



LAIKIPIA
PARLIAMENY
UNIVERSITY
KENYA
LIBRARY



*Annual Report & Financial Statements for the Year
Ended 30th June 2022*


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

(SEPTEMBER, 2022)



Laikipia University is ISO 9001:2015 and ISO/IEC 27001:2013 Certified



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 DEC 2023	
TABLED BY:	Hon. Owen Baya CBS, MP Deputy majority leader
CLERK-AT-THE-TABLE:	Miriam



FOREWORD

Laikipia University (LU) is a body corporate established through the Laikipia University Charter of 19th February 2013. As the University continues to grow in leaps and bounds, there is need to give full disclosures to the Government, staff and other stakeholders in line with principles of good governance and statutory mandate.

This Annual Report highlights major achievements in the programmes and activities in line with the core mandate of research, education, scholarship, training, innovation, outreach and consultancy. The Report provides a factual presentation of the University's activities for the year ended 30th June, 2022. The Report also contains financial statements of the University and discloses the most important items within Income, Expenses, Assets, Liabilities and Reserves.

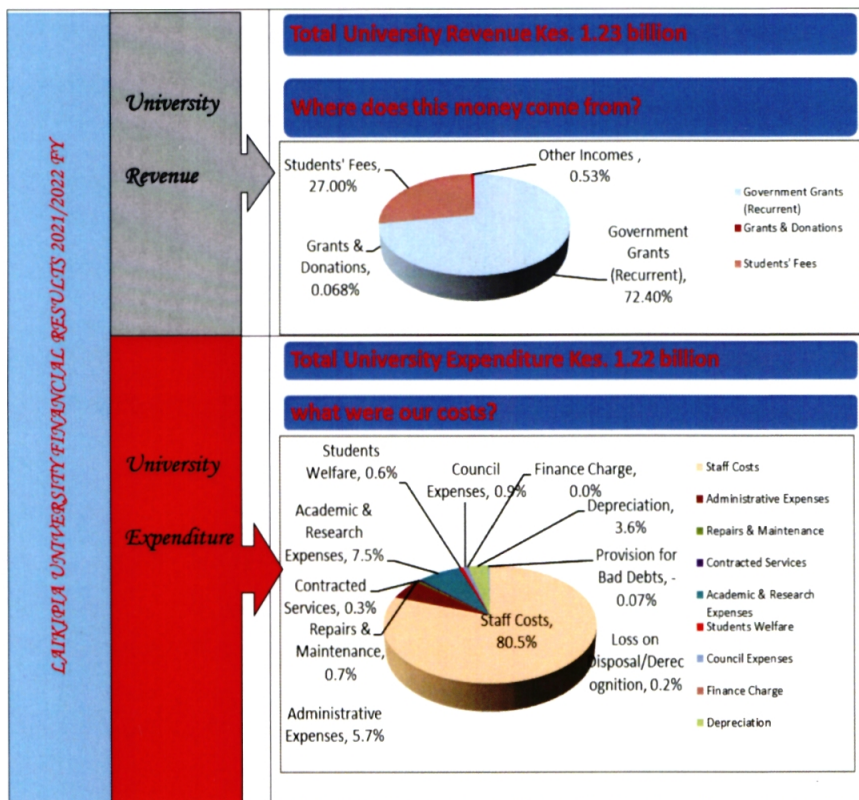


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KEY ENTITY INFORMATION

a) Background Information

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February, 2013. The University is located in Laikipia County, along the Nyahururu-Nakuru Highway. It is situated approximately 11KM from Nyahururu town and 50KM from Nakuru town. Laikipia University has one Campus, with a total enrolment of approximately 7,000 students

b) Principal Activities

The principal activity of the University is as stipulated in the Laikipia University Charter of 19th February, 2013 Part II Sec 7(1) which provide directly, or in collaboration with other institutions, integration of teaching, research and effective application of knowledge and skills.

c) Key Management

Laikipia University organs and their functions are anchored in the University Charter of 2013. The main management organs of the University are;

1. University Council
2. Vice Chancellor
3. University Management Board
4. University Senate

d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June, 2022 and who had direct responsibility were;

S/No.	Designation	Name
1	Vice Chancellor	Prof. Kibett Rotich, PhD
2	Ag. Deputy Vice Chancellor (ARSA)	Prof. Felicia Yieke, PhD
3	Ag. Deputy Vice Chancellor (AF&P)	Prof. Albert Rutere, PhD
4	Registrar, Academics Affairs	Dr. Raphael Kiugu, PhD
5	Registrar (A&HC)	Dr. Hezron N. Nyamwega, PhD
6	Finance Officer	CPA. Geoffrey K. Langat
7	Ag. Senior Procurement Officer	Ms. Violet Mideva

e) Fiduciary Oversight Arrangements

Laikipia University has the following fiduciary oversight arrangements;

(i) Internal Audit Function

Functions of Internal Audit include and not limited to verification and review of periodic financial statements and expressing an opinion on whether they represent the true financial position of the University before the accounts are submitted to other users.

(ii) Audit, Governance & Risk Management Committee of Council

The Committee reviews financial statements before submission to the University Council focusing on changes of accounting policies, compliance with legal requirements and strengthening the effectiveness of the internal audit function.

(iii) Public Investment Committee (PIC) of National Assembly

The University submits annual audited financial statements to the Public Investment Committee of National Assembly for deliberation and oversight on whether the funds were applied to the intended purpose.

f) Entity Headquarters

Laikipia University
P. O. Box 1100-20300
Nyahururu
Along Nyahururu -Nakuru Road

g) Entity Contacts

TEL: +254-(0) 20 2696596;
Cell: +254 713-552761/ (0)736-299961
www.laikipia.ac.ke

h) Laikipia University Bankers

- | | | |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| (i) KCB Bank Kenya Limited
Nyahururu Branch
P.O.Box 64-20300
NYAHURURU | (ii) KCB Bank Kenya Limited
Nakuru Branch
P.O. Box 18-20100
NAKURU | (iii) Equity Bank
Nyahururu Branch
P.O. Box 1048-20300
NYAHURURU |
| (iv) Co-operative Bank of Kenya
Nyahururu Branch
P.O.Box 307-20300
NYAHURURU | (v) Co-operative Bank of Kenya
Nakuru Branch
P.O.Box 2982-20100
NAKURU | |

i) Independent Auditors

Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
NAIROBI

j) Principal Legal Adviser

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

LAIKIPIA UNIVERSITY COUNCIL



Dr. Ken Nyaundi
(LLB, LL.M, Ph.D.)
Chairman



Dr. Moses Siruri Marwa
(BSc., MSc, Ph.D.)
Member



Ms. Ruth Adhiambo Okowa
(BA, MA)
Member



CPA David Namu Kariuki
(CPS(K), CPA(K), BCom, MBA)
Member



Dr. Margaret Maimba
(BSc, MSc, Ph.D.)
Member



Mr. Sammy Oleku
(BA, BBM, MBA)
Member



Mr. Joseph Kiarri
(BCom, CIFA)
Rep. PS. The National Treasury



Dr. Frank Ndakala
(BSc, PGD, MSc, Ph.D.)
Rep. PS. Ministry of Education



Prof. Kibett Rotich
(BSc., MSc, Ph.D., Post-Doc, MBA)
Vice Chancellor/Council Secretary

University Council Members' Profiles

S/No	Council Member	Date of Birth	Date of Appointment	Key Profession/ Academic Qualifications	Experience
1.	Dr. Ken Nyaundi, (Chairman)	3/1/1967	10/03/2017	<ul style="list-style-type: none"> ➤ PhD - University of Cape Town (SA) ➤ LLM - University of Cape Town (SA) ➤ LLB – UoN 	<ul style="list-style-type: none"> ➤ Partner Marende and Nyaundi Associate ➤ Advocate of the High Court
2.	Dr. Moses Siruri Marwa, (Independent Member)	15/2/1984	10/03/2017	<ul style="list-style-type: none"> ➤ PhD - KU ➤ MSc -HRM, JKUAT ➤ BSc (Agricultural Education and Extension) UoN 	<ul style="list-style-type: none"> ➤ Corporate Relationship Manager- Manufacturing Sector KCB ➤ Corporate Banker (Managerial Level), KCB Corporate Division ➤ Lecturer and Marketer (Skynet Business College Nairobi)
3.	Ms. Ruth Adhiambo Okowa (Independent Member)	4/2/1971	10/03/12017	<ul style="list-style-type: none"> ➤ BA (Demography) - UoN ➤ MA (Demography) - UoN 	<ul style="list-style-type: none"> ➤ Demographer ➤ CEO – Living Water International
4.	CPA David Namu Kariuki (Independent Member)	15/8/1966	10/03/2017	<ul style="list-style-type: none"> ➤ MBA(Strategic Mgt) -, UoN ➤ Bachelor of Commerce, UoN ➤ CPA(K) ➤ CPS(K) 	<ul style="list-style-type: none"> ➤ Finance and Admin Director, Assured Management Solutions Ltd Financial ➤ Controller, Agro-Chemicals and Food Company Ltd ➤ Nairobi Safari Club and Sarova Hotels
5.	Mr. Sammy Oleku (Independent Member)	22/11/1970	24/04/2019	<ul style="list-style-type: none"> ➤ MBA(Strategic Mgt) – Moi ➤ BBM – Moi ➤ BA – Moi ➤ Higher Diploma (Business Admin. & Mgt) – KNEC ➤ Diploma in Mgt of NGOs – KIM ➤ Diploma (Business Admin. & Mgt) – KNEC 	<ul style="list-style-type: none"> ➤ CEO, Pastoralists for Water and Environmental Research (POWER) ➤ Project Coordinator for Holistic Mgt Project, World Vision (K) ➤ Project Coordinator, Rain Water Harvesting – UNEP/ICRAF ➤ Food Relief Coordinator – MPIDO
6.	Dr. Margaret Maimba (Independent Member)	07/01/1960	04/11/2020	<ul style="list-style-type: none"> ➤ PhD, Planning (UoN) ➤ MSc, Geochemistry (University of Leeds- U.K) ➤ BSc, Geology & Chemistry 	<ul style="list-style-type: none"> ➤ Head of Environment and Earth Science Schedule- National Commission for Science, Technology and Innovation ➤ Head of Environment and Earth Science Schedule – Ministry of Education, National Council for Science & Technology (NCST) ➤ Chief Science Secretary – Ministry of Education ➤ Geologist – Ministry of Environment



						<ul style="list-style-type: none"> ➤ Geochemist – Ministry of Energy and Natural Resources
7.	Dr. Frank Ndakaha (Representing P.S., Ministry of Education)	1974	01/10/2021	<ul style="list-style-type: none"> ➤ Ph.D, University of Nairobi ➤ MSc. University of Nairobi ➤ Postgraduate Diploma, University of Edinburgh, Scotland ➤ Project Lead and Principal Investigator for Pfizer Quality Improvement project on hospital treatment programmes in Kenya ➤ Researcher at National, regional and international levels ➤ Served as Board of Management in three (3) National Public Institutions and one University Council 	<ul style="list-style-type: none"> ➤ Assistant Director, State Department of University Education and Research (SDUE&R), Ministry of Education (MoE) in Kenya ➤ Project Lead and Principal Investigator for Pfizer Quality Improvement project on hospital treatment programmes in Kenya ➤ Researcher at National, regional and international levels ➤ Served as Board of Management in three (3) National Public Institutions and one University Council 	
8.	Mr. Joseph Kiarii (Representing P.S., National Treasury)	29/09/1966	30/09/2019	<ul style="list-style-type: none"> ➤ (BCom), Accounting Option, University of Nairobi (UoN) ➤ Certified Investment and Financial Analysts (CIFA) 	<ul style="list-style-type: none"> ➤ Director Portfolio Management and Public Investments, The National Treasury and Planning ➤ Certified Investment and Financial Analysts 	
9.	Prof. Kibet Rotich (Vice Chancellor/Council Secretary)	11/02/1958	12.06.2018	<ul style="list-style-type: none"> ➤ MBA (JKUAT) ➤ Post Doctorate in Medical Informatics, (Indiana University-USA) ➤ Ph.D in Mathematics, Shanghai University of Science and Technology ➤ Msc. Statistics, (University of Southampton – UK) ➤ Bsc. Mathematics and Statistics, (University of Nairobi) 	<ul style="list-style-type: none"> ➤ Vice Chancellor, Lakipia University ➤ Deputy Vice Chancellor (Administration and Finance) at Masinde Muliro University of Science and Technology ➤ Deputy Principal (Academic & Student Affairs) at Kongo University College ➤ Acting Principal Garissa University College ➤ Acting Principal at Kabanga Campus College ➤ Dean, School of Public Health at Moi University, Nairobi ➤ Professor of Biostatistics at Moi University ➤ Statistician CDC Entebbe Uganda ➤ Consultant Biostatistician for Academic Model for Providing Access to Health Care (AMPATH) 	

University Council Committees

S/N	Name of Committee	Committee Members
1.	Finance, Investment and General Purposes	1. Dr. Moses Siruri Marwa - Chairperson 2. Ms. Ruth Adhiambo Okowa 3. Mr. Joseph Kiarri 4. Dr. Frank Ndakala 5. Prof. Kibett Rotich - Vice Chancellor/Council Secretary
2.	Audit, Governance and Risk Management	1. Mr. David Namu Kariuki - Chairperson 2. Mr. Joseph Kiarri 3. Dr. Margaret Maimba 4. Mr. Sammy Oleku
3.	Human Resource Management	1. Ms. Ruth Adhiambo Okowa - Chairperson 2. Dr. Moses Siruri Marwa 3. Mr. Sammy Oleku 4. Dr. Frank Ndakala 5. Prof. Kibett Rotich- Vice Chancellor/Council Secretary
4.	Academic and Research	1. Dr. Margaret Maimba - Chairperson 2. Ms. Ruth Adhiambo Okowa 3. Mr. David Namu Kariuki 4. Dr. Frank Ndakala 5. Prof. Kibett Rotich -Vice Chancellor/Council Secretary

UNIVERSITY MANAGEMENT BOARD



Prof. Joseph K. Rotich
Vice-Chancellor

B.Sc. (Nairobi), M.Sc. (Southampton), Ph.D. (Shanghai UoSc & Tech), Post-Doctorate (Indiana),
MBA (JKUAT)



Prof. Felicia A. Yieke
Ag. Deputy Vice-Chancellor (ARSA)
B.Ed. (Kenyatta), M. Phil (Moi), Ph.D.
(Vienna)



Prof. Albert M. Rutere
Ag. Deputy Vice-Chancellor (AFP)
B.Ed. (Kenyatta), M.Sc. (Applied Linguistics)
(Edinburgh), Ph.D. (Morgan State University)



Dr. Raphael K. Kiugu
Registrar Academic
Affairs
B.Ed., M.Ed. (Kenyatta),
M.Sc., Ph.D. (SUNY)



Dr. Hezron N. Nyamwega
Registrar (AHC)
B.A. (Moi), M.Ed. (Moi),
MBA (UoN), Ph.D.
(CUEA)



CPA. Geoffrey K. Langat
Finance Officer
BBA (KeMU), MBA (Egerton), CPA (K)

University Management Board Members' Profiles

S/No	Name	Date of Birth	Date of Appointment	Qualifications	Experience
1.	Prof. Kibett Rotich (Vice Chancellor/ Council Secretary)	1958	12.06.2018	<ul style="list-style-type: none"> ❖ MBA (JKUAT) ❖ Post Doctorate in Medical Informatics, (Indiana University-USA) ❖ Ph.D. in Mathematics, Shanghai University of Science and Technology ❖ Msc. Statistics. (University of Southampton – UK) ❖ BSc. Mathematics and Statistics, (University of Nairobi) 	<ul style="list-style-type: none"> ➤ Vice Chancellor, Laikipia University ➤ Deputy Vice Chancellor (Administration and Finance) at Masinde Muliro University of Science and Technology ➤ Deputy Principal (Academic & Student Affairs) at Rongo University College ➤ Acting Principal Garissa University College ➤ Acting Principal at Kabianga Campus ➤ Dean, School of Public Health at Moi University ➤ Professor of Biostatistics at Moi University ➤ Statistician CDC Entebe Uganda ➤ Consultant Biostatistician for Academic Model for Providing Access to Health Care (AMPATH)
2.	Prof. Felicia Yieke Ag. Deputy Vice-Chancellor (Academic Research & Students' Affairs)	1963	01/01/2022	<ul style="list-style-type: none"> ❖ PhD in Applied Linguistics (University of Vienna, Austria) ❖ MPhil. English (Moi University) ❖ BEd. Arts - English, Linguistics and Literature (Kenya University) 	<ul style="list-style-type: none"> ➤ Director Graduate School ➤ Dean of the School of Humanities and Development Studies ➤ Senior Lecturer, Department of Literary and Communication Studies, Laikipia University ➤ Lecturer, Department of Languages and Linguistics, Egerton University ➤ Assistant Lecturer, Department of Languages and Linguistics, Egerton University.

3.	Prof. Albert Rutere Ag. Deputy Vice-Chancellor (Administration, Finance & Planning)	1961	01/01/2022	<ul style="list-style-type: none"> ❖ PhD, (Morgan State University, Baltimore Maryland – USA) ❖ MSc. Applied Linguistics (University of Ediburgh, Scotland, UK) ❖ BA. English, Literature, Linguistics and Education 	<ul style="list-style-type: none"> ➤ Director and member of Board of Graduate Studies, Teaching Practice, and Field Attachments ➤ Director, LU Nakuru Campus ➤ Senior Lecturer – Department of Literacy and Communication Studies, Laikipia University ➤ Senior Lecturer, Department of Humanities and Languages to Itiati Campus, Karatina University ➤ Acting Head of English Department, The Catholic University of Eastern Africa ➤ Senior Lecturer, Department of English of the Catholic University of Eastern Africa ➤ Part-time Lecturer at: <ul style="list-style-type: none"> • Egerton University • Embu University • Kenya Methodist University • Mount Kenya University,
4.	Dr. Raphael Kiugu, Registrar (Academics Affairs)	1962	16/05/2011	<ul style="list-style-type: none"> ❖ PhD. (State Univ. –New York) ❖ MSc. Educ. Administration & Policy (Univ. of New York) ❖ Med. Econ & Planning (Kenyatta University) ❖ Bed. (KU) 	<ul style="list-style-type: none"> ➤ Registrar AA, Laikipia University ➤ Registrar AA (African Nazarene Univ.) ➤ Lecturer, (UoN) ➤ Assistant Lecturer (Egerton)
5.	Dr. Hezron N. Nyamwega Registrar (Administration & Human Capital)	1970	02/11/2020	<ul style="list-style-type: none"> ❖ PhD. (Catholic University of Eastern Africa) ❖ MBA (UoN) ❖ Med. Psychology (Moi) ❖ BA.Educ. (Moi) 	<ul style="list-style-type: none"> ➤ Registrar AHC – Laikipia University ➤ Assistant Director HR (Remuneration) at SRC ➤ HR and Capacity Building Advisor Government of South Sudan ➤ Principal HR and Development Officer, Ministry of Environment, Water and Irrigation ➤ Chief HR Mgt and Development Officer, Office of the President



> Part Time Lecturer, SEKU > Teacher, Paul Boit Kaplong Secondary	> Finance Officer – Laikipia University > Finance Officer (Laikipia University) > Deputy Finance Officer (Laikipia University) > Senior Accountant (Egerton University – Laikipia Campus) > Assistant Accountant (Egerton University)	❖ CPA(K) ❖ MBA (Egerton University) ❖ BBA (Kenya Methodist University)	16/12/1991	1968	CPA Geoffrey K. Langat Finance Officer	6.
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DEANS OF SCHOOLS



Dr. Enos Barasa Mukadi
Dean, School of Education,
B. Ed. (Maseno), M.Ed. (Egerton), Ph.D.
(Kabarak)



Dr. Sheila Pamela Wandera-Simwa
Dean, School of Humanities and Development
Studies,
B.Ed. (Moi), M.A. (Egerton), Ph.D. (Laikipia)



Dr. Poti O. Abaja,
Dean, School of Science and Applied
Technology,
B.Sc., M.Sc. (Egerton), Ph.D. (Kabarak)



Dr. Peter Mwaura
Dean, School of Business and Economics,
B. Com. (UoN), MBA (Egerton), Ph.D.
(JKUAT)

CORE BUSINESS OF LAIKIPIA UNIVERSITY

The main objectives of the University are stipulated in the Laikipia University Charter of 19th February, 2013. Part II Sec 7(1) of the Charter provides the functions and objectives of the University which are;

- a) To provide directly, or in collaboration with other institutions, integration of teaching, research and effective application of knowledge and skills;
- b) Participate in scholarly work, discovery, transmission, utilization, preservation and enhancement of knowledge with a view to stimulating intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya;
- c) Establish centers of excellence, colleges, schools, faculties, institutes, departments, and other resource and administrative units as may be appropriate;
- d) Facilitate student and staff mobility between programmes of study at local, regional, and international universities and institutions;
- e) Participate in commercial ventures and activities that promote the objectives of the institutions;
- f) Foster the general welfare of staff and students;
- g) Develop and provide educational, cultural and professional services that foster corporate social responsibility in the University and collaborating institutions;
- h) Promote equity and social justice;
- i) Offer continuing professional development opportunities;
- j) Conduct examinations for and to grant and confer such academic awards as may be provided for in the Act and the Statutes;
- k) Establish a High Altitude International Sports Training Centre for training, teaching, research, and recreation;
- l) Contribute to sustainable development of Arid, and Semi-Arid Lands resources of Kenya;
- m) Engage in action research, extension and outreach; and
- n) Establish an Information, Communication and Technology hub in teaching, research, training, innovation, outreach and consultancy in the region and globally.



STATEMENT FROM THE CHAIRMAN OF COUNCIL

I am privileged on behalf of the University Council to present to you, the Annual Report and Financial Statements for the year ended 30th June, 2022.

The 2021/2022 financial year was a remarkable one as it presented an opportunity to re-engineer from the residual challenges of COVID-19 pandemic and other global economic and social problems. This notwithstanding, these difficulties also portend opportunities for the University to apply, exert and employ approaches to overcome them and eventually prosper.



Dr. Ken Nyaundi, Ph.D

This annual report helps us mirror on the University performance for the 2021/2022 financial year. This gives us an opportunity to celebrate the achievements by the University and the portions of challenges experienced. This also presents to us latitude to identify the weaknesses for future mitigation and improvement.

Key Activities

During the year under review, the University undertook various activities geared to achievement of the University mandate. These activities included but not limited to; Enhanced Research Innovation and Consultancy, Curriculum review on existing programmes, Expansion of access to Education through establishment of TVET institute and ODEL, Upgraded Physical infrastructure, Automation of University Processes and Formulation and Review of University Policies among others.

Overall Performance

The financial performance during the year 2021/2022 was achieved through concerted efforts of the University Council, Management Board and the entire staff of Laikipia University.

During the period under review, the University recorded an improved financial performance as a result of prudent financial management, investments and Resource mobilization. As a result of this, the University has managed to reverse the previously negative financial performance and set in place a trajectory that will see the University strengthen its financial base.

Challenges

The University experienced various challenges that include; reduced enrolment number of students, inadequate funding, incomplete tuition facilities, and low number of teaching staff among others. This adversely affected the smooth operations of the University in many ways.

University Strategic Focus and Way forward

The University aligned its strategic focus and initiatives to its Strategic Plan. The Plan remains a key blueprint for the University in the path of implementation of its turnaround strategies and strategic focused initiatives. To ensure smooth transition, the University has embarked in review of the Strategic Plan. The University commits to implement its strategy to make it a 'Seed of Wisdom'.

To alleviate on these challenges, the University has reached out to the Government for more funding. The University also established a Directorate of Resource Mobilization and Investment to help generate more revenue. In addition, the University has established a Technical, Vocational and Education Training Institute (TVET) to attract more students and assist generate more funds. The University is also planning to recruit academic staff to improve on the student-lecturer ratio.

Conclusion

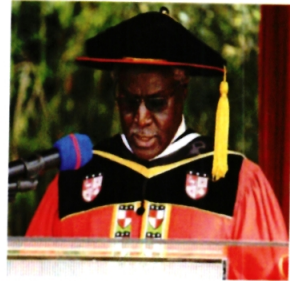
On behalf of my fellow Council members, it's a pleasure to look ahead to a progressive University. I would like to congratulate and thank the University Management Board and Staff fraternity for their diligence and dedication during 2021/2022 FY. I would also like to acknowledge, with appreciation, the invaluable support from the Council members which has aided steer the University's activities and strategies successfully throughout year.

I wish to recognize, with gratitude, the vital support, confidence, allegiance and trust that we have continued to receive from the Government of Kenya through the Ministry of Education, Suppliers and other stakeholders within the industry. The University Council will continue working closely with University Management Board especially in the implementation of the Strategic Plan that the Council believe will take Laikipia University to the next level of academic excellence and continue playing a significant role in serving humanity.


Dr. Ken Nyaundi, PhD.
CHAIRMAN OF COUNCIL

STATEMENT FROM THE VICE CHANCELLOR

I am delighted to present the Laikipia University Annual Report and Financial Statements for the year ended 30th June 2022. The report presents key highlights on successes and developments of the past twelve months, and offers a view of what the future at Laikipia University will look like. The report is a reflection of achievement in the face of ongoing challenges, chief amongst them navigating through the residual effects of the COVID-19 pandemic and insufficient capitation from the Government.



