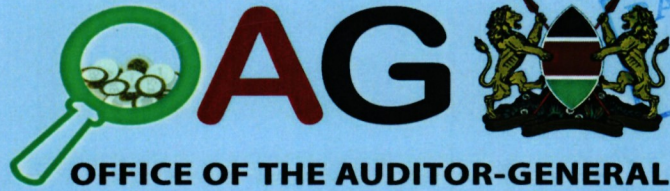



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	
DATE: 24 FEB 2021	DAY: Thurs
TABLED BY: LOM	
CLEAR THE TABLE: OF Mainah Wangiku	

THE AUDITOR-GENERAL

ON

LAIKIPIA UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE 2020**

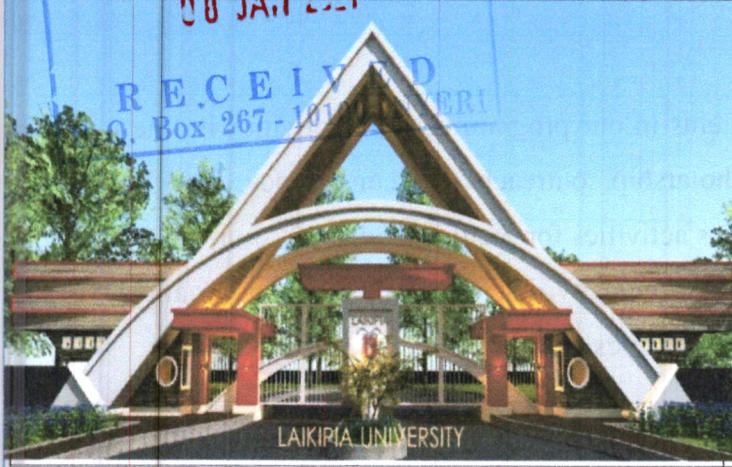
LAIKIPIA



UNIVERSITY

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB

00 JAN 2021



*Annual Report & Financial Statements for the Financial
Year Ended 30th June, 2020*

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

(SEPTEMBER 2020)



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



FORWARD

Laikipia University 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 our programmes and activities in line with our core mandate of research, education, scholarship, outreach and consultancy. The Report provides a factual presentation of the University's activities for the year ended 30th June 2020. The Report also contains financial statements of the University disclosing the most important items within Income, Expenses, Assets, Liabilities and Reserves.

The year witnessed preparation and approval of various University policies and most remarkably the Financial Management Policies and Procedures Manual which is expected to improve on financial management and reporting. In the same year, the University launched and adopted a new Strategic Plan (2018/19-2022/23) that is expected to reposition the University as influential voice on higher education through transformation of the society.

From a financial perspective, the University continues to exhibit resilience in its growth trajectory amid tough economic times. However, during the year under review, the University recorded decline in financial performance due to Covid-19 pandemic resulting to a deficit of Kes.45.6 million in 2019/2020 F.Y from a surplus of Kes. 63.34 million in 2018/2019 F. Y.



ABOUT US

Laikipia University was founded in 1929 as a primary school by William Thomas Alfred Levett. Between 1965 and 1970, the Institution served as a Large-Scale Farmers Training College (LSFTC). The LSFTC was administered by the Ministry of Agriculture and Animal Husbandry. In October 1979, it was converted into an Animal Husbandry and Industry Training Institute (AHITI) offering a two-year course leading to a Certificate in Animal Health. In 1990, Laikipia University was established as a Campus of Egerton University. It remained a campus of Egerton University between 1990 till 2010 majoring in BEd Arts. In 2011 it became a Constituent University College of Egerton University until 19th February 2013.

Laikipia University was awarded Charter on 19 February 2013 by the then President of the Republic of Kenya; his Excellency Hon. Mwai Kibaki This made the institution a fully-fledged University.



Award of Charter (13th February, 2013)

Currently, the University has four (4) schools offering various programmes. The schools are;

- ❖ School of Education,
- ❖ School of Science and Applied Technology,
- ❖ School of Business and Economics and
- ❖ School of Humanities and Development Studies

FUNDAMENTAL UNIVERSITY STATEMENTS

FUNDAMENTAL UNIVERSITY STATEMENTS


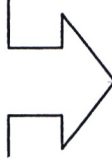
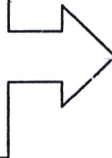

<p>Our Vision</p> 	<p>A University for valued transformation of society</p>						
<p>Our Mission</p> 	<p>To serve the students and society through research, education scholarship, training, outreach and consultancy</p>						
<p>Our Motto</p> 	<p>Seed of Wisdom</p>						
<p>Our Core Values</p> 	<table border="0"> <tr> <td data-bbox="598 1131 909 1400"> <p>Quality</p> </td> <td data-bbox="909 1131 1497 1400"> <ul style="list-style-type: none"> • We value Quality by: • a) Achieving excellence in quality teaching, learning, research, leadership, people development, relationship management and integrated systems; • b) Providing progressive and accessible education, research, extension and consultancy solutions; and • c) Pursuing innovation and an outward looking focus. </td> </tr> <tr> <td data-bbox="598 1422 909 1691"> <p>Integrity</p> </td> <td data-bbox="909 1422 1497 1691"> <ul style="list-style-type: none"> • We value Integrity by: • a) Operating ethically; • b) Acting professionally and honestly; • c) Treating people with fairness, respect and dignity; and • d) Being open and transparent in decision-making. </td> </tr> <tr> <td data-bbox="598 1713 909 1982"> <p>Respect</p> </td> <td data-bbox="909 1713 1497 1982"> <ul style="list-style-type: none"> • We value Respect by: • a) Working collaboratively; • b) Listening to others and respecting their point of view; and • c) Valuing the diversity of people who study and work at LU. </td> </tr> </table>	<p>Quality</p>	<ul style="list-style-type: none"> • We value Quality by: • a) Achieving excellence in quality teaching, learning, research, leadership, people development, relationship management and integrated systems; • b) Providing progressive and accessible education, research, extension and consultancy solutions; and • c) Pursuing innovation and an outward looking focus. 	<p>Integrity</p>	<ul style="list-style-type: none"> • We value Integrity by: • a) Operating ethically; • b) Acting professionally and honestly; • c) Treating people with fairness, respect and dignity; and • d) Being open and transparent in decision-making. 	<p>Respect</p>	<ul style="list-style-type: none"> • We value Respect by: • a) Working collaboratively; • b) Listening to others and respecting their point of view; and • c) Valuing the diversity of people who study and work at LU.
<p>Quality</p>	<ul style="list-style-type: none"> • We value Quality by: • a) Achieving excellence in quality teaching, learning, research, leadership, people development, relationship management and integrated systems; • b) Providing progressive and accessible education, research, extension and consultancy solutions; and • c) Pursuing innovation and an outward looking focus. 						
<p>Integrity</p>	<ul style="list-style-type: none"> • We value Integrity by: • a) Operating ethically; • b) Acting professionally and honestly; • c) Treating people with fairness, respect and dignity; and • d) Being open and transparent in decision-making. 						
<p>Respect</p>	<ul style="list-style-type: none"> • We value Respect by: • a) Working collaboratively; • b) Listening to others and respecting their point of view; and • c) Valuing the diversity of people who study and work at LU. 						



