual Performance Contracts (PCs), Strategic Plan (SP), policies, service delivery charter, and Government directives. The Strategic Plan and Performance Contract are closely linked, with the Strategic Plan being implemented through the annual Performance Contracts.

## CORPORATE GOVERNANCE

### Introduction

As part of our deep institutional culture, the University of Embu upholds the highest standards of ethical conduct, consistently acting in the best interests of all stakeholders while addressing their needs and expectations.

The University Council is entrusted with governance and accountability, ensuring prudent management for the institution's long-term success and sustainability. The Council operates within a robust framework of policies, core values, and internal controls, adhering to relevant laws, regulations, and internationally recognized standards.

Through diligent oversight, the Council enhances operational efficiency, resource management, and employee productivity, leading to superior service delivery and positive experiences for students, staff, and the wider community. By continuously adhering to best governance practices, the University remains committed to excellence and sustainable growth.

### Corporate Governance Statement

The University of Embu is committed to upholding high standards of corporate governance, recognizing it as essential to both excellent performance and long-term success. Reliable systems are in place to maintain these standards across all levels, fostering stakeholder trust and financial sustainability through ethically driven operations.

The University Council is dedicated to strengthening stakeholder relationships while adapting to technological advancements and social trends. It ensures transparency, adherence to governance best practices, and compliance with legal frameworks in managing the University's affairs.

### University Council

The Council has nine members, comprising of six independent non-executive members including the Chairman; two non-independent members representing Ministry of Education and The National Treasury and; and one executive member who is also the Vice-Chancellor.

#### i) Roles and functions

The Council is responsible for safeguarding the long-term interests of all University stakeholders. It provides leadership and oversight to management to ensure the continued viability and sustainability of the University's operations. The detailed responsibilities of the University Council are outlined in the University of Embu Statutes and the Council Charter.

#### ii) Appointment

The Council that served during the year under review was appointed by the Cabinet Secretary, in-charge of the Ministry of Education. Names of the Council were published in Kenya Gazette Vol. No. 596, *The Universities Act (No. 42 of 2012) University of Embu Appointments*, of 26<sup>th</sup> January, 2024.

#### iii) Induction and capacity building for Council members

Each year, Council members participate in capacity development training to enhance their expertise in corporate governance, leadership, and other relevant areas. This regular training is essential for equipping members with the necessary knowledge and skills to fulfill their responsibilities effectively. During the financial year under review, a capacity-building workshop for the Council was conducted from July 26<sup>th</sup> to 30<sup>th</sup>, 2023.

**iv) Succession planning of the University Council**

As part of its succession and continuity strategy, the University of Embu has effective and well established mechanisms to develop Council members' skills and ensure smooth business operations in the event of a member's departure. Members are rotated annually between committees and are assigned to multiple committees to gain exposure to various University operations. Additionally, training programs cover a broad range of governance-related fields, preparing members to serve effectively in different capacities within the Council.

**v) Council and member performance**

The performance of the University Council is assessed using a standard tool developed by the State Corporations Advisory Committee (SCAC). Annually, under the guidance of SCAC officials, Council members evaluate the performance of the chairperson, the vice-chancellor, and individual members. The performance reports are then submitted to SCAC and the Principal Secretary of the State Department of Higher Education and Research.

**vi) Conflict of interest**

Council members are required to fully disclose any direct or indirect conflicts of interest that arise. As a routine practice, "Conflict of Interest" is listed as an agenda item for every Council meeting. Each member signs the conflict of interest register to indicate whether they have any conflicts.

**vii) Remuneration of University of Embu Council**

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

**viii) Ethical standards**

The University of Embu adheres strictly to all applicable laws, rules, and regulations, maintaining integrity in all its activities. We collaborate closely with relevant government agencies to ensure legal compliance, and are committed to supporting anti-corruption efforts through robust corporate governance practices.

The University Management conducts regular staff sensitizations to promote ethical behavior and performs periodic corruption risk assessments. Proactive measures are implemented to prevent corruption and address any reported cases. We have a whistleblower policy to protect individuals who report corruption, and a Communication Policy that outlines principles for effective engagement with customers, partners, stakeholders, and the public.

Overall, the University has a strong mechanism for addressing unethical conduct. Reported cases are analyzed and investigated objectively, with appropriate actions taken based on the findings.

**ix) Meetings of the University Council**

The Council's annual work plan is prepared and circulated to members in advance. Regular meetings are held quarterly, with special meetings convened on need basis. During the financial year 2023/2024, the Council, having been appointed in the month of November 2023, held four meetings. Members received timely notice and documentation on agenda items to facilitate thorough preparation. The table below provides details on members' attendance at both full Council and committee meetings.

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S/No.	Committee	Members	Number of meetings attended	Number of meetings held
1)	Full Council	1. Chairperson (Awaiting Appointment) 2. Ms. Agnes Wanjuki Ndwiga 3. Mr. Samuel Kiiru 4. Mr. James Muchiri 5. Mr. Onyancha Bw'Omote 6. Mr. Abdi Mohamed Abdi 7. Council Member (Awaiting appointment) 8. Ms. Josephine Njeri Chege (Deceased) 9. Prof. Daniel Mugendi – Secretary	0 2 2 2 2 2 0 1 2	2
2)	Finance, Resource Mobilization & General Purposes Committee	1. Ms. Agnes Wanjuki Ndwiga – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Ms. Josephine Njeri Chege (Deceased) 5. Prof. Daniel Mugendi – Secretary	2 2 2 1 2	2
3)	Audit, Risk and Compliance Committee	1. Mr. Onyancha Bw'Omote – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Council Member (awaiting appointment) 5. Dr. Francis Ngure – Secretary	1 1 1 0 1	1
4)	Human Resource Development and Academic Affairs Committee	1. Mr. Abdi Mohamed Abdi – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Ms. Agnes Wanjuki Ndwiga 5. Prof. Daniel Mugendi – Secretary	1 1 1 1 1	1



Prof. Daniel Mugendi Njiru, (Ph.D)  
Vice-Chancellor

Date: 21<sup>st</sup> November, 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

This section analyzes the performance for the year under review, detailing changes in government funding, internally generated income, expenses and asset growth.

### (a) Funding from the Government of Kenya (GoK)

The Government of Kenya remained the main financier of the University through the disbursement of recurrent and development grants. To supplement the grants from the GoK, the University also generated revenue internally from sources such as fees, hire of facilities, Farm, and Catering section. During FY 2023/2024, the University received a total of KES 762,756,637 from the Government of Kenya, as shown in the table below:

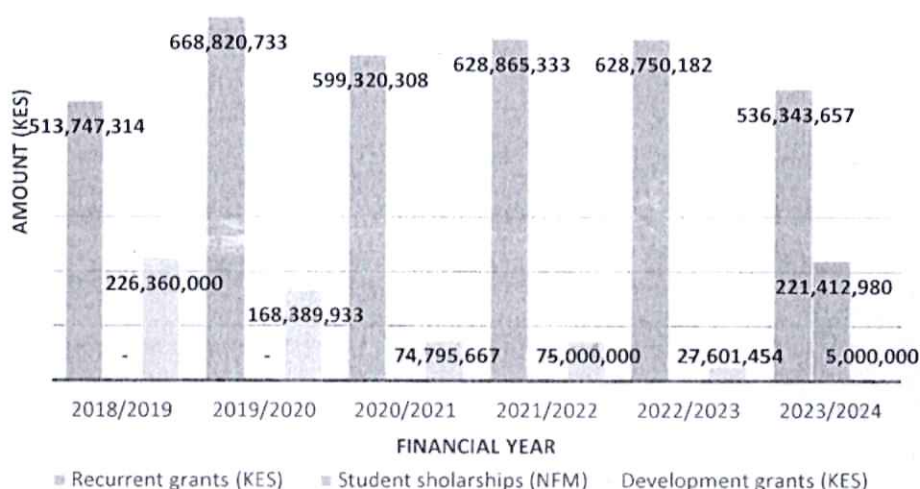
Category	Amount in KES (2023/2024)	%
Recurrent grants (GoK)	536,343,657	70.3
Student Scholarships (NFM)	221,412,980	29.0
Development grants	5,000,000	0.7
<b>Total funding</b>	<b>762,756,637</b>	<b>100</b>

### (i) Presentation based on type of funding

The grants received from the GoK over the last six years are graphically presented below.

	2018/2019 (KES)	2019/2020 (KES)	2020/2021 (KES)	2021/2022 (KES)	2022/2023 (KES)	2023/2024 (KES)
Recurrent grants	513,747,314	668,820,733	599,320,308	628,865,333	628,750,182	536,343,657
Student scholarships (NFM)	-	-	-	-	-	221,412,980
Development grants	226,360,000	168,389,933	74,795,667	75,000,000	27,601,454	5,000,000
<b>Total funding</b>	<b>740,107,314</b>	<b>837,210,666</b>	<b>674,115,975</b>	<b>703,865,333</b>	<b>656,351,636</b>	<b>762,756,637</b>

### GRANTS FROM THE GOVERNEMENT OF KENYA



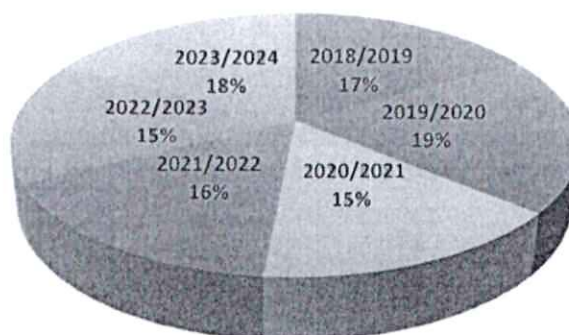
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(ii) Presentation based on total Funding

The table below displays the total funds received from the GoK over the last six years.

Year	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Total funding (KES)	740,107,314	837,210,666	674,115,975	703,865,333	656,351,636	762,756,637

**Total funding (KES)**

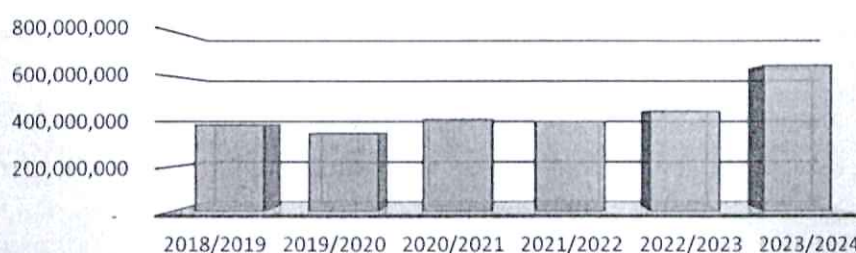


■ 2018/2019 ■ 2019/2020 ■ 2020/2021 ■ 2021/2022 ■ 2022/2023 ■ 2023/2024

(b) Internally Generated Revenues (A-I-A)

Internally generated revenue increased to KES 647 million during the year, from KES 445 million realized in the year 2022/2023. The revenue was generated from various sources, such as tuition fees, rental properties, the farm, graduation fees, hire of facilities, and catering services.

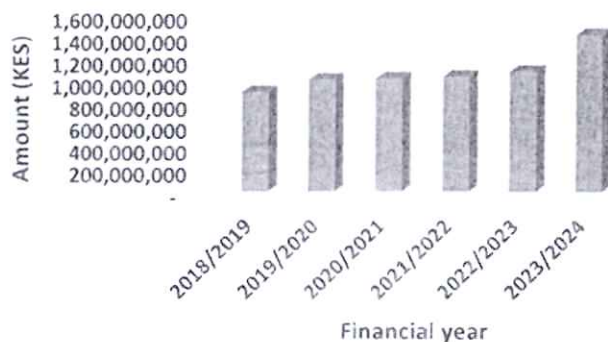
**A-I-A (KES)**



(c) Total revenue

Total revenue for the year is the sum of the recurrent grants received from the Government of Kenya, amortization of capital grants, and the revenue generated internally from various sources. It increased by 30%, from KES 1.1 billion to KES 1.4 billion. The increase is attributed to higher revenue from internal sources, mainly due to the rollout of the New Funding Model.