Prof. Kibett Rotich, PhD

Education Sector continues to witness numerous changes that are prompted by; changing Government Policies, requirements by stakeholders and the regulatory environment. Notwithstanding, as enshrined in its mission and vision and true to its mandate, the University is committed to remaining one of the world's great institutions in the frontier of; Research, Education, Scholarship, Training, Innovation, Outreach and Consultancy. To this effect, and in the wake of the Competency Based Curriculum (CBC), the University commenced the review of its curriculum to conform to the required aspects of CBC. This is in line with the Blueprint of the Vision 2030.

It is imperative to note that the University has continued to submit financial reports to relevant stakeholders on time. The report captures the events of the year including, physical infrastructure development and utilization of funds. The Report reflects the commitment and determination of the University to achieve excellence, despite the hurdles occasioned by the economic downturn and its impact on recurrent and capital funding from the Exchequer.

Further, as part of world trends and practices, the report carries detailed information on the University's financial performance during the year, providing a summary of the financial well-being of the University as a corporate entity. The Report notes that while there was prudent management of the human, material and financial resources; the enthusiasm and commitment exhibited by members of staff were critical in enabling the University to discharge its mandate.

The University Mission remains to serve the students and society through research, scholarship, training, innovation, outreach and consultancy as postulated in the 2018/2019-2022/2023 strategic plan. This is achieved through the following strategic objectives; Increasing students enrollment, Increasing research, innovation & consultancy activities, Improvement of University facilities,

Exploring alternative sources of revenue, Strengthening quality assurance and standards, Widening and increasing access to technical and vocational education.

1. Overall Performance

a. Operational Performance

The demand for higher education in the country has continued to rise prompting the University to continually review its programmes in line with the market demand. In future, this will help sustain the University financially and shall give the graduates the required orientation and prerequisite in the contemporary work market. From this backdrop, the University has continued to make reforms and strides as it moves to being a University of Choice in the higher education sector. The reforms are geared towards ensuring that the University matches the emerging and evolving trends in the education sector. Of importance, is the aligning of the University academic programmes to the Competency Based Curriculum (CBC).

During the year under review, the University reviewed fifty (51) curricula that had had fallen due with an aim to improving academic services. The curricula are offered across the four (4) academic schools. The reviewed curricula were duly approved by the Commission for University Education.

The University conducted a number of surveys whose feedback contributed to the improvement of the quality of services assurance. These included; Teaching Effectiveness Evaluation, Tracer-Study Audit on 2018 graduates, Students Completion and Progression Rates Audit, First Year Perception Survey and Internal audit on support services in the University.

On research activities, the University increased scientific publications, held Cultural and Innovation Day, conferences, seminars, and workshops. In addition, the University developed and implemented Science, Technology and Innovation (STI) Strategy, held a two-day Science, Technology and Innovation training. These activities were geared towards strengthening of the University's research activities.

The University embraced e-learning modules to expand access to education and mitigate the perennial interruptions. It is worth noting that the University has embraced blended learning. This is an impeccable milestone for the University. In addition, the University established TVET Institute duly accredited by TVET Authority to attract more students. The Institute has certificate and diploma programmes on offer. The University was allocated the first batch of students by Kenya Universities & Colleges Central Placement Services (KUCCPS) and are expected to report in September 2022.

To enable seamless teaching and learning, the University upgraded its physical infrastructure, through the continued construction of capital projects namely; Library and Administration Block, Tuition Block and Science Complex, and the completion of renovation of ICT and Examination building.

To enhance quality of education, the University acquired soft and hard text book titles in various Academic Programmes, launched the University Radio (89.2 FM) as a media training media studio for Media Studies. The studio also expected to offer opportunities for attachment and internships youth serve as an important vehicle for disseminating the University's products.

To enhance the welfare of students, the University awarded Laikipia University Bursaries at a cost of Kes. 642,484, placed needy students on Work Study Programme at a cost of Kes. 1,376,950 and hosted a two-day induction process for the leaders that enabled their participation at President's Award.

As part of the Community Outreach Programmes the University; held its 7th Annual Environmental Week during the year by distributing and planting 5,000 tree seedlings, carried out mentorship sessions to schools in the neighboring community, organised a mentorship session between first year students and Dr. Eliud Kipchoge for a public address, held a Gender-Based Violence and Human Rights sessions at Karuga Centre. Moreover, it participated in sensitization of members of the community at Karuga on road safety during the "World remembrance day of road accident victims" organised by NTSA.

The University's Visibility in the Webometrics Ranking improved to 11,691 against 13,983 as compared to the previous year. This was a positive improvement of 2,292 while nationally the University was ranked 38 against a previous ranking of 43.

To enhance affordable Health through Medical Services, the University held its 8th Annual Health Week at a cost of Kes. 570,791 whose theme was "Beyond Non-Communicable Diseases (NCDs) and Issues of Public Health Concern". Moreover, the University continued to enroll students and staff into NHIF insurance cover. Medical supplies amounting to Kes. 2,613,014 were procured for use during the year under review.

To enhance Food Security and Revenue the University invested in a number of farming activities to enhance University revenue in the long run. The activities included acquisition of 500 layer chicks at a cost of Kes. 60,000 for poultry rearing. Additionally, the University

planted wheat, maize and oat for value addition. Moreover, the University held an international conference aimed at promoting multi-disciplinary research approaches for sustainable agricultural development.

The University invested in information communication technology for effective and efficient delivery of services to its stakeholders. Of importance is the use of the Enterprise Resource Planning (ERP) ABNO System to transform and reengineer service delivery in all functional areas of the University.

b. Financial Performance

The University registered an improved financial performance in the 2021/2022 financial year as indicated by a surplus in comparison to the 2019/2020 and 2020/2021 financial years which had a deficit in performance.

During the period under review, the University reported a cumulative surplus of Kes. 8,621,628 by 30th June, 2022 compared to a deficit of Kes. 140,344,618 in similar period ended 30th June, 2021. Total revenue increased by 7.6% to Kes. 1,234,537,397 compared to Kes. 1,147,233,411 for similar period ended 30th June, 2021. The University incurred a total expenditure of Kes. 1,221,559,998 at the close of period ended 30th June, 2022. Staff cost had the highest expenditure of Kes. 983,360,407 translating to 80.5% of the total recurrent expenditure.

The University recorded net assets amounting to Kes. 2.558 billion at the close of period ended 30th June, 2022. On the other hand, a trend analysis on University liabilities indicates a decreasing trend from Kes. 457 million in 2017/2018 FY to Kes. 390.02 million in 2019/2020 with a sharp increase to Kes. 519 million in the period ended 30th June 2021. The sharp increase in liabilities in 2019/2020 was as a result of University's inability to pay its debts due to shortage of funds. The University recorded total liabilities amounting to Kes. 497.75 million at the close of financial period ended 30th June, 2022.

2. Challenges

Laikipia University just like other public universities has experienced various challenges over time. These include; reduced students' enrolment, inadequate funding, incomplete tuition facilities, and the low number of teaching staff among other challenges. This has adversely affected the smooth operations of the University.

3. University Strategic Focus and Way Forward

To address the challenges experienced, the University has put in place mitigation mechanisms to cushion itself the identified shortcomings. To address the issue of inadequate funding, the University established the TVET to attract additional students. The fee collected from the students would assist to supplement the Government capitation. The University farm has been revitalised to maximise productivity. This will generate more funds required to assist operations at the University. The University fast tracked construction works of various projects to enable their completion. This will provide the required additional lecturer spaces. The process of recruitment of additional teaching staff was undertaken to enable better succession management and service delivery.

Appreciation

I take this opportunity to thank the Council and University Management Board for the leadership to the University. I would also like to thank the Government through the Ministry of Education for its support throughout the year under review and also appeal for more support, especially for the purposes of establishing suitable facilities required by the University. I also take this opportunity to applaud all stakeholders for their support. Through this support, the University optimized this tranquillity to execute its mandate.



Prof. Kibett Rotich, Ph.D
Professor of Biostatistics and Informatics

VICE CHANCELLOR

STATEMENT OF LAIKIPIA UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

The Strategic Plan FY 2018/19-2022/2023 always informs the University Performance Contract in generation of annual targets and activities as required by the Performance Contracting Guidelines. The Strategic Plan is hence one of the requisite documents during the performance contracting negotiation and vetting process.

Laikipia University has Nine (9) strategic issues and objectives within the current Strategic Plan for the FY 2018/2019-2022/2023.

These strategic issues are as follows:

Strategic Issue 1: Student Enrolment;

Strategic Issue 2: Academic Services;

Strategic Issue 3: Research, Innovation and Consultancy;

Strategic Issue 4: Governance;

Strategic Issue 5: Human Capital;

Strategic Issue 6: Physical Infrastructure;

Strategic Issue 7: Financial Management, Investment and Resource Mobilization;

Strategic Issue 8: Quality Assurance and Standards; and

Strategic Issue 9: Technical Vocational Education and Training.



Laikipia University develops its Annual Work Plans based on the above Nine (9) Strategic Issues. Assessment of the Board's performance against its Annual Work Plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2021/2022 period for its Nine (9) Issues as indicated in the table below;

Strategic Issue	Strategic Objective	Strategy	Activity	Key Performance Indicators	Achievement/Remarks
Student Enrolment	To increase student enrolment from 7,928 in 2018/2019 to 12,000 by 2022/2023	Introduce alternative modes of study	Strengthen part-time mode of study in the Main Campus	No. of students in the part time study mode	71 students on part-time study mode (postgraduate)
Academic Services	To review and develop market driven academic programmes	Review existing programmes and develop market driven programmes	Review existing programmes and develop new programmes	Number of University programmes reviewed	Fifty One (51) programmes reviewed
Research, Innovation and Consultancy	To increase research, innovation and consultancy activities	Enhance funding for research activities	Increase number of scientific publications	Number of scientific publications	85 scientific publications
Physical Infrastructure	To improve University buildings and equipment	Expand farm infrastructure	Construct a sheep pen	Constructed sheep pen	Sheep pen in place
		Expand teaching and learning facilities	Complete the tuition block	Certificate of completion	Seventy nine (79%) complete
		Expand Science and Applied Technology facilities	Complete the science complex	Certificate of completion	Sixty seven (67%) complete
		Improve laboratory equipment	Acquire and install laboratory equipment	Additional laboratory equipment	Laboratory Equipment of Kes. 1,160,000 purchased
		Expand electronic media studio services	Operationalize radio station	Functional radio station	Radio station functional
			Install additional	Additional electronic	Additional electronic



			electronic media equipment	media studio equipment installed	media studio equipment acquired at Kes.227,450
Financial Management, Investment and Resource Mobilization	To explore alternative sources of revenue investment and resource mobilization	Diversify sources of revenue	Commercialize health services at a fee Commercialize water bottling plant	Income Generated Income Generated	Kes. 1.2m Generated Kes. 162,160 Generated
	To strengthen Quality Assurance and Standards	Conform to applicable standards	Maintain QMS based on ISO 9001:2015 standard and ISMS based on ISO 27001:2013 standard	No. of surveillance Audits and Management Review	Two (2) surveillance Audits and One Management Review
Technical Vocational and Training	To widen and increase access to technical and vocational education	Establish and operationalize a TVET Institute	Implement TVET programmes	Number of students enrolled on TVET	480 students placed by KUCCPS

CORPORATE GOVERNANCE, MANAGEMENT AND ETHICS

The following information describes the governance and legal structure of the University. These governance arrangements are for the most part set out in the; Universities Act 2012, University Charter, Statutes and other Regulations.

University Council

The University Council presided by a Chairperson is an organ established to govern the University and to assist in promoting its foundational and educational aims. The University Council is the supreme organ that oversees the running of the University through the University Management Board and the Senate. The Council provides facilities necessary for carrying out the academic and administrative mandate of the University in accordance with the Charter and Statutes. The Council is responsible for the governance of the University and is accountable to the citizens of the country for ensuring that the University complies with the relevant laws and maintains the highest standard of corporate governance, academic standards and ethics. Accordingly, the Council attaches great importance to the generally accepted corporate governance practices and the need to conduct the activities and operations of the University with integrity, quality and respect. The Council defines the; University strategies, objectives and values and ensures that procedures and practices are set in place to guarantee effective financial controls, strategic and operational efficiency.

The appointment and succession planning of the Council members is guided by the Ministry of Education. Their remunerations are guided by the Guidelines on Terms and Conditions of Service for State Corporations 2004 and Government circulars as issued from time to time. The Council Performance Evaluation is conducted annually by the State Corporation Advisory Committee (SCAC) and the results presented to respective members during a Council meeting.

The University has functional governance organs and structures. Laikipia University Council oversees the execution of its mandate. This mandate is executed through various functional Committees established by the Council as guided by; Council Charter, the Code of Conduct, *Mwongozo* among others.

Conflict of Interest Policy and Disclosures

Laikipia University is committed to the highest standards of transparency, probity and accountability. It seeks to conduct its affairs in a responsible manner considering the requirements of the law and the human standards fostered by the University. Guided by a conflict of interest policy, all members of the University community, from the University Council to the Management



Board, all teaching and non-teaching staff are bound by this policy. The University perceives conflict of interest to be wherever there is personal, professional, and commercial or financial interests of activities outside of the University.

Council Meetings

The University Council holds its regular meetings on a quarterly basis as per the approved calendar and guidelines by the State Corporation Advisory Committee (SCAC), while special meetings are held when necessary as need arises. In the meeting the Council members; sign the attendance register, declare and sign conflict of interest register.

Provided below is the analysis of the respective Committee meetings as held during the 2021/22 financial year and as guided by enlisted key.

Key:

1. √ Means member attended the meeting
2. * Means member did not attend the meeting
3. – Means member was either yet to be appointed or exited

During the period under review, the University Council held ten (10) meetings as indicated below;

Council Member	Date of Meeting									
	16/07/21	20/08/21	25/08/21	24/09/21	15/10/21	03/12/21	21/12/21	28/01/22	14/04/22	10/06/22
Dr. Ken Nyaundi - Chairperson	√	√	√	√	*	√	√	√	√	√
Dr. Moses Siruri Marwa	√	√	√	√	√	√	√	√	√	√
Ms. Ruth Adhiambo Okowa	√	*	√	√	√	√	√	√	√	√
Mr. David Namu Kariuki	√	√	√	√	√	√	√	√	√	√
Dr. Margaret Maimba	√	√	√	√	√	√	√	√	√	√
Mr. Sammy Oleku	√	√	√	√	√	√	√	√	√	√
Mr. Joseph Kiarri	√	√	√	√	√	√	√	*	√	√
Mr. David Watene	√	√	√	√	–	–	–	–	–	–
Dr. Frank Ndakala	–	–	–	–	√	√	√	√	√	√
Prof. Kibett Rotich – VC/Council Secretary	√	√	√	√	√	√	√	√	√	√

As guided by *Mwongozo* and a circular from the Office of the President referenced OP/CAB.9/1A dated 11th March, 2020, Council should hold a maximum of six (6) meetings in a year.

In the year under review, ten (10) Council meetings were held. The University sought approval from the Ministry of Education to hold extra meetings. The following is the justification of the extra four (4) meetings that were held during the 2021/2022 financial year:

S/No.	Date of the Meeting	Justification
1.	25/08/2021	The meeting was held to approve list of August 27, 2021 Graduates.
2.	24/09/2021	Special meeting to approve 2020/2021 Annual Report and Financial Statements.
3.	03/12/2021	The meeting was held to approve recommendations on the Appointment of acting Deputy Vice Chancellor (Academic, Research and Students Affairs) and acting Deputy Vice Chancellor (Administration, Finance and Planning).
4.	21/12/2021	The meeting was held to approve recommendations of the: a. Human Resource Management Committee meeting held on 13 th December, 2021, and b. Appeals and Grievances Handlings Committee meeting held on 20 th December, 2021.

Committees of the Council

The University Council works through committees. There are four (4) committees that assist in executing the mandate of the Council. The Council is guided by code of conduct, *Mwongozo*, on the number of Committees that can be established by the University Council for it to discharge its mandate. Occasioned by this guidance, the Council set up four (4) Committees namely;

1. Audit, Governance and Risk Management Committee,
2. Finance, Investment and General Purposes Committee,
3. Human Resource Management Committee,
4. Academic and Research Committee.

The Council has the prerogative to establish *Ad Hoc* Committees to handle stipulated issues with well-defined terms of references as set up by Laikipia University Council. This enables flawless governance and facilitates efficient decision making by the Council. Ordinary University Council Committee meetings are held every quarter, and their reports are thereafter discussed at the University Council meetings.

1. Audit, Governance and Risk Management Committee

The committee assists the University Council to fulfill its corporate governance responsibilities and in particular to:

- ❖ Review financial statements before submission to the University Council focusing on changes of accounting policies, compliance with the International Public Sector Accounting Standards and legal requirements and the going concern assumption.
- ❖ Strengthen the effectiveness of the internal audit function.
- ❖ Maintain oversight on internal control systems
- ❖ Review and make recommendations regarding the University's budgets, financial plans and risk management.

During the period under review, the Audit, Governance and Risk Management Committee held six (6) meetings as indicated below;

Council Member	Date of Meeting					
	09/07/2021	16/09/2021	12/10/2021	13/01/2022	12/04/2022	23/06/2022
Mr. David Namu Kariuki Chairperson	√	√	√	√	√	√
Mr. Joseph Kiarii	√	√	√	√	√	√
Dr. Margaret Maimba	√	√	√	√	√	√
Mr. Sammy Oleku	√	√	√	√	√	√

2. Finance, Investment and General Purposes Committee

Laikipia University has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. This covers systems for obtaining authority for all transactions and ensuring compliance with the laws and regulations that have significant financial implications. In reviewing the effectiveness of the internal control system, the University Council takes into account the results of work carried out to audit and review the University activities. The University Council also considers the management accounts for each quarter, reports from each council committee, annual budgetary proposals, major issues and strategic opportunities for the University.

The Finance, Investment and General Purposes Committee of Council held nine (9) meetings during the year as shown below;

Council Member	Date of Meeting								
	15/07/21	19/08/21	23/09/21	14/10/21	03/12/21	14/01/22	17/01/22	13/04/22	09/06/22
Dr. Moses S. Marwa Chairperson	√	√	√	√	√	√	√	√	√
Ms. Ruth A. Okowa	√	√	√	√	√	√	√	√	√
Mr. Joseph Kiarii	√	√	*	√	√	√	√	√	√
Mr. David Watene	√	√	√	-	-	-	-	-	-
Dr. Frank Ndakala	-	-	√	√	√	√	√	√	√
Prof. Kibett Rotich - VC/Council Secretary	√	√	√	√	√	√	√	√	√

The FIGPC held three (3) extra meetings that were held during the 2021/2022 financial year upon approval from the Ministry of Education with the following agendas.

S/No. Date of the Meeting Justification/Agenda

- 03/12/2021 The meeting was held to recommend to the Council for approval the 2022/2023 financial year Laikipia University proposed Budget after

revision of budget cycle by the National treasury due to August 2022 general elections.

2. 17/01/2022 The meeting was held to receive, deliberate and recommend to the Council for approval of the quarter two (2) Report and Financial Statements for the Period ended 31st December 2021.
3. 09/06/2022 The meeting was held to receive, deliberate and recommend to Council for approval the Virements and Supplementary/Revised Budget for 2021/2022 financial year.

A. Human Resource Management Committee

The Committee reviews and recommends on issues relating to training needs, staff recruitments, promotions, discipline, and staff welfare. The Human Resource Management Committee held two (2) meetings during the year as indicated below.

Council Member	Date of Meeting	
	23/09/2021	14/12/2021
Ms. Ruth Okowa - Chairperson	√	√
Dr. Moses Marwa	√	√
Mr. Sammy Oleku	√	√
Mr. David Watene	√	–
Dr. Frank Ndakala	–	√
Prof. Kibett Rotich - VC/Council Secretary	√	√

B. Academic and Research Committee

The Committee reviews and recommends on issues relating to academic and research. The Committee provides direction on scholarly work; establish centres of excellence, Schools, Faculties, Institutes and Academic Departments as may be appropriate. The Academic and Research Committee held two (2) meeting during the 2021/2022 financial year.

Council Member	Date of Meeting	
	19/08/2021	25/08/2021
Dr. Margaret Maimba – Chairperson	√	√
Ms. Ruth Okowa	√	√
Mr. David Kariuki	√	√
Mr. David Watene	√	√
Dr. Frank Ndakala	–	–
Prof. Kibett Rotich -Vice Chancellor/Council Secretary	√	√

Additionally, in the year under review, the following meetings and activities were undertaken by the Council:

S/No.	Date	Meeting
1.	27/08/2021	8 th Graduation Ceremony at Laikipia University.
2.	08/09/2021	Vetting of University Performance Contract for 2021/2022 for the financial year.
3.	07/10/2021	Council Retreat at Sawela Lodges, Naivasha to approve University Policies.
4.	15/11/2021	Evaluation of the University Performance Contract for the 2020/2021 financial year.
5.	22/11/2021	Two newly appointed Council members, Dr. Frank Ndakala and Dr. Margaret Maimba, attended induction at Kenya School of Government.
6.	02/12/2021	Ad hoc Staff Appointment Committee meeting.
7.	20/12/2021	Ad hoc Appeals and Grievances Handling Committee meeting.
8.	02/02/2022	Ad hoc Resource Mobilization and Investment Committee meeting.
9.	03/02/2022	Ad hoc Enterprise Resource Planning Committee meeting.
10.	26/04/2022	Launch at Laikipia University 89.2 FM Radio.
11.	06/05/2022	Ad hoc Appeals and Grievances Handling Committee meeting.
12.	19/05/2022	Council Retreat at Sawela Lodges, Naivasha to approve University Policies.
13.	26/05/2022	Training of two Council members (Ms. Ruth Okowa and Dr. Moses Marwa) on Collective Bargaining Agreement (CBA) by Salaries and Remuneration Commission (SRC).
14.	15/06/2022	First International Annual Conference 2022 organised by Ministry of Education.

University Management Board

The Vice Chancellor is the Chairperson of the University Management Board. The Vice Chancellor is also the administrative and academic head of the University assisted by two Deputy Vice Chancellor (Academic, Research and Student Affairs) and Deputy Vice Chancellor (Administration, Finance and Planning).

University Senate

The Vice Chancellor is the Chairperson of the Senate. The University has four Schools (Education, Humanities and Development Studies, Science and Applied Technology and Business and Economics) that offer both undergraduate and postgraduate studies. The University has various support departments. The School Deans are the academic heads in their respective Schools supported by Chairperson of Departments. Other members of the Senate include Directors heading various Directorates in the University.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Laikipia University exists to transform lives. This is the purpose; the driving force that guides us to deliver on our strategy, putting our stakeholders first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability;

i. Sustainability strategy and profile

Laikipia University mainly relies on government funding and students fees to run its operations. The funds have not been adequate to cater for the increased financial needs of the University. With a view to supplementing the available funds, the University established a Resource Mobilization and Investment Strategy in an effort to identify other sources to increase its revenue base. During the year, the institution came up with the following activities to supplement income;

- Revitalization of the University farm.
- Harnessing the water processing and packaging unit.
- Offering health services at a fee.

Over the years, the University students' enrolment has been decreasing and in line with Government initiative to improve accessibility to technical training, the University established TVET directorate to meet this need and increase students' population.

During the year under review, the current assets stood at Ksh.295,025,385 against current liabilities of Ksh.497,747,009, resulting to a negative working capital of Ksh.202,721,624. This occasioned a strain in timely payment of suppliers of goods and services. However, the University Management is committed to generate more revenue through increasing student enrolment and also appealing to the national Government for additional funding, among other efforts.

ii. Environmental performance

Laikipia University recognizes that its operations can have direct and indirect impact on the environment and the communities in which it operates. The University has taken lead in proposition and advocacy of a sustainable and environmental friendly society. The University has an environmental management and sustainability policy whose objectives are;

- To keep up to date with best practice in relation to environmental sustainability and comply with all relevant legislation, regulations and guidelines both for National and County Governments;
- Implement measures to protect the environment, mitigate climate change and improve the national forest cover through planting of trees within the University.

- Minimize outputs and associated solid waste generation in all areas through application of integrated waste management practice.
- Reduce energy consumption through adopting energy saving strategies and technologies.
- Optimize water use, reduce effluent and polluting substances discharged from operations and ensuring untreated wastewater is not discharged into natural water bodies.
- Ensure all University vehicles are serviced and maintained to reduce environmental degradation caused by emissions, oils, broken parts, and noise among others.

There is proactive advocacy on green issues taking advantage of the University's ideal location with indigenous forests as well as endowment with natural all-weather streams, dams and rich agricultural soils. In an effort to manage the biodiversity, the University distributed 5,000 trees for planting and there is an ongoing plan to rehabilitate lake Chacha as well as establish a wildlife conservancy.