TABLE OF CONTENTS

FUNDAMENTAL UNIVERSITY STATEMENTS.....	4
LIST OF FIGURES.....	6
KEY ENTITY INFORMATION.....	7
LAIKIPIA UNIVERSITY COUNCIL.....	9
UNIVERSITY MANAGEMENT BOARD.....	13
CORE BUSINESS OF LAIKIPIA UNIVERSITY.....	15
CORPORATE GOVERNANCE, MANAGEMENT AND ETHICS.....	16
STATEMENT FROM THE CHAIRMAN OF COUNCIL.....	18
STATEMENT FROM THE VICE CHANCELLOR.....	20
CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	22
REPORT OF THE COUNCIL.....	24
STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS.....	24
MANAGEMENT DISCUSSION AND ANALYSIS.....	25
STATEMENT OF FINANCIAL PERFORMANCE.....	51
STATEMENT OF FINANCIAL POSITION.....	52
STATEMENT OF CHANGES IN RESERVES.....	52
STATEMENT OF CASHFLOW.....	54
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	55
EXPLANATORY NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	55
NOTES TO THE FINANCIAL STATEMENTS.....	57



LIST OF FIGURES

Figure 1: Consolidated University Revenue.....	43
Figure 2: Consolidated University Expenditure	44
Figure 3: Total Surplus/(Deficits)	45
Figure 4: University Assets	46
Figure 5: University Liabilities.....	47
Figure 6: Cash-flows	48



KEY ENTITY INFORMATION

a) Background Information

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February 2013.

b) Principal Activities

The principal activity of the University as stipulated in the Laikipia University Charter of 19th February 2013. Part II Sec 7(1) which is to 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 year ended 30th June, 2020 and who had direct responsibility were;

S/No.	Designation	Name
1	Vice Chancellor	Prof. Kibett Rotich, PhD
2	Deputy Vice Chancellor (ARSA)	Prof. Wanjiku Chiuri, PhD
3	Ag. Deputy Vice Chancellor (AFP)	Prof. Isaac Ochieng, PhD
4	Registrar, Academics Affairs	Dr. Raphael Kiugu, PhD
5	Registrar (A&HC)	Mr. Joseph K. Kairu
6	Finance Officer	CPA. Geoffrey K. Langat
7	Ag. 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 submit annually 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
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box30084-00100
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,
(PhD, LLM, LLB)
Chairman



Dr. Moses Siruri Marwa
(PhD, MSc –HRM, BSc.)
Member



Ms. Ruth Adhiambo Okowa
(MA, BA)
Member



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



Ms. Pauline Ngari
(MBA, BCom)
Member



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



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



Dr. Mary W. Gaturu HSC.
(PhD, MEd., BEd.)
Rep. PS Ministry of Education



Prof. Kibett Rotich
(PhD, MBA, Msc, BSc.)
Vice Chancellor/Council Secretary

University Council Members' Profiles

S/No	Council Member	Date of Birth	Date of Appointment	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, (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 (Member)	4/2/1971	10/03/2017	<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 (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.	Ms. Pauline Ngari (Member)	4/6/1962	10/03/2017	<ul style="list-style-type: none"> ➤ MBA (Entrepreneurship), JKUAT ➤ BCOM (Marketing), Egerton 	<ul style="list-style-type: none"> ➤ Community Development Specialist ➤ CEO - Hand in Hand Eastern Africa
6.	Mr. Sammy Oleku	22/11/1970	24/04/2019	<ul style="list-style-type: none"> ➤ Pursuing MCCA – UoN ➤ MBA(Strategic Mgt) – Moi ➤ BBM – Moi ➤ BA – Moi ➤ Higher Dipmoma (Business Admin. & Mgt) – KNEC ➤ Diploma in Mgt of NGOs – KIM ➤ Dipmoma (Business Admin. & Mgt) – KNEC 	<ul style="list-style-type: none"> ➤ CEO, Pastoralists for water & Environmental Research (POWER) ➤ Project Coordinator for holistic Mgt Project, World Vision (K) ➤ Project Coordinator, Rain Water Harvesting – UNEP/ICRAF ➤ Food Relief Coordinator – MPIDO



7.	Mr. Joseph Kiarii, Representing PS, National Treasury	29/09/1966	30/09/2019	<ul style="list-style-type: none"> ➤ Bachelor of Commerce (BCom), Accounting Option, University of Nairobi (UoN) ➤ Certified Investment and Financial Analysts (CIFA) 	<ul style="list-style-type: none"> ➤ Directorate of Portfolio Management and Public Investments, The National Treasury and Planning ➤ Certified Investment and Financial Analysts
8.	Dr. Mary W. Gaturu, HSC. (Rep. PS Ministry of Education)	20/11/1963	04.06.2018	<ul style="list-style-type: none"> ➤ PhD. –Kenyatta University ➤ Med. (Kenyatta University) ➤ Bed. – (Kenyatta University) ➤ Strategic Leadership - KSG 	<ul style="list-style-type: none"> ➤ Director, Directorate of Quality Assurance & Standards - MoE ➤ Deputy Director of Education – Ministry of Education ➤ Regional Co-ordinator of Education – Rift Valley ➤ Senior Graduate Teacher - TSC
9.	Prof. Kibett Rotich, (VC/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 Entebbe Uganda ➤ Consultant Biostatistician for Academic Model for Providing Access to Health Care (AMPATH)

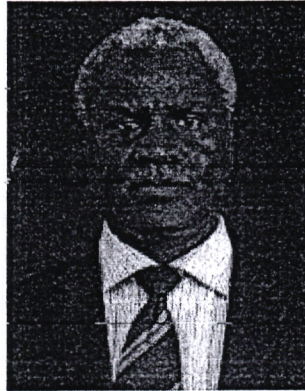


University Council Committees

Name of Committee	Committee Members
Finance, Investment & General Purposes	<ol style="list-style-type: none"> 1. Dr. Moses Siruri Marwa - Chairperson 2. Ms. Ruth Adhiambo Okowa 3. Mr. Sammy Oleku 4. Mr. Joseph Kiarri 5. Dr. Mary W. Gaturu 6. Prof. Kibett Rotich - Vice Chancellor/Council Secretary
Audit, Governance & Risk Management	<ol style="list-style-type: none"> 1. Mr. David Namu Kariuki - Chairperson 2. Ms. Pauline Ngari 3. Mr. Joseph Kiarri,
Human Resource Management	<ol style="list-style-type: none"> 1. Ms. Pauline Ngari- Chairperson 2. Ms. Ruth Adhiambo Okowa 3. Dr. Moses Siruri Marwa 4. Mr. David Namu Kariuki 5. Mr. Joseph Kiarri 6. Dr. Mary W. Gaturu 7. Prof. Kibett Rotich- Vice Chancellor/Council Secretary
Academic & Research	<ol style="list-style-type: none"> 1. Ms. Ruth Adhiambo Okowa - Chairperson 2. Dr. Moses Siruri Marwa 3. Mr. Sammy Oleku 4. Mr. David Nama Kariuki 5. Ms. Pauline Ngari 6. Mr. Joseph Kiarri 7. Dr. Mary W. Gaturu 8. Prof. Kibett Rotich -Vice Chancellor/Council Secretary



UNIVERSITY MANAGEMENT BOARD



Prof. Kibett Rotich,
(PhD, MBA, Msc., BSc.)
Vice Chancellor



Prof. L. Wanjiku Chiuri,
(PhD, MES, BA)
**Deputy Vice-Chancellor (Academic,
Research & Students Affairs)**



Prof. Isaac Ochieng,
(PhD, MCom., BCom)
**Ag. Deputy Vice-Chancellor
(Administration, Finance & Planning)**



Dr. Raphael Kiugu
(PhD, MSc., MEd., BEd.)
Registrar (Academics Affairs)



Mr. Joseph K. Kairu
(MBA, BA)
**Registrar (Administration
& Human Capital)**



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

DEANS OF SCHOOLS



Prof. Mbuthia Ngunjiri
(PhD, MEd, BEd.)
Dean, School of Education



Prof. Charles Nguta
(PhD, MSc, BSc.)
Dean, School of Science and Applied Technology



Dr. Peter Mwaura
(PhD, MBA, BCom.)
Ag. Dean, School of Business



Prof. Vicky Telewa
(PhD, MA, Bed.)
Dean, School of Humanities and Development Studies

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, outreach and consultancy in the region and globally.



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 University Statutes and Regulations

University Council

The University Council is the supreme organ that oversees the running of the University by the University Management Board and the Senate. The Council provides facilities necessary for carrying out the academic and administrative work 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 this country for ensuring that the University complies with the Law 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 University Council defines the University strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over financial, strategic, operations and compliance issues.

Council Meetings

The Council holds meetings on a regular basis while special meetings are called when it is deemed necessary to do so.

Committees of the Council

The Council is advised by a range of committees. The Council has set up four principal committees and one adhoc committee which meet under well-defined terms of references as set up in Laikipia University Statutes. This is intended to facilitate efficient decision making of the Council. The committees are; Finance Investment & General Purposes, Audit, Governance and Risk Management, Human Resource Management, Academic Research and Sealing and Staff Appointment's and Appeals and Grievances Handling which is an adhoc committee.

Audit, Governance and Risk Management Committee

The committee assists the University Council to fulfil 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.

Finance, Investment and General Purposes Committee of Council

Laikipia University has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover 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.

Human Resource Management Committee

The Committee reviews and recommends on issues relating to training needs, staff recruitments, promotions, discipline, and staff welfare.

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 departments as may be appropriate.