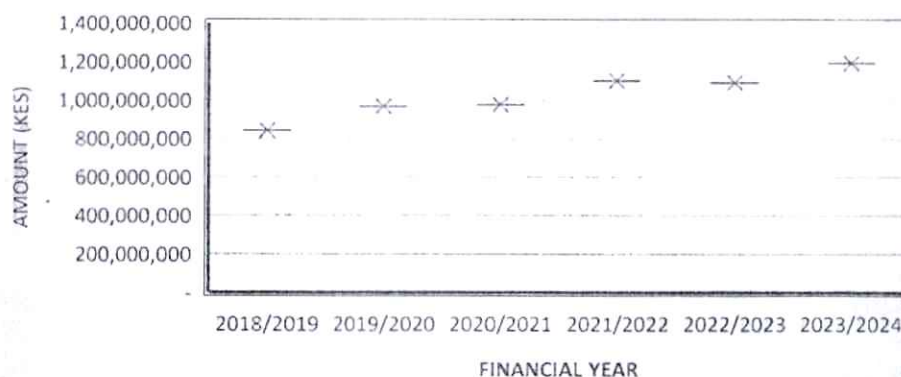
### Gross revenue



#### (d) Expenses for the year

Expenditure for the year increased by 9%, from KES 1.092.8 billion to KES 1.192.4 billion.

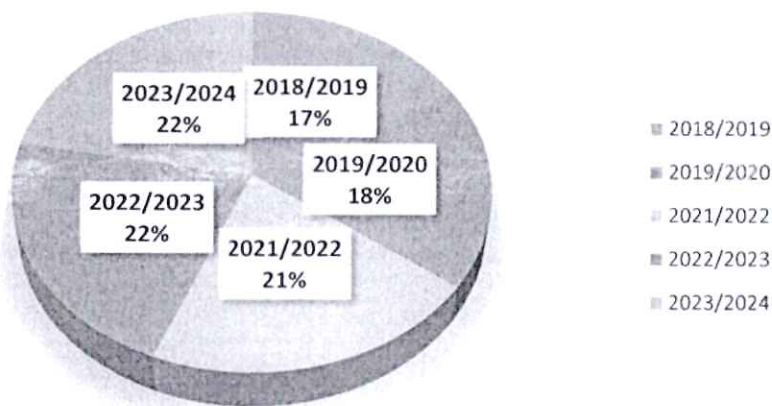
### GROSS EXPENDITURE



#### (e) Total assets

During the year, value of the total assets increased by 3% from KES 3.9 billion to KES 4 billion. The growth is attributed to the capital investment made by the University during the year.

### Total ssets



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING

### 1. SUSTAINABILITY STRATEGY AND PROFILE

Over the years, the University has demonstrated a strong commitment to sustainability, by implementing robust and consistent strategies that integrate environmental stewardship, social responsibility, exemplary governance, and economic resilience into all aspects of its operations. In our processes, we strive to meet various expectations while ensuring that we do not compromise our ability to address emerging future needs.

We recognize the positive impact our initiatives have on society and the critical importance of maintaining ethical conduct in all our operations. From advancing environmental sustainability to supporting our staff and communities, our goal is to create value for our stakeholders and exceed their expectations. By prioritizing their interests, we ensure that our growth plans align with their vision for a prosperous future.

We take pride in conducting our business responsibly, empowering future generations, enhancing resilience, and conserving the environment. The University has implemented mechanisms to effectively respond to emerging risks that could affect our business continuity. sustainability strategies focus on: risk management, staff welfare, stakeholder engagement, customer relations, operational excellence, information security, fiscal discipline, and adherence to applicable laws.

#### i) Risk management

The University maintains a comprehensive risk register that covers all operational areas. To support long-term sustainability, we have integrated risk management into our systems and processes, ensuring that our risk response mechanisms are both relevant and effective. Over the past year, we conducted a thorough risk assessment to identify potential risks and implement appropriate mitigation measures across all functional areas. Our risk management framework allows us to anticipate and reduce the likelihood of risk occurrences, address sustainability challenges, and make informed decisions even under uncertain conditions.

#### ii) Staff training and motivation

We recognize our employees as our most valuable resource, crucial to our survival and success. Their commitment to innovation, ethics, and integrity has created unique value for our customers and stakeholders. Consequently, we are committed to progressively investing in them through training and welfare to enhance their morale and further support their growth.

#### iii) Stakeholder relations

Our success as a University is to a very great extent attributed to the support that we receive from our stakeholders. The University engages with her stakeholders and on need basis, as a way of enhancing our relations, and maintaining a favourable operating environment.

#### iv) Customer relations

We recognize the importance of delivering exceptional customer service, understanding that our business survival hinges on the satisfaction our customers derive from our goods and services. We take pride in treating all customers with respect and dignity, regardless of their race, colour, nationality, religion, or gender. For customers with physical challenges, we have designed our facilities to provide necessary support, ensuring they can navigate and access our services with ease. Through investments in technology and employee training, we aim to enhance the overall customer experience and distinguish ourselves from the competition. We actively engage with our customers through a formal complaint-handling process and by soliciting feedback to continuously improve our service.

#### v) Operational excellence

University of Embu is Quality Management System (QMS) ISO 27001:2013 certified. Adoption of the quality standards is a strategic decision that was made to improve the overall business performance, and provide a sound basis for sustainability. During the year under review, the Management continued conducting the University business with close adherence to quality standards, policies and procedures. Reliable systems are in place, to guarantee consistent quality. Implementation of the quality management system, ensured that the University provided services that meet its stakeholder expectations within the applicable statutory and regulatory requirements.

A Surveillance audits that was conducted during the year revealed that on overall, the University has adequately implemented her Quality Management System (QMS) and that there is evidence of effectiveness and continual improvement. The auditors further noted that System is able to meet the statutory, regulatory and contractual commitments and needs of the interested parties.

#### vi) Data protection

We are committed to safeguarding stakeholder information in accordance with the Data Protection Act of 2019 to meet expectations of our stakeholders and avoid litigations. The University recognizes that information security is crucial for business survival. We handle both internally generated and stakeholder-acquired information with the

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utmost care, ensuring it is properly protected. Our robust ICT infrastructure plays a key role in enhancing information security, and we have established multiple sites for information storage to ensure business continuity.

**vii) Fiscal discipline**

The University of Embu prepares and implements its budgets in strict adherence to the guidelines issued by the National Treasury. We maintain tight budgetary controls to ensure funds are available before any financial commitments are made. As a standard practice, the University allocates resources only to projects that are both technically and financially feasible, ensuring that selected projects have the capacity to generate sufficient revenue to cover their associated costs.

**viii) Compliance with the applicable laws and regulations**

The Council plays a key role in fostering a culture of good corporate governance. It ensures that corporate governance guidelines and best practices are adhered to in fulfilling the University's mandate. Additionally, the Council ensures that the University's affairs are conducted in full compliance with the applicable laws of the Republic of Kenya.

**2. ENVIRONMENTAL SUSTAINABILITY**

The global collective goal on environmental sustainability stems from the recognition that protecting the environment is essential to ensuring the health of the planet and the well-being of future generations. Governments, international organizations, businesses, and civil society groups are increasingly prioritizing sustainability to address critical environmental challenges such as climate change, biodiversity loss, pollution, and resource depletion. In line with this, the University of Embu has positioned itself as a key advocate for environmental conservation. Our initiatives include: training on environmental conservation, tree planting, environmental clean-ups, promotion of sustainable practices aimed at combating global warming and mitigating the effects of climate change. We are committed to responsible natural resource management that meets current needs without compromising the ability of future generations to meet their own.

As part of our sustainability strategy, the University has adopted technology to minimize paper usage in key operations, including internal communications, meetings, tendering, and revenue management. By reducing paper consumption, we contribute to the conservation of trees and minimize industrial waste from paper production. We remain committed to supporting environmental conservation efforts as a vital means of improving the quality of life for current and future generations. The University continuously strives to ensure that its operations are conducted in an environmentally sustainable manner. For instance, before initiating any capital project, we obtain the necessary approvals from the National Environment Management Authority (NEMA). Additionally, we implement measures to mitigate environmental degradation by protecting water bodies and wetlands, controlling soil erosion, and preserving the natural landscape, thereby ensuring the environment's ability to sustain life. The Key environmental sustainability initiatives undertaken during the year under review include:

- i) In support of the National Tree Growing Restoration Campaign, the University planted over 5,200 assorted trees on its land. Furthermore, during the World Environment Day celebrations, an additional 1,231 trees were planted.
- ii) In partnership with the Kenya Tenri Society the University of Embu staff and students participated in the Embu-Town clean-up exercise to mark the Hinokishin Day in May, 2024.
- iii) Participated in collaboration with the community in tree planting at Kiambuthi Wetland in Embu Township as part of restoration activities.
- iv) Donated over 3,600 assorted tree seedlings to staff for planting during the National Tree Planting Day, that was celebrated in May, 2024.
- v) **Waste Management:** The University recognizes the importance of effective waste management to enhance its corporate image and reduce environmental impacts. We ensure a clean environment and manage waste responsibly to protect communities from health risks. Waste management is a global challenge, and proper handling is essential for every household, business, and organization. We promote resource efficiency through recycling and energy-saving initiatives. Collaborating with the County Government of Embu and specialized entities, we adhere to best practices in waste management. Our key measures include:
  - a) Strategically placed litter bins.
  - b) Partnerships for managing infectious waste.
  - c) Recycling reusable materials.
  - d) Engaging professional waste collectors.
  - e) Incineration of waste.

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**3. EMPLOYEE WELFARE**

**i) Medical care**

The University values the health and wellness of its employees for optimal performance, believing that prevention is better than cure. A healthy workforce is key to productivity. We provide comprehensive in-house medical cover for staff, their spouses, and children. Regular, free, and voluntary wellness clinics are held to conduct medical exams, identify health issues early, and take preventive measures.

**ii) Recruitment**

Guided by the human resource policies and procedures, the University hires competent staff to fill vacant positions. The recruitment process strives to reach and attract as many applicants as possible. This is an effort to ensure compliance with the 1/3 rule on gender and ethnicity.

**iii) Capacity building**

During the year, we provided professional and leadership development training to help staff adapt to a changing business environment, boost productivity, and enhance customer service. The University's Training Committee develops the annual Training Work Plan based on identified skills gaps through performance management. This allows staff to continually refine their skills and competencies for effective service delivery. Additionally, the University invests in professional development by covering subscriptions to professional bodies and continuous professional development programs.

**iv) Employee retention**

The university has necessary human resource policies to help in ensuring that human resource matters are handled in a consistent and equitable manner. The University has a Scheme of Service that provides clear paths for growth and career advancement through promotion. Further, the University has put in place promotion criteria that guides the promotion process. Reward and Sanctions Framework is in place, where members of staff are rewarded and sanctioned accordingly, after the annual performance appraisal process. The University is committed to ensuring a safe, healthy and conducive work environment for staff. Interests for staff with special needs are well taken care of. Towards this end, the University has a developed Occupational Safety and Health policy that is aligned to Occupational Safety and Health Act, 2007. These policies are reviewed regularly to reflect changes in the law, relevant regulations and University policies and procedures.

**4. MARKET PLACE PRACTICES**

The University of Embu views competition as a positive force driving innovation and service quality. With the growing number of universities and limited KCSE graduates meeting entry requirements, competition in higher education has intensified. To attract students, particularly self-sponsored ones, the University responsibly advertises its academic programs. Ethical marketing practices are followed, and decisions are evaluated from both business and moral perspectives, ensuring fairness and respect towards competitors.

**(i) Responsible Supply Chain and Supplier Relations**

All procurements at the University are conducted in compliance with relevant laws and regulations. Fair competition is promoted through open tender advertisements and transparent quotation processing. Tenders are opened in the presence of bidders, and evaluations are strictly based on the criteria in bid documents. Awarded contracts are posted on the University's website for stakeholder information.

The University ensures value for money by inspecting all goods and works to meet user specifications. Suppliers and contractors are paid within 30 days of acceptance of goods/works. The University has tight budgetary controls to ensure availability of funds, before making any financial commitment. This has helped the University to operate without pending bills.

**(iii) Product Stewardship**

The University of Embu guarantees the quality of its products and services, providing customers with the necessary support to make informed decisions. Our quality systems are effective, reliable, and compliant with all legal and regulatory requirements. Feedback mechanisms are in place to allow customers to report any non-conforming products.