A view of Laikipia University Forest

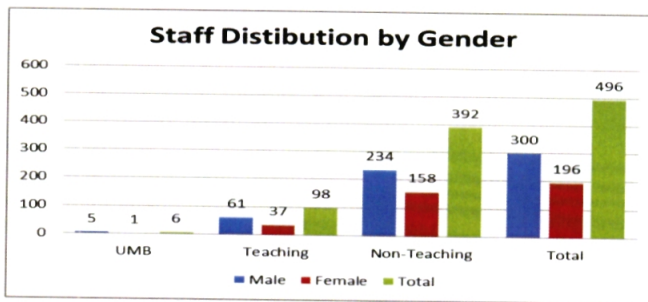
In an endeavour to keep up to date with best practices in environmental sustainability, the University; carried out water sampling testing and analysis of its water bodies, re-used binders and file folders, reduced printing by setting default double side in printers and going paperless through the use of ERP, staff and students portals.

The University dates back to 1920s and some buildings still have asbestos which pose negative health effects associated with asbestos poisoning. The management is committed to ensure that all asbestos roofing is removed.

iii. Employee Welfare

The University is guided by the Employment Acts and the University's Human Resource Management Policies and Procedures Manual (2020) in its hiring process, among others. In the process of recruitment, the University engages stakeholders in various categories, for instance, the composition of staff appointment committees caters for the staff union and University Senate representatives. The University is committed to developing all cadres of staff by establishing a Staff Training Committee that co-ordinates all training needs of staff members. Additionally, the University has a vote line item for staff training. During the year, Kes.4,073,617 was incurred on staff training and development, and Kes.585,700 on Tuition fee waiver for staff members and their dependents.

The University commits to mainstream gender and equality matters in accordance with the National Gender and Equality Commission Act of 2011 in the undertaking of its operations through Gender Mainstreaming Policy. At Laikipia University, we value the contribution and representation of both women and men. We support gender equality as enshrined in Sustainable Development Goal (SDG) 5. This gender diversity informs our practices and policies that incorporates their different needs and experiences. In the year under review the University had four hundred and Ninety six (496) staff members with gender distribution ratio of 60:40 for male and female respectively as indicated below;



The University conducts annual performance appraisals for its members of staff through an appraisal mechanism. Moreover, the University has developed a Reward and Recognition Policy that outlines how staff members are rewarded and recognized. In the year under review various members of staff were issued with appreciation letters for good performance.

The institution has put in place measures to ensure employees safety and health, in accordance with Occupational Safety and Health Act of 2007, by;

- Maintaining a healthy and safe working environment for all employees.
- Ensuring employees take responsibility for their safety and others when performing their duties.

iv. Market place practices

a) Responsible competition practice

Laikipia University operates in a benchmarked and regulated environment that ensures fair competition within the education sector and the community. This includes charging student fees comparative with other learning institutions and selling of products at the prevailing market price. To avoid unfair competition, the University regularly conducts corruption risk assessment, audits and quality assurance surveys as a measure for monitoring and evaluation.

The support of the local leaders is indispensable and this has led to increased support by the local community. The University has partnered with National Government, County Governments and other Agencies in various strategic engagements.

b) Responsible supply chain and supplier relations

The University ensures that suppliers are transparently registered through a restricted procurement tender method as set out in the procedure of procurement of goods, works and services. There exists a creditors and accruals system that ensures that all liabilities are recognized as and when incurred. Over the years the University has maintained a good relationship with creditors. During the year under review the University managed to reduce accounts payables from Ksh.519m to Ksh.498m despite its financial constraints.

c) Responsible marketing and advertisement

Laikipia University is committed to responsible marketing and advertising of its products and services. As an institution of higher learning, we note that marketing and advertising can be a powerful force for behaviour change, and also serve as a way for us to engage with our stakeholders on issues that matter to them. The University is committed to;

- Ensuring transparency regarding a service or product being marketed by including key information about its safety and effective use. The University informs its stakeholders by updating its Website with the correct information regularly regarding services and products.
- The University, in its marketing and advertising framework, adheres to the requirements of copyright and anti-plagiarism Acts and regulations. In compliance to the regulation, the University utilizes *Plugsan* anti-plagiarism software.
- Protecting stakeholders' data and privacy. The University uses an ERP system that consolidates all stakeholders' information and only authorized personnel can access that information thus ensuring privacy.
- Responding to meaningful consumer concerns. There is an online and physical platform from where there is feedback on complaints and compliments as well as access to public information that has enabled the University to respond to concerns from students, suppliers and other stakeholders.

d) Product stewardship

The University has developed and utilizes policies geared towards protecting consumers and their rights. These include; anti-plagiarism policy which ensures originality of students work, Research, Innovation and Consultancy policy that guarantees fair treatment of all researchers' staff and students, Service Charter that communicates the University's

commitment to its stakeholders and their basic rights in regard to provision of services. Additionally, the University Institutional Ethics Review Committee evaluates and promotes ethical issues in research.

Disposal of products is done in accordance with Public Procurement and Asset Disposal to minimize negative effects in the environment as well as safeguard consumer rights and interests.

v. Corporate Social Responsibility (CSR)

Laikipia University, in discharge of its mandate, is obligated to undertake CSR activities as a measure of positive interaction with the community. It strives to make significant contribution to the community's social, intellectual, economic and cultural development. During the year under review, the University undertook the following activities;

- Conducted annual health week: This involved testing and screening for Cancers, HIV/AIDS, blood sugar among others, to staff, students and the neighboring community.
- Academic mentorship: Several schools benefited from this mentorship programme among them being Nanyuki Boys High, Leakey Secondary, Nanyuki Airbase, Inooro Girls Secondary, Equator Girls Secondary, Gatero Girls High School, Loice Girls High, and Ndururumo High, among others. Additionally the University organized a career fair to sensitize students on job creation and opportunities.
- Financial assistance to needy students: Laikipia University endeavors to support the less fortunate students in the University. The University awarded Kes.642,484 to 91 needy students as bursaries in the 2021/2022 FY. In addition the University spent Kes. 1,376,950 on 117 students who were enrolled in the work study programme.
- Environmental day: To conserve the environment, the University held its environmental week where 5,000 tree seedlings were distributed to staff, students and the community for planting.



Tree planting at Laikipia University

REPORT OF THE COUNCIL

The University Council submits this report for the year ended 30th June, 2022 together with the audited financial statements for the year ended 30th June, 2021 that shows the state of Laikipia University's affairs.

a. Principal activities

The principal activities of Laikipia University continue to be teaching, training, innovation, research and outreach

b. Results for the Year

The results of Laikipia University for the year ended 30th June, 2022 are set out on pages 76-80.

c. Directors

The members of the University Council who served during the year are shown on page 9.

d. Auditors

The Auditor General is responsible for the statutory audit of Laikipia University in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30th June, 2022.

By Order of the University Council



Vice Chancellor/Council Secretary

Laikipia University

Date: 29/09/2022



STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Laikipia University Council members are responsible for the preparation and presentation of the financial statements set out on pages 76 to 80 which comprise the statement of financial position, statement of financial performance, statement of cash flow, statement of changes in reserves for the year ended 30th June, 2022, and a summary of significant accounting policies and other explanatory notes.

The Council members responsibility includes: determining that the basis of accounting described in note 2, is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Laikipia University Charter requires the University Council to prepare statements for each financial year, which give a true and fair view of the state of affairs of the University at the end of the financial year and its operating results for that year. It also requires the council to ensure that the University keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. The University Council is also responsible for safeguarding the assets of the University.

The University Council accepts the responsibility for the financial statements, which have been prepared using appropriate accounting policies described in note 3, supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University as at 30th June, 2022 and of its operating results.

The University Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate systems of Internal Financial Controls.

The Council has made an assessment of the University's ability to continue as a going concern and nothing has come to their attention 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 financial statements, as indicated above were approved by the University Council and were signed on its behalf by;


Dr. Ken Nyamathi, Ph.D

CHAIRMAN OF COUNCIL


Prof. Kibett Rotich, Ph.D

VICE CHANCELLOR

MANAGEMENT DISCUSSION AND ANALYSIS

Section A: Laikipia University's Operational and Financial Performance

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February 2013. The University mandate is teaching, research and innovation. The University's main source of funds is the Government through the Ministry of Education and fees from students.

Laikipia University has a responsibility to ensure a valued transformation of society through research, education, scholarship, training, innovation, outreach and consultancy. The University's ongoing sustainability is dependent upon the generation of a sufficient surplus to invest in the maintenance, renewal and replacement of the infrastructure to support academic endeavor, such as libraries, tuition rooms, laboratories, ICT infrastructure and research equipment.

This section of the report therefore highlights our operational and financial performance in support of the core business of the University; Academic and Research. This overview provides some highlights of the University as follows;

1. Operational Highlights

The University is committed to achieving its core mandate of transforming the society by providing quality education and experience which equips students with the values, skills and intellectual discipline that will enable them to make a positive contribution to society. The University seeks to equip all its students with the skills and knowledge to succeed in future study or employment. To support this noble course, the University budgeted a total of Kes. 1.41 billion in 2021/2022 FY which was later revised to Kes. 1.37 billion. Operational highlights for the year are as indicated below;

i) Staff Statistics

At the close of period ended 30th June, 2022, the University had 496 staff members comprising of 6 members of University Management Board, 98 teaching staff and 392 non-teaching staff. Staff costs are the major resource of the University, representing 80.5% of total expenditure for the period ended 30th June, 2022.

ii) Students Statistics

The University admitted 1,947 first year students in November, 2021 in various schools of which 1,907 were on Government Sponsored Students Programme (GSSP) and 40 were on Self-Sponsored Students Programme (SSP) during the period. The University students' statistics for the year stood at 6,932 students distributed across the four schools. Out of the total number of students, 3,650 were male while 3,282 were female. It is worth noting that the University is gender compliant with a gender ratio of 53:47.

2021/2022 Students' Statistics by Gender and Category

Gender	Category	Male			Female		
		GSSP	PSSP	Total	GSSP	PSSP	Total
1	School of Education	1285	71	1356	1709	74	1783
2	School of Business & Economics	605	18	623	381	23	404
3	School of Humanities & Development Studies	699	31	730	732	22	754
4	School of Science & Applied Technology	924	17	941	333	8	341
	Total	3,513	137	3,650	3,155	127	3,282

2021/2022 students' statistics by school and category

School	Category	GSSP	PSSP	Total
2	School of Business & Economics	986	41	1027
3	School of Humanities & Development Studies	1431	53	1484
4	School of Science & Applied Technology	1257	25	1282
	Total	6,668	264	6,932

iii) University Graduation

The University held its 8th Graduation ceremony on 27th August, 2021 virtually. The ceremony witnessed the conferment of degrees and award of diplomas to 1,842 graduands out of which 889 were male and 953 were female giving a gender ratio of 48:52 respectively. The University graduands statistics was as given below;

2021 Graduands Statistics per Category

Category	Male	Female	Total
1 Doctorate (PhD)	8	2	10
2 Masters	7	6	13
3 Bachelors	804	861	1665
4 Diploma	70	84	154
Total	889	953	1842

2021 Graduands Statistics per School

School	Male	Female	Total
1 School of Education	221	191	412
2 School of Business & Economics	159	112	271
3 School of Humanities & Development Studies	144	152	296
4 School of Science & Applied Technology	365	498	863
Total	889	953	1842



8th Graduation Ceremony

iv) Improved Science, Technology and Innovation (STI) Mainstreaming

In the year under review, Laikipia University increased the number of research activities such as scientific publications, Innovation Day, conferences, seminars, and workshops thus strengthening one of the University's strategic pillars.

During the FY 2021/2022, the University developed and implemented Science, Technology & Innovation (STI) Strategy undertaking research and technology innovation, technology transfer, disseminating research findings/recommendations, and technology innovations through conferences, workshops and seminars as highlighted below;

- The University held a two-day Science, Technology and Innovation training that targeted the members of the University Management Board, members of the Science, Technology and Innovation Committee, Deans, Directors and CoDs.



Participants at the Science, Technology and Innovation Training

- The University also held Research and Innovation forum that provided an opportunity for University fraternity to demonstrate their creativity and innovation that aimed at addressing societal needs. The University community was encouraged to use creativity to transform the society.



The Vice-Chancellor with Members of Staff and Students during the Innovation Day



Participants during the Science Technology and Innovation Field Visit to Laikipia University.

v) **Enhanced Quality of Education**

In the year under review, Laikipia University increased the number of activities to enhance quality of education as outlined;

- Sensitized the University students on University Academic services, complaints and access to information handling mechanisms.
- Prepared and implemented a work-plan on Laikipia University ODeL policy.
- Acquired 600 text book titles in University Academic Programmes (three core texts per academic programme) and purchased library books both print and electronic at a cost of Kes. 1,196,578.00.
- The University also participated at the Huawei ICT in three categories namely; Innovation, Networking and Cloud Tracking. The University emerged 3rd in the National Regional Competition final on Cloud Tracking. Further, the University produced the best Academy Performance and best Instructor on Innovation, Networking and Cloud Tracking in Kenya.



The Ag. Deputy Vice Chancellor (Academic, Research and Student Affairs) Prof. Felicia Yieke delivering her speech during the Huawei ICT Competition ceremony

- The University held a one-day Pedagogy Training Workshop towards enhancing quality of education by improving the pedagogical skills and knowledge, especially to those who had not professionally been trained as teachers and further sought to refresh pedagogical skills among lecturers who are teachers by profession.



Members of the School of Education during the pedagogy training workshop

- In addition, the University officially launched Radio (89.2 FM) as a media training centre for students undertaking Media Studies at the department of Literary and Communication Studies where they would acquire and apply the right broadcast skills required by the media industry. Laikipia University Radio is also expected to offer opportunities for attachment to students who have demonstrated the right competencies and skills in Radio Broadcasting. The radio is envisaged to be an important vehicle for disseminating Laikipia University output.



Launch by the Representative of the PS State Department of University Education and Research; Mr Johnson Nanjakululu



The Launch of the LU-Radio Station Graced by the Vice-Chancellor, the Representative of the PS State Department of University Education and Research and LU students.

- The University also conducted training on Competency Based Curriculum (CBC) that targeted the academic members of staff. The training focused on the preparedness of the University on mounting aspects of CBC on its curriculum.

vi) Improvement of Institutional Quality Assurance

During the FY 2021/2022, the University conducted some survey to improve the institutional quality assurance. These included; Teaching Effectiveness Evaluation to determine the quality of teaching and learning, Tracer-Study Audit on 2018 graduates, Students Completion and Progression Rates Audit, First Year Perception Survey and Internal audit on support services in the University.

vii) Increased Number of Scientific Publications

The University ensured an increase of eighty-five (85) publications in refereed journals during the year under review.

viii) Improved Student Welfare.

Laikipia University recognizes that our students' education goes well beyond coursework, and by facilitating extracurricular student activities, we are promoting a vital part of our holistic student experience. The University value student voice and constantly strives to incorporate students' hopes, wishes and opinions into the University's growth strategy through their Students Association. Our student engagement programmes seek to foster student success and lifelong learning by facilitating inclusive activities, services, traditions, and events that invigorate the ambitions and support the various talents of our students. The office of the Dean of Students, through the Laikipia University Students Association (LUSA) and University Clubs and Societies played an integral role in enhancing students' welfare.

The following activities improved the student's welfare during the year under review;

a) Games & Sports

Laikipia University has a vibrant sporting culture with a majority of the teams participating in the regional and national leagues. The University understands the importance of balancing the rigors of academics with other activities, and sport is an area the University has invested in. During the period under review, the University participated in three Kenya Universities Sports Association Tournaments. The University paid Kes. 1,268,475.00 to sponsor various teams during the year.

b) Clubs and Societies

The University offers a variety of co-curricular activities aimed at providing students with an opportunity for personal development and the chance to socialize. We boast of an array of clubs that serve different interests including performing arts, languages and human resource. The clubs and societies give students an opportunity to interact, enhance personal development and serve the society. They include;

- ✓ Drama Club/ Laikipia Traveling Theater
- ✓ Catholic Association
- ✓ Agricultural Economics Club
- ✓ Chama Cha Wanafunzi Wa Kiswahili Vyuu Vikuu Afrika Mashariki (CHAWAKAMA)
- ✓ Christian Union
- ✓ Computer Students Association
- ✓ Economic Students Association of Laikipia University (ESALU)
- ✓ Environmental Science Club; among others



Laikipia University hosted a two-day National CHAWAKAMA Conference during which twenty-two (22) Universities participated. The University Vice-Chancellor launched the first CHAWAKAMA publication titled 'HUKUMU YA NAFSI'. The theme for the conference was '*Sura ya Kiswahili, Jadi, Leo na Kesho*'.



Students Participating in the International CHAWAKAMA Conference at Vision 2030 Hall in the University

The Economic Students Association of Laikipia University (ESALU) club also participated in the East African Economic Symposium. The theme of the symposium was '*Building Resilience during Economic recession and Pandemics for the achievement of Vision 2030*'. Laikipia University emerged as Second-Best University among the 11 participants.



Laikipia University ESALU Students Receiving an Award from the Safaricom CEO during the East African Economic Symposium

c) Financial Support to needy students

During the year under review, the University enhanced student financial support assistance programme through; award of Laikipia University Bursaries at a cost of Kes. 642,484.00; and placed needy students on Work Study Programme at a cost of Kes. 1,376,950.00;

d) Students Counselling Services

The University trained 40 Student Peer Counsellors each on mental health awareness, HIV/AIDS Prevention, prevention on Alcohol and Drug Abuse, Disability Mainstreaming and General Psychic Counselling at a cost of Kes. 367,250.00.

e) Participation at the President's Award Induction

Laikipia University was privileged to host a 2-day induction process for the leaders and the participants from Laikipia University in the President's Award-Kenya. This empowered the youths to find their purpose, passion and place in the world. Laikipia University is proud to have incredible and committed students who are working towards defining their destiny and that of generations to come.



Presidents Awards team during the induction

ix) Maintenance of ISO 9001:2015 and ISO/IEC 27001:2013

The University held training on Auditing Integrated Management System based on ISO 9001:2015 and ISO/IEC 27001:2013 for ISO Internal Auditors. The training was vital as the University is in the process of integrating ISO 9001:2015 and ISO/IEC 27001:2013.



ISO internal Auditors Training

x) Increased Number of Community Outreach Programmes

The University held its 7th Annual Environmental Week during the year by planting and distributing to staff and members of the neighboring community 5,000 tree seedlings. University also carried out mentorship sessions to ten (10) schools in the neighboring community among them Nanyuki Boys High, Leakey Secondary, Nanyuki Airbase, Inooro Girls, and Ndururumo High.

xi) Improvement of the Visibility of the University in the Webo-Metrics



The University Visibility in the Webo-metrics Ranking has improved. Webo-metric is a tool for ranking institutions of Higher Education. The ranking takes into consideration four parameters: Openness, Impact, Presence and Excellence. The aim of the Ranking is to improve the presence of the Academic institutions on the Web. This ranking system measures how strongly a university is present in the web.

The University was ranked 11,691 against 13,983 previous ranking worldwide, this was a positive improvement of 2,292 and was ranked 38 against a previous ranking of 43 nationally.

xii) Ensured affordable Health through enhanced Medical Services

During the year, the University enhanced medical services by holding its 8th Annual Health Week at a cost of Kes. 570,791 that was attended by our partners, students, staff and community at large. The theme for the year was "*Beyond Non-Communicable Diseases (NCDs) and Issues of Public Health Concern*".



The Health Week organizers and partners during the event

The University also enhanced medical services through continued enrolment of students and staff into NHIF as an insurance cover. During the year under review, the University incurred a total of Kes. 2,613,014 for purchase of students' medical supplies.

xiii) Automation of University Processes

To ensure that all University operations have been automated, the University continued to implement Enterprise Resource Planning (ERP) from ABNO Solutions. The system is expected

to enhance efficiency and effectiveness in service delivery in financial management, records management, timetabling and graduation among others. Implementation process is in the final stages. During the year under review, the University invested a total of Kes. 4,268,800.00.



xiv) Expansion of Local Area Network

The University has continued to expand internet connectivity (Local Area Network - LAN and WIFI) within the University compound. Hotspots points have also been increased. During the period under review, the University invested a total of Kes. 886,454.00 for the Expansion on LAN.



xv) Revitalization of University Farm to enhance Food Security and Revenue

During the year under review, the University invested in a number of farming activities to enhance University revenue in the long run. The following are the major farming activities the University undertook to continually revitalize University Farm to increase University own revenue;

- (a) **Poultry Farming;** During the financial year 2021/2022, the University acquired 500 layer chicks at a cost of Kes. 60,000.00.



(b) Wheat/Maize/Oat Farming; During the year under review, the University accelerated its activities by growing wheat, Maize and Oat with the main objective of increasing University revenue and ensuring food security within the University and its environs. The following are the sampled pictorials of farm activities being implemented;



Wheat in the field



Maize Plantation



Oat in the field

xvi) Improvement of University Infrastructure

During the year under review, the Government disbursed a total of Kes. 100 Million to fund the following capital projects;

(a) Construction of Science Complex

The project will expand science and applied technology facilities. During the year under review, University invested Kes. 8,663,874.00 towards completing the project. Percentage completion was 67% as at 30th June, 2022. The University has cumulatively incurred a total of Kes. 119,165,806 to complete the project.



On-going Construction of Science Complex

(b) Construction of Tuition Block

The continued increase in demand for higher education is as a result of the ever-growing numbers of students' transiting from secondary schools to the University hence the need for space for learning.

The project was terminated in April, 2019 while at 67% to completion. The project was retendered the works toward completion of the project commenced on 8th March, 2022. The project was at 79% to completion as at 30th June, 2022. The University invested Kes. 40,540,935.00 during the year and a cumulative cost of Kes. 392,620,703 to complete the project.



INTERIOR OF BLOCK A SCHEMING WORK



CIVIL WORKS COURT YARD RAMP AND STAIR CONSTRUCTION TO ENTRANCE BLOCK A

Ongoing construction of Tuition Block A



CIVIL WORKS DRIVEWAY & PARKING COMPACTED SURFACE READY TO RECEIVE CABBRO BED AND CABBRO SURFACE FINISH



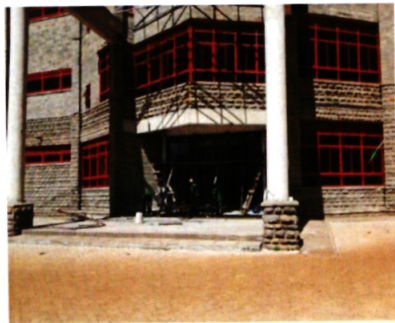
BLOCK B FINAL RING BEAM TO SUPPORT ROOF

(c) Construction of Library and Administration

The University is ensuring completion of Library and Administration project to ensure that staff and students have adequate office spaces and teaching/learning facilities. Once complete shall ease congestion at the University Library and create conducive environment for work and learning. During the year under review, University spent Kes. 12,281,650.00 towards completion of this project. The project is in the final stage of completion awaiting final account with a cumulative cost of Kes. 398,395,392.



West side view of the Library Block



Fixing of automated basement door

xvii) Other Achievements;



During the period under review, the University also achieved the following:

- (a) Awarded tenders to youth, women and persons with disabilities amounting to Kes. 72.8 million. In addition, the University awarded tenders under the promotion of local content in procurement.
- (b) Contributed to Food Security through Research Empowerment, the University held an international conference aimed at promoting multi-disciplinary research approaches for sustainable agricultural development.
- (c) During the year under review, Laikipia University developed Annual Road Safety Plan to sensitize all staff on road safety; undertake Annual Motor vehicle inspections; train Laikipia University drivers on defensive driving; sensitize Laikipia University stakeholders on road safety within the University and the neighbouring community. Further, the University implemented the Laikipia University Road Safety Implementation Plan.
- (d) University also conducted training and sensitization on disability mainstreaming, registered with the NCPWDs Career Portal that is dedicated to the employment of persons with disabilities via ncpwd@fuzu.com, progressively increased proportion of staff with disabilities from 0.78% to 2% in the FY 2021/22, increased equal and easy access of products and services/programmes to PWDs, implemented findings of the accessibility and usability audit.
- (e) To support Youth Internships/Attachments/Apprenticeships, the University placed eight (8) youth on internship and 45 youth on attachment.

2. Financial Highlights

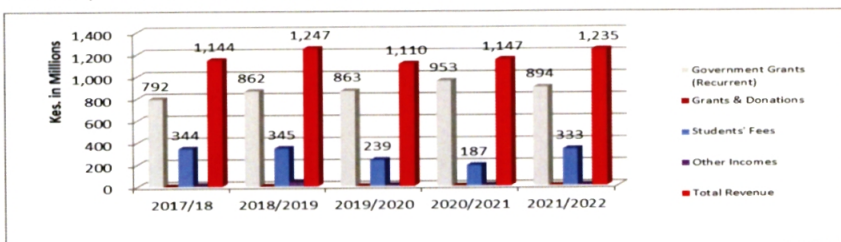
The higher education sector and particularly public institutions have continued to rely heavily on Government funding and student fees for operations and sustainability. This continues to call for great prudence in financial management practices.

This section highlights the degree to which financial objectives have been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time. The section highlights financial performance for the year ended 30th June, 2022 with comparison to results for the past five years.