University Management Board

The Vice-Chancellor is the Chairman of the Senate and University Management Board. He is also the administrative and academic head of the University assisted by two Deputy Vice-Chancellors, one in Charge of Academic, Research and Students Affairs and the other in-charge of Administration, Finance and Planning.

University Senate

The University has four Schools (Education, Humanities and Development Studies, Science and Applied Technology and Business & Economics) and one Institute (Arid Lands Management) that offer both undergraduate and postgraduate studies. The University has various support departments. The 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.

STATEMENT FROM THE CHAIRMAN OF COUNCIL



Dr. Ken Nyaundi, PhD

Following the successful conclusion of 2019/2020 FY, It is my pleasure, honour, and privilege to present to you on behalf of the Laikipia University Council, the Annual Report and Financial Statements for the year ended 30th June, 2020. This annual report helps us to reflect on our performance for the year giving us an opportunity to celebrate our success and at the same time identify areas of improvement.

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. This will help sustain us financially in the years to come and support hundreds of different funds that support students, faculty and teaching, and research each year.

Another highlight this past year was the work carried out by people across the university to ensure Laikipia University is taking steps to build a more progressive Institution. The University will continue to reposition its main brands within the context of market requirements, customer satisfaction and cost rationalization. The need to meet this objective over years has remained the central focus of the University Council. Our current management focuses on expansion of the University while maintaining quality in line with our vision. In line with the GOK policy, the University has increased access to higher education through additional admission of students. This in effect has led to increase in operation costs and need for more physical facilities.

We also received incredible support from national government through Ministry of Education in the 2019-2020 Financial year.

Overall Performance

The year 2019/2020 financial performance was achieved through concerted effort by the University Council, Management Board and the entire staff of Laikipia University. However, the University financial performance as witnessed in other global economic sectors was affected by the COVID-19 pandemic resulting to decline of revenue by 11%. The total income decreased from Kes. 1.25 billion in 2018/2019 to Kes. 1.11 billion in 2019/2020 Financial Year. The University experienced a deficit of Kes. 45.6 million in the current year compared to a surplus of Kes. 63.34 million in 2018/2019 FY. The net assets grew by 2.2% from Kes. 1.954 billion in 2018/2019 to Kes. 1.998 billion in 2019/2020 FY.



Strategic Focus

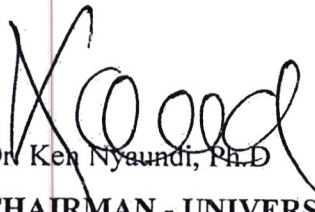
The University continued to perform well in other areas as detailed in the operational highlights report. The University launched its strategic plan and was certified to ISO 9001:2015 and ISO/IEC 27001:2013. We aligned our strategic-focused initiatives to all core areas of our operations within the University. We believe that these initiatives are fundamental in realization of improved future financial performance.

Our strategic plan will remain a key reference blueprint for the University in the path of implementation of our turnaround strategies and strategic focused initiatives. We have put in place strategies to take advantage of opportunities in the markets we operate in. We firmly believe that implementation of the strategy will enable the University increase its financial strength in the coming years.

Conclusion

On behalf of my fellow Council members, it's a pleasure to look ahead to a future for our university that is brighter than ever. I would like to congratulate and thank the University Management and Staff for their diligence and dedication during 2019/2020. I would also like to acknowledge, with appreciation, the invaluable support from my colleagues on the Board which has helped steer the University's activities and strategies successfully throughout 2019/2020 FY.

I wish to recognize, with gratitude, the vital support, confidence, loyalty 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 current strategic planning cycle that we believe will take Laikipia University to the next level of academic excellence and continue playing a significant role in serving society.


Dr. Ken Nyaundi, Ph.D

CHAIRMAN - UNIVERSITY COUNCIL



STATEMENT FROM THE VICE CHANCELLOR



Prof. Kibett Rotich, PhD

It is a great honor to note the continued delivery of record financial results by the University. It has been my very great pleasure to serve as Vice-Chancellor for the last two years and see the University grow to a more agile and focused organization, tackling the pressing issues of today as it inspires enquiring minds to take on the challenges of tomorrow. Through our concerted efforts, Laikipia University has continued to make its mark as a University of Choice to many aspiring students on higher education.

Certainly, the annual report and financial statement for the year ended 30th June, 2020 are an indication of what transpired in the University. Notwithstanding the difficult environment in which we find ourselves, the report provides ample evidence of the University's determination to build on our success, of our commitment to remain one of the world's great institutions of research and education, and of our ability to evolve to meet the challenges of our time

I wish to convey to you that the University was really affected by the Global pandemic of COVID-19 as we closed the University prematurely in the second semester. In this regard we reported a lower income than expected.

The 2019/2020 Annual Report also captures the events of the year including physical infrastructure development and finances. The Report reflects the commitment and determination of the University to achieve world class excellence, despite the hurdles occasioned by economic downturn and its impact on recurrent funding from the Exchequer.

The University continued to offer education and training to meet the needs and aspirations of the Kenyan people, as evident in the highlights of academic programmes undertaken in the Schools and units of the University. Our programmes remain critical in the wake of global economic crisis that threatens the socio-economic growth of any developing nation.

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 state of health of the University as a corporate entity. The Report notes that while there was prudent management of the human, material and financial resources; the loyalty and commitment of staff was critical in enabling the University to discharge its mandate.



Financial Resources

Laikipia University relies heavily on the government funding in order to run its operations. Although funding from the government has steadily increased over the years, it is not commensurate with the increasing number of enrolled government sponsored students and the needs of the University. This deficit in funding is particularly pronounced in respect of Capital Funding from the National Government which has been on the downward trend. With a view to supplementing the capitation it receives from the government. The University will seek to strengthen its financial position and to maximize the resources available for investment in research and teaching. Key to achieving this will be the University's ability to deliver more efficient, effective and sustainable services.

Additionally the University has been able to manage her limited financial resources with a lot of efficiency which has necessitated timely payment of salaries for staff, settlement of suppliers' claims as well as the provision of a conducive working environment for all members of staff.

Automation of University Operations

To ensure that all University operations have been automated, the University has procured and is implementing Enterprise Resource Planning (ERP) from ABNO Solutions. The new ERP is an integrated system comprising various interlinked modules in Students Management, Financial Management, Procurement and Stores Management, Human Resource Management, Payroll Management, Students Academics, Timetabling, Hostel Management, Library Management, Health Management and Students' Portal among others. To improve on University connectivity, we have procured and expanded internet connectivity networks (Local Area Network - LAN and WIFI) and also increased hotspots points in the University.

ISO Certification

The witnessed certification to Information Security Management System (ISMS) based on ISO/IEC 27001:2013 and Quality Management System (QMS) based on ISO 9001:2015 requirements. The certificates of the two Management Systems were awarded by Kenya Bureau of Standards (KEBS). Laikipia University is the Second University in Kenya to attain ISO/IEC 27001:2013 and the Fourth institution countrywide to attain such a fete.

Strategic Plan

The University launched 2018/2019 to 2022/2023 Strategic Plan and aligned it to the "Big Four" Agenda, Medium-Term Plan III of Kenya Vision 2030 Development Blueprint. The Strategic Plan



is a pathway that outlines areas of strategic focus. It is an important guide which provides a vibrant tool for the University in realizing her mandate. The Plan outlines the future needs and aspirations of all stakeholders, and provides a framework through which the University would achieve her desired future. The Strategic Plan emphasizes on transformational leadership at all levels of the University management and a change of mind-set among key stakeholders to make Laikipia University a true University for valued transformation of society. The Plan hence defines the strategic direction for the University and provides a roadmap to mobilizing and budgeting of resources for the next five years.

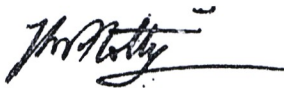
We will continue with the implementation of our five year strategic plan with a view to achieving the set strategic objectives. We will exercise agility in strategy implementation taking cognizance of the expected changes in the internal and external operating environments. We believe that the set strategic objectives will steer us to our desired corporate destination

Farm Business Plan

The university also witnessed launch of farm business plan which is anchored in the Strategic Plan. The plan will create a Centre of Excellence in Agriculture in the region and hence play a critical role towards empowering the youth and the community on modern farming technologies.