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

**CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS**

The University of Embu is committed to good corporate governance and making a positive impact in the wider community. We implement well-planned corporate social responsibility (CSR) activities aimed at improving the social and economic status of the less fortunate. The University integrates CSR into its operations, focusing on: food security, poverty eradication, climate change mitigation, community health, and education.

Our success stems from a culture of caring for the less fortunate, prioritizing customers, delivering quality services, conserving the environment, and maintaining strong stakeholder relations. As a responsible corporate citizen, the University remains dedicated to minimizing the impact of its activities on the environment, communities, employees, and stakeholders. The following are some of the activities undertaken during the year under review, in the fulfilment of our corporate social responsibility objectives:

- a) Organised a two-day Road Safety Sensitization for school-going children of the DEB Iveche Primary School, in February, 2024
- b) In collaboration with the Regional Blood Transfusion Centre, organised a University-wide week long blood donation drive in February, 2024
- c) Organised a full day University-wide free medical camp in February, 2024
- d) Hosted the Mt. Kenya Rotary Sunshine Rally event in March, 2024, which brought together differently-abled children from around the Mt. Kenya region. The University participated in the Rally through donations in kind.
- e) In February 2024, the University hosted a Miraa Farmers Legal Aid Clinic for the Mbeere Embu Miraa Farmers' Cooperative at the University Moot Court. This training focused on balancing economic interests with regulatory measures within the Miraa industry.
- f) In March 2024, a Legal Aid Clinic was conducted at Embu GK Prisons to educate prisoners and remandees on various topics, including criminal procedures, the Sexual Offences Act, the rights of an accused person under the Kenya 2010 Constitution, and an analysis of capital offences in the Penal Code.
- g) Hosted primary and secondary school pupils for career guidance and mentorship. The objective was to assist students in developing personal skills and to inform them about the courses available at the University and the TVET Institute.
- h) In collaboration with CARITAS, trained 86 farmers on vegetable production and technologies. The training covered crop disease diagnostics, pest management, the economics of vegetable production, and included field demonstrations and practical sessions.
- i) Donated mattresses, food items, clothes and shoes to families residing at Kathita and Shauri Yako villages in May, 2024. This was during International Day of Families commemoration.
- j) In May, 2024, visited Jomo Kenyatta Children Home for the children with Physical Disability, and donated mattresses and other assorted items.

## REPORT OF THE COUNCIL MEMBERS

University of Embu Council submits its report together with the financial statements for the period ended 30<sup>th</sup> June, 2024 which show the state of affairs of the University.

### Principal Activities

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

### Results

The results of the University of Embu for the period ended 30<sup>th</sup> June, 2024 are set out on pages 1 to 46

### University of Embu Council Members

The members of the Council who served during the year are listed on pages (viii) to (ix). During this period, Dr. Kennedy Okong'o (*the immediate former chairman*), Ms. Lilian Njeri Munene, CPA Felix Kilonzi, Ms. Karen Basiye, and CPA James Kaburu retired after their terms ended.

Mr. Onyancha Bw'Omote, Mr. Abdi Mohamed Abdi and the Ms. Josephine Njeri Chege were appointed with effect from 26<sup>th</sup> January, 2024. The Council sadly lost Ms. Josephine Njeri Chege following her demise in the month of June, 2024.

### Auditors

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

By Order of the Council



Prof. Daniel Mugendi Njiru (Ph.D)  
SECRETARY, UNIVERSITY COUNCIL

Date: 21<sup>st</sup> November, 2024

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

**STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 47 of the Universities Act No. 42, of 2012, require the University of Embu Council to prepare financial statements in respect of University of Embu, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year/period. The University Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

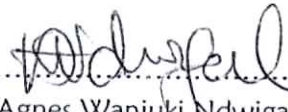
The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on 30<sup>th</sup> June, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act No. 42, of 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended 30<sup>th</sup> June, 2024, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements, as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

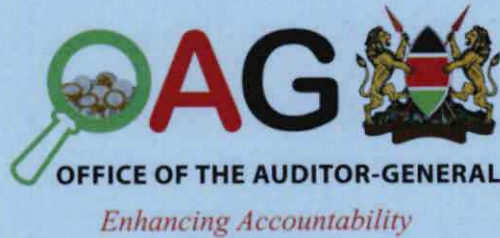
The University's financial statements were approved on 18<sup>th</sup> September, 2024, and signed on behalf of the Council by:

  
.....  
Ms. Agnes Wanjuki Ndwiga  
Ag. Chairman, University of Embu Council  
Council Chairman

  
.....  
Prof. Daniel Mugendi Njiru  
Vice-Chancellor

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF EMBU FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

- A. Report on 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 the 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 the 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, risk management environment and 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 is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of University of Embu set out on pages 1 to 40, which comprise the statement of financial position/financial assets as at

30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of University of Embu as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities (Amendment) Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Long Outstanding Liability**

As previously reported, the statement of financial position reflects the Collective Bargaining Agreement (CBA) refund balance of Kshs.81,560,000 as further disclosed in Note 39 to the financial statements. Review of records revealed that the University received an amount of Kshs.106,000,000 in the financial year 2012/2013 and 2013/2014 from the National Treasury for CBA implementation. This amount was reallocated to other vote heads and spent by the University. Later, the University, under the direction of the Ministry of Education refunded Kshs.24,440,000 resulting to an outstanding balance of Kshs.81,560,000 which had not been refunded as at the time of audit. The University has not shown how it planned to clear the outstanding debt.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Information**

The Management is responsible for the other information set out on page iii to xxx which comprise of University Information and Management, University Council, University Management Board, Council Chairman's Report, Report of the Vice Chancellor, Statement of Performance Against Predetermined Objectives, Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting and Corporate Social Responsibility/Community Engagements. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's, financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of 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**

#### **Non-Compliance with Law on Fiscal Responsibility on Wage Bill**

The statement of financial performance, as disclosed in Note 17 to the financial statements, reflects an amount of Kshs.786,073,193 relating to employee costs. The amount represents 54.9 % of the University's total revenue of Kshs.1,431,031,139 during the year under review. This was contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that expenditure on the compensation of employees shall not exceed 35% of the revenue

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 THE 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 effects of the matter 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 governance were not effective.

### **Basis for Conclusion**

#### **University Operating Without a Council**

The statement of financial performance and as disclosed in Note 18 to the financial statements, reflects an amount of Kshs.8,533,630 in respect to remuneration of University Council. It was noted that the Council Members who served during the first quarter of the year under review, were appointed through Gazette Notice No.9009 dated 4 November, 2020 for a term of three years which expired on 4 November, 2023.

However, the Institution did not have a substantive Governing Council for three (3) months from 4 November, 2023 to 26 January, 2024 when new appointments were gazetted which created leadership vacuum as the new Council Members were appointed on 26 January, 2024 through Gazette Notice 596. This was contrary to Section 16(5) of the University (Amendment) Act, 2016 which states that the Members of the Council appointed under Section 36(1) shall at their first meeting after appointment determine by lot which two of their Members shall vacate office after a period of three and four years respectively to ensure continuity in the activities of the Council.

In the absence of a substantive Governing Council, the University lacked proper governance and direction.

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

### **Responsibilities of the Management and the University Council**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the University's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

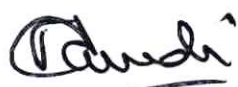
**Nairobi**

**23 December, 2024**

**UNIVERSITY OF EMBU**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024			
	Note	2023/2024	2022/2023
		(KES)	(KES)
<b>Revenue from non-exchange transactions</b>			
Transfer from other Government entities	6	536,343,657	628,750,182
Students scholarships from the Universities Fund	6	221,412,980	-
Amortization of grants	42	25,516,965	26,550,910
		<b>783,273,602</b>	<b>655,301,092</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	7	589,342,727	372,502,044
Rental revenue	8	7,449,164	6,876,766
Farm income	9	15,627,595	16,405,010
Finance Income	10	16,974,793	4,444,818
Research income	11	2,868,961	33,185,813
Hire of Facilities	12	2,316,553	1,470,429
Graduation fee	13	10,142,800	5,410,000
Library services	14	1,154,755	872,614
Income Generating	15	1,733,151	2,014,063
Other income	16	147,039	2,358,606
		<b>647,757,538</b>	<b>445,540,163</b>
<b>Total revenue</b>		<b>1,431,031,139</b>	<b>1,100,841,255</b>
<b>Expenses</b>			
Employee costs	17	786,073,193	751,383,479
Remuneration of University Council	18	8,533,630	11,074,410
Depreciation and amortization expense	27 & 29	66,234,617	66,396,210
Repairs and maintenance	19	22,102,648	14,476,543
Research expenses	20	11,627,385	30,957,543
General expenses	21	297,779,418	218,501,453
<b>Total expenses</b>		<b>1,192,350,891</b>	<b>1,092,789,638</b>
<b>Surplus/(Deficit) from operations</b>		<b>238,680,248</b>	<b>8,051,617</b>
<b>Other gains/(losses)</b>	22	3,080,530	(201,780)
<b>Surplus/(Deficit) for the period</b>		<b>241,760,778</b>	<b>7,849,837</b>

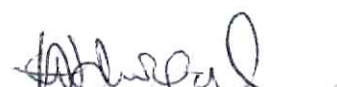
The notes set out on pages 8 to 46 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 46 were signed on behalf of the Council by:



Prof. Daniel Mugendi Njiru  
 Secretary



Mr. Lawrence Kamonjo  
 Head of Finance  
 ICPAK NUMBER: 7080



Ms. Agnes Wanjuki Ndwiga  
 Ag. Council Chairman

Date: 21<sup>st</sup> November, 2024

Date: 21<sup>st</sup> November, 2024


Date: 21<sup>st</sup> November, 2024

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2024			
	Note	2023/2024	2022/2023
ASSETS		(KES)	(KES)
<b>Current assets</b>			
Cash and cash equivalents	23	121,867,890	144,774,399
Receivables from exchange transactions	24	69,170,723	17,204,002
Receivables from non-exchange transactions	25	52,830,151	16,552,469
Inventories	26	6,954,526	8,236,311
Biological assets	28(i)	2,839,050	1,136,320
<b>Total Current Assets</b>		<b>253,662,340</b>	<b>187,903,501</b>
<b>Non-current assets</b>			
Property, plant and equipment	27	3,814,353,760	3,758,874,122
Biological assets	28(ii)	7,415,500	6,509,300
Intangible Assets	29	12,777,378	9,143,667
<b>Total Non - current assets</b>		<b>3,834,546,638</b>	<b>3,774,527,088</b>
<b>Total assets</b>		<b>4,088,208,978</b>	<b>3,962,430,589</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	31	122,161,075	257,876,377
Refundable deposits and prepayments from customers	32	69,960,314	8,217,295
Provision for audit fee	33	522,000	1,044,000
Bursary fund	34	10,698,542	10,862,620
<b>Total current liabilities</b>		<b>203,341,931</b>	<b>278,000,291</b>
<b>Non Current liabilities</b>			
Caution Money	35	27,838,131	24,051,974
Retention money	36	8,210,795	32,804,016
CBA Refund	37	81,560,000	81,560,000
Deferred income	41	1,348,630,436	1,369,147,401
<b>Total Non current liabilities</b>		<b>1,466,239,362</b>	<b>1,507,563,390</b>
<b>Total liabilities</b>		<b>1,669,581,293</b>	<b>1,785,563,682</b>
<b>Net Assets</b>		<b>2,418,627,684</b>	<b>2,176,866,907</b>
Revaluation reserves	43	1,866,688,262	1,866,688,262
Revenue reserve	44	551,939,422	310,178,644
<b>Total Reserves</b>		<b>2,418,627,684</b>	<b>2,176,866,907</b>
<b>Total net assets and liabilities</b>		<b>4,088,208,978</b>	<b>3,962,430,588</b>

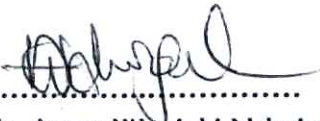
Financial Statements set out on pages 1 to 46 were signed on behalf of the Council by:



.....  
Prof. Daniel Mugendi Njiru  
SECRETARY



.....  
Mr. Lawrence Kamonjo  
HEAD OF FINANCE  
ICPAK NUMBER: 7080  
Date: 21<sup>st</sup> November, 2024