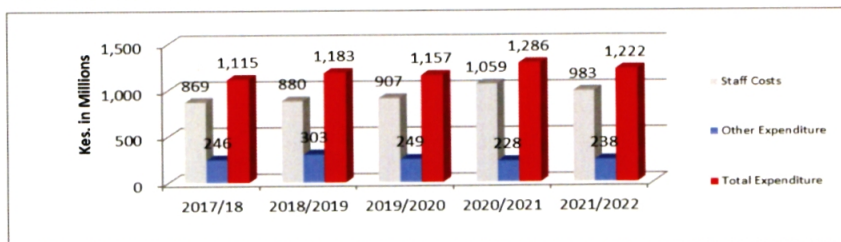
During the period under review, the University reported a cumulative surplus of Kes. 8,621,628 for the year ended 30th June, 2022 compared to a deficit of Kes. 140,344,618 in similar period ended 30th June, 2021. Reserves also increased by 9.1% from Kes. 1.89 billion in 2020/2021 to Kes. 2.06 billion in 2021/2022 FY. The total assets of the institution grew by 45% since 2017/2018 FY. The management of cash-flows and our budget remains a critical component of the Finance Committee and the Finance Department if the University is to remain solvent in these turbulent times. There were few infrastructure projects including the science complex and Tuition block among other capital projects during the year. Detailed analysis of the 2021/2022 FY with comparative analysis for the past five years are as follows;

Five Year Summary of Key Statistics

University Revenue 2017/2018 -2021/2022



University Expenditure 2017/2018 -2021/2022



Five Years Statement of Financial Performance

REVENUE	2021/2022	2020/2021	2019/2020	2018/2019	2017/18
	(30.06.2022)	(30.06.2021)	(30.06.2020)	(30.06.2019)	(30.06.2018)
	Kes.	Kes.	Kes.	Kes.	Kes.
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	893,749,307	953,402,997	863,236,998	861,921,103	792,297,868
Grants & Donations	837,780	40,000	118,617	323,830	0
	894,587,087	953,442,997	863,355,615	862,244,932	792,297,868
Revenue from Exchange Transactions					
Students' Fees	333,349,073	187,479,717	239,252,345	344,780,879	343,616,111
Other Incomes	6,601,237	6,310,697	7,352,420	40,222,388	7,972,506
	339,950,310	193,790,414	246,604,765	385,003,267	351,588,617
Total Revenue	1,234,537,397	1,147,233,411	1,109,960,380	1,247,248,200	1,143,886,485
EXPENDITURE					
Staff Costs	983,360,407	1,058,791,260	907,330,144	879,832,268	869,181,221
Administrative Expenses	69,578,551	50,407,603	65,062,522	73,922,463	57,672,803
Repairs & Maintenance Expenses	8,506,247	7,939,245	8,281,891	7,595,057	12,261,132
Contracted Services	3,999,537	5,311,163	3,136,442	2,667,644	6,088,994
Academic & Research Expenses	91,858,101	113,316,980	118,445,906	181,082,677	130,807,528
Students Welfare	7,846,197	4,819,224	8,740,078	14,096,133	9,438,105
Council Expenses	11,534,134	9,505,033	11,478,799	9,522,411	11,221,762
Finance Charge	0	0	0	0	1,092,097
Depreciation	43,778,557	37,487,318	34,782,057	14,933,740	14,732,170
Provision for Bad Debts	(881,333)	(1,121,933)	(739,826)	(2,490,052)	2,294,816
Loss on Disposal/De-recognition	1,979,600	0	0	1,492,763	0
Total	1,221,559,998	1,286,455,893	1,156,518,012	1,182,655,105	1,114,790,629
Operating Surplus/(Deficit)	12,977,398	(139,222,482)	(46,557,632)	64,593,095	29,095,856
Other Service Units					
Farm Profit/(Loss)	(3,777,952)	(1,186,753)	11,666	(744,707)	(1,746,187)
Catering Profit/(Loss)	(991,207)	(127,034)	923,607	(503,705)	115,844
Bookshop Profit/(Loss)	413,390	191,652	0	0	459,728
Total Other Service Units	(4,355,770)	(1,122,136)	935,273	(1,248,412)	(1,170,615)
Total Surplus/(Deficit)	8,621,628	(140,344,618)	(45,622,359)	63,344,683	27,925,241



Five Years Statement of Financial Position

DETAILS	2021/2022 (30.06.2022)	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)	2017/18 (30.06.2018)
	Kes.	Kes.	Kes.	Kes.	Kes.
ASSETS					
Current Assets					
Cash & Cash Equivalents	102,782,903	42,263,023	38,604,328	22,292,890	85,046,132
Receivables from Exchange Transactions	177,165,038	185,097,033	195,194,426	201,852,859	224,576,709
Receivables from Non-exchange Transactions	0	0	0	77,269,549	0
Inventories	15,077,444	17,019,907	19,392,081	17,676,910	13,757,091
Total Current Assets	295,025,385	244,379,964	253,190,835	319,092,208	323,379,932
Non- Current Assets					
Property, Plant and Equipment	2,216,372,567	2,119,595,133	2,093,677,951	2,030,723,264	1,420,175,978
Library Books	5,566,490	7,050,166	7,623,994	8,782,306	93,538
Intangible Assets (ERP Software)	34,525,620	30,406,820	28,502,460	15,125,700	10,163,220
Biological Assets	6,920,326	6,640,000	5,391,000	5,624,500	6,031,100
Total Non- Current Assets	2,263,385,002	2,163,692,120	2,135,195,405	2,060,255,770	1,436,463,836
Total Assets	2,558,410,387	2,408,072,083	2,388,386,240	2,379,347,978	1,759,843,767
LIABILITIES					
Current Liabilities					
Overdrawn Cashbooks	0	0	1,624,468	6,861,147	811,959
Accounts Payables	497,747,009	519,346,661	388,395,325	417,876,902	456,447,284
Total Current Liabilities	497,747,009	519,346,661	390,019,793	424,738,049	457,259,243
Non-Current Liabilities					
Long Term Liabilities	0	0	0	0	0
Total Non- Current Liabilities	0	0	0	0	0
Total Liabilities	497,747,009	519,346,661	390,019,793	424,738,049	457,259,243
NET ASSETS	2,060,663,378	1,888,725,422	1,998,366,447	1,954,609,930	1,302,584,524
Financed By:					
Capital Reserve	1,832,054,890	1,667,834,564	1,637,130,971	1,547,752,095	1,526,612,088
Revenue Reserves (Surplus/(Deficit))	(285,657,677)	(310,198,850)	(186,677,774)	(157,878,957)	(224,027,563)
Revaluation Reserve (Unrealized Gain)	514,266,166	531,089,708	547,913,250	564,736,792	0
Total	2,060,663,378	1,888,725,422	1,998,366,447	1,954,609,930	1,302,584,524

a) Financial Performance Analysis

Financial analysis involves the use of financial statements. Its purpose is to convey an understanding of some financial aspects of a business firm. Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. The University’s financial analysis for the period ended 30th June, 2022 was as follows;

i) Statement of Financial Performance Analysis

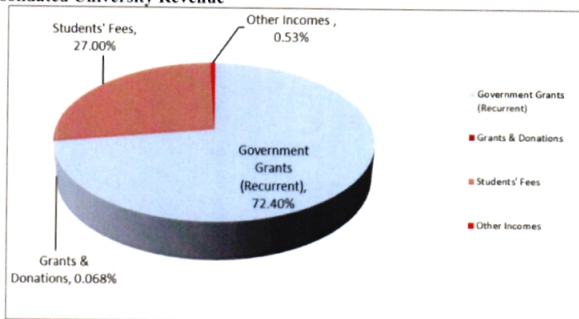
An analysis of financial performance indicates an improving trend on University surpluses for the first two years; 2017/2018 and 2018/2019 but decline in 2019/2020 and 2020/2021 financial years. The decline on financial performance recorded in 2019/2020 and 2020/2021 was as a result of COVID-19 pandemic which led to closure of the University, thus affecting income. During the financial year under review, the University registered a cumulative surplus of Kes. 8,621,628 by 30th June, 2022 compared to a deficit of Kes. 140,344,618 in similar period ended 30th June, 2021. This led to growth of accumulated revenue reserve to Kes. (285.66) million in 2021/2022 financial year compared to accumulated revenue reserve Kes. (310.20) million in the 2020/2021 financial year.



a) Revenue Analysis

In the period under review, the University reported total revenue of Kes. 1,234,537,397 compared to Kes. 1,147,233,411 for similar period ended 30th June, 2021 in 2020/2021 financial year. Total Revenue for current period was composed of recurrent government grants at Kes. 893,749,307, students’ fees at Kes. 333,349,073 and other income at Kes. 6,601,237. Government grants were the highest contributor of revenue at 72.40% of the total revenue. Revenue composition percentages are as highlighted in the diagram below;

Figure 1: Consolidated University Revenue



A comparison of the current period ended 30th June, 2022 with similar period ended 30th June, 2021 for the financial 2020/2021 indicates growth in all revenue items except for government grants. Cumulatively, total revenue grew by 7.6% from Kes. 1,147,233,411 in 2020/2021 to Kes. 1,234,537,397 in 2021/2022 financial year. Government grants indicated a decline of 6.3% to Kes. 893.75 million from Kes. 953.40 million in a similar period for 2020/2021. Students’ fees increased by 77.8% to Kes. 333.35 million from Kes. 187.48 million in similar period last financial Year 2020/2021. The low students’ fees recorded in 2020/2021 FY were as a result of University Closure due to COVID-19 pandemic leading to a loss of one (1) semester in the academic calendar. Other incomes also increased by 4.6% compared to a similar period 2020/2021. Revenue comparisons for the two periods are highlighted as follows;

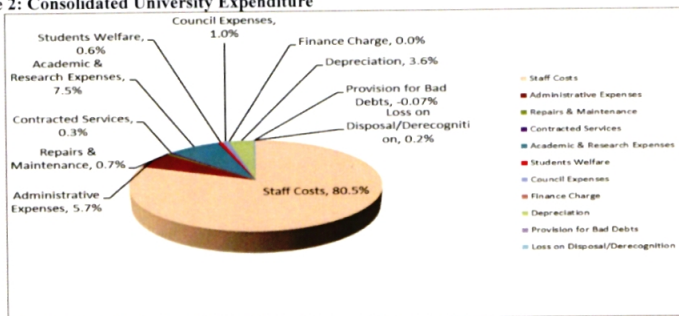
Revenue Comparison

Revenue Category	2021/2022	2020/2021	% Change
	(30.06.2022)	(30.06.2021)	
	Kes.	Kes.	%
Government Grants (Recurrent)	893,749,307	953,402,997	-6.3%
Grants & Donations	837,780	40,000	0.0%
Students' Fees	333,349,073	187,479,717	77.8%
Other Incomes	6,601,237	6,310,697	4.6%
Total Revenue	1,234,537,397	1,147,233,411	7.6%

b) Expenditure Analysis

The University incurred a total expenditure of Kes. 1,221,559,998 at the close of period ended 30th June, 2022. Staff cost had the highest expenditure of Kes. 983,360,407 translating to 80.5% of the total recurrent expenditure. Academic and research expenses took Kes. 91.61 million (7.5%) while administrative expenses took 5.7% of the total expenditure. Depreciation on Property, Plant and Equipment (PPE) was Kes. 43.78 million translating to 3.6% of total expenditure. The University did not incur any expenditure on finance charge as there was no long term liability to incur loan interests. Council expenditure for the period ended 30th June, 2022 was Kes. 11.79 million translating to 1.0% of the total expenditure. Provision for bad & doubtful debts decreased by Kes. 0.88 million (-0.07%) during the period as a result of decrease in receivables.. The total recurrent expenditure is as highlighted in the following diagram;

Figure 2: Consolidated University Expenditure



A comparison of recurrent expenditure for the period ended 30th June, 2022 with similar period for 2020/2021 FY indicates a decrease in total expenditure by 5%. Staff costs decreased by 7.1% from Kes. 1.06 billion in the period ended 30th June, 2021 to Kes. 983.36 million for the period ended 30th June, 2022. High expenditure recorded in 2020/2021 FY was as a result of payment of 2017/2021 Collective Bargaining Agreement arrears paid in July 2020 amounting to Kes. 62 million. Administrative expenses increased by 38% as a result of resumption of normal activities after closure of the University in the previous period due to COVID-19. Academic & research expenses decreased by 19.2% with a major decline in part-time teaching cost from Kes. 82.37 million in 2020/2021 financial year to Kes. 29.58 million in the current financial year 2021/2022. The high expenditure in the 2020/2021 fiscal year was as a result of recognition of prior period's part time teaching claims amounting to Kes. 56 million. Council expenses also increased by 24% from Kes. 9.51 million in 2020/2021 to Kes. 11.79 million in 2021/2022 financial years as a result of more physical meeting in the current period as compared to virtual meetings in the previous financial year due to COVID-19. Comparison of recurrent expenditure for similar periods of the two financial years is highlighted as follows;

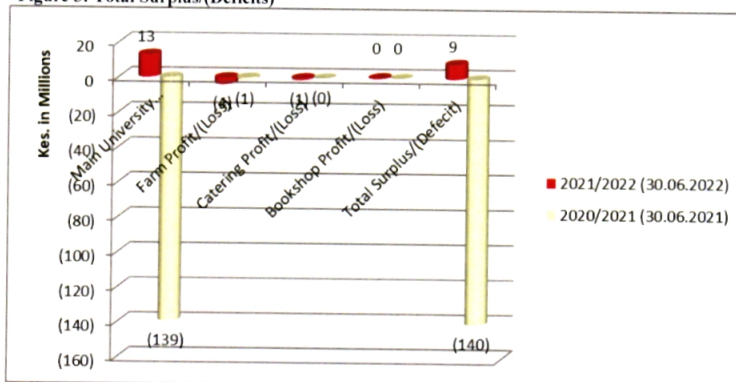
Recurrent Expenditure Comparison

Expenditure Category	2021/2022	2020/2021	Percentage Change
	(30.06.2022)	(30.06.2021)	
	Kes.	Kes.	%
Staff Costs	983,360,407	1,058,791,260	-7.1%
Administrative Expenses	69,578,551	50,407,603	38.0%
Repairs & Maintenance	8,506,247	7,939,245	7.1%
Contracted Services	3,999,537	5,311,163	-24.7%
Academic & Research Expenses	91,607,101	113,316,980	-19.2%
Students Welfare	7,846,197	4,819,224	62.8%
Council Expenses	11,785,134	9,505,033	24.0%
Finance Charge	0	0	0.0%
Depreciation	43,778,557	37,487,318	0.0%
Provision for Bad Debts	(881,333)	(1,121,933)	-21.4%
Loss on Disposal/De-recognition	1,979,600	0	0.0%
Total	1,221,559,998	1,286,455,893	-5.0%

c) University Surplus/(Deficit)

The University registered a cumulative surplus of Kes. 8,621,628 in the period ended 30th June, 2022. Included in total surplus is Kes. 12,977,398 from University operations, a loss of Kes. 3,777,652 from Farm operations and a loss of Kes. 991,207 from Catering Department operations. The University Bookshop achieved a net profit of Kes. 413,390 during the period ended 30th June, 2022. This is as highlighted in the figure below;

Figure 3: Total Surplus/(Deficits)



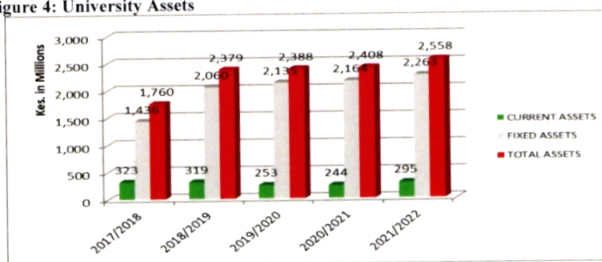
ii) Statement of Financial Position

An analysis on the statement of financial position for the past 5 years shows that the University Net Assets have increased from Kes. 1.303 billion in 2017/18 to Kes. 1.998 billion in 2019/2020 but a decline to Kes. 1.889 billion at the close of period ended 30th June 2021. During the period under review, the University recorded Net Assets of Kes. 2.06 billion at the close of period ended 30th June, 2022. An analysis of Financial Position items is as follows;

a. University Assets Analysis

In order to achieve the objective of improving teaching and learning, the University has invested in physical facilities. This is shown by consistent increase in total asset from Kes. 1.76 billion in 2017/18 fiscal year to Kes. 2.56 billion as at 30th June, 2022 in 2021/2022 fiscal year. This represents 45% growth since 2017/18 FY. Assets trend is as shown below;

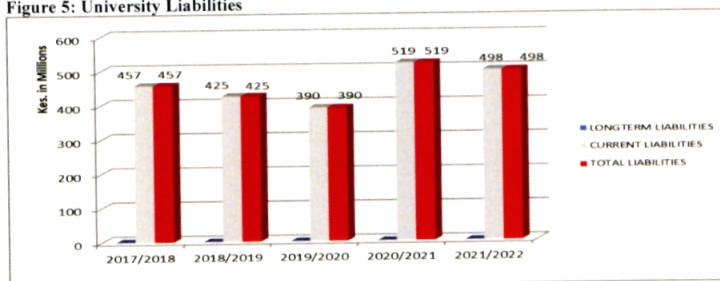
Figure 4: University Assets



b. University Liabilities Analysis

Trend analysis on University liabilities indicates a decreasing trend from Kes. 457 million in 2017/2018 FY to Kes. 390.02 million in 2019/2020 with a sharp increase to Kes. 519 million in the period ended 30th June 2021. The sharp increase in liabilities in 2020/2021 was as a result of University’s inability to pay its debts due to shortage of funds. The University recorded total liabilities amounting to Kes. 497.75 million at the close of financial period ended 30th June, 2022. Cumulatively, University liabilities have increased by 8.9% since 2017/2018 FY. Trend analysis on University liabilities is as analyzed below;

Figure 5: University Liabilities



c. Ratio Analysis

University financials ratio analysis indicates weak liquidity for the period ended 30th June, 2022 of 2021/2022 financial year. An ideal position should have a liquidity ratio 2:1 and a quick ratio of 1:1. Due to the weak liquidity ratios, the University is not able to meet its financial obligations as they fall due. Currently, the University is able to meet 56% of its financial obligations compared to 44% at the close of 2020/2021 financial year as indicated by the quick ratio. The inability of the University current assets to fully cover its current liabilities has led to high level of payables to suppliers of goods & services and part-time teaching cost. Ratio analysis is as shown below;

Balance Sheet Ratio Analysis

Item	2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
Assets	Kes.	Kes.
Current Assets (CA)	295,025,385	244,379,964
Fixed Assets (FA)	2,263,385,002	2,163,692,120
Total Assets	2,558,410,387	2,408,072,083
Liabilities		
Current Liabilities (CL)	497,747,009	519,346,661
Long-term Liabilities	0	0
Total Liabilities	497,747,009	519,346,661
Inventory	15,077,444	17,019,907
Liquidity Ratio (CA/CL)	0.59	0.47
Quick Ratio (CA- Inventory)/CL)	0.56	0.44
Working Capital Changes (Increase/Decrease in Working Capital)	(12,005,520)	142,171,903

Cash & Cash Equivalents increased by 143.2% from Kes. 42.3 million in 2020/2021 FY to Kes. 102.8 million in 2021/2022 FY. The increase in Cash & Cash Equivalents though inadequate improved the University’s Cash flow position to meet its obligations.

Gearing Ratio- Also referred to as Debt Equity ratio. This ratio highlights how a company’s capital structure is tilted either toward debt or equity financing. During the period under review, the University recorded a gearing ratio of 24% compared to 27% in 2020/2021 FY. This implies that for every shilling in equity, the University has 24 cents in leverage. A ratio of one (1) would imply that creditors and investors are on equal footing in the company’s assets. Computation of University gearing ratio is as indicated below;

Gearing Ratio (Total Debts to Equity)	2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
Total Liabilities	497,747,009	519,346,661
Total Equity	2,060,663,378	1,888,725,422
Gearing Ratio	0.24	0.27



iii) **Statement of Cash Flow**

The statement of cash flows shows reconciliation between the opening and closing cash balances. The reconciling items are classified under cash generated from operations, investing and financing activities. Cash flows from the various activities for the year ended 30th June, 2022 are as summarized below;

Movement in Cash flows

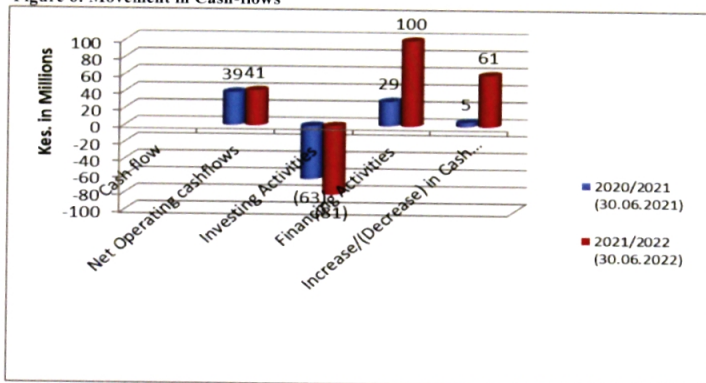
	2021/2022	2020/2021
Summary of Cash flows	(30.06.2022)	(30.06.2021)
Cash flow		
Net Operating cash-flows	41,470,267	39,135,602
Investing Activities	(80,950,388)	(63,076,795)
Financing Activities	100,000,000	29,224,355
Increase/(Decrease) in Cash & Cash		
Equivalents	60,519,880	5,283,163

The University generated net cash inflows from operation of Kes. 41.47 million during the period ended 30th June, 2022. This comprises of total University Surplus for Kes. 8,621,628, loss on disposal /de-recognition at Kes. 1,979,600 and net changes in working capital at Kes. 12,005,521 during the year. Depreciation being a non-cash item amounting to Kes. 43,778,557 was added back to reduce operation deficit during the 2021/2022 FY.

On investing activities, the University used Kes. 80.95 million as at 30th June, 2022 compared to Kes. 63.08 million in similar period of 2021/2022 FY. The current investing expenditure included Kes. 62.73 million on the ongoing capital projects and Kes. 18.47 million on purchase of plant and equipment. Under the Capital expenditure, the University incurred Kes. 40.54 million on the on-going Tuition block, Kes. 8.66 million on Science complex and Kes. 12.28 million on Library and Administration block during the period, among other capital projects. Expenditure on plant and equipment included various equipment at Kes. 2,817,050, plant & Machinery at Kes. 3,420,200, computers and accessories at Kes. 5,991,104, library books at Kes. 1,196,578 and additions invoice on ERP at Kes. 4,268,800.

On financing cash-flows, the University received Kes. 100 million from the National Government through the Ministry of Education to finance the ongoing capital projects. The cash flow results are presented graphically as shown in the following figure;

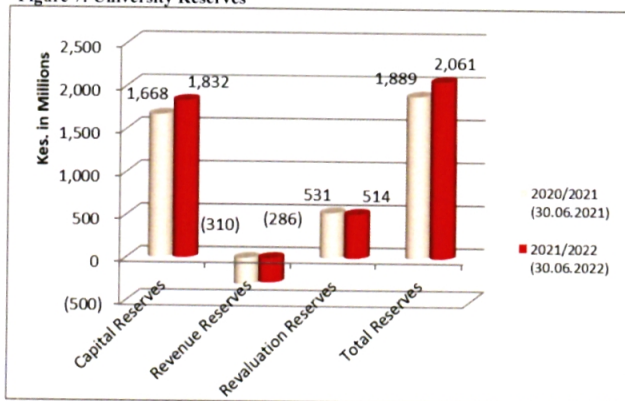
Figure 6: Movement in Cash-flows



iv) Statement of Changes in Reserves

Laikipia University maintains three types of reserves, i.e. capital, revenue and revaluation reserves. The total reserves as at 30th June, 2022 were Kes. 2.06 billion compared to Kes. 1.89 billion at the close of 2020/2021 financial year. Total Reserves comprised of capital reserves at Kes. 1,832,054,890, revenue reserve at Kes. (285,657,677) and revaluation reserve at Kes. 514,266,166. Revaluation reserve is amortized annually by transferring excess depreciation on revaluation through revenue reserve at Kes. 16,823,542. An analysis of University reserves for period ended 30th June, 2022 was as indicated below;

Figure 7: University Reserves



Section B: Compliance with Statutory Requirements

Section 82 of the Public Finance Management Act, 2012, requires that an Accounting Officer for a National Government owned Entity to prepare annual report of the financial year in respect of the entity. Laikipia University complies with statutory requirements on submission of reports to the Ministry of Education, the National Treasury & Planning and Office of the Auditor General.

The University financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual basis.

Section C: Key Projects and Investment Decisions

The on-going development projects at the University are Tuition Block, Science Laboratories Complex and Library & Administration Block among others. The University is using in-house process to complete the gate which was near completion at the time of contract termination.

Section D: Major Risks Facing Laikipia University

The outlook for risks related to Universities indicates that risks will continue to increase in type and number in the coming years. The University continuously monitors high-risk areas and implements a programme of activities to mitigate risks and cushion their impact through a holistic approach that builds risk management into its structures and processes with a framework comprising governance, a defined risk appetite and an underlying policy and control environment.

The University's activities expose it to a variety of risks, which include credit risk, liquidity risk, compliance risk and commodity price risk among others.