Appreciation

I take this opportunity to thank the University Council for their support to the University. I would also like to thank the Government through the Ministry of Education for its financial support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by the University. I also take this opportunity to thank the University Management Board for their support as well as the dedicated and talented staff and students for their efforts in making sure that the University achieves its goals and objectives. Lastly, I appreciate our service providers, suppliers and all other stakeholders for their respective contributions to the University during the year. We look forward to an even greater and bountiful year in 2020/2021 Financial Year.



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



CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Laikipia University's Corporate social responsibility is based on the fact that, as part of the Kenyan society, we have responsibilities that go beyond our legal obligations for the benefit of the society at large. Our corporate social responsibility (CSR) entails community engagement, supporting community activities, responding to emerging challenges, donating to charities, helping the needy and application of ethical conduct and participating in matters of topical national interest in Kenya. Our CSR involves building relationships and partnerships and working together with organizations that we believe advance the wellbeing of Kenyans.

During the year under review, the University participated in the following CSR activities;

a) Supporting the less fortunate in society

Laikipia University endeavors to support the less fortunate students in the University. The University awarded Kes. 1,000,000 as bursaries to the needy students during the year.

The University also assists needy students with financial support under the work study programme. During the year under review, the University paid Kes. 502,600 to assist the needy students under this programme.

b) Environmental Conservation

The University held an environmental week in during the year where staff and students participated in tree planting exercise.

c) Free Health Clinic

The University organizes a health week annually offering free medical check-ups to staff, students and the Community.



REPORT OF THE COUNCIL

The University Council submits this report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Laikipia University's affairs.

a. Principal activities

The principal activities of Laikipia University is teaching, training, research and outreach

b. Results for the Year

The results of Laikipia University for the year ended June 30, 2020 are set out on pages 51-55.

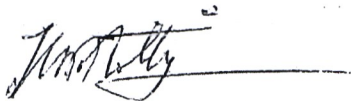
c. Directors

The members of the University Council who served during the year are shown on page 10.

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 June 30, 2020.

By Order of the University Council



Vice-Chancellor/Council Secretary

Laikipia University

Date: 25/09/2020



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 51 to 55 which comprise the statement of financial position for the year ended 30th June, 2020, statement of financial performance, statement of cash flow, statement of changes in reserves for the year then ended, 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 1, 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.

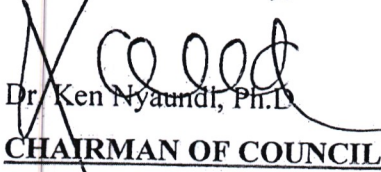
The University Council accepts the responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards. The University Council is of 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 2020 and of its operating results.

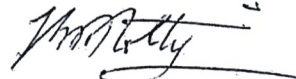
The University Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate systems of Internal Financial Controls.

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 Nyaundi, 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

Universities are increasingly complex institutions operating in an increasingly complex and regulated environment. Laikipia University has a responsibility to ensure a valued transformation of society through research, education scholarship, training, 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

Through a commitment to the personal education of each student, the University is committed to 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 invested a total of Kes. 1.6 billion in 2019/2020 Budget though this could not fully materialize as a result of COVID-19 pandemic. The University remained closed since March 2020, affecting the projected revenue and activities during the year. Notwithstanding the challenges, the University was able to record commendable achievements in various fields as indicated by the following highlights;

i) Students Admission



Over 1200 freshmen selected Laikipia University as their University of Choice in the 2019/2020 academic year. It is worth noting that this intake was higher than the last year's intake with the gender ratio being 50:50 making the University gender compliant. This increase

in number of students preferring to study in Laikipia University is a clear demonstration that the University is discharging her mandate efficiently and effectively by leveraging on her niche areas by offering education which matches the best international standards. Serene learning environment, location of the University in semi-urban area and along the tourism corridor were among the factors that attracted the freshmen to this great University.

The University students' statistics for active students only stood at 5,347 students distributed across the four schools as follows;

2019/2020 Students' Statistics per School - Active students only

	School	GSSP	PSSP	Total
1	School of Education	2160	253	2413
2	School of Business	1013	45	1058
3	School of Humanities & Development Studies	874	36	910
4	School of Science & Applied Technology	962	4	966
	Total	5009	338	5347

NB: The numbers excluded non-active students in the system during the 2019/2020 FY

ii) University Graduation



Laikipia University has continued to make its mark as a University of Choice to many aspiring students on higher education. The University held its 7th Graduation ceremony on 6th December 2019. The ceremony witnessed the conferment of degrees and award of diplomas to over 2,300 graduands.

During the 2019 graduation ceremony, the University, Pursuant to Laikipia University Charter, 2013 Section III, (21) (4) (k) on the conferment of Honorary Degrees and upon recommendation of the University Senate and approval thereof by the Laikipia University Council, presented Mr. Eliud Kipchoge to Kenyans and the international community for the

award of Doctor of Science (Honoris Causa). The University Senate in making this award noted that Eliud had made tremendous contributions in the realm of sports. The Senate specifically recognized his most recent achievement of becoming the first human in history to run a sub-two-hour marathon. In a remarkable feat of endurance, Eliud delivered his “moon-landing” moment by crossing the finish line in a mind-blowing time of 1:59:40 in Vienna, as he delivered on his pledge to prove that “No Human Is Limited”.



Members of University Council Congratulating Mr. Eliud Kipchoge for the award

iii) ISO Certification



During the year under review, the University made a great milestone and attained double ISO certification to Information Security Management System (ISMS) based on ISO/IEC 27001:2013 and Quality Management System (QMS) based on ISO 9001:2015 requirements.





The University was awarded the certificates of the two Management Systems by Kenya Bureau of Standards (KEBS). Laikipia University is the Second University in Kenya to attain ISO/IEC 27001:2013 and the Fourth institution countrywide to attain such a fete. The simultaneous award of the two ISO certificates is a demonstration of the commitment shown by the University towards ensuring that the quality of education and services offered conforms to international standards. The Certification to ISO/IEC 27001:2013 and transition to ISO 9001:2015 clearly shows that Laikipia University has enhanced her operations to continually improve on the Confidentiality, Integrity and Availability of information management systems, improve customer satisfaction and practice adherence to applicable statutory and regulatory requirements.

iv) Launch of Strategic Plan



The Strategic Plan is a pathway that outlines areas of strategic focus. It is an important guide which provides a vibrant tool for the University in realizing her mandate. The Plan outlines the



future needs and aspirations of all stakeholders, and provides a framework through which the University would achieve her desired future. The Strategic Plan emphasizes on transformational leadership at all levels of the University management and a change of mind-set among key stakeholders to make Laikipia University a true University for valued transformation of society. The Plan hence defines the strategic direction for the University and provides a roadmap to mobilizing and budgeting of resources for the next five years.

The implementation of the Plan will strategically position the University for the next five years as a key player in the Kenya Government's realization of Vision 2030 and the Global SDGs. The Strategic Plan has been aligned to the Government's "Big Four Agenda" Four Agenda", and the Medium-Term Plan III of Kenya Vision 2030 Development Blueprint. In light of the ongoing reforms in the education sector, the Strategic Plan sets a platform for the identification of niche areas to uniquely differentiate Laikipia University. In addition, the Plan lays a pathway for modern infrastructural development to support the University in realizing her core mandate.

Consequently, the Strategic Plan is a road map of proactively refocusing the University towards responding to emerging societal issues and is therefore geared to positioning the University globally in order to achieve a competitive edge.



v) Launch of Farm Business Plan



The Farm Business Plan is anchored in the Strategic Plan. The plan will create a Centre of Excellence in Agriculture in the region and hence play a critical role towards empowering the youth and the community on modern farming technologies. It will also make a contribution towards offering solutions to food security issues in the ASAL areas.

At the national level, it is important to note that the Plan will contribute towards the realization of the “Big Four Agenda”. In this respect, the University has made a commitment to utilizing its available 439-acre arable land as a strategic resource for meeting the Government’s agenda of having a food secure nation.

The Farm Business Plan is a vehicle for re-engineering the University Farm as a key enabler in internal resource mobilization. The University can favorably undertake Agribusiness ventures as a way of creating demand for quality and nutritional agricultural produce through value addition. A number of enterprises have been proposed to realize this including:

- Dairy Farming Enterprise
- Poultry Farming Enterprise
- Cereal Farming Enterprises
- Horticulture Crops Enterprise
- Fodder Production Enterprise
- Sheep Farming Enterprise
- Pig Farming Enterprise
- Tree and Fruit Seedlings Enterprise
- Bee Keeping Enterprise

vi) Establishment of a Water Bottling Plant



During the year under review, the University established a water bottling plant which is not only an income generating source, but will also go a long way in addressing the problem of water scarcity facing the communities around.