.....  
Ms. Agnes Wanjuki Ndwiga  
COUNCIL CHAIRMAN  
Date: 21<sup>st</sup> November, 2024

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2024			
	Revaluation reserve	Revenue reserves	Total
	(Ksh)	(Ksh)	(Ksh)
Balance as at 1st July 2022	1,866,688,262	302,328,808	2,169,017,070
Deficit/Surplus for the period	-	7,849,837	7,849,837
Increase/(Decrease) in revaluation			
<b>Balance as at 30th June, 2023</b>	<b>1,866,688,262</b>	<b>310,178,645</b>	<b>2,176,866,907</b>
			-
Balance as at 1st July 2023	1,866,688,262	310,178,645	2,176,866,907
Increase/(Decrease) in revaluation	-		-
Deficit/Surplus for the period	-	241,760,778	241,760,778
<b>Balance as at 30th June, 2024</b>	<b>1,866,688,262</b>	<b>551,939,423</b>	<b>2,418,627,685</b>

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2024			
		2023/2024 (KES)	2022/2023 (KES)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>	<b>Note</b>		
Transfer from other Government entities	6 & (i)	713,061,332	628,750,182
Rendering of services	7 & (ii)	611,895,031	403,300,814
Rental income	8 & (iii)	7,586,103	6,924,001
Farm income	9 & (iv)	15,482,345	16,339,040
Finance income	10	16,974,793	4,444,818
Research income	11 & (v)	4,144,827	33,531,134
Hire of Facilities	12 & (vi)	2,372,553	1,414,429
Graduation fee	13 & (vii)	7,077,814	5,352,574
Library services	14	1,154,755	872,614
Income Generating	15	1,733,151	2,014,063
Other income	16 & (viii)	1,746,239	3,454,606
		<b>1,383,228,943</b>	<b>1,106,398,275</b>
<b>Payments</b>			
Employee costs	17 & (ix)	894,199,243	681,356,376
University Council expenses	18	8,533,630	11,074,410
Repairs & maintenance	19	22,102,648	14,476,543
Research expenses	20 & (x)	7,627,111	28,263,527
General expenses	21 & (xi)	297,063,788	219,869,730
Trade creditors paid		37,106,330	13,045,788
		<b>1,266,632,750</b>	<b>968,086,374</b>
<b>Net cash flows from operating activities</b>		<b>116,596,193</b>	<b>138,311,901</b>
<b>Cash flows from investing activities</b>			
Property, plant, equipt and intangible assets	27 & (xii)	144,502,702	124,565,858
<b>Net cash flows used in investing activities</b>		<b>144,502,702</b>	<b>124,565,858</b>
<b>Cash flows from financing activities</b>			
Government development grants	6	5,000,000	17,500,000
<b>Net cash flows from financing activities</b>		<b>5,000,000</b>	<b>17,500,000</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(22,906,509)</b>	<b>31,246,043</b>
Cash and cash equivalents at 1st July, 2023		144,774,399	113,528,356
Cash and cash equivalent as at 30th June, 2024		121,867,890	144,774,399
		<b>121,867,890</b>	<b>144,774,399</b>

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CASHFLOW NOTES	2023/2024	2022/2023
	(KES)	(KES)
<b>(i) Government grants</b>	757,756,637	628,750,182
Less: Receivable c/f	(44,695,305)	-
	<b>713,061,332</b>	<b>628,750,182</b>
<b>(ii) Rendering services</b>	<b>589,342,727</b>	<b>372,502,044</b>
Add: Fees receivable b/f	16,785,888	32,059,832
Increase in caution money	3,786,157	2,769,974
Increase/(Decrease) in student subscription	(1,056,323)	(8,849)
Deferred fees c/f	68,838,526	7,232,446
Unclaimed fees c/f	4,363,877	3,144,497
Increase in bursary fund	(164,078)	2,854,457
Endowment fund received	9,290,735	-
Vice-Chancellors' Kitty	-	-
Less: Deferred fees b/f	(7,232,446)	(1,156,055)
Unclaimed fees b/f	(3,144,497)	(3,030,879)
Fees receivable c/f	(68,618,568)	(16,785,888)
Receivable from the Ecitizen c/f	(296,967)	-
	<b>611,895,031</b>	<b>399,581,579</b>
<b>(iii) Rental income</b>	<b>7,449,164</b>	<b>6,876,766</b>
Increase/(decrease) in rental deposit	136,939	47,235
	<b>7,586,103</b>	<b>6,924,001</b>
<b>(iv) Farm income</b>	<b>15,627,595</b>	<b>16,405,010</b>
Add: Farm income receivable b/f	109,938	43,968
Less: Farm income receivable c/f	(255,188)	(109,938)
	<b>15,482,345</b>	<b>16,339,040</b>
<b>(v) Research income</b>	<b>2,868,961</b>	<b>33,185,813</b>
Add: Deferred research grants c/f	17,247,618	15,971,752
Less: Deferred research grants b/f	(15,971,752)	(15,626,431)
	<b>4,144,827</b>	<b>33,531,134</b>
<b>(vi) Income on hire of facilities</b>	<b>2,316,553</b>	<b>1,470,429</b>
Add: Income receivable c/f	56,000	-
Less: Income receivable b/f	-	(56,000)
	<b>2,372,553</b>	<b>1,414,429</b>
<b>(vii) Graduation fee</b>	<b>10,142,800</b>	<b>5,410,000</b>
Less: Recoveries from Fees	(3,064,986)	(57,426)
	<b>7,077,814</b>	<b>5,352,574</b>
<b>(viii) Other income</b>	<b>147,039</b>	<b>2,358,606</b>
Add: Increase/(decrease) alumni fund	1,599,200	1,096,000
	<b>1,746,239</b>	<b>3,454,606</b>
<b>(ix) Employee costs</b>	<b>786,073,193</b>	<b>751,383,479</b>
Add: Provision for salary arrears b/f	143,096,375	96,426,917
Less: Provision for salary arrears c/f	(5,288,831)	(143,096,375)
Decrease in voluntary pay cut	(148,816)	148,816
Part-time teaching payable	(24,343,220)	(23,148,852)
Non-cash deductions	(5,189,458)	(357,609)
	<b>894,199,243</b>	<b>681,356,376</b>

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CASHFLOW NOTES (continued)

	2023/2024 (KES)	2022/2023 (KES)
(x) Research expenses	11,627,385	30,957,543
Less: Imprest surrenders	(4,000,274)	(2,694,016)
	7,627,111	28,263,527
(xi) General expenses	297,779,418	218,501,453
Less: Provision for audit fee	(522,000)	(522,000)
Imprests surrenders	(1,295,309)	(260,239)
Bad debts written off	(180,106)	(172,294)
Add: Decrease in inventory	1,281,785	2,322,810
	297,063,788	219,869,730
(xii) Property, Plant and equipment	118,666,367	119,219,183
Decrease /(Increase) in retention	24,593,221	17,260,924
Recoveries	(5,438,486)	2,043,229
Amount payable c/f	-	(13,957,478)
Acquisition of intangible assets	6,681,600	
	144,502,702	124,565,858

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2024							
	Original budget 2023-2024	Adjustments 2023-2024	Final budget 2023-2024	Actual on comparable basis 2023- 2024	Performance difference 2023- 2024	% of utilisation difference to final budget	Explanation of material variances (above 10%)
<b>REVENUE</b>							
Government recurrent grants	536,343,657	-	536,343,657	536,343,657	-	-	Variance not above 10%
ii) Student scholarships - Universities Fund	221,412,980	-	221,412,980	221,412,980	-	-	Variance not above 10%
Government devt grants	20,000,000	-	20,000,000	5,000,000	(15,000,000)	(75)	The Government disbursed only 25% of the grants equivalent to KES 5 million
Researcher's grants	2,868,900	-	2,868,900	2,868,961	61	0.00	Variance not above 10%
Endowment Fund	9,290,000	735	9,290,735	9,290,735	-	-	Variance not above 10%
Accommodation fee	8,656,000	-	8,656,000	8,656,000	-	-	Variance not above 10%
Tuition fee	545,380,842	1,156,458	546,045,016	558,438,915	12,393,899	2.27	Variance not above 10%
Catering	22,247,000	-	22,247,000	22,247,812	812	0.00	Variance not above 10%
Farm	15,627,000	-	15,627,000	15,627,595	595	0.00	Variance not above 10%
Rental	7,449,000	-	7,449,000	7,449,164	164	0.00	Variance not above 10%
Finance Income	16,974,000	-	16,974,000	16,974,793	793	0.00	Variance not above 10%
Conference	89,000	15	89,015	89,015	-	-	
Hire of Facilities	2,316,000	-	2,316,000	2,316,553	553	0.02	Variance not above 10%
Graduation fee	10,142,800	-	10,142,800	10,142,800	-	-	Variance not above 10%
Library services	1,154,000	755	1,154,755	1,154,755	-	-	Variance not above 10%
Income Generating	1,730,000	3,151	1,733,151	1,733,151	-	-	Variance not above 10%
Other income	58,024	0	58,024	58,024	-	-	Variance not above 10%
Other Income	1,421,739,203	1,161,114	1,422,408,033	1,419,804,910	(2,603,123)		
<b>Expenses</b>							
Employee costs	924,384,072	1,593,288	925,977,360	923,880,737	(2,096,623)	(0.23)	Variance not above 10%
Remuneration to the Council	9,464,000	(930,370)	8,533,630	8,533,630	-	-	Variance not above 10%
Repairs and maintenance	22,102,350	-	22,102,350	22,102,648	298	0.00	Variance not above 10%
Research expenses	11,627,000	-	11,627,000	11,627,385	385	0.00	Variance not above 10%
Farm enterprise	10,565,000	(1,241)	10,563,759	10,563,759	-	-	Variance not above 10%
UESA expenses	5,500,000	-	5,500,000	5,500,000	-	-	Variance not above 10%
General expenses	287,461,884	6,418	287,468,302	287,215,659	(252,643)	(0.09)	Variance not above 10%
Endowment fund	9,290,000	735	9,290,735	9,290,735	-	-	Variance not above 10%
Property, Plant & Equipment	47,859,165	-	47,859,165	47,858,348	(817)	(0.00)	Variance not above 10%
Minor works	27,566,000	-	27,566,000	27,566,024	24	0.00	Variance not above 10%
Development projects	65,919,732	-	65,919,732	65,920,061	329	0.00	Variance not above 10%
Total expenditure	1,421,739,203	668,830	1,422,408,033	1,420,058,986	-2,349,047		
Surplus for the period	-	-	-	(254,076)	(254,076)		

The reconciliation between the actual amounts in the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts is provided on page 11 of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and Universities Act No. 42, of 2012. and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### 3. ADOPTION OF NEW AND REVISED STANDARDS

- (i) New and amended standards and interpretations in issue effective in the year ended 30 June 2024. There were no new and amended standards issued in the financial year.
- (ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30<sup>th</sup> June 2024

Standard	Effective date and impact:
IPSAS 43: Leases	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>Impact of the standard</b></p> <p>The standard will not have any impact on the University since the University does not have any existing lease contract</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

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Standard	Effective date and impact:
	<p><b>Impact of the standard</b> The Standard will be relevant as the University may periodically have assets earmarked for sale due to changing technology and business dynamics. It will be used to measure the carrying amount of these assets. Additionally, if the University discontinues any of its operations, the Standard will be necessary for providing the required disclosures.</p>
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b>Impact</b> The Standard will enhance disclosure as it prescribes the accounting treatment for Plant Property and Equipment (PPE)</p>
IPSAS 46 Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. Clarifying transaction costs guidance to enhance consistency across IPSAS; Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>Impact</b> It will result in fair and consistent measurement of cost and the operational and financial capacity of assets and liabilities</p>
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b>Impact</b> The standard will improve financial reporting and disclosure relating to revenue and cash flows arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b>Impact</b> The standard will not have any impact since the University is not expected to incur transfer expenses.</p>
IPSAS 49- Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b>Impact</b> The standard will not have any impact since the University is not a pension scheme. A contributory retirement scheme is in place, with monthly transfer of funds to an independent pension scheme.</p>

## 2) Early adoption of standards

University of Embu did not early – adopt any new or amended standards in the year 2023/2024.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions

Transfers from other government entities

##### Recurrent 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) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably. Recurrent grants are recognized in the statement of Financial Performance.