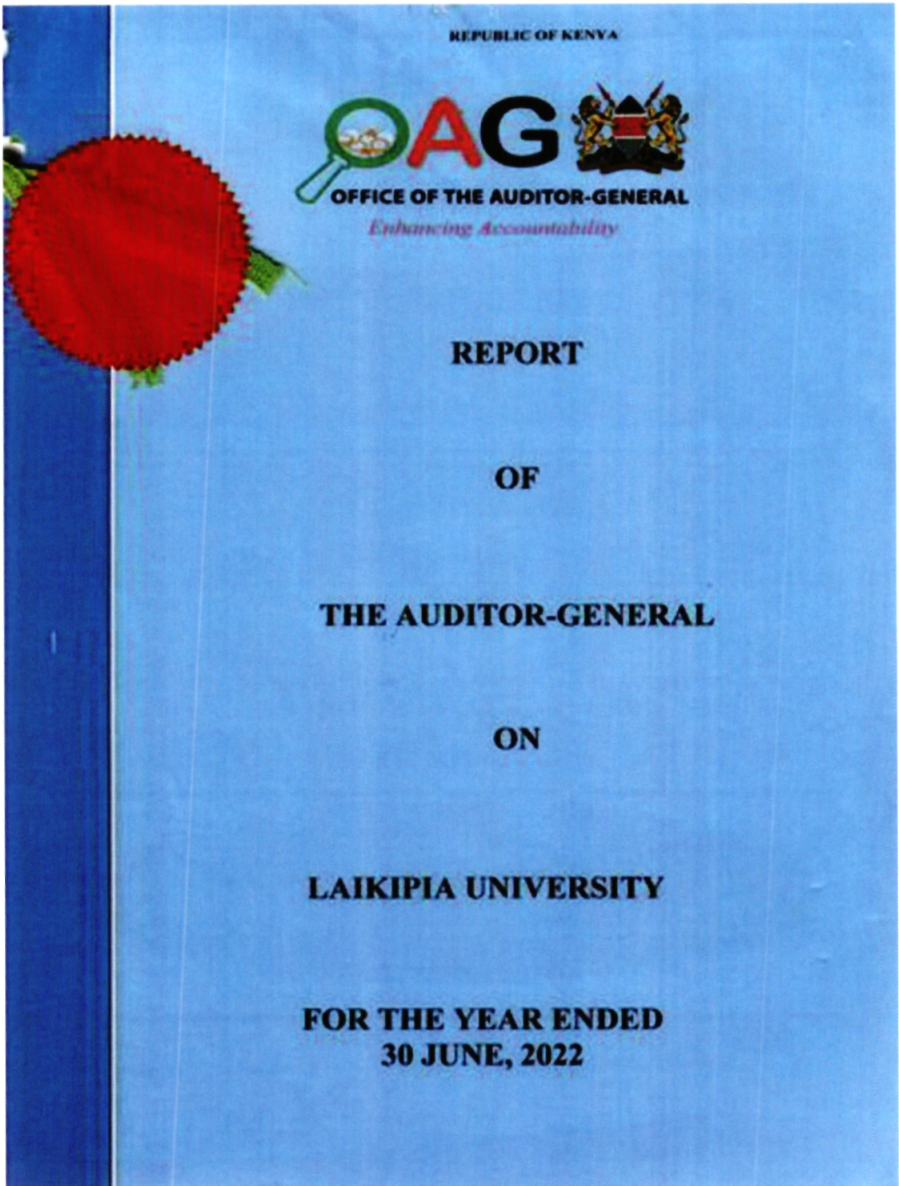
Section E: Material Arrears in Statutory/Financial Obligations

Pending bills at the close of financial year ended 30th June, 2022, amounted to Kes. 497,747,009. This includes part time teaching cost at Kes. 179.80 million, trade payables at Kes. 57.06 million, prior period's pension fund accruing at Kes. 35.01 million and KRA taxes payable at Kes. 33.98 million. The University is committed to clearing pending bills once financial performance stabilizes.

Section F: Financial Probity and Serious Governance Issues

The University has no financial probity and governance issues.

REPORT OF THE AUDITOR GENERAL



REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia University set out on pages 68 to 121, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in reserves, statement of cash flows and statement of comparison of budget and actual amounts for the year

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2022



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Laikipia University as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Direct Deposit Receipts not Posted in Cash Book

As previously reported, the statement of financial position and as disclosed in Note 23 to the financial statements reflects cash and cash equivalents balance of Kshs.102,782,903. However, review of bank reconciliation statements revealed that direct deposits amounting to Kshs.7,694,265 in respect to thirteen (13) bank accounts had not been posted in the cashbook contrary to Section 90(3) of the Public Finance Management (National Government) Regulations, 2015 which require Accounting Officers to ensure that discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.102,782,903 could not be confirmed.

2.0 Property, Plant and Equipment

As previously reported, the statement of financial position and as disclosed in Note 26 to the financial statements reflects property, plant and equipment balance of Kshs.2,216,372,567 as at 30 June, 2022 which includes an amount of Kshs.547,088,000 representing the value of eighteen parcels of land measuring a total of 375.88 Hectares. According to the ownership documents presented for audit verification, sixteen of these parcels of land were still registered in the name of Egerton University at the time of audit in March, 2023.

Further, certificate of title for land reference number 8808/1 and 2912/12 of 8.102 hectares and 366.76 hectares, respectively, indicates that the parcels of land are registered under the Council of Laikipia University instead of Laikipia University.

In the circumstances, it has not been possible to confirm the ownership, accuracy and completeness of property, plant and equipment balance of Kshs.2,216,372,567.

3.0 Receivables from Exchange Transactions

As previously reported, the statement of financial position and as disclosed in Note 24(i) to the financial statements reflects receivables from exchange transactions balance of Kshs.177,165,038. Included in this balance is long outstanding receivables totalling Kshs.66,600,307 relating to prior years out of which Kshs.64,737,484 relates to the

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2022

University Campuses that have since been closed down. Most of the receivables have been outstanding for more than five years and may not be recoverable. In the circumstances, the accuracy and collectability of the receivables balance could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Controls and Performance

During the year under review, the Management over spent in the following three components against the approved budget;

Component	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Variance (%)
Administrative Expenses	60,286,908	69,578,551	(9,291,643)	15.41%
Academic and Research Expenses	72,683,047	91,858,101	(19,175,054)	26.38%
Contracted Services	3,590,287	3,999,537	(409,250)	11.4%

There was no evidence provided for audit review to show that the Management obtained approval through supplementary budget on the excess expenditure.

In the circumstances, Management did not adhere to the approved budget.

2.0 Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues nor given any explanation for failure to resolve the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Delayed Projects Completion

The statement of financial position and as disclosed in Note 26 to the financial statements reflects property, plant and equipment balance of Kshs.2,216,372,567. Included in the balance is work in progress of Kshs.1,005,822,539 out of which projects worth Kshs.543,756,678 have gone past their completion date. These include:

- The Gate whose cumulative payments is Kshs.31,129,169 and fully paid for but 98% complete. The project was supposed to be completed in December, 2016.
- Science Complex Building whose cumulative payments is Kshs.119,165,806 and which is 67% complete but was supposed to be completed in June, 2022.
- Tuition Blocks whose cumulative payments is Kshs.392,620,703 and which is 79% complete but was supposed to be completed in June, 2018.
- The Administration Block, on the other hand, stalled after payment of Kshs.841,000.

Further, there is unexplained material variance of Kshs.7,497,594 between total payments made for the construction of the gate of Kshs.31,129,169 and contract sum of Kshs.23,631,575 as per contract signed on 26 February, 2015. The variation has not been justified.

In the circumstances, efficiency and effectiveness in use of public resources and value for money of the Kshs.543,756,678 could not be confirmed

2.0 Lack of Policy on External Examiners (Exams Moderation)

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects an amount of Kshs.91,858,101 in respect of academic and research expenses out of which Kshs.3,537,210 was paid to external examiners (exam moderation). However, at the time of payment there was no approved policy on terms and conditions upon which external examiners were to be appointed contrary to Section 20(n) of the Charter for Laikipia University which states that the Council shall have powers to approve terms and conditions upon which internal and external examiners shall be appointed by the Senate.

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

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3.0 Delayed Completion of ABN Unisol Project

The statement of financial position and as disclosed in Note 28 to the financial statements reflects intangible assets balance of Kshs.34,525,620 which further includes Kshs.24,812,400 in respect to ABN Unisol System. The contract for supply, installation, configuration, testing, training, and commissioning of the University –Wide Enterprise Resource Planning System was signed on 4 March, 2019 at a contract sum of Kshs.24,812,400 for a contract period of six (6) months from 4 March, 2019 with an expected completion date of 3 October, 2019.

However, as reported in the previous years, the system is classified as work in progress and had not been fully implemented as at January, 2023 approximately thirty-eight (38) months after the expected contract completion date. In addition, review of implementation progress report on the system dated 22 December, 2022 revealed that three modules under the system (medical, timetable and procurement) had pending requirements which were to be addressed by the system developer before training and commissioning of the ERP. As at the time of the audit, the University Management did not provide evidence to demonstrate that the issues identified were adequately addressed.

In the circumstances, efficiency and effectiveness in use of public resources and value for money of the Kshs.24,812,400 could not be confirmed.

4.0 Unsustainable Expenditure on Employee Cost

Review of the statement of financial performance revealed that the employee cost of Kshs.983,360,407 constitute 80% of the total revenue of Kshs.1,234,537,397 contrary to Section 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which puts a cap at 35% of the total receipts.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2022

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the University Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2022

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

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

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

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

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

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2022

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2023

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2022

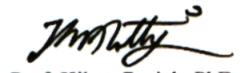


**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE, 2022**

REVENUE	Notes	Page	2021/2022 (30.06.2022) Kes.	2020/2021 (30.06.2021) Kes.	Percentage Change %
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	5	98	893,749,307	953,402,997	-6.3%
Grants & Donations	6	98	837,780	40,000	1994.5%
Sub-Total			894,587,087	953,442,997	-6.2%
Revenue from Exchange Transactions					
Students' Fees	7	99	333,349,073	187,479,717	77.8%
Other Miscellaneous Incomes	8	100	6,601,237	6,310,697	4.6%
Sub-Total			339,950,310	193,790,414	75.4%
Total Revenue			1,234,537,397	1,147,233,411	7.6%
EXPENDITURE					
Staff Costs	9	101	983,360,407	1,058,791,260	-7.1%
Administrative Expenses	10	103	69,578,551	50,407,603	38.0%
Repairs & Maintenance Expenses	11	104	8,506,247	7,939,245	7.1%
Contracted Services	12	104	3,999,537	5,311,163	-24.7%
Academic & Research Expenses	13	105	91,858,101	113,316,980	-18.9%
Students Welfare Expenses	14	106	7,846,197	4,819,224	62.8%
Council Expenses	15	106	11,534,134	9,505,033	21.3%
Finance Charge	16	107	0	0	**
Depreciation & Amortization	17	107	43,778,557	37,487,318	16.8%
Provision for Bad Debts	18	108	(881,333)	(1,121,933)	-21.4%
Loss on Disposal/De-recognition	19	108	1,979,600	0	**
Total Expenditure			1,221,559,998	1,286,455,893	-5.0%
Operating Surplus/(Deficit)			12,977,398	(139,222,482)	-109.3%
Other Service Units					
Farm Profit/(Loss)	20	109	(3,777,952)	(1,186,753)	218.3%
Catering Profit/(Loss)	21	109	(991,207)	(127,034)	680.3%
Bookshop Profit/(Loss)	22	109	413,390	191,652	115.7%
Total Other Service Units			(4,355,770)	(1,122,136)	288.2%
Total Surplus/(Deficit)			8,621,628	(140,344,618)	-106.1%


Dr. Ken Myaundi, PhD
CHAIRMAN OF COUNCIL



CPA Geoffrey K. Langat
ICPAK No. 4980
FINANCE OFFICER



Prof. Kibett Rotich, PhD
VICE CHANCELLOR

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2022

DETAILS	Notes	Page	2021/2022 30.06.2022 Kes.	2020/2021 (30.06.2021) Kes.	Percentage Change %
ASSETS					
Current Assets					
Cash & Cash Equivalents	23	110	102,782,903	42,263,023	143.20%
Receivables from Exchange Transactions	24(i)	112	177,165,038	185,097,033	-4.29%
Receivables from Non-exchange Transactions	24(ii)	112	0	0	0.00%
Inventories	25	114	15,077,444	17,019,907	-11.41%
Total Current Assets			295,025,385	244,379,964	20.72%
Non- Current Assets					
Property, Plant and Equipment	26	115	2,216,372,567	2,119,595,133	4.57%
Library Books	27	118	5,566,490	7,050,166	-21.04%
Intangible Assets (ERP Software)	28	119	34,525,620	30,406,820	13.55%
Biological Assets	29	120	6,920,326	6,640,000	4.22%
Total Non- Current Assets			2,263,385,002	2,163,692,120	4.61%
Total Assets			2,558,410,387	2,408,072,083	6.24%
LIABILITIES					
Current Liabilities					
Accounts Payables	30 (i)	121	497,747,009	519,346,661	-4.16%
Total Current Liabilities			497,747,009	519,346,661	-4.16%
Non-Current Liabilities					
Long Term Liabilities	30(ii)	121	0	0	0.00%
Total Non- Current Liabilities			0	0	0.00%
Total Liabilities			497,747,009	519,346,661	-4.16%
NET ASSETS			2,060,663,378	1,888,725,422	9.10%
Financed By:					
Capital Reserve			1,832,054,890	1,667,834,564	9.85%
Revenue Reserves (Surplus/(Deficit))			(285,657,677)	(310,198,850)	-7.91%
Revaluation Reserve			514,266,166	531,089,708	-3.17%
Total			2,060,663,378	1,888,725,422	9.10%


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**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30TH JUNE, 2022**

Details	Capital	Revenue	Revaluation	Total
	Reserve	Reserve	Reserve	Reserves
	Kes.	Kes.	Kes.	Kes.
2020/2021				
As at 1st July, 2020	1,637,130,971	(186,677,774)	547,913,250	1,998,366,447
Government Development Grants	29,224,355	0	0	29,224,355
Excess Depreciation on Revaluation	0	16,823,542	(16,823,542)	(0)
Capital Gain on Biological Assets	1,479,238	0	0	1,479,238
Funds used during the year	0	0	0	0
Total Surplus/(Deficit)	0	(140,344,618)	0	(140,344,618)
As at 30th June, 2021	1,667,834,564	(310,198,850)	531,089,708	1,888,725,422

Details	Capital	Revenue	Revaluation	Total
	Reserve	Reserve	Reserve	Reserves
	Kes.	Kes.	Kes.	Kes.
2021/2022				
As at 1st July, 2021	1,667,834,564	(310,198,850)	531,089,708	1,888,725,422
Government Development Grants	100,000,000	0	0	100,000,000
Adjustment for Opening Reserves	0	(903,998)	0	(903,998)
Capital Assets Donation (Land)	64,000,000	0	0	64,000,000
Excess Depreciation on Revaluation	0	16,823,542	(16,823,542)	0
Capital Gain on Biological Assets	220,326	0	0	220,326
Funds used during the year	0	0	0	0
Total Surplus/(Deficit)	0	8,621,628	0	8,621,628
As at 30th June, 2022	1,832,054,890	(285,657,677)	514,266,166	2,060,663,378


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**STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30TH JUNE, 2022**

Details	Notes	Page	2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
			Kes.	Kes.
Operating Activities:				
Surplus/(Deficit)			8,621,628	(140,344,618)
Adjustment for Opening Reserves			(903,998)	0
Gain on Disposal of Assets			(1,979,600)	179,000
Adjustment for Depreciation & Amortization			43,778,557	37,487,318
Operating surplus before working capital changes			53,475,787	(103,036,300)
Changes in Working Capital				
Increase/Decrease in Receivables	31 (i)	123	7,931,995	10,097,393
Increase/Decrease in Inventories	31 (ii)	123	1,942,463	2,372,174
Increase/Decrease in Payables	31 (iii)	123	(21,599,653)	130,951,336
Increase/Decrease in Biological Assets	31 (iv)	123	(280,326)	(1,249,000)
Net changes in Working Capital			(12,005,520)	142,171,903
Net cash generated from operating Activities			41,470,267	39,135,602
Cash flows from Investing Activities				
Purchase of Non-Current Assets	32	125	(18,465,032)	(15,170,828)
Work in Progress	33	126	(62,727,732)	(49,564,205)
Capital Gain on Biological Assets			220,326	1,479,238
Proceeds from sale of Non-Current Assets			22,050	179,000
Net cash used in investing Activities			(80,950,388)	(63,076,795)
Cash Flows from Financing Activities:				
Government Development Grants			100,000,000	29,224,355
Proceeds from Long Term Liabilities			0	0
Repayments of Long Term borrowings			0	0
Net cash generated from Financing Activities			100,000,000	29,224,355
Increase/(decrease) in cash and Cash Equivalents			60,519,880	5,283,163
Cash & Cash Equivalents at Beginning of the Year			42,263,023	36,979,860
Cash & Cash Equivalents at the end of the period			102,782,903	42,263,023
			2021/2022	2020/2021
			(30.06.2022)	(30.06.2021)
Reconciliation of Cash & Cash Equivalents				
Cash & Cash Equivalents as per Cash Flow Statement			102,782,903	42,263,023
Actual Cash & Cash Equivalents as per Balance Sheet			102,782,903	42,263,023


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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

DETAILS	Approved Budget 2021/2022	Virement (Adjustments) 2021/2022	Revised Budget 2021/2022	Actual on Comparable Basis 2021/2022	Performanc e Difference 2021/2022	Note s
	Kes.	Kes.	Kes.	Kes.	Kes.	
REVENUE						
Government Grants (Recurrent)	891,037,776	2,711,531	893,749,307	893,749,307	0	
Grants & Donations	2,500,000	(1,900,000)	600,000	837,780	237,780	
Students' Fees	334,285,500	(2,683,415)	331,602,085	333,349,073	1,746,988	
Other Incomes	5,831,750	(12,228)	5,819,522	6,601,237	781,715	
Total	1,233,655,026	(1,884,112)	1,231,770,914	1,234,537,397	2,766,483	
EXPENDITURE						
Staff Costs	1,096,600,963	(108,461,822)	988,139,141	983,360,407	4,778,733	i
Administrative Expenses	45,128,721	15,158,187	60,286,908	69,578,551	(9,291,643)	ii
Repairs & Maintenance Expenses	6,746,081	3,553,919	10,300,000	8,506,247	1,793,753	iii
Contracted Services	3,212,420	377,867	3,590,287	3,999,537	(409,250)	
Academic & Research Expenses	56,889,594	15,793,453	72,683,047	91,858,101	(19,175,054)	iv
Students Welfare	6,746,081	2,808,078	9,554,159	7,846,197	1,707,962	
Council Expenses	11,500,000	0	11,500,000	11,534,134	(34,134)	
Depreciation & Amortization	16,865,204	0	16,865,204	43,778,557	(26,913,353)	v
Provision for Bad Debts	4,818,630	2,181,370	7,000,000	(881,333)	7,881,332	vi
Loss on Disposal/ De-recognition	0	0	0	1,979,600	(1,979,600)	vii
Total	1,248,507,693	(68,588,948)	1,179,918,745	1,221,559,998	(41,641,253)	
Operating Deficit	(14,852,667)	66,704,836	51,852,169	12,977,398	44,407,736	
Other Service Units						
Sales						
Farm	15,000,000	0	15,000,000	3,897,070	(11,102,930)	viii
Catering	9,000,000	(1,500,000)	7,500,000	7,632,127	132,127	
Bookshop	500,000	500,000	1,000,000	1,785,394	785,394	
Total Sales	24,500,000	(1,000,000)	23,500,000	13,314,591	(10,185,409)	
Expenses						
Farm	12,000,000	0	12,000,000	7,675,023	(4,324,977)	ix
Catering	6,500,000	0	6,500,000	8,623,334	2,123,334	x
Bookshop	300,000	0	300,000	1,372,004	1,072,004	
Total Expenses	18,800,000	0	18,800,000	17,670,361	(1,129,639)	
Total Profit/Loss for Service Units	5,700,000	(1,000,000)	4,700,000	(4,355,770)	(9,055,770)	
Total Surplus/(Deficit)	(9,152,667)	65,704,836	56,552,169	8,621,628	35,351,966	
ADD: Other Receipts (Non P&L)						
Government Grants (Capital)	100,000,000	0	100,000,000	100,000,000	0	
Receipts from Debtors	50,000,000	(35,000,000)	15,000,000	16,957,256	1,957,256	xi
	150,000,000	(35,000,000)	115,000,000	116,957,256	1,957,256	
LESS: Other Payments (Non P&L)						
Plant & Equipment	18,663,500	(1,144,700)	17,518,800	18,465,032	(946,232)	
Capital Development	100,500,000	1,083,300	101,583,300	62,727,732	38,855,568	xii
Debt Management	21,683,833	30,766,235	52,450,068	130,467,312	(78,017,244)	xiii
	140,847,333	30,704,835	171,552,168	211,660,076	(40,107,907)	
Surplus/(Deficit) for the Year	0	0	0	(86,081,191)	(86,081,191)	

EXPLANATORY NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

IPSAS 24 requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts. During the period under review, there were performance differences between the actual and budgeted amounts which are explained as follows:

- i. Staff Costs – This is as a result of decrease in staff numbers due to retirements with no replacements. The University had also anticipated employing two (2) DVCs but the process is still pending.
- ii. Administrative Expenses – The variance on this line item was as a result of high cost of operations due to high cost of fuel and inflation.
- iii. Repairs & Maintenance Expenses – The variance in this line item was due to delay in completion of the planned activities during the period.
- iv. Academic & Research Expenses – The variance on this expenditure was as a result of prior year Teaching Practice & Industrial attachment claims amounting to Kes. 10 million paid and recognized in the current period.
- v. Depreciation and Amortization- variance in this line item was as a result of increased depreciation expense due to capitalization of new buildings and additional property plant and equipment during the period.
- vi. Provision for Bad Debts – The variance in this line item was as a result of decrease in receivables than previously anticipated.
- vii. Loss on Disposal & De-recognition – The University derecognized lost tractor whose book value was Kes. 1,960,000 leading to loss of the same amount.
- viii. Farm Sales - The University had planned to plant wheat and harvest by December 2021, but this was affected by supply of inputs. The University planted in May 2022 and the harvest and sales will be in December 2022.
- ix. Farm Expenses – This is due to timing differences as the planting was done in May 2022 while the other expenses of spraying and weeding will be done in the next financial year.
- x. Catering Expenses- This is as a result of increased cost of foodstuff
- xi. Receipts from Debtors – The University surpassed the receipts from debtors as a result of clearance on the upcoming graduation.
- xii. Capital Development Expenditure – The variance on this line item is as a result delays by contractors on the on-going capital projects.
- xiii. Debt Management – The University managed to surpass the planned debt management after the University resumed normal operations during the period.



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

1. General Information

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February, 2013. The University is established and derives its authority and accountability from the Universities Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activities are; research, education, scholarship, training, innovation, outreach and consultancy.

2. Statement of Compliance and Basis of Preparation

a. Compliance

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. The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) Accrual. 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 judgment in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4 of these financial statements.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University.