To achieve this, the University:

- *Secured water source points*
- *Refurbished and furnished facility for water bottling*
- *Procured water bottling machine*

The University identified packaging materials for the Laikipia University Springs bottled Water and also established a marketing strategy. However, commercialization of this activity awaits Kenya Revenue Authority VAT and Excise duty certificates

vii) Automation of University Processes



To ensure that all university operations have been automated, the University has procured and is implementing 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 with few customizations remaining in some modules.

viii) Local Area Network & WiFi



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. 6.4 million for the Expansion on LAN

ix) Improvement of Library Services



During the 2019/2020 FY, the University took several measures to improve library services as indicated below;

- ❖ Installed KOHA- an Open Source System - for Integrated Library automated services.
- ❖ Procured current collection of books, journals and periodicals.
- ❖ The University established 2 mini libraries under the human rights center and the gender center that are fully stocked.

- ❖ The University in partnership with the Laikipia University Alumni donated reading shades to the green library



New Reading Shades donated by Laikipia University Alumni

x) Improvement of Health Services

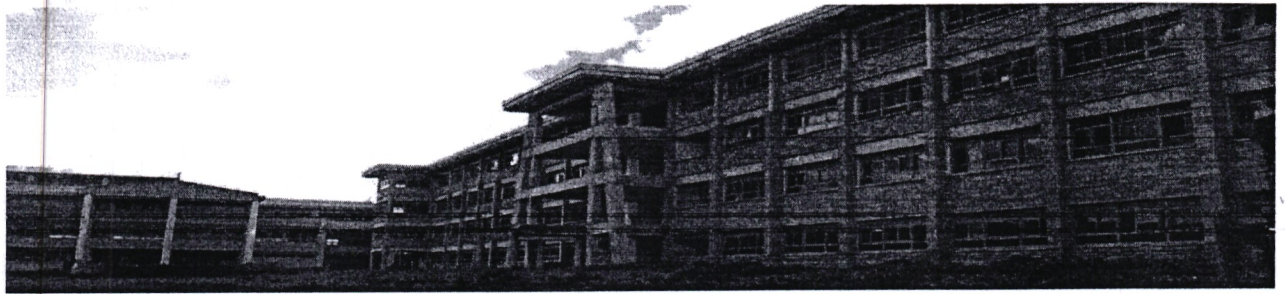
During the year under review, Laikipia University took the following proactive steps to improve health services;

- ❖ Registered as an NHIF hospital with 24/7 medical services to staff, students and surrounding community.
- ❖ Further, the University has acquired Serum Biochemistry analyzer and Haematology analyzer machines and has Operationalized AIDS Control Unit.
- ❖ Additionally, the University has consistently held Annual Health Week event which focuses on preventive health care to staff, students and surrounding community. The staff, students and surrounding community benefit from free access to a variety of medical services including cancer screening and counselling, HIV/AIDS Counselling and testing, among others. The 2019/2020 Health week was held on 23rd September – 27th September 2019 with a theme of fighting Non-Communicable Diseases for a better life.



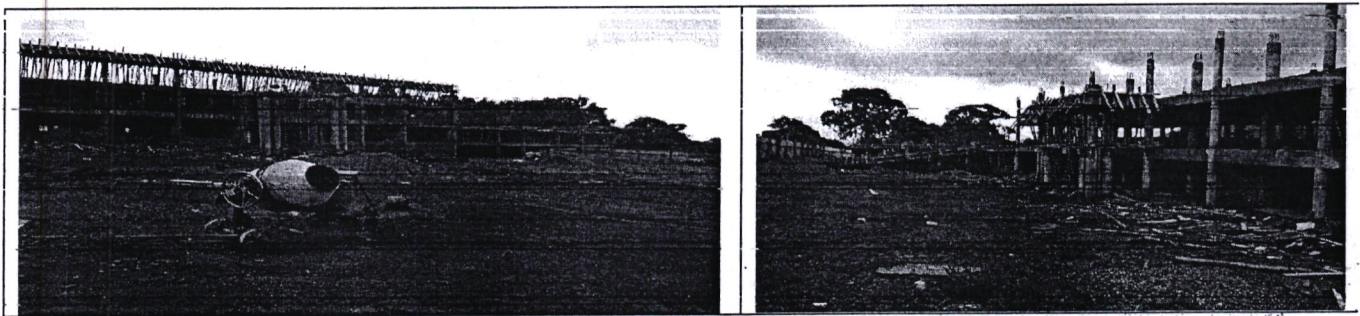
HEALTH WEEK 2019

xi) Improvement of Existing Infrastructure



On-going Tuition Block and Library & Administration Projects

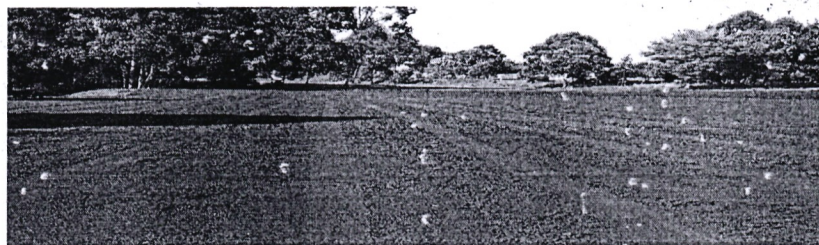
The University is ensuring speedy completion of the ongoing projects to ensure that staff and students have adequate office spaces and teaching/learning facilities. The following projects are in the final stage of completion: Signature Gate, Library and Administration Block, Tuition Blocks, Equipping Science Lab and equipping of the Media Studio. The University has also embarked on the construction of the Science Complex to house the School of Science.



On-going Project for Science Complex

The Science Complex project commenced on 13th June 2019 expected to take 54 weeks to completion. Percentage completion was reported at 43% as at 30th June 2020.

The University is progressively positioning itself towards being a Centre of Excellence in Sports Science. Towards this vision, we have submitted a proposal for a High-Altitude Training Facility. In the meantime, we have three new play fields for sporting activities.



The leveled fields will have two soccer fields and two netball and two handball courts. The Department looks forward to hosting inter-university games, secondary, primary and county games.

xii) Games and Sports

The University has also been taking part in Kenya University Sports Association (KUSA) games. LU took part during the KUSA cross-country on 9 February 2020 and emerged second runners up on split points with Kenyatta University at 36 points tie. Two (2) of our students namely Victor Yator and Desmond Kipkoech qualified for the World Universities games which were to be held in Marakech, Morocco this year but has been put off due to Covid-19. Earlier on 2 February 2020, our basketball ladies' team had qualified for the KUSA National Games scheduled to take place between 28th- 30th March 2020 at Dedan Kimathi University of Technology.



xiii) Clubs and Societies

Laikipia University has a huge establishment of clubs, associations and societies that students can join. The clubs and societies give students an opportunity to interact, enhance personal development and serve the society. They include;

- ❖ Drama Club/ Laikipia Traveling Theater
- ❖ Biosciences Student Association
- ❖ Brighter Future Club
- ❖ Catholic Association
- ❖ Agricultural Economics Club
- ❖ CHAWAKAMA
- ❖ Christian Union
- ❖ Computer Students Association
- ❖ Economic Students Association of Laikipia University (ESALU)
- ❖ Environmental Science Club
- ❖ Entrepreneurs Association

During the year under review, our drama club/Laikipia Travelling Theater participated in drama competition at County and Regional levels. The team was to participate in National competition set for April 2020 in Mombasa but this was curtailed by COVID-19 pandemic. The club did us proud by being overall 1st position after participating in 8 out of 9 categories at the regional level in March 2020.