##### Development grants

Development/capital grants are recognized in the Statement of Financial Position and realised in the Statement of Financial Performance over the useful life of the assets that has been acquired using such funds.

University of Embu recognizes development grants received as a deferred income statement of financial position. Upon completion and commissioning of the project funded through the grants, the grants relating to the project are amortized using the applicable depreciation rate, by reducing the carrying amount of the liability and recognizing an equal amount as an income, in the Statement of Financial Performance.

##### ii) Revenue from exchange transactions

##### Rendering of services

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

##### Sale of goods

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

##### Interest income

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

##### Rental income

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

##### b) Budget information

The original budget for FY 2023/2024 was approved by the National Assembly on 15<sup>th</sup> June, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University, upon receiving the respective approvals in order to conclude the final budget. However, appropriation of the University was reduced by the GoK by KES 42,398,546, during the year under review.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the Statement of Comparison of Budget and Actual Amounts and the actuals as per the Statement of Financial Performance (SoFP) is given below.

	Statement of Financial performance (SoFP)	Statement of Comparison of Budget and Actual Amounts	Difference	Reconciliation
Total income	1,431,031,139	1,419,804,910	11,226,230	Total revenue as per the SoFP KES 1,431,031,139 Less: Amortization of capital grants (KES 25,516,965)  Add items in the statement of budget not in the SoFP Contributions to the Endowment Fund KES 9,290,735 Development grants KES 5,000,000 Total in the Statement of Budget KES 1,419,804,910
Total expenses	1,192,350,891	1,420,058,986	(227,708,095)	Total expenditure as per the SoFP KES 1,192,350,891 Less: Depreciation which is not in the budget (KES 66,234,617)  Add items in the statement of budget not in the SoFP Transfer to Endowment Fund KES 9,290,735 UESA Funds KES 5,500,000 Expenditure on Minor works KES 27,566,024 Expenditure on Property, Plant & Equipment KES 47,858,348 Expenditure on capital projects KES 65,920,061 Payment of salary arrears KES 137,807,544 Total as per the Statement of Budget KES 1,420,058,986

**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 the recognition 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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period

Investment properties are derecognized either when they have been disposed of 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 property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such

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parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The depreciation is calculated on the reducing balance to write down the cost of each asset to its residual value over its estimated useful life using the following rates:

<i>Land</i>	<i>0%</i>
<i>Buildings</i>	<i>2.5%</i>
<i>Motor Vehicles</i>	<i>25%</i>
<i>Furniture &amp; Fittings</i>	<i>12.5%</i>
<i>Computer &amp; Printers</i>	<i>30%</i>
<i>Plant &amp; Equipment</i>	<i>12.5%</i>
<i>Library books</i>	<i>20%</i>
<i>Bearer plants</i>	<i>10%</i>

**e) Intangible assets**

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

**f) Research and development costs**

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

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

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

**g) Financial instruments**

**Initial recognition and measurement**

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

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking

into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

#### **Held-to-maturity**

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

#### **Impairment of financial assets**

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

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

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University 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.

##### **h) Inventories**

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

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

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

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

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

**i) Biological assets**

The University has various biological assets including cows, goats, pigs, bearer plants and horticultural plants.

**(i) Measurement of biological assets**

The assets are measured on initial recognition, and at each reporting date, at their fair value i.e. the price that would be earned if the assets were sold. The assets are valued by professional valuers at the end of each reporting period, using fair value method, which reflects economic and financial reality and therefore increases the value relevance of the accounting information.

The main assumption in the measurement of biological assets is that fair value can be reliably measured.

**(iv) Restrictions on biological assets**

None of biological assets had any restriction during the year under review.

**(v) Financial risk on biological assets**

Biological assets are affected by the following risks:

- a) Adverse changes in prices of products
- b) Adverse changes in prices of inputs
- c) Disease infections
- d) Hash weather conditions

**(vi) Management strategies on agricultural activities**

The University uses the following strategies to decrease cost and increase yields:

- a) Climate-resilient farming
- b) Buying inputs in large volumes to fetch fair prices.
- c) Crop rotation

**j) Provisions**

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

**k) Contingent liabilities**

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

**l) Contingent assets**

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

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**m) Nature and purpose of reserves**

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

**(i) Revenue reserves**

The revenue reserve is created out of the surpluses generated by the University from its operating activities, and retained for the purpose of expanding business or to meet contingencies in the future.

**(ii) Revaluation reserves**

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

**n) Changes in accounting policies and estimates**

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

**o) Employee retirement benefits**

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

**p) 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.

**q) Borrowing costs**

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

**r) Related parties**

University of Embu regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Members of key management are regarded as related parties, and comprise of the Chancellor, Council members, the Vice-Chancellor and senior managers.

**s) Service concession arrangements**

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

**t) Cash and cash equivalents**

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

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term cash petty cash floats given to authorized public officers/offices which had not been surrendered or accounted for at the end of the financial year.

**u) Comparative figures**

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

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

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

**(i) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i. The condition of the asset based on the assessment of experts employed by the University.
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii. The nature of the processes in which the asset is deployed.
- iv. Availability of funding to replace the asset.
- v. Changes in the market in relation to the asset.

**(ii) Provisions**

Provisions were raised and the Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes 27 and 32

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. University of Embu made the following three provisions, which have been include in the financial statements for the year:

**a) Provision for depreciation**

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

**b) Provision for audit fee**

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

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c) Provision for bursaries.

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

(iii) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

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NOTES TO THE FINANCIAL STATEMENTS		
	2023/2024	2022/2023
<b>Note 6: Transfers from Ministries, Departments &amp; Agencies</b>	<b>(KES)</b>	<b>(KES)</b>
Recurrent grants from the Minisrty of Education	536,343,657	628,750,182
Students scholarships from the Universities Fund	221,412,980	-
Development grants from the Minisrty of Education	5,000,000	27,601,454
<b>Total</b>	<b>762,756,637</b>	<b>656,351,636</b>
<b>Note 7: Rendering of services</b>		
Tuition fees	558,438,915	339,541,506
Accomodation Fees	8,656,000	8,376,960
	<b>567,094,915</b>	<b>347,918,466</b>
Catering	22,247,812	24,583,578
<b>Total</b>	<b>589,342,727</b>	<b>372,502,044</b>
<b>Note 8: Rental revenue</b>		
Residential and commercial	7,449,164	6,876,766
<b>Total</b>	<b>7,449,164</b>	<b>6,876,766</b>
<b>Note 9: Farm revenue</b>	15,627,595	16,405,010
<b>Note 10: Finance income</b>		
Interest from call deposits	16,974,793	4,444,818
	<b>16,974,793</b>	<b>4,444,818</b>
<b>Note 11: Research income</b>		
Research income	-	31,302,864
Add: Administrative fee - research grants	2,868,961	1,882,949
	<b>2,868,961</b>	<b>33,185,813</b>
<b>Note 12: Hire of Facilities</b>		
Hire of Facilities	2,316,553	1,470,429
<b>Note 13: Graduation fee</b>	10,142,800	5,410,000
<b>Note 14: Library Income</b>		
Library services	1,154,755	872,614
<b>Note 15: Income generating Units</b>		
Income Generating	1,733,151	2,014,063
	<b>1,733,151</b>	<b>2,014,063</b>

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Notes to the Financial Statements (continued)

	2023/2024	2022/2023
<b>Note 16: Other income</b>	<b>(KES)</b>	<b>(KES)</b>
Disposal of obsolete items	-	21,870
Miscellaneous income	58,024	2,336,736
Conference Income	89,015	-
<b>Total</b>	<b>147,039</b>	<b>2,358,606</b>
<b>Note 17: Employee costs</b>		
House allowance	156,391,645	150,806,203
House to office (Commuting All.)	47,811,003	46,541,423
Interns allowance	4,532,955	5,261,684
Leave Travelling	2,938,055	5,885,050
National Ind' Training Authority	320,550	73,850
NSSF	8,563,709	6,101,788
Part time teaching	68,342,557	75,883,258
Housing Levy -Employer	8,542,741	-
Pension	66,896,510	57,830,684
Responsibility allowance	40,819,928	38,273,709
Salaries and wages	380,913,540	364,725,830
<b>Total</b>	<b>786,073,193</b>	<b>751,383,479</b>
<b>Note 18: Remuneration of Council</b>		
Chairman's honoraria	522,000	1,044,000
Council capacity building	1,985,168	2,146,515
Council insurance	384,944	523,809
Council's emoluments	5,641,518	7,360,086
<b>Total</b>	<b>8,533,630</b>	<b>11,074,410</b>
<b>Note 19: Repairs and maintenance</b>		
Maintenance of buildings	11,082,341	5,971,160
Maintenance of equipment	5,545,145	4,504,695
Maintenance of grounds	5,475,162	3,947,112
Maintenance of Internal road	-	53,576
<b>Total</b>	<b>22,102,648</b>	<b>14,476,543</b>
<b>Note 20: Research expenses</b>		
Research grant expenses	11,627,385	30,957,543
<b>Total</b>	<b>11,627,385</b>	<b>30,957,543</b>

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

Notes to the Financial Statements (continued)

	2023/2024	2022/2023
<b>Note 21: General expenses</b>	<b>(KES)</b>	<b>(KES)</b>
Advertisement and publicity	1,052,417	1,003,528
Agricultural Teaching & Research	1,702,020	626,800
Anti-HIV expenses and Health Ed.	87,500	112,000
Audit fees	522,000	522,000
Bad debts write-off	180,106	172,294
Bank charges	350,443	268,592
Board of Post Graduate studies	1,691,013	27,558
BOT Expenses	510,814	-
Celebration & ceremonies	5,465,510	1,897,072
Cleaning & sanitary	9,822,006	10,057,685
Cleaning materials	1,947,618	1,732,376
Conferences & seminars	535,024	470,594
Consultancy Services	288,184	329,020
Culfest	1,692,077	1,434,914
Customer Relations	78,330	14,500
Electricity	12,712,674	9,421,755
Exam Moderation and Supervision	2,860,165	4,091,099
Exam Stationery & related materials	5,455,759	4,288,224
Ex-gratia	177,348	93,570
Exhibitions	465,880	238,105
Farm Enterprise	10,563,759	13,873,707
Field course	739,572	275,233
Food stuff & kitchen supplies	35,302,631	33,330,171
Games & sports	4,415,690	2,192,342
Gas & Charcoal	1,333,459	1,660,011
Graduation gowns	1,443,000	122,354
Honors and Awards	12,725	18,000
ICT expenses	3,838,728	1,679,533
Income generating units	3,140,535	2,406,363
Insurance expenses	8,132,630	7,354,966
International travel expenses	6,360,207	3,802,729
Internet expenses	10,716,389	9,730,996
ISO expenses	861,599	923,415
Kitchenware/cutlery	668,175	382,310
Legal expenses	2,172,128	3,415,543
Library expenses	2,909,493	1,941,225
Local travel & subsistence	18,885,899	9,354,739
Management board	1,381,729	1,794,690
Marketing services	159,750	24,000
Medical expenses	31,551,873	25,129,632
Membership subscription	1,150,616	287,688
Non-pharmaceuticals	1,114,865	1,092,587
Other office expenses	3,253,820	1,845,052
Performance management	4,921,113	3,385,474
Pharmaceuticals	9,386,227	7,774,989
Postage	196,459	92,505
Printing, photocopying & publishing	2,181,863	733,432

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Notes to the Financial Statements (continued)

	2023/2024	2022/2023
	(KES)	(KES)
Programme & facilities accreditation	3,200,000	960,000
Protective gear	139,992	52,396
CSR & Public relations	1,075,370	259,801
Quality assurance	41,883	48,303
Quality Placement & services	7,551,000	4,293,804
School of Law Expenses	987,528	368,585
Schools and programme devt costs	469,704	277,491
Security	7,439,745	7,021,462
Staff training, Development & Scholarship	1,142,729	778,029
Staff uniform	238,500	206,700
Staff Welfare	2,027,450	1,681,626
Stationery expenses	7,128,763	6,214,255
Student welfare & mentorship	4,088,388	3,104,945
Teaching materials	4,374,070	2,688,388
Teaching Practice & Practicum	10,772,567	4,468,760
Telephone	574,850	577,900
Transport operating	14,716,837	9,255,558
TVETI Expenses	5,469,339	836,219
University Senate	4,332,885	-
Water & conservancy	7,615,996	3,981,859
<b>Total general expenses</b>	<b>297,779,418</b>	<b>218,501,453</b>
<b>Note 22: Other gain/(loss)</b>	<b>3,080,530</b>	<b>(201,780)</b>
This represents the difference between the value of the biological assets at the beginning and at the end of the financial year.		