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

b. Adoption of New and Revised Standards

IPSAS 33: First-time adoption of Accrual Basis IPSASs

IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time adoption. It allows first-time adopters three years to recognize specified assets and liabilities. Laikipia University adopted IPSAS in the year ended 30th June 2014 and therefore these provisions of first time adoption of accrual basis IPSAS do not apply to the University.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

New and Revised Standards

The IPSASB deferred the application date of new and revised standards in 2021/2022 financial year from 1st January 2022 to 1st January 2023 due to effects of COVID-19. However, the amended IPSAS had no material impact on the amounts reported in these financial statements. The new and amended standards effective in 1st January, 2023 are as indicated below;

Standard	Amendments
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> ❖ The standard establishes the principle for financial reporting of financial assets and liabilities, relevant and useful to users of financial statements in assessment of amounts, timing and uncertainty of an entity’s future cash flows. This standard supersedes IPSAS 29. <p>Amendments to other IPSAS resulting from IPSAS 41;</p> <ul style="list-style-type: none"> ❖ IPSAS 5 – The amendment is to add non-authoritative material and provide guidance for determining the extent to which borrowing costs can be explained. ❖ IPSAS 30 - Amendment is in regard to illustrative examples on hedging and credit risk as well as an update on the guidance for accounting for financial guarantee contracts. ❖ IPSAS 33 – This amendment is to update the guidance on classifying financial instruments on initial adoption of accrual basis. <p>NB: Laikipia University prepares financial statements on IPSAS accrual.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> ❖ The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits.
<p>IPSAS 43: Leases</p>	<p>Applicable: 1st January 2025</p> <ul style="list-style-type: none"> ❖ The objective of this standard is to ensure that lessors and lessees provide relevant information in a manner that users



	of financial statements are able to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
IPSAS 44: Non-current assets held for sale and discontinued operations	<i>Applicable: 1st January 2025</i> ❖ The standard provides the accounting requirements for; assets classified as held for sale regarding measurement and, presentation and disclosure of discontinued operations.
Other improvements to IPSAS	<i>Applicable 1st January 2023</i> ❖ IPSAS 22 - The disclosure requirement is to present information about the general government sector in consolidated financial statements, for better understanding of the relationship between market and non-market activities of the government. ❖ IPSAS 39 – This IPSAS on employee Benefits now deletes the word “composite” from the term composite social security benefits as it is no longer an IPSAS defined term.

c. Early adoption of standards

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

3. Summary of Significant Accounting Policies

The principle accounting policies applied in the preparation of the University’s financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the University’s activities. Revenue is shown net of rebates and discounts. The University recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University’s activities as described below. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue has been accounted for using the accrual concept of accounting. Income is recognized in the period in which it is earned. The revenue recognition is as follows:



Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

i) Revenue from non-exchange transactions

IPSAS 23 prescribes requirements for the financial reporting of revenue arising from non-exchange transactions, other than non-exchange transactions that give rise to an entity combination. The Standard deals with issues that need to be considered in recognizing and measuring revenue from non-exchange transactions including the identification of contributions from owners.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

The University's revenue from non-exchange transactions are recognized as follows:

- ❖ **Government Grants** – These are recognized as income in the period when received. Accrued Government grant is recognized only when there is a reasonable assurance that the entity will comply with any condition attached to the grant and that the grant will be received.
- ❖ **Other Grants & Donations** - Grants and donations in form of research grants and donations from National Government-Constituency Development Funds (NG-CDFs) are recognized as income in the period it is received. The entity does not accrue un-received grants and donations unless there is a reasonable assurance to receive the funds.

ii) Revenue from exchange transactions

IPSAS 9 prescribe the accounting treatment of revenue arising from exchange transactions and events. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Revenue from exchange transactions for the University are accounted for as follows:

- ❖ **Tuition and Fees** - Revenue from tuition and fees are recognized prorata over the relevant period. The entity applies accrual concept in relation to tuition and fees receivable in a particular year. Revenue from tuition fees are accounted for over the period in which they relate. Fees paid in advance are carried forward under trade and other payables as fees prepayment.
- ❖ **Other Miscellaneous incomes** - Revenues from other sources are recognized when the amount of revenue can be measured reliably. Income from campuses is treated the same way tuition and fees are treated.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

b. Budget Information

IPSAS 24 requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities which are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. Compliance with the requirements of this standard ensures that public sector entities discharge their accountability obligations and enhance the transparency of their financial statements by demonstrating compliance with the approved budget(s) for which they are held publicly accountable and, where the budget(s) and the financial statements are prepared on the same basis, their financial performance in achieving the budgeted results.

c. Reserves

Laikipia University maintains three types of reserves as indicated on the Statement of changes in reserves of the financial statements. The reserves are capital, revenue and revaluation reserves. During the financial year under review, the University had total reserves of Kes. 2,060,663,378.

d. Property, Plant and Equipment

IPSAS 17 stipulates that an entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

In cost model, after recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Under revaluation model, an item of property, plant and equipment shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

The standard allows revision of estimated useful life which is accounted for prospectively. The change in the estimate is reported in the current and prospective periods. Previously reported statements and opening balances do not need to be adjusted to reflect the change in the useful life estimate. The reasons prior periods don't need to be restated are as follows:

- Change in the useful life estimate does not represent an accounting error.
- Estimate changes are an inherent and continual part of the estimation process.

The University revalued all assets at the close of 2018/2019 financial year. Basic calculation process of depreciation remains unchanged between revaluation model and cost model. Under cost model depreciation is calculated on the basis of cost less residual value over the useful life of asset. Under revaluation model depreciation is calculated on the basis of revalued amount less residual value over the remaining useful life. Under both models depreciation for the period is charged in profit or loss account.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- Restate accumulated depreciation proportionately with the change in the gross carrying amount of the asset (so that the carrying amount of the asset after revaluation equals its revalued amount); or
- Eliminate the accumulated depreciation against the gross carrying amount of the asset (IAS 16 par. 35).

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during the estimated useful life, using the straight line method. Assets acquired during the year will attract full year depreciation while assets disposed during the year will not be charged the depreciation. The annual depreciation rates used are as follows:-

Buildings	-	2.5%
Office Equipment	-	20%
Furniture & Fittings	-	12.5%
Plant, Machinery & Tractors	-	10%
Motor Vehicles & Motor Bikes	-	25%
Computer & Accessories	-	20%
Library Books	-	20%

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

Reserves transfer

The depreciation charge on the revalued asset will be different to the depreciation that would have been charged based on the historical cost of the asset. As a result of this, IAS 16 permits a transfer to be made of an amount equal to the excess depreciation from the revaluation reserve to retained earnings.

Disposal of Assets

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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. Costs associated with maintaining computer software programmes are recognized as an expense as incurred. These costs are amortized on the basis of the expected useful lives. Software is amortized on a straight line basis over the expected/estimated useful life. The University amortizes intangible assets at a rate of 20% per year.

f. Biological Assets

Livestock are valued at the prevailing market rates. Crops are valued at fair value less estimated point of sale costs. Formula for calculating the value of crops in the field is as follows:

$$V_c = \frac{D \times A \times YP \times SP}{MP}$$

Where:

V_c – Value of crop **YP** – Yield Potential of the crop
D – Age in Days **SP** – Selling Price per 90 Kg Bag
A – Area in Acres **MP** – Maturity Period



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

g. Cash & Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term petty cash imprests and money orders with post office not cleared at the end of the financial year.

h. Inventories

Inventories are stated at the lower of cost or net realizable value. Costs of issues are calculated using 'First in First Out' (FIFO) method. Net realizable value represents the estimated selling price less any estimated cost of disposal. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

i. Provisions

Provisions are recognized when the Entity 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 Entity 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.

j. Contingent liabilities

The University 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.

k. Contingent assets

The University does not recognize a contingent asset, but discloses details of any contingent asset in the note to financial statements whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. 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.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

I. Related Parties

IPSAS 20 requires an entity to disclose the existence of related party relationships where control exists, and the disclosure of information about transactions between the entity and its related parties in certain circumstances. The principal issues in disclosing information about related parties are (a) identifying which parties control or significantly influence the reporting entity, and (b) determining what information should be disclosed about transactions with those parties. Parties are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions. The University's related parties include the members of University Council, Management Board and the Government.

Laikipia University Council is the governing body of the University and therefore a related party to the University. Remuneration to University Council members is analyzed on Note 15 of the financial statements.

In addition, Members of the University Management Board (UMB) are the key management personnel in the University and regarded as related parties. The UMB comprise of the Vice Chancellor, Deputy Vice Chancellor (AF&P), Deputy Vice Chancellor (ARSA), Registrar (Administration & Human Capital), Registrar (Academic Affairs) and Finance Officer. IPSAS 20 stipulates that remuneration of key management personnel falls under related party transactions and therefore shall be disclosed in the financial report for the year.

Remuneration of key management personnel is any consideration or benefit derived directly or indirectly by key management personnel from the reporting entity for services provided in their capacity as members of the governing body, or otherwise as employees of the reporting entity. Significant influence (for the purpose of this Standard) is the power to participate in the financial and operating policy decisions of an entity. Remuneration of University Management Board is indicated under staff costs in Note 9 of the financial statements.

The Government of Kenya is also a related party to the University especially in terms of financing and policies. Government financing through Ministry of Education is analyzed in appendix 4 of the financial statements.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

m. Employee Benefits (Retirement Benefit Costs)

Laikipia University, jointly with Egerton, Kisii and Chuka Universities operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University.

The University obligation to the scheme is the contribution of 20% of basic Salary whereas the employees contribute 10% of their basic Salary.

The University also contributes to the National Social Security Fund (NSSF) for staff in grade I-IV. Contributions to this fund are determined by the local statutes. Currently, the NSSF rate is at Kes. 200 per employee per month from both the employer and employee.

The University contributions to the above schemes are charged to the Statement of Financial Performance in the year to which they relate. The University has no further obligation once the contributions have been remitted to the pension fund. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The University's contributions to the defined contribution schemes are recognized as an employee benefit expense in the year which it relates.

All employees are expected to take their annual leave as and when it matures during the year, otherwise, forfeit it. Hence there is no accrued annual leave at the statement of financial position date.

Employee's entitlements to gratuity are recognized when they accrue to contractual employees. A provision is made for the liability for such entitlements as a result of services rendered by employees up to the statement of financial position date. Such employees become entitled to the gratuity at the end of every financial year in their contracts and the payments out of this are charged to the accrued gratuity account.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

n. Risk Management in Laikipia University

Effective risk management and control are essential pillars for the sustainable growth of the University. The role of risk management is to evaluate, respond to and monitor risks in the execution of our strategy. The University continuously monitors high-risk areas and implements a programme of activities to mitigate risks and cushion their impact through a holistic approach that builds risk management into its structures and processes with a framework comprising governance, a defined risk appetite and an underlying policy and control environment.

The University's activities expose it to a variety of financial risks including credit and liquidity risks. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University's risk management objectives and policies are detailed below;

❖ **Credit Risk Management**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to students, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. The University's policy is payment on registration and thus students' receivables are categorized as either past due or impaired. The amount that best represents the University's maximum exposure to credit risk is made up as follows;

Credit risk Analysis

Details	Fully Performing	Past due	Impaired	Total
	Kes.	Kes.	Kes.	Kes.
As at 30 June, 2022				
Students Receivables		117,498,472		117,498,472
Other Receivables		79,351,570		79,351,570
Bank Balances	<u>102,782,903</u>	<u>0</u>	<u>0</u>	<u>102,782,903</u>
	<u>102,782,903</u>	<u>196,850,042</u>	<u>0</u>	<u>299,632,945</u>
As at 30 June, 2021				
Students Receivables		123,353,805		123,353,805
Other Receivables		82,309,565		82,309,565
Bank Balances	<u>42,263,023</u>	<u>0</u>	<u>0</u>	<u>42,263,023</u>
	<u>42,263,023</u>	<u>205,663,370</u>	<u>0</u>	<u>247,926,393</u>

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

❖ **Liquidity risk management**

Liquidity risk refers to the risk of institution's inability to meet its obligations as they fall. Liquidity risk in the University implies that the University will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines. Ultimate responsibility for liquidity risk management rests with the University Management Board, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Prudent liquidity risk management includes maintaining sufficient cash to meet the University's obligations. The University Management Board reviews the cash forecasts regularly and determines the University's cash requirement. The table below analyses the University's financial liabilities into relevant maturity period based on the remaining period at the end of reporting period to the contractual maturity date.

Liquidity risk Analysis

Details	Less than one Month	Between 1-12 Months	Over 12 Months	Total
As at 30th June, 2022	Kes.	Kes.	Kes.	Kes.
Trade Payables	4,680,974	33,823,505	18,556,871	57,061,350
Contractors	295,000	7,580,863	75,046,825	82,922,688
SSP Claims	0	24,228,926	155,572,417	179,801,343
Prepaid Fees	0	25,081,594	16,961,536	42,043,130
Other Payables	49,770,013	13,122,185	52,517,121	115,409,319
Caution Money	0	3,893,160	16,616,020	20,509,180
	<u>54,745,987</u>	<u>107,730,233</u>	<u>335,270,789</u>	<u>497,747,009</u>
As at 30th June, 2021				
Trade Payables	0	38,254,111	17,040,284	55,294,396
Contractors	0	11,033,130	74,833,810	85,866,940
SSP Claims	0	79,701,097	123,721,111	203,422,208
Prepaid Fees	0	41,037,992	17,966,674	59,004,666
Other Payables	0	24,613,840	71,356,591	95,970,431
Caution Money	0	3,352,000	16,436,020	19,788,020
	<u>0</u>	<u>197,992,170</u>	<u>321,354,491</u>	<u>519,346,661</u>

**Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022**

❖ **Compliance risks**

These are risks that institutions governing bodies are expected to remain compliant with including statutory, regulatory, and regulations. Failure to meet compliance requirements can lead to consequences ranging from loss of funding, loss of accreditation of academic programmes by regulatory authorities (e.g CUE and TVETA), or, in extreme cases, lawsuits against the University. The University regulates these risks by reviewing the Commission of University Education guidelines and other educational laws and regulations.

❖ **Governance risk**

These are risks that might arise from unethical management of an organization by its leaders in accordance with approved business plans and strategies. If not well managed, the risk may result in high costs of operation; ineffective leadership across all aspects of governance; reduced visibility into risks, threats and vulnerabilities; unprotected and unfavorable internal audits, financial penalties and litigations and lastly increased risks across the entire organization including business risks, financial risks, operational risks, security risks and compliance risks.

❖ **Environmental risk**

This arises from deficiencies in waste management, waste transport, and waste treatment and disposal; several pollutants are released and emitted into the environment, which cause serious threats to human health. The expansive asbestos roofing in the University poses a risk to the environment and human health.

❖ **Market risk**

Market risk is the risk of losses on financial investments caused by adverse price movements. Market risks include the following;

- (a) Foreign exchange risk – This arises from foreign exchange rate fluctuations. The University operates wholly within Kenya and its assets and liabilities are denominated in Kenya shillings and therefore there is no risk of significant losses due to exchange rate fluctuations.
- (b) Commodity price risks – This is the possibility that commodity price changes will cause financial losses to either commodity buyers or producers. Buyers face the risk that commodity prices will be higher than expected while producers face risks of high operational costs. Recent price changes in fuel triggered high cost of food, electricity, and building materials among others that negatively affected University operations.



Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

The role of University Council on risk management

The University Council through Audit, Governance and Risk Management Committee oversees and coordinates risk management framework within the University. However, responsibility for managing risks lies with the University Management Board through the Internal Audit Department. Functions of Internal Audit include reviewing and assessing the potential risks assumed by the University and confirms that they are in alignment with the University's mission and objectives. In addition, the Internal Audit ensures that the necessary mitigation strategies are in place, resourced appropriately and integrated with existing initiatives to enhance management and control. During the year under review, the internal audit conducted the following audit reviews:

- ❖ Finance Operations and Processes
- ❖ Human Resource Department operations and processes
- ❖ Academic schools operations and processes
- ❖ Procurement and stores operations
- ❖ Halls department
- ❖ Farm department

o. Comparative figures

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

p. Research and Development Costs

Research and development expenditure is charged to income statement in the year it is incurred.

q. Interest on Loans

Interest on loan has been charged as expenses in the year they have been incurred. The policy is to accrue all un-paid interest relating to the year under review.

r. Tax Exemption

All public Universities are classified under Not-for-Profit Organizations (NPOs) and they enjoy tax exemptions and incentives from Government because they provide services that positively influence social welfare. These services should be provided free of charge, below cost or at the very minimum cost. The NPOs include Charities/NGOs/Trusts, Churches/Religious Organizations, Hospitals, Schools/Universities among others.

For NPOs to be exempt from Income Tax, they must have been established solely to;

- Relief poverty or distress of the Public
- Advance religion or education.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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 disclosures 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.

To be a key judgment disclosed, the subject matter must relate to something other than assumptions about the future or making estimates. Therefore, disclosures of key judgements do not usually address measurement although they may do when the issue relates to determining the appropriate measurement basis rather than what goes into arriving at the amounts recognized

The University made judgments, estimates and assumptions as follows:

a) Estimates and assumptions

The preparation of the financial statements necessitates assumptions and estimates affecting the amounts and the reporting of the recognized revenue and expenditure, assets and liabilities, and contingent liabilities.

- Consistency assumption on revenue and expenses - it is assumed that the same method of accounting will be used from period to period, unless it can be replaced by a more relevant method.
- Assets and Liabilities - Selection of the depreciation method and the estimation of the useful life of the assets are matters of judgment. Therefore, disclosure of the methods adopted and the estimated useful lives or depreciation rates provides users of financial statements with information that allows them to review the policies selected by management, and enables comparisons to be made with other entities. The University applies straight line method of depreciation on all assets.
- Contingent liabilities - The University estimates and discloses contingent liabilities in the financial statements at the end of the reporting period.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

b) Useful lives and residuals value

The useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy of an entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits or service potential embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the entity with similar assets.

Based on judgment, the University PPEs and intangible assets have a finite useful life and are depreciated to their residual values. 'Residual value' is the amount that could currently be received from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition that it will be in at the end of its useful life.

c) Provisions

Provisions are recognized when the Entity 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 Entity 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. Laikipia University has provided for the following provisions:

- ✚ Provision for bad debts – University policy on provision for bad debts is to provide for 10% for bad and doubtful debts.
- ✚ Provision for Depreciation & Amortization - The University policy is to apply full year depreciation at the year of purchase with no depreciation on disposal of an asset.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

5. Government Grants

IPSAS 23 prescribe requirements for the financial reporting of revenue arising from non-exchange transactions. Transfers from government entities are classified under revenue from non-exchange transactions as there are no services expected in return. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

In addition, International Accounting Standard (IAS) 20 applies to all government grants and other forms of government assistance. A government grant is recognized only when there is reasonable assurance that;

- a. The entity will comply with any conditions attached to the grant and
- b. There is a reasonable assurance that the grant will be received

During the year under review the University received a total of Kes. 893,749,307 in 2021/2022 FY compared to Kes. 953,402,997 in 2020/2021 FY as recurrent capitation. This was a decline by 6.3% during the year and accounted for as revenue in the statement of financial performance. The Government through Ministry of Education (MoE) remained the highest financier of the University at 72.4% of the total revenue. Excluded in recurrent revenue was Kes. 100,000,000 for development expenditure which were accounted for in the accumulated reserves under the capital fund (See Appendix IV).

Government Grants		2021/2022	2020/2021
		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
40-01-001	GOK Recurrent	893,749,307	953,402,997
	Sub-Total	893,749,307	953,402,997

6. Grants & Donations

The University registered grants and donations totaling to Kes. 837,780 compared to Kes. 40,000 recorded in 2020/2021 financial year. Donations to students by Higher Education Loans Board (HELB) and National Government-Constituency Development Funds (NG-CDFs) are posted directly to students accounts to reduce receivables but not revenue to the University. Grants and donations to the University during the year were as follows;

Grants & Donations		2021/2022	2020/2021
		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
40-01-002	Research Grants	757,450	0
40-01-003	Other Grants & Donations	80,330	40,000
	Sub-Total	837,780	40,000

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

7. Students' Fees

IPSAS 9 (revenue from exchange transactions), prescribe the accounting treatment of revenue arising from exchange transactions and events. The primary issue in accounting for revenue is determining when to recognize revenue. Revenue is recognized when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. The Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognized.

Revenue from students' fees is classified under revenue from exchange transaction and is accounted for over the period in which they relate. Fees paid in advance are carried forward as excess/prepayments under trade and other payables. During the period under review, the University recorded students' fees amounting to Kes. 333,360,407 in 2021/2022 FY compared to Kes. 187,479,717 in the last financial year 2020/2021, resulting to a growth by 77.8%. Contribution of students' fees to total revenue was recorded at 27% during the year. Tuition fee was the highest at Kes. 152,746,384. Low students fees registered in the 2020/2021 FY was due to closure of the University during COVID-19 pandemic.

Students' Fees Code	Description	2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
		Kes.	Kes.
40-02-001	Tuition	151,008,112	58,389,487
40-02-002	Application Fee	240,500	104,000
40-02-003	Students ID	1,069,500	871,500
40-02-004	Registration	16,657,000	15,216,000
40-02-005	Examination Fee	17,016,500	16,269,270
40-02-006	Material Development	16,341,000	15,279,000
40-02-007	Activity Fee	16,335,200	15,292,000
40-02-008	Students Medical Fee	10,876,000	10,161,500
40-02-009	Library Fee	11,058,500	10,265,700
40-02-010	Students Supervision Fee	49,634,900	15,600,750
40-02-011	Laboratory Charges	12,154,000	11,346,500
40-02-012	Convocation Fee	8,448,480	29,000
40-02-013	Computer Charges	13,840,000	12,837,500
40-02-014	Accommodation	3,054,200	1,622,000
40-03-001	Retakes & Supplementary Exams	4,493,260	3,819,510
40-03-002	Examination Remarkings fees	14,000	3,000
40-03-006	Certificates Late Collection	224,500	132,000
40-03-007	Academic Transcripts	883,421	241,000
	Sub-Total	333,349,073	187,479,717



Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

8. Other Miscellaneous Income

The University recorded a total of Kes. 6,601,237 translating to 0.53% of the total income during the period. This was an increase by 4.6% compared to 2020/2021 FY which recorded a total of Kes. 6,310,697 in miscellaneous income. An analysis of other incomes for the year is as follows;

Other Sundry Income		2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
Code	Description	Kes.	Kes.
40-03-004	Library Fines	96,043	46,145
40-03-005	Students' Damages	0	4,150
40-03-008	Sale of TP Booklets	0	251,550
40-04-001	Campuses/Collaboration Income	2,218,500	0
40-04-003	Medical Charges - Guests	279,582	903,925
40-04-004	NHIF Rebates	884,640	660,893
40-04-009	Hire of Transport	36,960	0
40-04-011	Gain on Disposal of Assets	0	179,000
40-04-014	Conference Charges	0	572,884
40-04-016	Rent & Leasehold Income	1,261,893	2,494,975
40-04-019	Sale of Detergents	15,000	8,500
40-04-021	Other Sundry Income	123,513	200,366
40-04-022	Hire of Gowns	363,500	0
40-04-025	Inter-Faculty Transfers	214,000	278,000
40-04-026	Guest House Income	10,000	2,000
40-04-028	Hire of Equipment	0	84,400
40-04-029	Sale of Mineral Water	162,160	34,700
40-04-030	Ethics Review Charges	7,000	6,000
40-04-031	Receipts in Lieu of Notice	808,446	583,209
40-04-032	Online Journal Publications	120,000	0
	Sub-Total	6,601,237	6,310,697

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

9. Staff Costs

The average number of employees during the period was 496 with a composition of 6 members of the University Management Board, 98 teaching staff and 392 non-teaching staff. The University incurred a total of Kes. 983,360,407 translating to 80.5% of total expenditure to cater for staff salaries and benefits for the financial year ended 30th June, 2022 compared to Kes. 1,058,791,260 for similar period ended 30th June, 2021. Higher expenditure on staff cost in 2020/2021 FY was as a result of payment of 2017/2021 CBA arrears in July 2020. Included in staff costs is compensation to University Management Board amounting to Kes. 50,741,090 in 2021/2022 FY compared to Kes. 50,543,151 for 2020/2021 FY as detailed below;

Name	Designation	2021/2022 Kes.	2020/2021 Kes.
Prof. Kibett Rotich	Vice Chancellor	13,142,076	13,142,076
Prof. Wanjiku Chiuri	Former Deputy Vice Chancellor - ARSA	0	4,703,750
Prof. Vicky Khasandi	Former Ag. Deputy Vice Chancellor - ARSA	4,051,974	4,029,676
Prof. Felicia Yieke	Ag. Deputy Vice Chancellor - ARSA	4,487,867	0
Prof. Isaac Ochieng	Former Ag. Deputy Vice Chancellor - AF&P	3,674,434	6,418,955
Prof. Albert Rutere	Ag. Deputy Vice Chancellor – AF&P	3,901,698	0
Dr. Raphael Kiugu	Registrar A&R	7,727,670	7,794,974
Mr. Joseph K. Kairu	Former Registrar (A&HC)	0	1,795,803
Dr. Hezron Nyamwenga	Registrar (A&HC)	6,694,489	4,343,176
CPA. Geoffrey K. Langat	Finance Officer	7,060,881	8,314,742
	Total	50,741,090	50,543,151

There were no other related party transactions by the University Management Board members such as loans or advances or any other item described under IPSAS 20.

The University together with Egerton, Kisii and Chuka Universities operates a defined contribution staff provident scheme. The University contributes 20% of basic salary to pensionable staff in grade 5-15 which amounted to Kes. 68,736,194 in 2021/2022 FY compared to Kes. 76,904,857 in 2020/2021 financial year. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.



Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

Employees on contract are entitled to service gratuity annually. Gratuity to staff on contract and those retiring is payable at 31% of basic salary for every year worked. The University incurred gratuity amounting to Kes. 26,450,777 in the year ended 30th June, 2022 compared to Kes. 25,212,113 in the last financial year ended 30th June, 2021.