Laikipia Travelling Theatre performing at Kericho Evangelical Highland University-Regional Level

xiv) Improvement of the Visibility of the University in the Webometrics

RANKING WEB OF UNIVERSITIES

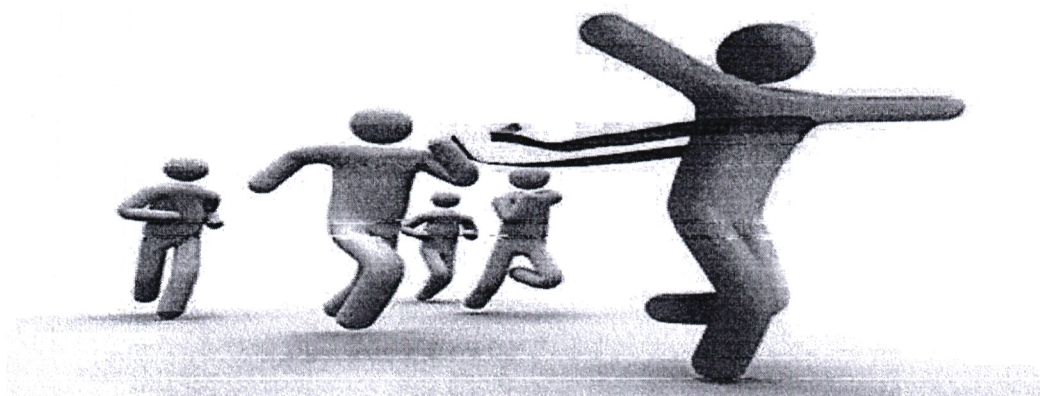


The University Visibility in the Webometrics Ranking has improved. Webometric is a tool for ranking institutions of Higher Education. The ranking takes into consideration four parameters: Openness, Impact, Presence and Excellence. The aim of the Ranking is to improve the presence of the Academic institutions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

LU improved on Webometrics ranking by 272 steps from 14342 to 14070 internationally and nationally at 41. The improvement was occasioned by:

- ✓ Staff accessing pay slips online,
- ✓ Uploading of staff profiles on website
- ✓ Staff online leave application and approval
- ✓ Quarterly uploading of publications and proposals
- ✓ Establishment of students and staff portals
- ✓ Registration of Academic Staff on Google scholar and Research Gate
- ✓ Publishing of Periodic Digital Online Newsletter-Info Point
- ✓ Revamping the University Website and regularly updating the website with the latest information
- ✓ Provision of adequate internet infrastructure
- ✓ Maintaining and extending network cables to cover other areas in the university
- ✓ Updating research publications on the university website
- ✓ Use of corporate email address by staff

xv) Other Achievements



- Legally acquired title deeds for Main Campus land
- Legally acquired title deeds for Maralal Campus land
- Conducted fire drills, established fire assembly points and increased awareness on fire safety
- Enhanced staff capacity on Disability Mainstreaming and facilities
- Recruited Farm Manager
- Recruited Estate Manager
- Established distinct commercial farm and demonstration farm
- Developed and implemented the University Risk mitigation Plan on Corruption prevention
- Establishment of University Day Care Centre.

2. Financial Highlights

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 2020 with comparison to results for the past five years.

a) Five Year Summary of Key Statistics

Statement of Financial Performance

	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)	2017/18 (30.06.2018)	2016/2017 (30.06.2017)	2015/2016 (30.06.2016)
	Kes.	Kes.	Kes.	Kes.	Kes.
REVENUE					
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	863,236,998	861,921,103	792,297,868	724,205,154	547,335,522
Grants & Donations	118,617	323,830	0	0	16,500
	863,355,615	862,244,932	792,297,868	724,205,154	547,352,022
Revenue from Exchange Transactions					
Students' Fees	239,252,345	344,780,879	343,616,111	459,342,103	457,695,249
Other Incomes	7,352,420	40,222,388	7,972,506	43,482,212	62,058,596
	246,604,765	385,003,267	351,588,617	502,824,314	519,753,845
Total Revenue	1,109,960,380	1,247,248,200	1,143,886,485	1,227,029,468	1,067,105,866
EXPENDITURE					
Staff Costs	907,330,144	879,832,268	869,181,221	958,164,937	766,420,213
Administrative Expenses	65,271,322	73,922,463	57,672,803	78,901,989	103,586,107
Repairs & Maintenance Expenses	8,281,891	7,595,057	12,261,132	7,494,282	9,552,201
Contracted Services	2,927,642	2,667,644	6,088,994	5,187,510	5,328,237
Academic & Research Expenses	118,445,906	181,082,677	130,807,528	157,936,812	174,830,510
Students Welfare	8,740,078	14,096,133	9,438,105	16,147,456	12,286,294
Council Expenses	11,478,799	9,522,411	11,221,762	9,104,372	8,979,747
Finance Charge	0	0	1,092,097	1,862,004	1,862,025
Depreciation	34,782,057	14,933,740	14,732,170	22,441,969	24,467,732
Provision for Bad Debts	(739,826)	(2,490,052)	2,294,816	1,311,091	6,693,066
Loss on Disposal/De-recognition	0	1,492,763	0	0	0
Total	1,156,518,012	1,182,655,105	1,114,790,629	1,258,552,420	1,114,006,132
Operating Surplus/(Deficit)	(46,557,632)	64,593,095	29,095,856	(31,522,952)	(46,900,265)
Other Service Units					
Farm Profit/(Loss)	11,666	(744,707)	(1,746,187)	3,156,595	250,186
Catering Profit/(Loss)	923,607	(503,705)	115,844	(1,931,741)	(2,271,855)
Bookshop/Medical Profit/(Loss)	0	0	459,728	(36,477)	(191,196)
Total Other Service Units	935,273	(1,248,412)	(1,170,615)	1,188,376	(2,212,864)
Total Surplus/(Deficit)	(45,622,359)	63,344,683	27,925,241	(30,334,576)	(49,113,129)



Statement of Financial Position

DETAILS	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)	2017/18 (30.06.2018)	2016/2017 (30.06.2017)	2015/2016 (30.06.2016)
ASSETS	Kes.	Kes.	Kes.	Kes.	Kes.
Current Assets					
Cash & Cash Equivalents	38,604,328	22,292,890	85,046,132	93,932,304	14,324,339
Receivables from Exchange Transactions	195,194,426	201,852,859	224,576,709	203,923,361	192,123,544
Receivables from Non-exchange Transactions	0	77,269,549	0	150,167,541	0
Inventories	19,392,081	17,676,910	13,757,091	16,352,048	19,764,559
Total Current Assets	253,190,835	319,092,208	323,379,932	464,375,254	226,212,443
Non- Current Assets					
Property, Plant and Equipment	2,093,677,951	2,030,723,264	1,420,175,978	1,379,163,790	1,229,081,772
Library Books	7,623,994	8,782,306	93,538	228,916	798,972
Intangible Assets (ERP Software)	28,502,460	15,125,700	10,163,220	9,413,220	9,329,220
Biological Assets	5,391,000	5,624,500	6,031,100	4,847,000	6,043,500
Total Non- Current Assets	2,135,195,405	2,060,255,770	1,436,463,836	1,393,652,926	1,245,253,464
Total Assets	2,388,386,240	2,379,347,978	1,759,843,767	1,858,028,179	1,471,465,907
LIABILITIES					
Current Liabilities					
Overdrawn Cashbooks	1,624,468	6,861,147	811,959	8,206,260	14,482,987
Accounts Payables	388,395,325	417,876,902	456,447,284	574,029,304	364,884,160
Total Current Liabilities	390,019,793	424,738,049	457,259,243	582,235,564	379,367,147
Non-Current Liabilities					
Long Term Liabilities	0	0	0	2,533,332	6,333,328
Total Non- Current Liabilities	0	0	0	2,533,332	6,333,328
Total Liabilities	390,019,793	424,738,049	457,259,243	584,768,896	385,700,475
NET ASSETS	<u>1,998,366,447</u>	<u>1,954,609,930</u>	<u>1,302,584,524</u>	<u>1,273,259,283</u>	<u>1,085,765,432</u>
Financed By:					
Capital Reserve	1,637,130,971	1,547,752,095	1,526,612,088	1,525,212,088	1,307,383,660
Revenue Reserves (Surplus/(Deficit))	(186,677,774)	(157,878,957)	(224,027,563)	(251,952,804)	(221,618,228)
Revaluation Reserve (Unrealized Gain)	547,913,250	564,736,792	0	0	
Total	<u>1,998,366,447</u>	<u>1,954,609,930</u>	<u>1,302,584,524</u>	<u>1,273,259,283</u>	<u>1,085,765,432</u>