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Notes to the Financial Statements (continued)

	2023/2024	2022/2023
<b>Note 23: Cash and cash equivalents</b>	<b>(KES)</b>	<b>(KES)</b>
Current accounts	121,816,547	142,599,063
Student Paybill - A/C 418888	-	42,938
Library buy Goods	-	496,861
Endowment Paybill 233320	-	172,360
Staff Cafeteria Buy goods	160	2,369
Bottled Water buy goods	(0)	0
Cleaning Solutions buy goods	45	(0)
Animal Feeds Buy Goods number 245296	20	1,204
General purpose	-	2,449
Yoghurt Processing	-	2,176
Alumni Paybill 4037347	-	12,040
Rent paybill	-	1,060,755
Farm Buy Goods	51,117	380,463
Mess 1 Buy Goods	0	(0)
Mess 2 Buy Goods	-	1,720
<b>Total</b>	<b>121,867,890</b>	<b>144,774,399</b>
<b>Detailed analysis of cash and cash equivalents</b>		
<b>a) Current accounts</b>		
<b>Financial institution</b>		
Absa Fees A/C 2027527410	19,739,432	15,393,666
Co-op Fees - A/C 01129408325000	75,643	27,380
Equity Bank Farm A/c 0190280250779	32,074	1,542,001
Equity Bank Research 0190280207539	942,889	2,913,634
Equity Bank Retention 0190280207509	7,536,502	36,711,326
Equity Endowment A/C 0190279052803	64,301,126	41,217,410
Equity Fees - A/C 0190260737294	9,126,911	35,937,803
KCB - EURO A/c	1,173,124	2,108
KCB Dollar - A/C 1146975716	16,444,784	4,573,100
KCB Fees - A/C 1140846019	147,700	1,698,214
KCB Salary - A/C 1141890933	1,399,597	2,447,908
NBK Fees - A/C 01001081259300	752,036	134,513
NCBA Bank	144,730	-
<b>Sub- total</b>	<b>121,816,547</b>	<b>142,599,063</b>
<b>b) Others</b>		
Student Paybill number 418888	-	42,938
Endowment Fund Paybill number 233320	-	172,360
Library Buy Goods number 271941	-	496,861
Staff Cafeteria Buy Goods number 245292	160	2,369
Cleaning Solutions Buy Goods number 245299	45	(0)
Animal Feeds Buy Goods number 245296	20	1,203.75
Bottled Water 888032	(0)	0
Yoghurt Buy Goods number 245294	-	2,176
Alumni Paybill 4037347	-	12,040
Commercial Rent paybill	-	1,060,755
Farm Buy Goods	51,117	380,463
Mess 1 Buy Goods	0	(0)
Mess 2 Buy Goods	-	1,720
General purpose 414444	-	2,449
<b>Sub- total</b>	<b>51,342</b>	<b>2,175,336</b>
<b>GRAND TOTAL</b>	<b>121,867,890</b>	<b>144,774,399</b>

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

Notes to the Financial Statements (continued)

	2023/2024	2022/2023
<b>Note 24: Receivables from exchange transactions</b>	<b>(KES)</b>	<b>(KES)</b>
Catering income receivable	-	252,176
Farm income receivable	255,188	109,938
Fees receivable	68,618,568	16,785,888
Hire of Facilities Receivable	-	56,000
Receivable from E-Citizen	296,967	-
	<b>69,170,723</b>	<b>17,204,002</b>
<b>Note 25: Receivables from non-exchange transactions</b>		
Staff debtors (temporary imprests)	125,450	1,420,759
Staff debtors (Research imprest)	8,009,396	5,030,256
GoK development grants receivable	-	10,101,454
Government Grants Receivable	44,695,305	-
<b>Total receivables from non-exchange transactions</b>	<b>52,830,151</b>	<b>16,552,469</b>
<b>Note 26: Inventories</b>		
Accommodation	102,600	217,587
Cleaning solutions	536,570	837,375
Farm	253,930	601,555
Food store	10,890	416,419
Hardware	424,577	515,101
Health Unit	1,872,745	1,742,864
Laboratory	2,903,599	3,246,438
Stationery	477,849	428,133
Water Bottling	59,495	61,078
Yoghurt processing	312,271	169,761
<b>Total</b>	<b>6,954,526</b>	<b>8,236,311</b>



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**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024**

**Notes to the Financial Statements (continued)**

**Valuation**

Land and buildings were revalued by Laser Property Services in 2022, in line with the National Assets and Liabilities Management Policy and Guidelines (issued on 30th June 2020). The resulting amounts were adopted by the Council in a meeting held in September 2022.

**27 (b) Property, Plant and Equipment at Cost**

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

Description	Cost KES	Accumulated Depreciation KES	NBV KES
Land	1,800,000,000	Nil	1,800,000,000
Buildings	1,203,441,689	135,211,531	1,068,230,158
Motor Vehicles, Including Motorcycles	110,549,856	95,907,115	14,642,741
Furniture, And Fittings	110,365,514	60,936,359	49,429,155
Computers And Related Equipment	101,890,782	88,586,185	13,304,597
Library Books	75,773,027	58,996,184	16,776,843
Plant And Machinery	188,210,501	91,601,509	96,608,992
Bearer plants	2,322,370	913,651	1,408,719
Capital in progress	753,952,556	Nil	753,952,556
<b>Total</b>	<b>4,346,506,295</b>	<b>532,152,535</b>	<b>3,814,353,760</b>

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

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	40,677,731	5,084,716
Motor Vehicles including Motorcycles	78,804,386	19,701,097
Computers and Related Equipment	69,556,928	20,867,078
Office Equipment, Furniture and Fittings	40,389,787.00	5,048,723
<b>Total</b>	<b>229,428,832</b>	<b>50,701,615</b>

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Note 28 (i): Biological assets (current)		2023/2024	2022/2023
	Quantities	(KES)	(KES)
Arrowroots	1,250	125,000	-
Chicken (Broilers)	671	369,050	471,600
Cabbages	-	-	34,310
Capsicum	-	-	7,200
Ensiled Maize	100tons	1,500,000.00	-
Gourgette	-	-	2,400
Green maize	0.375acres	15,000	49,875
Kales	-	-	45,940
Managu (Black night shade)	-	-	6,720
Onions	-	-	12,325
Silage maize	20acres	800,000	900,000
Spinach	-	-	10,950
Sweet potatoes	0.5acres	30,000.00	-
Vegetable Seedlings (Assorted)	-	-	66,600
<b>Sub-total</b>	-	<b>2,839,050</b>	<b>1,136,320</b>
<b>Note 28 (ii): Biological assets (Non-current)</b>			
Assorted fodders	0.5acres	25,000	-
Brachiria grass	0.5acres	100,000	-
Cows	40	6,457,000	4,430,000
Lemon Grass	0.05acres	50,000	-
Improved Kienyeji Chicken	-	-	10,100
Turkeys	2	8,000	-
Goats	9	136,000	168,000
Ram	1	15,000	15,000
Pigs	8	120,000	868,000
Bananas	930	279,000	246,600
Napier grass	4acres	120,000	300,000
Lucern	0.5acres	20,000	-
Rabbits	21	25,500	-
Boma Rhodes	2acres	60,000	-
		<b>7,415,500</b>	<b>6,037,700</b>
Note: Broiler chicken have been re-classified as current assets			
<b>(iii) Bearer plants</b>			
Avocados	25	250,000	780,000
Mangoes	141	705,000	705,000
Macadamia	16	32,000	36,000
Coffee stumps	2,785	1,335,370	1,536,370
<b>Sub-total</b>		<b>2,322,370</b>	<b>3,057,370</b>
<b>Notes:</b>			
Bearer plants are living plants used in the supply of agricultural produce and are expected to produce for more than one financial year, and has a remote likelihood of being sold as agricultural produce. plants Bearer are accounted for as Property, Plant and Equipment and depreciated at the rate of 10%.			

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

Notes to the Financial Statements (continued)

Note 29: Intangible Assets - ERP System				
	2023/2024	ERP work in progress	Total	2022/2023
Description	(KES)	(KES)	(KES)	(KES)
<b>Cost</b>				
At beginning of the year	13,715,500	-	13,715,500	13,715,500
Additions	-	6,681,600	6,681,600	-
At end of the year	13,715,500	6,681,600	20,397,100	13,715,500
Additions	-	-	-	-
At end of the year	13,715,500	6,681,600	20,397,100	13,715,500
<b>Amortization and impairment</b>				
	33%			
At beginning of the year	4,571,833	-	4,571,833	4,571,833
Amortization	3,047,889	-	3,047,889	-
As at 30th June, 2024	7,619,722	-	7,619,722	4,571,833
			-	-
As at 30th June, 2023	9,143,667	-	9,143,667	4,571,833
As at 30th June, 2024	6,095,778	6,681,600	12,777,378	9,143,667

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Notes to the Financial Statements (continued)

	2023/2024	2022/2023
Note 30: Investments	(KES)	(KES)
As at the end of FY under review, the University did not have any investments in treasury bills/bonds, investments in any bank or any equity investment.		
Note 31: Trade and other payables		
Trade payables - Part time teaching	24,343,220	23,148,852
Trade payables - Withholding/VAT	301,810	-
Trade payables - Tuition block	-	13,957,478
Provision for salary arrears	5,288,831	143,096,375
Alumni Association	7,407,990	5,808,790
Deferred research grant	17,247,618	15,971,752
Endowment Fund	51,289,724	41,998,989
Seized Performannce bond	4,040,503	4,040,503
Student Union subscription - UESA	5,187,310	6,243,633
Students' clubs	19,060	19,060
Unclaimed fee	4,363,877	3,144,497
VC'S Kitty	2,373,500	-
Vice-Chancellor's Fund	297,632	446,448
	<b>122,161,075</b>	<b>257,876,377</b>

Ageing analysis: (Trade and other payables)	2023/2024 (KES)	% of the Total	2022/2023 (KES)	% of the Total
<b>Under one year</b>				
Trade payables - Part time teaching	24,343,220	20	23,148,852	8.98
Trade payables - Withholding/VAT	301,810	0.25	-	0.00
Trade payables - Tuition block	-	-	13,957,478	5.41
Provision for salary arrears	5,288,831	4.33	143,096,375	55.49
Alumni Association	7,407,990	6.06	5,808,790	2.25
Deferred research grant	17,247,618	14.12	15,971,752	6.19
Endowment Fund	51,289,724	41.99	41,998,989	16.29
Seized Performannce bond	4,040,503	3.31	4,040,503	1.57
Student Union subscription - UESA	5,187,310	4.25	6,243,633	2.42
Students' clubs	19,060	0.02	19,060	0.01
Unclaimed fee	4,363,877	3.57	3,144,497	1.22
VC'S Kitty	2,373,500	1.94	-	0.00
Vice-Chancellor's Fund	297,632	0.24	446,448	0.17
	<b>122,161,075</b>	<b>100</b>	<b>257,876,377</b>	<b>100</b>

Notes to the Financial Statements (continued)

Note 32: Refundable deposits and prepayments from customers	2023/2024 (KES)	2022/2023 (KES)
Rental deposits	1,121,788	984,849
Deferred fees	68,838,526	7,232,446
	69,960,314	8,217,295

Note 32: Refundable deposits and prepayments from customers	2023/2024 (KES)	2022/2023 (KES)
Rental deposits	1,121,788	984,849
Deferred fee income	68,838,526	7,232,446
	69,960,314	8,217,295

Note: Rental Deposits and Deferred Fee Income, previously reported separately, have now been classified, together under Refundable Deposits and Prepayments from Customers, in compliance with the Public Sector Accounting Standards Board IPSAS Annual Template for SAGAs for the year ended 30 June 2024.