All employees are expected to take their annual leave as and when it matures during the year, otherwise, forfeit it. Hence there is no accrued annual leave at the statement of financial position date. Detailed breakdown of staff costs during the 2021/2022 financial year is as follows:

Staff Costs		2021/2022	2020/2021
		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
50-01-001	Basic salary	455,918,846	524,550,885
50-01-002	House Allowance	178,340,352	183,255,220
50-01-003	Hardship Allowance	79,757,256	81,730,717
50-01-004	Medical Allowances	12,206,541	12,546,620
50-01-005	Commuting Allowance	69,875,902	64,921,451
50-01-006	NSSF (Employer)	456,200	507,000
50-01-007	Pension (Employer)	68,736,194	76,904,857
50-01-008	Leave Travel	5,153,417	5,194,686
50-01-009	Gratuity	26,450,777	25,212,113
50-01-010	Other Personal Allowances	40,761,977	43,876,337
50-02-001	Passage & Baggage	263,133	985,818
50-02-002	Staff (Dental & Optical) Expenses	1,419,045	834,495
50-02-003	Staff Med. Expenses (Hospitalization)	23,291,718	18,299,713
50-02-004	Casual Labour	2,934,510	2,568,007
50-02-005	Group Life insurance	8,801,823	9,707,502
50-02-006	Internship	518,333	625,000
50-02-007	Locum Salary	808,963	1,198,408
50-02-008	Staff Development/Training	4,073,617	1,531,041
50-02-009	Tuition Fee Waiver	585,700	1,364,300
50-02-010	Staff Welfare	10,500	115,969
50-02-011	Staff Funeral Expenses	162,000	370,000
50-02-013	Staff Uniforms	833,200	340,800
50-02-014	Sabbatical Expenses	0	280,000
50-02-016	NITA	276,050	288,150
50-02-017	Overtime & Leave Payment	1,724,351	1,582,170
Total Staff Costs		983,360,407	1,058,791,260

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

10. Administrative Expenses

The University incurred a total of Kes. 69,578,551 as administrative expenses in 2021/2022 compared to Kes. 50,407,603 in 2020/2021 FY as itemized below;

		2021/2022	2020/2021
		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
50-03-001	Travel & Subsistence	23,221,482	17,504,348
50-03-002	Transport Operating Expenses	4,527,930	2,444,637
50-03-003	Electricity Expenses	15,179,034	9,033,287
50-03-004	Office Stationery	2,346,733	336,350
50-03-005	Audit Fees	696,000	696,000
50-03-006	Security Infrastructure	1,163,750	1,534,304
50-03-007	Advertising & Publicity	1,203,516	1,033,040
50-03-008	Publishing & Printing	245,750	70,500
50-03-009	Postage & Telephone	1,237,405	991,550
50-03-010	Photocopying Expenses	0	938
50-03-011	Computer charges & Stationery	2,683,812	1,481,280
50-03-012	Bank Charges	854,293	534,975
50-03-014	Public Celebrations	28,000	0
50-03-015	Revaluation of Assets	430,500	0
50-03-016	General Licenses	219,528	614,405
50-03-017	Rents & Rates	100	162,654
50-03-018	Fluctuations in Foreign Exchange Rates	138,487	0
50-03-019	Tendering Expenses	356,570	356,180
50-03-020	Quality Assurance	506,238	544,300
50-03-021	Strategic Plan/Charter Launch	160,400	518,072
50-03-022	Maintenance of water & Sewerage	133,400	5,800
50-03-023	ISO Expenses/Launch	1,466,958	1,396,926
50-03-024	Performance Contracting	1,048,843	677,486
50-03-025	Software Maintenance Expenses	900,004	1,567,865
50-03-026	Health Week	570,791	717,215
50-03-027	Subscription to University Regulatory Bodies	1,200,433	809,615
50-03-028	Cleaning Materials	216,570	562,915
50-03-029	Meeting Expenses	3,461,620	1,932,285
50-03-030	Detergent Expenses	62,120	16,800
50-03-032	Office Running Expenses	1,185,801	870,617
50-03-034	Students' Registration Exp.	588,400	607,450
50-03-036	Students' ID Cards Expenses	2,026,000	0
50-03-038	Corporate Affairs & Marketing	76,000	0
50-03-039	Ethics Review Expenses	97,640	0
50-03-040	Disability Mainstreaming	67,600	97,420
50-03-041	HIV Aids Control Unit Expenses	164,621	34,805
50-03-042	Resource Mobilization Expenses	586,988	1,533,796
50-03-044	Complaints Resolution Exp.	65,400	5,000
50-03-045	Disaster Management & Emergency Response	114,590	167,568
50-03-046	Rental Income Tax	345,244	39100
	Sub Total	69,578,551	50,407,603

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

11. Repairs & Maintenance Expenses

An analysis to repairs and maintenance expenses indicated that the University incurred a total of Kes. 8,506,247 in 2021/2022 FY compared to Kes. 7,939,245 in 2020/2021 FY. Included in the current expenditure is Kes. 5,398,280 on general repairs, vehicle repairs at Kes. 880,490 while computer repairs took Kes. 566,166 as indicated below;

		2021/2022	2020/2021
		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
50-04-001	General Repairs	5,398,280	4,593,708
50-04-002	Motor Vehicle repairs & Maint.	880,490	1,120,729
50-04-003	Machinery repairs	1,492,540	997,394
50-04-004	Internal Fencing/Repairs	168,772	159,780
50-04-005	Computer Repairs & Maintenance	566,166	1,067,635
Sub Total		8,506,247	7,939,245

12. Contracted Services

The University contracted various companies and organizations to offer various services during 2021/2022 FY. The services included insurance, legal services and cleaning and sanitary. These services cost the University Kes. 3,999,537 compared to Kes. 5,311,163 in the 2020/2021 financial year. Included in current expenditure is Kes. 2,439,460 for legal services and Kes. 865,879 for vehicle insurance during the year. The following is the breakdown for contracted services;

		2021/2022	2020/2021
		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
50-05-001	Legal Charges	2,439,460	2,982,236
50-05-002	Cleaning & Sanitary Services	192,720	201,300
50-05-003	General Insurance -Property	411,753	232,606
50-05-004	Vehicles Insurance	865,879	824,524
50-05-006	Other Contracted Professional Services	89,726	1,070,497
Sub Total		3,999,537	5,311,163

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

13. Academic & Research Expenses

The University's core mandate is teaching and research, during the year under review, a total of Kes. 91,607,101 was incurred in 2021/2022 FY compared to Kes. 113,316,980 in 2020/2021 FY. Included in this expenditure was Kes. 29,582,936 for part-time lecturers' claims comprising of current and prior period claims recognized during the period. Detailed academic and research expenses are as follows;

		2021/2022	2020/2021
Academic & Research Expenses		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
50-06-001	Part-time Teaching Costs	29,582,936	82,370,107
50-06-002	Graduation Expenses	3,537,292	0
50-06-003	Teaching Materials	0	49,800
50-06-004	Laboratory Materials & Reagents	3,396,028	312,990
50-06-005	Teaching Practice & Industrial Attachment	24,797,731	7,045,600
50-06-006	Academic Field Trips	3,514,134	428,200
50-06-007	Research Expenses	1,441,200	1,188,441
50-06-009	Internet Services	6,907,200	9,102,718
50-06-010	Subscription to e-Journals	755,000	633,780
50-06-012	Conference & Seminars	4,585,403	1,981,120
50-06-014	Senate Expenses	258,450	97,660
50-06-015	International Travel	1,252,207	81,310
50-06-016	KUCCPS Expenses	2,800,500	2,713,500
50-06-017	CUE Expenses	0	1,856,600
50-06-018	Examination Stationery	4,172,598	2,583,593
50-06-019	Graduation Gowns	260,810	621,940
50-06-020	External Examiners (Exam Moderation)	3,537,210	1,892,282
50-06-022	Open & Distance Learning	37,730	0
50-06-027	Newspapers, Journals & Videos	288,000	313,040
50-06-028	Botanical Garden Expenses	47,122	44,300
50-06-029	Curriculum Review & Development	686,550	0
	Sub Total	91,858,101	113,316,980



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

14. Students Welfare Expenses

The University Management Board is committed to improve students' welfare through a number of ways, among them, Students' bursaries and work-study programme. The University also supports students through provision of medical supplies and students' activities like drama and sports. During the year under review, the University incurred a total of Kes. 7,846,197 to improve on students' welfare compared to Kes. 4,819,224 in the 2020/2021 FY as detailed below;

Students Welfare		2021/2022	2020/2021
		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
50-07-001	Students Medical Supplies	2,613,014	2,475,022
50-07-002	Students Work-study	1,376,950	637,300
50-07-003	Games & Sports Expenses	1,268,475	140,600
50-07-004	Students Choir/Drama Festivals	101,750	48,600
50-07-005	Cultural Week	240,900	0
50-07-007	Students' Counseling Expenses	367,250	170,000
50-07-008	Students' Bursaries	642,484	1,000,000
50-07-009	Students Miscellaneous A/c	1,001,374	239,841
50-07-010	Subscription to DSTV	234,000	107,860
	Sub Total	7,846,197	4,819,224

15. Council Expenses

The University approves formal and transparent remuneration policies to Council members. These policies clearly stipulate remuneration elements such as sitting allowance, transport reimbursements and honorarium to the Chancellor and members of Council in line with the industry. All Council members are paid a taxable sitting allowance of Kes.20,000 for every meeting attended. During the period under review, the University Council held various meetings in line with their mandate as stipulated in the University statutes and the Charter. A total of Kes. 11,534,134 was incurred as compensation to Council members compared to Kes. 9,505,033 in similar period of 2020/2021 FY as indicated below;

Council Expenses		2021/2022	2020/2021
		(30.06.2022)	(30.06.2021)
Code	Description	Kes.	Kes.
50-08-001	Council Sitting Allowance	4,540,000	4,220,000
50-08-002	Council Mileage Allowance	2,259,734	1,635,033
50-08-003	Council Honoraria	1,044,000	1,131,000
50-08-004	Council Accommodation Allowance	3,494,400	2,457,000
50-08-005	Council Lunch Allowance	196,000	62,000
	Sub Total	11,534,134	9,505,033

High expenditure in the current period was as a result of more physical meeting as compared to virtual meeting in 2020/2021 financial year due to COVID-19.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

IPSAS 20 requires an entity to disclose the existence of related party relationships where control exists, and the disclosure of information about transactions between the entity and its related parties in certain circumstances. During the year under review, remuneration to Council members for attending meetings was the only related party transaction. Details of council remuneration to individual council members are as indicated below;

Member	Sitting	Mileage	Lunch	Accommodation	Honoraria	Total
	Allowance	Allowance	Allowance			
	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.
Dr. Ken Nyaundi	440,000	219,502	18,000	382,200	1,044,000	2,103,702
Dr. Moses Siruri Marwa	600,000	60,000	28,000	473,200	0	1,161,200
CPA David Namu Kariuki	560,000	431,376	24,000	527,800	0	1,543,176
Dr. Margaret Maimba	620,000	408,358	22,000	509,600	0	1,559,958
Ms. Ruth Adhiambo Okowa	560,000	131,796	36,000	163,800	0	891,596
Mr. Sammy Oleku	520,000	519,360	24,000	509,600	0	1,572,960
Dr. Frank Ndakala	440,000	36,000	14,000	273,000	0	763,000
Mr. Joseph Kiarrii	580,000	331,594	22,000	509,600	0	1,443,194
Mr. David Watene	220,000	121,748	8,000	145,600	0	495,348
	4,540,000	2,259,734	196,000	3,494,400	1,044,000	11,534,134

16. Finance Charge

Finance charge is any fee representing the cost of credit, or the cost of borrowing. It is interest accrued on, and fees charged for, some forms of credit. It includes not only interest but other charges as well, such as financial transaction fees. The University had no outstanding loan balance in 2021/2022 FY hence no expenditure was incurred.

17. Depreciation & Amortization

The University policy is to apply full year depreciation at the year of purchase with no depreciation on disposal of an asset. The University provided a total of Kes. 43,778,557 as depreciation on University assets in the 2021/2022 FY compared to Kes. 37,487,318 in the 2020/2021 financial year. Included in the 2021/2022 FY provisions for depreciation was Kes. 40,948,302 on PPE, Kes. 2,680,255 on library books and amortization on ERP at Kes. 150,000 for aSc software which is the only capitalized ERP. The other ERPs are under work-in-progress and were therefore not amortized as per policy.

Depreciation & Amortization		2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
Code	Description	Kes.	Kes.
50-10-001	Depreciation on PPE	40,948,302	34,896,378
50-10-002	Depreciation on Library Books	2,680,255	2,440,939
50-10-003	Amortization of Intangible Assets	150,000	150,000
	Sub Total	43,778,557	37,487,318



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

18. Bad Debts

Bad debt is an expense that a business incurs once the repayment of credit previously extended to a customer is estimated to be uncollectible. Bad debt is a contingency that must be accounted for by all businesses that extend credit to customers, as there is always a risk that payment will not be received. As a result, a provision for bad and doubtful debts needs to be included in the income statement. Laikipia University made a general provision for bad and doubtful debts on receivables from exchange transaction at the close of 2021/2022 FY. Changes (Increase/ (decrease)) in provision for bad and doubtful debts are recorded in the statement of financial performance at the end of period. Irrecoverable debts are also written off as an expense in the income statement. Details of this line item are as follows;

Bad Debts	2021/2022	2020/2021
	(30.06.2022)	(30.06.2021)
	Kes.	Kes.
(i) Provision for Bad Debts		
Receivables from Exchange Transactions	196,850,042	205,663,370
Less Provision for Bad & Doubtful Debts @ 10%	19,685,004	20,566,337
Net Receivables from Exchange Transactions	177,165,038	185,097,033
Increase/(Decrease) in Provision for Bad Debts	(881,333)	(1,121,933)
	2021/2022	2020/2021
	(30.06.2022)	(30.06.2021)
	Kes.	Kes.
(ii) Bad Debts Written-off		
Item		
Farm Dues	0	0
Bookshop Dues	0	0
Medical Dues	0	0
Imprests	0	0
Total Debts Written off	0	0

The negative figure on provision for bad debts denotes decrease in provision as a result of decrease in receivables from exchange transaction. The University did not write-off any bad debts during the period.

19. Loss on Assets Disposal/De-recognition

During the year under review the University recorded loss on disposal & de-recognition amounting to Kes. 1,979,600. This comprised of loss on disposal at Kes. 19,600 and loss on de-recognition at Kes. 1,960,000. Mattresses under tuition equipment with a cost of Kes. 73,500, accumulated depreciation at Kes. 31,850 and Net book value of Kes. 41,640 were disposed at Kes. 22,050 hence leading to a loss on disposal amounting to Kes. 19,600.

In addition, the University de-recognized lost tractor KCP 594K from assets accounts. The lost tractor had a cost of Kes. 2,800,000, accumulated depreciation of Kes. 840,000 and Net Book Value of Kes. 1,960,000.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

20. Farm Operations

The University is in the process of revitalizing the Farm. During the period under review, Farm incurred a total of Kes. 7.4 million as cost of inputs. The University farm recorded a loss of Kes. 3.78 million as indicated below due to purchase of inputs awaiting planting season;

Farm Trading, Profit and Loss Account
For the Year Ended 30th June, 2022

Details	2021/2022	2020/2021
	(30.06.2022)	(30.06.2021)
	Kes.	Kes.
Sales	3,897,070	6,599,207
Cost of Sales	7,420,001	7,368,210
Gross Profit/(Loss)	(3,522,931)	(769,003)
Expenses	255,021	417,751
Net Profit/(Loss)	(3,777,952)	(1,186,753)

21. Catering Operations

The University Catering Unit recorded a loss of Kes. 991,207 at the close of period ended 30th June, 2022 of 2021/2022 fiscal year as indicated below;

Catering Trading, Profit and Loss Account
For the Year Ended 30th June, 2022

Details	2021/2022	2020/2021
	(30.06.2022)	(30.06.2021)
	Kes.	Kes.
Sales	7,632,127	5,752,861
Cost of Sales	7,849,632	5,372,100
Gross Profit/(Loss)	(217,505)	380,761
Expenses	773,702	507,795
Net Profit/(Loss)	(991,207)	(127,034)

22. Bookshop Operations

The University bookshop reported a net profit of Kes. 413,390 during the period as indicated below;

Bookshop Trading, Profit and Loss Account
For the Year Ended 30th June, 2022

Details	2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
	Kes.	Kes.
Sales	1,785,394	609,837
Cost of Sales	1,324,154	304,552
Gross Profit/(Loss)	461,240	305,285
Expenses	47,850	113,633
Net Profit/(Loss)	413,390	191,652



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

23. Cash & Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Public Finance Management regulations of 2015, section 90 (3) states that an Accounting Officers shall ensure any discrepancies noted during bank reconciliation exercise, are investigated immediately and appropriate action taken including updating the relevant cash books.

The University reported cash and cash equivalents of Kes. 102,782,903 at the close of financial year ended 30th June 2022. All the cash book balances were reconciled as guided by the PFM regulations to reflect the correct position of the cash & cash equivalents.

Included in cash on hand were money orders amounting to Kes. 1,008,005 held at the post office awaiting clearance. Money paid by students through money orders at the post office are receipted and then claimed from post office.

Excluded in the cash and cash equivalent balances were direct deposits amounting to Kes. 7,694,265 for all our various bank accounts. The source of the direct deposits were receipts from students and other customers but their details were missing hence we were not able to do the receipting. In some cases, parents/guardians deposits fees for students but fail to indicate students' details making it hard to match the receipts with the beneficiaries. We therefore have to wait for students to present themselves for reconciliation of their accounts. The deposits therefore forms part of bank reconciliation statement as reconciling items but they disappear once they are receipted.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

Breakdown of cash and cash equivalents at the close of period ended 30th June, 2022 was as detailed below;

Cash & Cash Equivalents

Bank Account Name	Account Number	2021/2022 (30.06.2022) Kes.	2020/2021 (30.06.2021) Kes.
KCB Main Account	1102161683	76,752,467	21,469,397
KCB Nakuru Account	1101909080	1,729,486	2,211,105
KCB Development Account	1120980534	14,740,738	404,159
KCB Research Account	1125437723	910,063	718,678
KCB Farm Account	1102161551	258,551	1,273,559
KCB Catering Account	1102168688	347,401	497,029
KCB Bookshop Account	1102161829	668,001	844,787
KCB - Mararal Fees Account	1135920710	924,902	116,807
KCB - Mararal CDF Account	1134913397	244,089	1,279,085
Co-operative Fees Account	1129025576702	361,796	366,284
Co-operative Bank Fees Account	1129501778000	660,952	7,222,682
Co-operative Bank Nyahururu Fees Account	1129037271600	536,075	380,689
Co-operative Bank Naivasha Account	1129037293400	52,318	72,802
Co-operative Bank - Marathon Account	1120036453400	402,237	422,157
Co-operative Bank - Gratuity/Caution Money Account	1100036453400	946,406	946,406
Equity Fees Account	160295840456	566,339	1,151,017
Equity Chancellors & Alumni Endowment Fund Account	160264998833	999,220	699,580
MPESA Pay bill	829850	652,179	348,546
Total		101,753,218	40,424,768
Cash in Hand		1,029,685	1,838,255
Total		102,782,903	42,263,023

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

24. Accounts Receivables

The University recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University's activities

Revenue from exchange transactions for the University includes tuition and related fees which are recognized prorata over the relevant period. The University applies accrual concept in relation to tuition and fees receivable in a particular year. Revenue from tuition fees are accounted for over the period in which they relate upon invoicing. Any amount remaining un-received at the close of accounting period is recorded as a receivable.

During the period under review, the University recorded receivables amounting to Kes. 177,165,038 net of provision for bad and doubtful debts. Included in this were students fees balance amounting to Kes. 117,498,472 at the close of financial year ended 30th June, 2022.

In addition, receivables include an amount of Kes. 64,737,484 from former collaborating colleges (Eldoret, Nakuru and Embu) which has been outstanding for a long time due to recoverability challenges. The highest debt was from Embu College collaboration amounting to Kes. 57,383,496. This includes Kes. 52,873,000 for fees receivable and Kes. 4,510,496 for Director's salary. The University has been making follow-up with the Campus but with little progress. The matter was referred for arbitration and an arbitrator appointed by the Chartered Institute of Arbitrators and the process is still on-going.

Deposits and prepayments relate to pre-paid insurance at Kes. 3,938,918 at the close of the financial year ended 30th June 2022. This is as a result of difference in time period on insurance cover period which does not coincide with the financial year. In addition, Deposits and Prepayments include meter deposits held with Kenya Power and Lighting Company at Kes. 1,587,604, Fuel cards deposits with Oil-Libya at Kes. 1,012,000 and Rent Deposits at Kes. 1,652,300.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

Details of receivables during the period as indicated below;

Accounts Receivable

	2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
(i) Receivable from Exchange Transactions		
Details	Kes.	Kes.
Students' Fee Balances	117,498,472	123,353,805
Fee Receivable Egerton University	1,862,823	1,862,823
Eldoret Campus (Elgon View) Students' Account	3,566,894	3,566,894
Nakuru Campus Students' Account	0	715,000
Embu Campus Students' Account	52,873,000	52,873,000
Nakuru Campus Director's Salary Account	3,787,094	3,787,094
Embu Campus Director's Salary Account	4,510,496	4,510,496
General Debtors	633,060	0
Farm Debtors	321,177	310,937
Bookshop Debtors	17,539	18,114
Medical Debtors	111,943	846,574
Salary Advance	97,872	369,243
Leasehold	1,982,440	1,673,232
Un-surrendered Imprests	959,030	1,375,785
Deposits & Pre-payments	8,583,702	9,287,549
SSP Tax	0	1,081,324
Students' Union Receivable	44,500	31,500
Total	196,850,042	205,663,370
Less Provision for Bad & Doubtful Debts @ 10%	19,685,004.20	20,566,337.02
Net Receivable from Exchange Transactions	177,165,038	185,097,033
(ii) Receivable from Non-exchange Transactions	2021/2022 (30.06.2022)	2020/2021 (30.06.2021)
Details	Kes.	Kes.
G.O.K. Capitation - Recurrent	0	0
Total Net Receivables	177,165,038	185,097,033

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

25. Inventories

The accounting for inventory involves determining the correct unit counts comprising ending inventory, and then assigning a value to those units. The University conducts a physical count/stock taking on inventories held at the close of each financial year. The resulting costs are then used to record an ending inventory value for recognition in the statement of financial position. The University recorded closing inventory of Kes. 15,077,444 at the close of the year compared to Kes. 17,019,907 in 2020/2021 FY as follows;

Inventory Stores Summary By Classification as at 30th June, 2022

Inventories	2021/2022	2020/2021
	(30.06.2022)	(30.06.2021)
	Kes.	Kes.
Animal Feeds	271,100	538,653
Boma Rhode Hay-Bales	0	60,200
Bookshop Items	136,270	114,475
Carpentry Materials	1,046,115	1,363,149
Chemicals & Fertilizers	1,258,110	290,500
Cleaning Materials	140,762	103,098
Computer Stationery	1,227,401	1,357,880
Diesel/ Petro/Lubricants	0	59,837
Dry Foodstuff	244,061	250,994
Electrical Appliances	801,530	677,237
Gift Shop Items	0	161,894
Harvested crop (Seeds)	121,990	119,925
Masonry Materials	337,815	536,285
Medical Drugs/Reagents	962,641	693,569
Medical Laboratories Apparatus	1,174,299	1,279,709
Office Stationery	1,198,988	2,117,343
Painting Materials	1,129,648	802,518
Perishable Foodstuff	111,355	119,661
Plumbing Materials	646,801	410,146
Poultry Feeds	498,625	0
Purchased Seeds	663,235	0
Science Laboratories Apparatus	183,500	1,789,945
Science Laboratory Reagents	307,400	1,460,075
Textbooks for Resale	0	0
Tools & Spare parts	844,360	969,310
Vet Drugs	0	61,230
Welding Materials	1,771,439	1,682,274
Total	15,077,444	17,019,907

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

26. Property, Plant & Equipment (PPE)

The University policy on recognition and measurement of Property, Plant and Equipment (PPE) is to initially report them at cost. Subsequently PPEs are shown at revalued amounts, based on periodic, but at least every five years valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The University conducted a revaluation in May 2019 leading to a revaluation gain on our assets by Kes. 564 million. Valuations were made on the basis of the recent market transactions on arm's length terms (i.e. open market value). The book values of the properties were adjusted to the revaluations and the resultant surplus was treated as un-realized gain and recognized in the revaluation reserve under university reserves /accumulated fund. A transfer is made for excess depreciation amounting to Kes. 16,823,542 as a result of un-realized gain on revaluation and amortized annually between revaluation and revenue reserves.

Included in the property, plant and equipment is an amount of Kes. 611,088,000 for all University's parcels of land. This comprises two parcels of land L.R. No. 8808/1 (20 acres) with book value of Kes. 12,900,000 and L.R. No.2912/12 (927 acres) with a book value of Kes 503,600,000. The University acquired Title Deeds for the two parcels of land though indicating Laikipia University Council as the owners. The University is in the process of changing the name of owner to Laikipia University. Further, the University has 16 parcels of land in Nyahururu town. However, the sixteen (16) parcels of land are still in the name of Egerton University but the process is underway to amalgamate into one (1) parcel of land in the Name of Laikipia University.

In addition, Laikipia University owns two parcels of land in Rumuruti and Maralal totaling to 396 acres, land reference numbers 30170 and 32376 respectively. This comprises 100 acres allocated by defunct Town Council of Rumuruti and 296 acres allocated by the defunct County Council of Samburu. The two (2) parcels of land were valued by Ministry of Lands and Physical Planning at Kes. 34 million and 30 million for Rumuruti and Maralal land respectively.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

Also included under the Property Plant and Equipment during the year is work-in-progress amounting to Kes. 1,005,822,539 for various capital projects ongoing in the University. Some projects are complete and in use but not capitalized due to lack of completion certificates. Use of these buildings is due to shortage of tuition space in the University. The University Management Board is following up the project consultants to finalize on the projects and have completion certificates for capitalization.

The University PPEs as at 1st July, 2021 amounted to Kes. 2,201,343,717 at cost and revaluation. During the year, the University incurred an expenditure of Kes. 139.73 million for additional PPEs.

Included in additional PPEs was Kes. 64 million on two (2) parcels of land donated previously by the defunct Laikipia and Samburu county councils, Kes. 62.73 million for additional Work-in-Progress on capital projects and Kes.12.99 million on acquisition of other PPEs.

Capital projects amounting to Kes. 165.87 million were capitalized to buildings and depreciation charged as per the policy. The capitalized project included Lecture theatre at Kes. 133.5 million, Renovated ICT/Examination Building at Kes.2.38 million and converted C2 to Science Laboratories at Kes. 30 million.