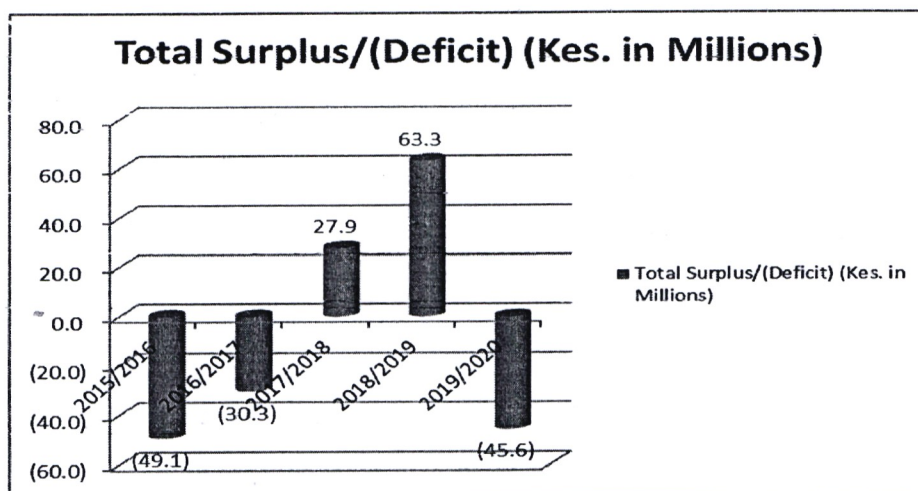


b) Financial Performance Analysis

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, 2020 is as follows;

i) Statement of Financial Performance Analysis

A trend analysis on financial performance shows improvement in financial performance where the University recorded a deficit of Kes. 49.1 million in 2015/2016 to a surplus of Kes. 63.3 million in 2018/19 FY. However, the University recorded a sharp decline to a deficit of Kes. 45.6 million in 2019/2020 FY as a result of University closure due to COVID-19 pandemic. Movement in surpluses/deficits for the past five (5) years is as indicated below;

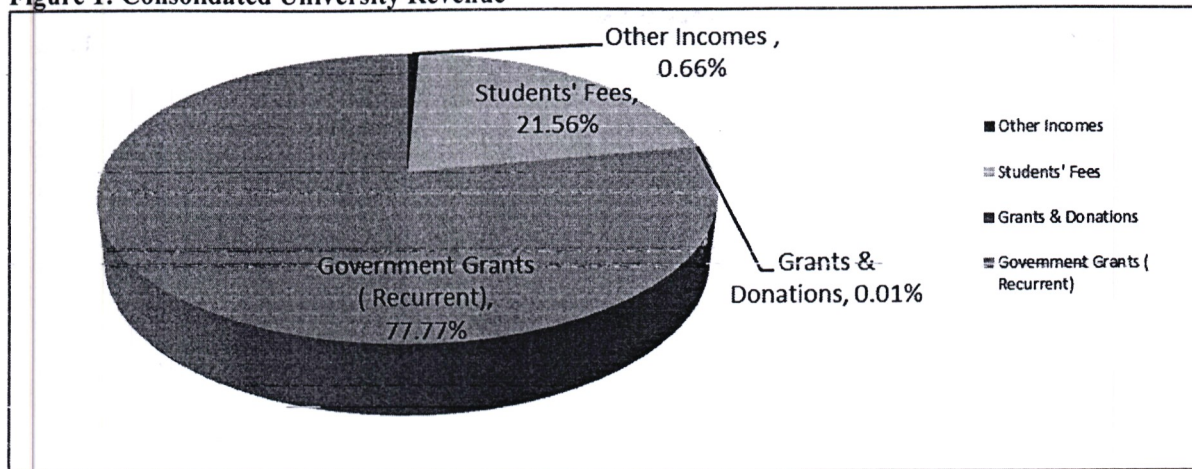


a) Revenue Analysis

In the period under review, the University reported total revenue of Kes. 1,109,960,380 compared to Kes. 1,247,248,200 in similar period ended 30th June, 2019 in the last financial year. This was composed of government grants at Kes. 863,236,998, grants & donations at Kes. 118,617, students’ fees at Kes. 239,252,345 and other income at Kes. 7,352,420. Government grants were the highest contributor of revenue at 77.77% 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, 2020 with similar period ended 30th June 2019 for the financial 2018/2019 indicates decline in all revenue categories except for government grants. Government grants grew by 0.2% to Kes. 863.2 million in 2019/20 from Kes. 861.9 Million in a similar period for 2018/19. On the other hand, Students' fees also decreased by 30.6% to Kes. 239.3 Million, from Kes. 344.8 Million in similar period last financial Year 2018/2019. Grants and donations also decreased by 63.4% from Kes. 323,830 in 2018/19 to Kes. 118,617 in 2019/2020. Other incomes declined by 81.1% compared to a similar period 2017/2018. Cumulatively, all revenue categories declined by 11%. The decline in revenue during the year was as a result of University closure due to COVID-19 pandemic.

Revenue Comparison

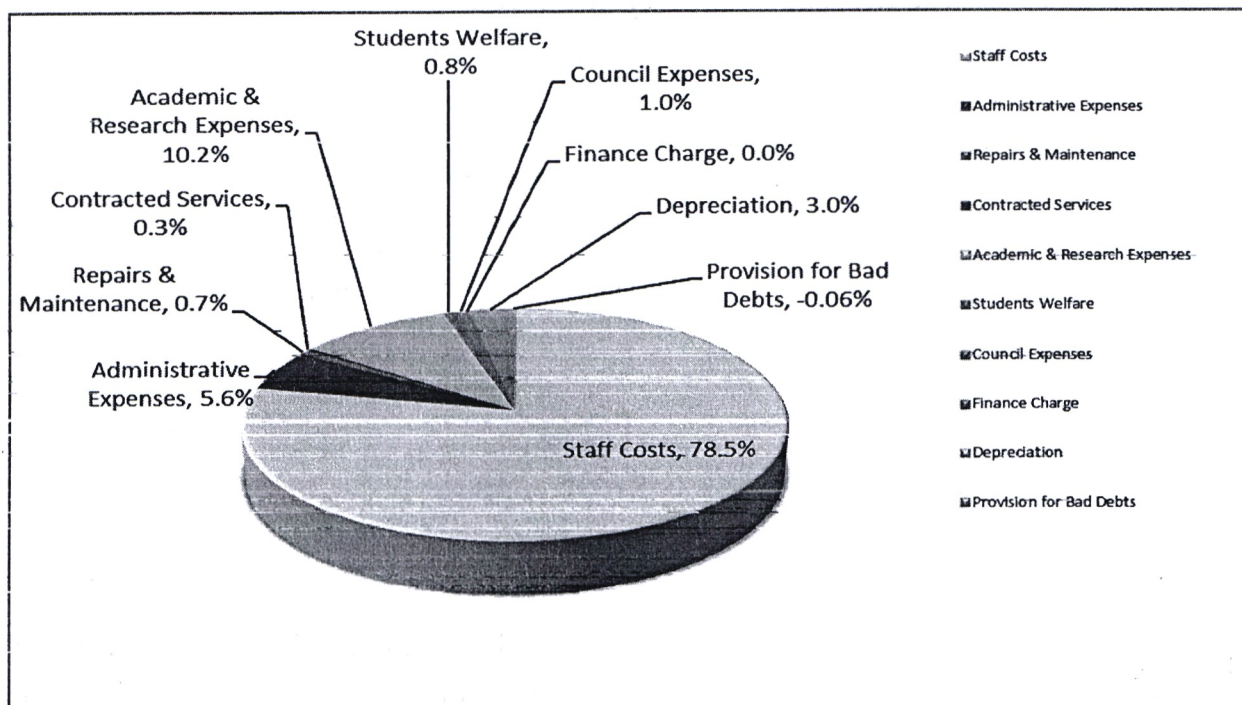
Revenue Category	2019/2020	2018/2019	% Change
	(30.06.2020)	(30.06.2019)	
	Kes.	Kes.	%
Government Grants (Recurrent)	863,236,998	861,921,103	0.2%
Students' Fees	239,252,345	344,780,879	-30.6%
Grants & Donations	118,617	323,830	-63.4%
Other Incomes	7,352,420	40,222,388	-81.7%
Total Revenue	1,109,960,380	1,247,248,200	-11.0%

b) Expenditure Analysis

The University incurred a total expenditure of Kes. 1,156,514,098 at the close of period ended 30th June, 2020. Staff cost had the highest expenditure at Kes. 907.3 million translating to 78.5% of the total recurrent expenditure. This was followed by academic and research expenses at Kes. 118.5 million (10.2%) while administrative expenses took 5.6% of the total expenditure. Depreciation on plant and equipment was Kes. 34.8 million (3%). Our depreciation policy stipulates full annual depreciation on all asset in the year of acquisition with no depreciation charge in the year of disposal. 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 year ended 30th June, 2020 was Kes. 11.5 million translating to 1.0% of the total expenditure. Provision for bad & doubtful debts decreased by Kes. 0.74 Million during the period translating to -0.06% of the total expenditure. The total recurrent expenditure is as highlighted in the figure below;