Ageing analysis: (Refundable deposits and prepayments)	2023/2024 (KES)	% of the Total	2022/2023 (KES)	% of the Total
Under one year				
Rental deposits	1,121,788	2	984,849	4
Deferred fees	68,838,526	98	7,232,446	96
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	69,960,314	100	8,217,295	100

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Notes to the Financial Statements (continued)

	2023/2024 (KES)	2022/2023 (KES)
<b>Note 33: Provision for audit fee</b>		
Balance b/f	1,044,000	1,566,000
Add: Provision for the year	1,044,000	522,000
Less: Payments during the year	(1,566,000)	(1,044,000)
	522,000	1,044,000
<b>Note 34: Bursary fund</b>	10,698,542	10,862,620
This is a fund that was created by the University from which bursaries to the needy students are drawn.		
<b>Note 35: Caution Money</b>	27,838,131	24,051,974
These are refundable funds paid by all new students to cushion the University against any loss/damage by the students to property. The amount is refunded after the student clears from the University.		
<b>Note 36: Retention money</b>	8,210,795	32,804,016
This comprises of money deducted from payments to contractors to cater for any defects on the construction work undertaken.		
<b>Note 37: CBA Refund</b>	81,560,000	81,560,000
CBA refund represents the balance of Ksh 106 million received in the FYs 2012/2013 and 2013/2014 for CBA implementation. At that time the University was new and did not have CBA arrears to pay. The amount was reallocated to other University votes, and spent. The Ministry of Ed. later directed that the money be refunded to other Universities. Ksh 24.44 million was refunded, leaving the above balance.		
<b>Note 38: Borrowings</b>		
The University did not have any borrowing during the financial year.		

Notes to the Financial Statements (continued)

Note 39: Employee benefit obligations					
	Defined benefit plan (KES)	Post-employment medical benefits (KES)	Other Provisions (KES)	2023/2024 (KES)	2022/2023 (KES)
Current obligation	Nil	Nil	Nil	29,632,051	143,096,375
Non-current benefit obligation	Nil	Nil	Nil	Nil	Nil
<b>Total employees obligations</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>29,632,051</b>	<b>143,096,375</b>

	2023/2024 (KES)	2022/2023 (KES)
<b>Note 40: Cash generated from operations</b>		
Surplus for the year before tax	241,760,778	7,849,837
<b>Adjusted for:</b>		
Provision for salary arrears	-	46,669,458
Gain on valuation of biological assets	(3,080,530)	201,780
Depreciation & amortization	66,234,617	66,396,210
Provision for audit fee	522,000	522,000
Amortized grant	(25,516,965)	(26,550,910)
	<b>38,159,122</b>	<b>87,238,538</b>
Adjusted surplus	<b>279,919,901</b>	<b>95,088,375</b>
<b>Working Capital adjustments:</b>		
Decrease/(increase) in receivables	(88,244,403)	2,832,402
Decrease in inventory	1,281,785	2,322,810
Decrease/(increase) in biological assets	(1,702,730)	435,180
Increase/(decrease) in payables	(135,715,301)	29,177,051
Increase in refundable deposits	61,743,019	47,235
Increase/(decrease) in audit fee payable	(522,000)	(522,000)
Increase in payment received in advance	-	6,076,391
Increase/(decrease) in bursary fund	(164,078)	2,854,457
	<b>(163,323,708)</b>	<b>43,223,526</b>
<b>Net cash flow from operating activities</b>	<b>116,596,193</b>	<b>138,311,901</b>

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Notes to the Financial Statements (continued)

Note 41: Deferred Income				
	Development grants from the GoK	Other Grants		Total
		Equipment	Library books	
	(KES)	(KES)	(KES)	(KES)
Balance as at 1st July, 2023	1,357,054,426	5,172,373	6,920,602	1,369,147,401
Additions	5,000,000	-	-	5,000,000
Amortization for the period	(23,543,130)	(589,715)	(1,384,120)	(25,516,965)
Balance as at 30th June, 2024	1,338,511,296	4,582,658	5,536,482	1,348,630,436
Note 42: Amortization of deferred grants (Completed projects)				
Description	Development grants from the GoK	Other Grants		TOTAL
		Equipment	Library books	
Cost	(Ksh)	(Ksh)	(Ksh)	(Ksh)
As at 1st July, 2023	1,037,877,045	12,013,667	33,000,000	1,082,890,712
Additions	-	-	-	-
Transfer from WIP	-	-	-	-
As at 30th June, 2024	1,037,877,045	12,013,667	33,000,000	1,082,890,712
Amortization rate	2.50%	12.50%	20%	
As at 1st July, 2023	96,151,860	7,295,949	26,079,398	129,527,208
As at 30th June, 2023	96,151,860	7,295,949	26,079,398	129,527,208
Add: Amortization for the period	23,543,130	589,715	1,384,120	25,516,965
As at 30th June, 2024	119,694,990	7,885,664	27,463,519	155,044,172
Balance as at 30th June, 2024	918,182,055	4,128,003	5,536,481	927,846,540
Balance as at 30th June, 2023	965,871,984	5,391,677	8,650,752	979,914,413

	2023/2024	2022/2023
	(KES)	(KES)
<b>Note 43: Revaluation Reserve</b>		
Balance b/f	1,866,688,262	1,866,688,262
<b>Note 44: Revenue reserves</b>		
Balance b/f	310,178,644	302,328,807
Current/(deficit) surplus	241,760,778	7,849,837
Balance c/f	551,939,422	310,178,644

Notes to the Financial Statements (continued)

**Note 45: Contingent Liability**

The table below contains cases that were ongoing in Court during the period under review, and which the University may have a contingent liability on. Actual liability for each case will be determined after the case is heard and ruling made.

S/No.	Parties	Estimated contingent liability
1.	University of Embu vs. Lillian Wanyaga Njagi	Judgement was delivered in favour of Ms. Lillian Wanyaga. The actual liability will be determined once the court directs on the costs payable by the University.
2.	Dr. Philip Wafula Mayeku vs. University of Embu	Will be determined once the case is heard and finally determined.
3.	Benson Muia Mumo vs. University of Embu	Will be determined once the case is heard and finally determined.
4.	Daniel Warui Mwaura vs. University of Embu	Will be determined once the case is heard and finally determined.
5.	Daniel Mutwiri Gitonga vs. University of Embu	Will be determined once the case is heard and finally determined.
6.	Geofrey Onala Wanyanga vs. University of Embu	Will be determined once the case is heard and finally determined.

(i) Benson Muia Mumo sued the University, seeking compensation for a road traffic accident claim against the University.

(ii) Daniel Warui Mwaura sued the University seeking compensation in a road traffic accident claim against the University.

(iii) Daniel Mutwiri Gitonga sued the University seeking compensation in a road traffic accident claim against the University.

(iv) Geofrey Onala Wanyanga sued the University seeking compensation in a road traffic accident claim against the University.

The vehicle involved in the accidents had valid insurance coverage. If the ruling will be in favour of the complainant, the University will advise the insurer to take responsibility

In addition to the above cases, a contract between the University M/S Supreme Developers Limited for the construction of the proposed auditorium and lecture classroom at a cost of Kshs. 40,405,020 was terminated in the month of February 2021 due to unsatisfactory performance by the Contractor. The matter is currently before an arbitrator who shall determine the liability of either party.

**Note 46: Financial Risk management**

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

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In management of risks, University of Embu Management has put in place an internal audit function to assist it in assessing risks faced by the University on an ongoing basis, and also in evaluating and testing the design and effectiveness of existing internal accounting and operational controls. The University's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations when due, resulting to financial loss to the University. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables, and; available for sale financial investments.

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

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

Credit risk management	Fully performing (KES)	Past due (KES)	Impaired (KES)	Total amount (KES)
<b>As at 30th June, 2023</b>				
Receivable from exchange transactions	17,204,002	-	-	17,204,002
Receivable from non -exchange transactions	16,552,469	-	-	16,552,469
Bank balances	144,774,399	-	-	144,774,399
<b>Total</b>	<b>178,530,870</b>	<b>-</b>	<b>-</b>	<b>178,530,870</b>
<b>As at 30th June, 2024</b>				
Receivable from exchange transactions	69,170,723	-	-	69,170,723
Receivable from non -exchange transactions	52,830,151	-	-	52,830,151
Bank balances	121,867,890	-	-	121,867,890
<b>Total</b>	<b>243,868,764</b>	<b>-</b>	<b>-</b>	<b>243,868,764</b>

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

**(ii) Concentration risk**

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

**(iii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the University Management, which has built an appropriate liquidity risk management framework for the management of the University's short,

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medium and long-term funding, and liquidity management requirements. University of Embu manages liquidity risk by maintaining banking facilities and through continuous forecasts and monitoring of actual cash flows. Prudent liquidity risk management includes maintaining sufficient cash to meet the University's obligations. University of Embu management reviews its cash forecasts regularly and determines the University's cash requirement. However, the University as a government funded institution, faces the risk of inadequate and/or delayed funding by the National Treasury. This implies that sometimes the University operates with insufficient cash to cater for operational costs and obligations, on timely basis. The table that follows analyses the University's financial liabilities, into relevant maturity groupings, based on the remaining period at the end of the financial year to the contractual maturity. The reported balances equal their carrying amounts, as the impact of discounting is not significant.

Liquidity risk management				
The table below analyses the University's financial liabilities into relevant maturity groupings, as at 30th June, 2024				
	Less than 1 month	Between 1-3 months	Over 3 months	Total
<b>As at 30th June 2023</b>				
Allumni association	-	-	5,808,790	5,808,790
Caution Money	-	-	24,051,974	24,051,974
CBA refund	-	-	81,560,000	81,560,000
Deferred fee income	-	-	7,232,446	7,232,446
Deferred income	-	-	1,369,147,401	1,369,147,401
Deferred Research grants	-	-	15,971,752	15,971,752
Endowment fund	-	-	41,998,989	41,998,989
Provision for audit fees	-	-	1,044,000	1,044,000
Provision for salary arrears	-	-	143,096,375	143,096,375
Rental deposits	-	-	984,849	984,849
Retention on constructions	-	-	32,804,016	32,804,016
Seized Performannce bond	-	-	4,040,503	4,040,503
Students' bursary fund	-	-	10,862,620	10,862,620
Students' clubs	-	-	19,060	19,060
UESA Subscription	-	-	6,243,633	6,243,633
Unclaimed deposit	-	-	3,144,497	3,144,497
Unpaid certificate for Tuition Block	-	-	13,957,478	13,957,478
Unpaid part-time teaching	-	-	23,148,852	23,148,852
Vice-Chancellor's Fund	-	-	446,448	446,448
<b>Total</b>	-	-	<b>1,785,563,682</b>	<b>1,785,563,682</b>
<b>As at 30th June 2024</b>				
Allumni association	-	-	7,407,990	7,407,990
Caution Money	-	-	27,838,131	27,838,131
CBA refund	-	-	81,560,000	81,560,000
Deferred fee income	-	-	68,838,526	68,838,526
Deferred income	-	-	1,348,630,436	1,348,630,436
Deferred Research grants	-	-	17,247,618	17,247,618
Endowment fund	-	-	51,289,724	51,289,724
Provision for audit fees	-	-	522,000	522,000
Provision for salary arrears	-	-	5,288,831	5,288,831
Rental deposits	-	-	1,121,788	1,121,788
Retention on constructions	-	-	8,210,795	8,210,795
Seized Performannce bond	-	-	4,040,503	4,040,503
Students' bursary fund	-	-	10,698,542	10,698,542
Students' clubs	-	-	19,060	19,060
Trade creditors -Wthholding	301,810	-	-	301,810
UESA Subscription	-	-	5,187,310	5,187,310
Unclaimed deposit	-	-	4,363,877	4,363,877
Unpaid part-time teaching	-	-	24,343,220	24,343,220
VC's Kitty	-	-	2,373,500	2,373,500
Vice-Chancellor's Fund	-	-	297,632	297,632
<b>Total</b>	<b>301,810</b>	-	<b>1,669,279,483</b>	<b>1,669,581,293</b>