The University disposed mattresses under tuition equipment at a cost of Kes. 73,500. In addition, the University de-recognized a tractor KCP 594K, which was stolen from the University amounting to Kes. 2,800,000.

Total PPE at cost was therefore Kes. 2,338,197,603 at the close of the accounting period ended 30th June, 2022.

Accumulated depreciation at the close of 2021/2022 financial year was Kes. 121,825,036. Included in this was accumulated depreciation brought forward 1st July, 2021 at Kes. 81,748,584 and depreciation charge for the year on the University assets at Kes. 40,948,302. Excluded in this was accumulated depreciation on de-recognition of tractor at Kes. 840,000 and accumulated depreciation of disposed items at Kes. 31,850.

Net Book Value on University Property, Plant & Equipment stood at Kes. 2,216,372,567 as indicated on the movement below;

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

Movement on Property, Plant and Equipment

Cost/Valuation	Land Kes.	Buildings Kes.	Work-in- Process Kes.	Plant Machinery & Tractors Kes.	Motor Vehicles Kes.	Equipment Kes.	Furniture & Fittings Kes.	Computers & Accessories Kes.	Total Kes.
As at 1st July, 2020	547,088,000	421,551,548	1,059,393,014	9,121,035	26,019,704	39,901,701	11,501,995	25,953,160	2,140,530,156
Additions	0	0	49,564,205	0	1,690,350	5,383,117	34,000	4,141,889	60,813,561
Capitalization	0	0	0	0	0	0	0	0	0
As at 30th June, 2021	547,088,000	421,551,548	1,108,957,218	9,121,035	27,710,054	45,284,819	11,535,995	30,095,049	2,201,343,717
As at 1st July, 2020	0	15,235,971	0	1,611,057	8,619,123	11,781,199	2,149,289	7,455,566	46,852,206
Depreciation Charge for the Year	0	10,538,789	0	912,103	6,927,514	9,056,964	1,441,999	6,019,010	34,896,378
As at 30th June, 2021	0	25,774,760	0	2,523,161	15,546,636	20,838,163	3,591,288	13,474,576	81,748,584
Net Book Value as at 30th June, 2021	547,088,000	395,776,788	1,108,957,218	6,597,874	12,163,418	24,446,656	7,944,707	16,620,473	2,119,595,133
Cost/Valuation									
As at 1st July, 2021	547,088,000	421,551,548	1,108,957,218	9,121,035	27,710,054	45,284,819	11,535,995	30,095,049	2,201,343,717
Disposal/De-recognition	0	0	0	2,800,000	0	73,500	0	0	2,873,500
Revaluation	0	0	0	0	0	0	0	0	0
Additions	64,000,000	0	62,727,732	3,420,200	0	2,817,050	771,300	5,991,104	139,727,386
Capitalization	0	165,862,410	(165,862,410)	0	0	0	0	0	0
As at 30th June, 2022	611,088,000	587,413,958	1,005,822,539	9,741,235	27,710,054	48,028,369	12,307,295	36,086,153	2,338,197,603
Accumulated Depreciation									
As at 1st July, 2021	0	25,774,760	0	2,523,161	15,546,636	20,838,163	3,591,288	13,474,576	81,748,584
Accumulated Depreciation on Assets	0	0	0	840,000	0	31,850	0	0	871,850
Disposed/De-recognition	0	14,685,349	0	974,124	6,927,514	9,605,674	1,538,412	7,217,231	40,948,302
Depreciation Charge for the Year	0	40,460,109	0	2,657,284	22,474,150	30,411,987	5,129,700	20,691,807	121,825,036
As at 30th June, 2022	0	40,460,109	0	2,657,284	22,474,150	30,411,987	5,129,700	20,691,807	121,825,036
Net Book Value as at 30th June, 2022	611,088,000	546,953,849	1,005,822,539	7,083,951	5,235,904	17,616,382	7,177,595	15,394,346	2,216,372,567



Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

27. Library Books

The University recorded library books at a cost of Kes. 12.20 million at the beginning of 2021/2022 FY. During the year under review, acquisitions of library books amounting to Kes. 1.20 million was recorded raising the new cost of library books to Kes. 13.40 million. The University made a provision for depreciation of Kes. 2.68 million at the rate of 20% as per depreciation policy. Net book value stood at Kes. 5.57 million as at 30th June, 2022 compared to Kes. 7.05 million on 30th June, 2021. Movement in Library books during the year is as recorded below;

Library Books Movement for the Period Ended 30.06.2022

A	B	C	D	E	F	G	H	I	J
Item Description	Cost & Valuation b/f (01.07.2021)	Additions/ Capitalization 2021/2022	Disposal/ De-recognition 2021/2022	Cost & Valuation c/f (30.06.2022)	Cumulative Depreciation b/f (01.07.2021)	Depreciation Charge 2021/2022	Cumulative Depreciation c/f (30.06.2022)	NBV/ Balance c/d 30.06.2022	NBV/ Balance c/d 30.06.2021
Library Print Books	12,204,697	696,578	0	12,901,275	5,154,530	2,580,255	7,734,785	5,166,490	7,050,166
Library E-Books	0	500,000	0	500,000	0	100,000	100,000	400,000	0
Totals	12,204,697	1,196,578	0	13,401,275	5,154,530	2,680,255	7,834,785	5,566,490	7,050,166

**Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022**

28. Intangible Assets

IPSAS 31 prescribes the accounting treatment for intangible assets that are not dealt with specifically in any other IPSAS. It requires an entity to recognize an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets. The accounting treatment for an intangible asset is to record the asset as a long-term asset and amortize the asset over its useful life, along with regular impairment reviews. The University policy stipulates that our intangible assets will have a useful life for five (5) years and therefore will be amortized at 20% per annum. Included in the intangible assets were Enterprise Resource Planning (ERP) software amounting to Kes. 34,525,620 at cost. Only aSc software for Examinations & Timetabling is fully implemented and therefore the only one that qualify for amortization. ABN Unisol, is currently being implemented and classified under work-in-Progress.

Intangible Assets Movement for the Period ended 30.06.2022

	Item Description	Cost & Valuation b/f (01.07.2021)	Disposal / De-recognition 2021/2022	Additions 2021/2022	Cost & Valuation c/f (30.06.2022)	Accumulated Amortization b/f (01.07.2021)	Amortization Charge 2021/2022	Accumulated Amortization c/f (30.06.2022)	NBV/ Balance c/d 30.06.2021	NBV/ Balance c/d 30.06.2022
(i)	ERP Software (WIP)									
	Power Campus (World Span)	9,413,220	0	0	9,413,220	0	0	0	9,413,220	9,413,220
	ABN UniSol.	20,543,600	0	4,268,800	24,812,400	0	0	0	24,812,400	20,543,600
	Total ERP WIP	29,956,820	0	4,268,800	34,225,620	0	0	0	34,225,620	29,956,820
		Cost & Valuation b/f (01.07.2021)	Disposal / De-recognition 2021/2022	Capitalization 2021/2022	Cost & Valuation c/f (30.06.2022)	Accumulated Amortization b/f (01.07.2021)	Amortization Charge 2021/2022	Accumulated Amortization c/f (30.06.2022)	NBV/ Balance c/d 30.06.2021	NBV/ Balance c/d 30.06.2022
(ii)	ERP Software - Capitalized									
	aSc Software (Exam/Timetabling 2017/18)	750,000	0	0	750,000	300,000	150,000	450,000	300,000	450,000
	Total ERP Software -Capitalized	750,000	0	0	750,000	300,000	150,000	450,000	300,000	450,000
	Totals	30,706,820	0	4,268,800	34,975,620	300,000	150,000	450,000	34,525,620	30,406,820

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

29. Biological Assets

International Public Sector Accounting Standards (IPSAS) 27 and International Accounting Standards (IAS) 41, prescribe the accounting treatment of biological assets. The standards generally require biological assets to be measured at fair value less costs to sell. The University recorded a total of Kes. 6,920,326 on biological assets at the close of 2021/2022 FY as detailed below;

Biological Assets	2021/2022	2020/2021
	(30.06.2022)	(30.06.2021)
Detail	Kes.	Kes.
Cattle	4,919,000	6,005,000
Sheep	455,000	400,000
Poultry	132,300	0
Silage Maize Crop	710,526	0
Oats in Field	73,500	0
Boma Rhodes in Field	0	0
Wheat Crop in Field	630,000	0
Sunflower in Field	0	0
Tree Nursery seedlings	0	235,000
Total	6,920,326	6,640,000

Changes in biological assets were as a result new births and growth in value at Kes. 3,856,496 and purchases of poultry at Kes. 60,000. The University harvested oat amounting to Kes. 1,260,000 previously in field. The University also lost 20 cows valued at Kes. 1,140,000 in the period ended 30th June, 2022. The University also slaughtered 11 cows for sale of beef valued at Kes. 890,000 during the period.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2022

30. Accounts Payables

Section 93(1) of the Public Finance Management Act, 2012, require that a state organ or other public entity is primarily responsible for foreseeing, identifying, avoiding and resolving financial problems in a state organ, and if a state organ or other public entity encounters a serious financial problem, it shall seek solutions to resolve the financial problem.

The University classifies Accounts payable as current liabilities/short-term payables if payment is due within one year or less. If not, they are presented as non-current liabilities/long-term payables.

During the year under review, the University recorded payables totaling to 497,747,009 at the close of the financial year ended 30th June, 2022. This was a decrease in payables by 4.16% from Kes. 519.35 million in 2020/2021 to Kes. 497.75 million in 2021/2022 FY. There was no pending long-term payable during the year.

Included in payables is Kes. 57,061,341 owed to suppliers of goods and services accruing from current and previous periods. In addition payables include Part-time teaching costs at Kes. 179,801,344 accruing from prior periods, students' caution money at Kes. 20,509,180 and Excess fees at Kes. 42,043,130. Amount owing to capital contractors for Kes. 82,922,688 is majorly retention monies payable upon completion of the projects.

In addition, the payables include accrued payroll deductions amounting to Kes. 25,516,788 for the month of June 2022 that had not been paid at the close of financial year ended 30th June 2022.

Pension fund include Kes. 25 million accruing from previously implemented Collective Bargaining Agreements (CBAs) and June, 2022 pension amounting to Kes. 8.5 million uncleared at the close of accounting period. In addition, payables for Kenya Revenue Authority comprises of income tax for part-time lecturers at Kes. 2.9 million and Pay as You Earn (PAYE) for the month of June 2022 amounting to Kes. 15.6 million.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

Some of the above payables have been pending for some time due to financial constraints. The University relies heavily on government capitation as the students' number is very low to breakeven. However, the University is committed to reduce these liabilities and a plan had been put in place to reduce the payables but was affected by COVID-19 pandemic where the University remained closed for some time. This led to loss of income which would have been used to settle part of the payables.

Excluded in Payables are contingent liabilities during the period on pending court cases with estimated financial risk. These can only be included in the liabilities once they are determined by the courts and all avenues of appeal have been exhausted.

Details of accounts payables at the close of the accounting period ended 30th June, 2022 are as follows;

Accounts Payables

	2021/2022	2020/2021
	(30.06.2022)	(30.06.2021)
Details	Kes.	Kes.
(i) Short term Payables		
Trade Payables	57,061,348	55,294,396
Contractors -Capital Projects	82,922,688	85,866,940
Part-time Teaching Costs	179,801,344	203,422,208
Students Caution Money	20,509,180	19,788,020
Excess Fees (Prepaid Tuition)	42,043,130	59,004,666
Laikipia University Students' Association (LUSA)	3,439,331	3,200,192
Alumni Account	4,061,211	3,062,805
HELB Control Account	804,837	1,528,320
Bursaries Control Account	3,939,034	5,788,426
Accrued Collective Bargaining Agreements (CBAs)	7,889,420	7,889,420
Pension Fund	35,017,334	25,770,674
Kenya Revenue Authority Taxes Payable	33,976,274	48,069,743
Rent Deposits Payables	50,000	50,000
Cash-in-Transit	624,738	524,722
Customer Prepayments	90,353	11,020
Accrued Payroll	25,516,788	75,110
Total	497,747,009	519,346,661
(ii) Long term Payables	Kes.	Kes.
Bank Loan	0	0
Total	0	0
Total Payables	497,747,009	519,346,661

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

31. Sustainability of Service and Movement in Working Capital

International Public-Sector Accounting Standards (IPSAS) 1, Paragraph 38 provides that when preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. To measure the ability of an organization to continue as a going concern, an analysis of the working capital is conducted in each accounting period.

Working capital, also called net working capital, is the amount of money an organization has available to pay its short-term expenses. Changes in net working capital are the difference in the working capital from the current year and the previous year. Working capital is a financial metric which represents operating liquidity available to an organization. It is the capital of a business which is used in its day-to-day trading operations, calculated as the current assets minus the current liabilities.

Positive working capital is when a company has more current assets than current liabilities, meaning that the company can fully cover its short-term liabilities as they come due in the next 12 months. Positive working capital is a sign of financial strength. However, having an excessive amount of working capital for a long time might indicate that the company is not managing its assets effectively. On the other hand, negative working capital is when the current liabilities exceed the current assets, and the working capital is negative. Working capital could be temporarily negative if the company had a large cash outlay as a result of a large purchase of products and services from its vendors. However, if the working capital is negative for an extended period of time, it may be a cause for concern for certain types of companies, indicating that they are struggling to make ends meet and have to rely on borrowing to finance their working capital.

Laikipia University financial statements for the year ended 30th June, 2022 have been prepared in accordance with IPSAS accrual reporting framework. The University Management has assessed the University's ability to continue as a going concern and there is no sign of liquidation or ceasing to continue as a going concern.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

During the year under review, the University recorded a total of Kes. 497,747,009 as current liabilities and Kes. 295,025,385 as current Assets. This implies that the University had negative working capital of Kes. 202,721,624 in the 2021/2022 financial year compared to Kes. 274,966,698 in the year ended 30th June 2021. The negative working capital has been as a result of low capitation from the government and decreasing students' population leading to low income to meet financial obligations. Computation of net working capital is as indicated below;

Working Capital	2021/2022	2020/2021
Current Assets (CA)	(30.06.2022)	(30.06.2021)
	Kes.	Kes.
Cash & Cash Equivalents	102,782,903	42,263,023
Receivables from Exchange Transactions	177,165,038	185,097,033
Inventories	15,077,444	17,019,907
Total Current Assets	295,025,385	244,379,964
Current Liabilities (CL)		
Accounts Payables	497,747,009	519,346,661
Total Current Liabilities	497,747,009	519,346,661
Net Working Capital (CA-CL)	(202,721,624)	(274,966,698)

Despite the negative working capital, the University Management Board is committed to bridging the gap by increasing students' enrollment to increase revenue base and establishment of other income generating units.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

32. Purchase of Non-current Assets

For purposes of cash flow statement, all assets acquired during the period are accounted as use of funds under cash flows on investing activities. It is the money paid out to acquire investment in assets. In 2021/2022, the University incurred a total of Kes. 18.47 million compared to Kes.15.17 million in 2020/2021 FY for purchase of non-current assets. Details of additional assets during the year are as follows;

Purchase of Non-Current Assets

	2021/2022 30.06.2022	2020/2021 (30.06.2021)
(i) Purchase of Office Equipment	Kes.	Kes.
Office Equipment	828,000	385,070
Science Lab Equipment	1,160,000	0
Security Equipment (CCTV)	0	1,461,075
Water Bottling Equipment	0	204,516
Kitchen Equipment	74,100	50,225
Medical Equipment	145,000	65,000
Communication & Media Equipment	227,450	3,072,231
Sports Equipment	382,500	145,000
Sub-Total	2,817,050	5,383,117
(ii) Plant, Machinery & Tractors	Kes.	Kes.
Farm Machinery	0	0
Tractors	3,367,200	0
Other Machinery	53,000	0
Sub-Total	3,420,200	0
(iii) Motor Vehicles	Kes.	Kes.
Motor Vehicle	0	1,690,350
Sub-Total	0	1,690,350
(iv) Furniture & Fittings	Kes.	Kes.
Office Furniture	771,300	34,000
Sub-Total	771,300	34,000
(v) Computers & Accessories	Kes.	Kes.
Computers & Appliances	5,104,650	2,938,389
Local Area Networks (LAN)	886,454	1,203,500
Sub-Total	5,991,104	4,141,889
(vi) Library Books	Kes.	Kes.
Library Print Books	696,578	1,867,112
Library E-Books	500,000	0
Sub-Total	1,196,578	1,867,112
(vii) Intangible Assets ERP	Kes.	Kes.
ERP Software	4,268,800	2,054,360
Sub-Total	4,268,800	2,054,360
Total Non-current Assets	18,465,032	15,170,828

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2022

33. Additional Work-in-Progress

Work-in-Progress is the total value of the materials and labour for unfinished projects. The University incurred a total of Kes. 62,727,731 in 2021/2022 FY compared to Kes. 49,564,205 in 2020/2021 FY as additional costs to the on-going capital projects. Details of capital expenditure for the period are as shown below;

Additional Work-in-Progress (Capital Expenditure) for 2021/2022

Capital Project	2021/2022 Cumulative 30.06.2022	2020/2021 Annual Report (30.06.2021)
Details	Kes.	Kes.
New Library & Admin Block	12,281,650	16,344,079
University Gate	107,242	457,800
Science Laboratories	8,663,874	30,775,287
Conversion of C2-Science Lab	223,151	0
Construction of Zero Grazing Unit	214,400	0
Perimeter Fence	442,360	0
Business Centre & Science Park	31,800	0
Renovation of ICT Building	222,319	1,009,290
Tuition Block	40,540,935	0
Sports Grounds & Pavilion	0	977,748
Total	<u>62,727,732</u>	<u>49,564,205</u>

LAIKIPIA UNIVERSITY



A University for Valued Transformation of Society'



**Laikipia University is ISO 9001:2015 and
ISO/IEC 27001: 2013 Certified**



**Annual Report and Financial Statements
For The Year Ended 30th June 2022**

APPENDICES

APPENDIX I: Progress on Follow-up of Auditor's Recommendations

The following is the summary of issues raised by the external auditor in 2020/2021 FY, and management comments that were provided to the auditor. The University nominated focal persons to resolve the various issues as shown below with the revised time frame within which the issues will be resolved.

Reference No. on the External Audit Report	Issue/Observation from Auditor	University Management Comment	Focal Point Person to resolve the issue	Status	Timeframe
A1	<i>Non-posting of Direct Deposits in the Cash-Book</i>	<i>The deposits forms part of bank reconciliation statement as reconciling items but they disappear once they are receipted.</i>	<i>Finance Officer & In-charge Final Accounts</i>	<i>Ongoing</i>	<i>Ongoing</i>
A2	<i>Work-in-Progress (Projects in use but not capitalized)</i>	<i>Non-capitalization is due to lack of Completion Certificates- UMB fast-tracking</i>	<i>Finance Officer & Estates Manager</i>	<i>Three (3) projects capitalized (C2, ICT, Lecture Theatre)</i>	<i>Done</i>
				<i>Four(4) projects pending (Hostels, Roads, C1 & Pavilion)</i>	



A3	Long outstanding Receivables from Collaborating Colleges	The matter was referred for arbitration and an arbitrator appointed by the Chartered Institute of Arbitrators	Legal Officer & Finance Officer	Ongoing	30 th June, 2022
A4	Long outstanding Payables	Arose due to shortage of funds- UMB committed to clear the debts	UMB	Ongoing	30 th June, 2023
A5	External Examiners (Examination Moderation) policy	The University is in the process of developing an Examination moderation policy	UMB	Ongoing	30 th June, 2023
B1	Acting Appointments	<ul style="list-style-type: none"> ➤ The University Council is following with the Ministry of Education to have the positions of Deputy Vice Chancellors filled substantially ➤ On other post, process of filling the positions on-going 	UMB & Council	Ongoing	30 th June, 2023
B2	Delayed Completion of ERP Implementation (ABNO Unisol)	UMB Fast-tracking ERP implementation and commissioning	UMB	Ongoing	30 th June, 2023

The University Management Board is committed to resolve all pending audit issues to improve financial systems and reporting.



Prof. Kibett Rotich, Ph.D

Professor of Biostatistics and Informatics

VICE CHANCELLOR



APPENDIX II: Projects Implemented by the University

a) Donor Funded Projects

There were no donor funded projects in the year under review

b) Government Funded Projects

The following projects funded by the Government of Kenya through Ministry of Education (MoE) are on-going:

- I. Science Complex/Laboratories
- II. Tuition Block
- III. Library & Administration Block

c) Status of Projects

S/No.	Project Title	Total Project Cost	Total Expended to Date	% Completion to Date	Approved Budget 2021/2022	Actual 2021/2022	Source of Funds
1	Tuition Block	406,094,470	392,620,703	96.68%	60,000,000	40,540,935	GoK
2	Science Complex	1,000,000,000	119,165,806	11.92%	40,000,000	8,887,025	GoK
3	Library & Administration Block	265,784,544	398,395,392	149.89%	0	12,281,650	GoK
4	University Gate	23,631,575	31,129,169	131.73%	0	107,242	GoK/A-i-A
5	Sports Grounds & Pavilion	105,000,000	4,337,820	4.13%	0	0	GoK/A-i-A



APPENDIX III: Inter-Entity Transfers

LAIKIPIA

P.O. Box 1100-20300,



UNIVERSITY

TEL: +254-(0) 20 2671768

fo@laikipia.ac.ke; www.laikipia.ac.ke

OFFICE OF THE FINANCE OFFICER

The following is the breakdown of Transfers from the Ministry of Education, State Department for University Education & Research to Laikipia University for 2021/22 Financial Year

a. Recurrent Grants

Date received as per bank statement	Amount Transferred Kes.	Relating to Financial Year Kes.
03.08.2021	74,253,148	2021/2022
02.09.2021	74,253,148	2021/2022
30.09.2021	74,253,148	2021/2022
02.11.2021	74,253,148	2021/2022
26.11.2021	74,253,148	2021/2022
30.12.2021	74,253,148	2021/2022
02.02.2021	74,253,148	2021/2022
03.03.2021	74,253,148	2021/2022
01.04.2021	74,253,148	2021/2022
28.04.2022	74,253,148	2021/2022
06.06.2022	75,608,914	2021/2022
30.06.2022	75,608,913	2021/2022
Total Recurrent Grant	893,749,307	

b. Development Grants

Date received as per bank statement	Amount Transferred Kes.	Relating to Financial Year
12.08.2021	50,000,000	2021/2022
16.03.2022	50,000,000	2021/2022
Total Development Grant	100,000,000	
Total Transfers	993,749,307	

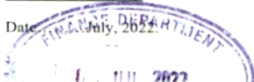
The above amounts have been communicated to and reconciled with the Ministry of Education.

Signed:



Finance Officer
Laikipia University

Date: 16 July, 2022




Head of Accounting Unit
State Department for University Education
Ministry of Education

STATE DEPARTMENT FOR
UNIVERSITY EDUCATION
P.O. BOX 100000, NAIROBI



APPENDIX IV: Transfers from Other Government Entities

Government Grants

LAIKIPIA UNIVERSITY						Where Recorded/recognized				
Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Date Received as per Cash-Book	Receipt Number	Nature: Recurrent / Development / Others	Total Amount - Kes.	Statement of Financial Performance - Kes.	Capital Fund - Kes.	Receivables Kes.	Others - specific -Kes.	Total Transfers during the Year - Kes.
Ministry of Education	03.08.2021	04.08.2021	144830	Recurrent	74,253,148	74,253,148		0	0	74,253,148
Ministry of Education	12.08.2021	19.08.2021	146859	Development	50,000,000	0	50,000,000	0	0	50,000,000
Ministry of Education	02.09.2021	06.09.2021	150274	Recurrent	74,253,148	74,253,148		0	0	74,253,148
Ministry of Education	30.09.2021	01.10.2021	153299	Recurrent	74,253,148	74,253,148				74,253,148
Ministry of Education	02.11.2021	04.11.2021	158075	Recurrent	74,253,148	74,253,148				74,253,148
Ministry of Education	26.11.2021	30.11.2021	161794	Recurrent	74,253,148	74,253,148				74,253,148
Ministry of Education	30.12.2021	03.01.2022	164210	Recurrent	74,253,148	74,253,148				74,253,148
Ministry of Education	02.02.2022	04.02.2022	167737	Recurrent	74,253,148	74,253,148				74,253,148
Ministry of Education	03.03.2022	04.03.2022	172547	Recurrent	74,253,148	74,253,148				74,253,148
Ministry of Education	16.03.2022	29.03.2022	177804	Development	50,000,000		50,000,000			50,000,000
Ministry of Education	01.04.2022	04.04.2022	178428	Recurrent	74,253,148	74,253,148				74,253,148
Ministry of Education	28.04.2022	05.05.2022	179502	Recurrent	74,253,148	74,253,148				74,253,148
Ministry of Education	06.06.2022	06.06.2022	183310	Recurrent	75,608,914	75,608,914				75,608,914
Ministry of Education	30.06.2022	30.06.2022	184156	Recurrent	75,608,913	75,608,913				75,608,913
										0
Total Received					993,749,307	893,749,307	100,000,000	0	0	993,749,307
ADD; Accrued										0
Grand Total					993,749,307	893,749,307	100,000,000	0	0	993,749,307