**(iv) Market risk**

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

**Foreign exchange risk**

University of Embu has transactional currency exposures. Such exposures arise through purchase of goods and services that are done in foreign currencies. Invoices denominated in foreign currencies are paid within 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

	Other currencies		Total
	Dollars (USD)	Euros	(KES)
<b>At 30 June, 2024</b>			
Financial assets (cash)	16,444,784	1,173,124	17,617,908
Net foreign currency asset/ (liability)	Nil		Nil

**Price risk**

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

**Interest rate risk**

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

**Management of interest rate risk**

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

**Capital risk management**

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

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	2023/2024	2022/2023
	(KES)	(KES)
Revaluation reserve	1,866,688,262	1,866,688,262
Revenue reserves	551,939,422	310,051,812
<b>Total funds</b>	<b>2,418,627,685</b>	<b>2,176,740,074</b>
Total borrowings	NIL	Nil
Less: Cash and bank balances	121,867,890	144,774,399
Net debt/(excess cash and cash equivalents)	121,867,890	144,774,399
<b>Gearing</b>	<b>NIL</b>	<b>Nil</b>

**Note 47: Related party disclosures**

Entities and other parties related to the University include parties who have ability to exercise control or significant influence over University's operating and financial decisions. The following are the related parties that UoEm dealt with during the year under review:

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

**Related party transactions**

**(i) Government of Kenya**

Transaction with the Government of Kenya

Nature of transaction	Amount in 2023/2024 (KES)	Amount in 2022/2023 (KES)
Transfer from the GoK	762,756,637	656,351,636
Transfer to the GoK	Nil	Nil

**(ii) University Council.**

During the year under review, the University Chancellor and the Council Chairperson, received remuneration on full-time equivalent basis. Details of their remuneration are displayed below:

S/no.	Category	Number of people	2023/2024 (KES)	2022/2023 (KES)
1.	University Chancellor	1	-	-
2.	University Council expenses	7	8,011,630	10,030,410
3.	Chairman - on full time equivalent	1	522,000	1,044,000
	<b>TOTAL</b>		<b>8,533,630</b>	<b>11,074,410</b>

**(iii) Due from related parties**

Nature of transaction	Amount in 2023/2024 (KES)	Amount in 2024/2025 (KES)
Dues from the Ministry of Education	44,695,305	10,101,454
Dues from staff	8,134,846	6,451,015
Dues from students	44,992,272	16,785,888

(iv) Dues to related party

Nature of transaction	Amount in 2023/2024 (KES)	Amount in 2022/2023 (KES)
Staff dues	29,632,051	143,096,375
KRA – Withheld taxes	301,810	Nil

**Note 48: Segment reporting**

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

**Note 49: Capital commitments**

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

**Note 50: Ultimate and Holding entity**

UoEm is a semi-autonomous government agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**Note 51: Currency**

The financial statements are presented in Kenya Shilling (KES).

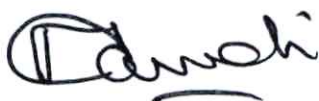
### APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

The following issues were raised by the Auditor General in the report for the financial year 2022/2023, and were all addressed:

S/No.	Issues	Action taken	Status
1)	<p>The statement of financial position reflects current liabilities and non-current liabilities of Kshs. 278,000,291 and Kshs. 1,507,563,391 respectively totaling Kshs 1,785,563,682 being an increase by Kshs. 70,862,186 from the previous year. However, Management has not provided any explanation for the delays in settling the liabilities while the University is exposed to litigations and the risk of incurring penalties and interest for late payments.</p> <p>In the circumstances, University may not receive prompt supply of goods and services due to delay in settling of debts.</p>	<p>Liabilities with cash outflow implications were all settled. Those still appearing in the Statement of Financial Position are without immediate and direct financial implications, such as deferred income, caution money, and rental deposits.</p>	Resolved
2)	<p>As previously reported, the statement of financial position reflects CBA Refund amounting to KES 81,560,000 as further disclosed in Note 39 to the financial statements. Review of records revealed that the University received Kshs. 106 million in the financial year 2012/2013 and 2013/2014 from the National Treasury for CBA implementation. This amount was reallocated to other vote heads and spent by the University. Later, the University, under the direction of the Ministry of Education refunded Kshs. 24,440,000 resulting to an outstanding balance of Kshs. 81,560,000 which had not been refunded as at the time of audit. The University has not shown how it planned to clear the outstanding debt.</p>	<p>The Vice-Chancellor wrote to the Permanent Secretary in the Ministry of Education, State Department of Higher Education and Research, seeking assistance in clearing the debt.</p>	On-going
3)	<p>The statement of financial performance reflects general expenses amounting to Kshs. 218,501,453. The amount includes food stuffs and Kitchen supplies expenditure totalling to KES 33,330,171 as reflected in Note 21 of the financial statements. Review of records revealed that the budget allocation for foodstuffs and kitchen supplies was amounting to KES 29,863,083 which was revised upwards by KES 3,844,917 or 13% of the original budget. However, the revised</p>	<p>The University has enhanced budgetary controls to ensure that expenditure remains within the approved budgets. Where approval is required, it will be obtained from the relevant authority.</p>	Resolved

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	<p>budget was not approved by the Ministry of Education and the National Treasury. This is contrary to the National Treasury Circular number 15/2021 guidelines for the preparation of the Annual Budget for State Corporations for the financial year 2022/2023 which requires revision of the budget exceeding 10% to be reviewed and approved by the line ministry and the National Treasury.</p> <p>In circumstances, Management was in breach of the law.</p>		
	<p><b>1. Delayed Construction of Tuition Complex</b></p> <p>The statement of financial position reflects property, plant and equipment totaling to KShs 3,758,874,122. The amount includes additions to capital work in progress totaling to KShs 99,643,880 as reflected in Note 27 to the Financial statements in respect of the construction of the proposed Tuition Complex. As reported in the previous year, the tender for the construction of the proposed tuition block was awarded to a local Contractor at a contract price of Kshs 651,192,721 for a contract period of 184 weeks commencing 23<sup>rd</sup> May 2018 and completion date of 1 December, 2021. The contractor requested for an extension of 42 weeks for the works to be completed on 21<sup>st</sup> September, 2022 and thereafter an additional 54 weeks extension from 13 December, 2022 to September 2023. However, physical verification conducted in September, 2023 revealed that project was 85% complete.</p> <p>In the circumstances, the completion of the project has negatively affected the public and value for money for the expenditure amount of Kshs. 119,219,183 paid so far could not be confirmed.</p>	<p>The University has reverted to use of internally generated revenues to supplement development grants given by the Government.</p>	<p>Construction is still ongoing. The project was 91% complete as of 30th June 2024.</p>



Prof. Daniel Mugendi Njiru  
VICE-CHANCELLOR

**APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY OF EMBU**

Projects implemented by the University of Embu funded by the development partners and or the Government

The only externally funded project that was undertaken by the University during the year under review is the ongoing Tuition Block. The Project is funded by the GoK, through development grants.

Project title	Project number	Donor	Period/Duration	Donor commitment	Separate reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Tuition Block	N/A	Funded by the GoK	On-going	N/A	N/A	Yes

**APPENDIX III: Status of projects completion**

S/No.	Project	Total project Cost (KES)	Total expended to date (KES)	Completion % to date	Budget (KES)	Actual (KES)	Sources
1.	Tuition Block	899,035,682	709,038,060	91%	60,340,000	60,340,000	GoK


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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred capital grants	Receivables	Others - must be specific	
Ministry of Education	10/08/2023	Recurrent	44,695,305	✓					44,695,305
	30/08/2023	Recurrent	44,695,305	✓					44,695,305
	12/09/2023	Development	44,695,304	✓					44,695,304
	01/11/2023	Recurrent	44,695,305	✓					44,695,305
	13/12/2023	Recurrent	44,695,305	✓					44,695,305
	17/01/2024	Recurrent	44,695,304	✓					44,695,304
	12/02/2024	Recurrent	44,695,305	✓					44,695,305
	13/03/2024	Recurrent	44,695,305	✓					44,695,305
	12/04/2024	Recurrent	44,695,304	✓					44,695,304
	17/05/2024	Recurrent	44,695,305	✓					44,695,305
	12/06/2024	Recurrent	44,695,305	✓					44,695,305
	01/07/2024	Recurrent	44,695,305	✓					44,695,305
	04/07/2023	Development	5,000,000			✓			5,000,000
	<b>Total</b>			<b>541,343,657</b>					

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APPENDIX V: INTER-ENTITY CONFIRMATION LETTER



**UNIVERSITY OF EMBU**

P.O. Box 6 – 60100  
EMBU - Kenya.  
Email: [vc@embuni.ac.ke](mailto:vc@embuni.ac.ke)  
Website: [www.embuni.ac.ke](http://www.embuni.ac.ke)

Tel: +254 020 2444136  
+254 0727933950  
+254 0788199505

**OFFICE OF THE VICE-CHANCELLOR**

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REF: UoEm/VC/MOEST/VOL.11/200 Date: 25<sup>th</sup> September, 2024

**APPENDIX V - INTER-ENTITY CONFIRMATION LETTER**

Name of Transferring entity: Ministry of Education, State Department for Higher Education and Research

Name of Beneficiary entity: University of Embu

**(a) Recurrent grants**

S/No.	Bank statement date	Recurrent (KES)	Bank account
1)	10/08/2023	44,695,305	KCB Bank Limited, account number 1141890933
2)	30/08/2023	44,695,305	
3)	12/09/2023	44,695,304	
4)	01/11/2023	44,695,305	
5)	13/12/2023	44,695,305	
6)	17/01/2024	44,695,304	
7)	12/02/2024	44,695,305	
8)	13/03/2024	44,695,305	
9)	12/04/2024	44,695,304	
10)	17/05/2024	44,695,305	
11)	12/06/2024	44,695,305	
12)	01/07/2024	44,695,305	
<b>Total</b>		<b>536,343,657</b>	

**(b) Development grants**

Bank statement date	Development grants (KES)	Bank account
29/02/2024	5,000,000	KCB Bank Ltd., account number 1141890933

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

Head of Accounts Department – Ministry of Education, State Department for Higher Education

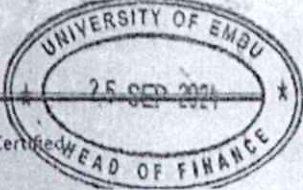
Name: Margaret W. Kariki Sign: [Signature]


Date: 26/9/2024

Head of Accounts Department – University of Embu

Name: Lawrence Karoiyo Sign: [Signature]

Date: 25/09/2024



Knowledge Transforms  ISO 9001:2015 Certified

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APPENDIX VI: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project name	Project description	Project objectives	Project activities	Quarter				Sources of funds	Implementing partners
				Q1	Q2	Q3	Q4		
Tree planting	Purchase of trees	To increase the forest cover within the University and its surrounding	Purchase of tree seedlings  Planting of tress	18,900	27,420	10,000	46,695	A-I-A	1) National Environmental Management Authority (NEMA) 2)Alliance Trees for Kenya 3)Rainforest Alliance 4)Kenya Fisheries 5)Embu Probation Station 6)Embu GK Prisons 7)Tana & Athi Rivers Development Authority (TARDA)
Garbage management	Garbage collection and disposal	To ensure that garbage management is handled in an environmentally friendly manner.	Garbage collection and disposal	171,326	241,872	241,872	199,892	A-I-A	1)Kiambukuta General Suppliers  2)Kenya Tenri Society

APPENDIX VII: REPORTING ON DISASTER MANAGEMENT EXPENDITURE

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-Programme	Disaster type	Category of disaster related activity that require expenditure reporting (Response/recovery/mitigation/preparedness)	Expenditure item	Amount (KES)	Comments
Firefighting and safety	1) Training on basic safety fire incident command system. 2) Servicing of fire extinguishers, alarm system and purchase of fire blankets	Fire	Preparedness	1) Staff training and development 2) Maintenance	499,500	The University takes the risk of fire seriously, and ensures that necessary firefighting equipment are in good working condition all the time.
Road safety	Training for defensive driving facilitation for drivers	Road accident	Preparedness	Staff training and development	38,000	Road accidents remain a key threat to human life and property. In collaboration with the NTSA, we regularly train our students, staff, and the surrounding community on road safety as our contribution towards reducing road accidents.