Figure 2: Consolidated University Expenditure



A comparison of recurrent expenditure for 2019/2020 FY with similar period ended 30th June, 2019 indicates a slight decline in total expenditure by 2.2% from Kes. 1.18 million in 2018/2019 compared to Kes. 1.16 million in the 2019/2020 FY. This comprises a minimal increase on staff costs by 3.1%, repairs & maintenance expenses by 9.0%, contracted services by 9.7% and council expenses by 20.5%. The increase on council expenses from Kes. 9.5 million in 2018/2019 to Kes. 11.5 million was as a result of more meetings held during the period to deliberate on University matter and also participation of Council members in witnessing the achievements by the University during the year. Depreciation charge also increased by 132.9% from Kes.14.9 million in 2018/2019 FY to Kes. 34.8 million in 2019/2020 FY as a result of assets revaluation conducted at the end of 2018/2019 FY increasing value of assets by over Kes. 500 million.

On the other hand, there were decline of expenditure on several items due to reduced activities in operations after the University was closed due to COVID-19 pandemic. Administrative expenses reduced by 11.4% from Kes. 73.7 million in 2018/2019 to Kes. 65.3 million in 2019/2020 FY,



academic and research by 34.6 % and Students welfare by 38.0%. The decrease on provision for bad debts by 70.3% was as a result of decrease in receivables. The University did not report any loss on disposal/ de-recognition during the year compared to Kes.1.49 million in the last financial year. This comparison is as highlighted below;

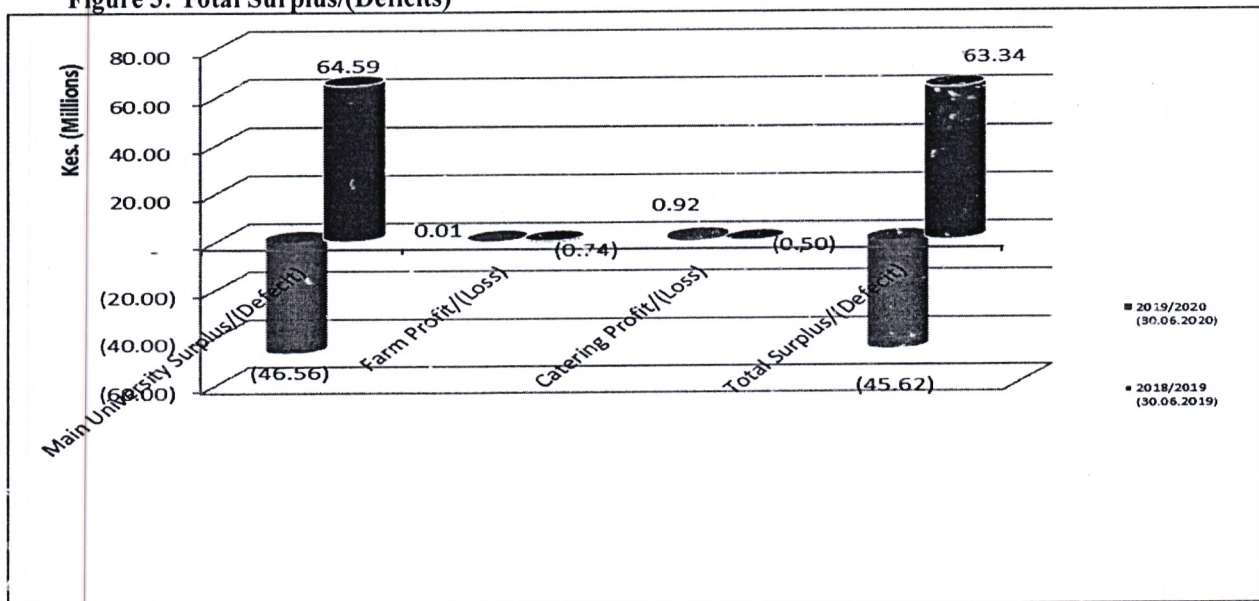
Recurrent Expenditure Comparison

Expenditure Category	2019/2020	2018/2019	% Change
	(30.06.2020)	(30.06.2019)	
	Kes.	Kes.	%
Staff Costs	907,330,144	880,055,660	3.1%
Administrative Expenses	65,271,322	73,699,071	-11.4%
Repairs & Maintenance	8,281,891	7,595,057	9.0%
Contracted Services	2,927,642	2,667,644	9.7%
Academic & Research Expenses	118,445,906	181,082,677	-34.6%
Students Welfare	8,740,078	14,096,133	-38.0%
Council Expenses	11,478,799	9,522,411	20.5%
Depreciation	34,782,057	14,933,740	132.9%
Provision for Bad Debts	(739,826)	(2,490,052)	-70.3%
Loss on Disposal/De-recognition	0	1,492,763	-100.0%
Total	1,156,518,012	1,182,655,105	-2.2%

c) University Surplus/(Deficit)

The University reported a cumulative deficit of Kes. 45,622,359 in the financial year ended 30th June, 2020. Included in total deficit is Kes. 46,557,632 from University operations, a profit of Kes. 11,666 from Farm operations and Kes. 923,607 from Catering Department operations. Deficits and surpluses are as highlighted in the figure below;

Figure 3: Total Surplus/(Deficits)



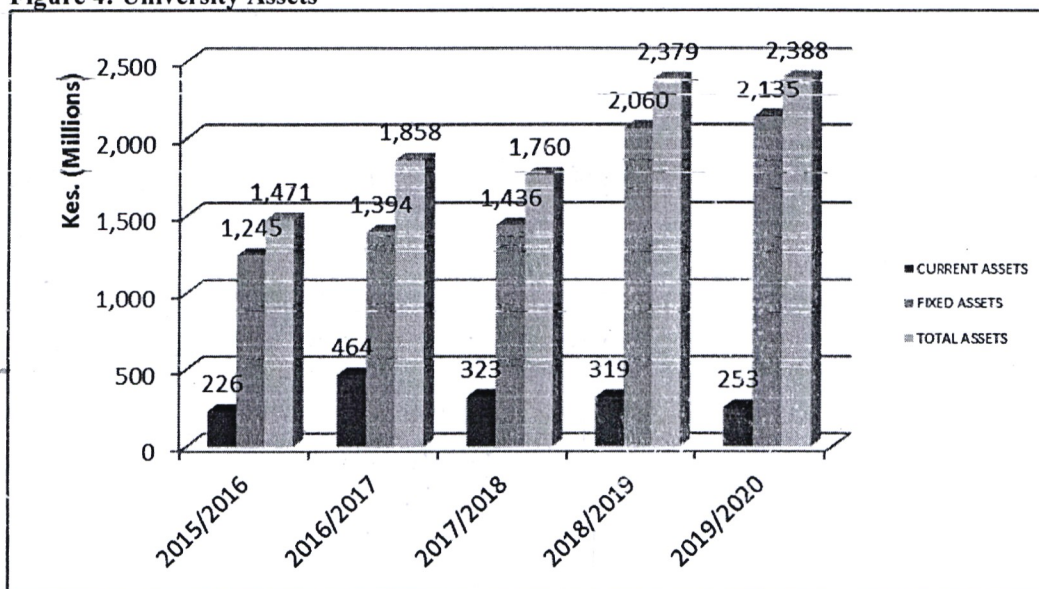
ii) Statement of Financial Position

An analysis on the statement of financial position for the past 5 years shows that the University Net Assets have increased from Kes. 1.085 billion in 2015/16 to Kes. 1.998 billion as at 30th June, 2020. An analysis 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. 1.47 billion in 2015/16 fiscal year to Kes.2.39 billion in 2019/2020 fiscal year. This represents 62% increase since 2015/16. The high increase from Kes.1.76 billion in 2017/2018 to Kes.2.379 billion in 2018/2019 was as a result of upward assets revaluation conducted in May 2019. The trend is as shown below;

Figure 4: University Assets

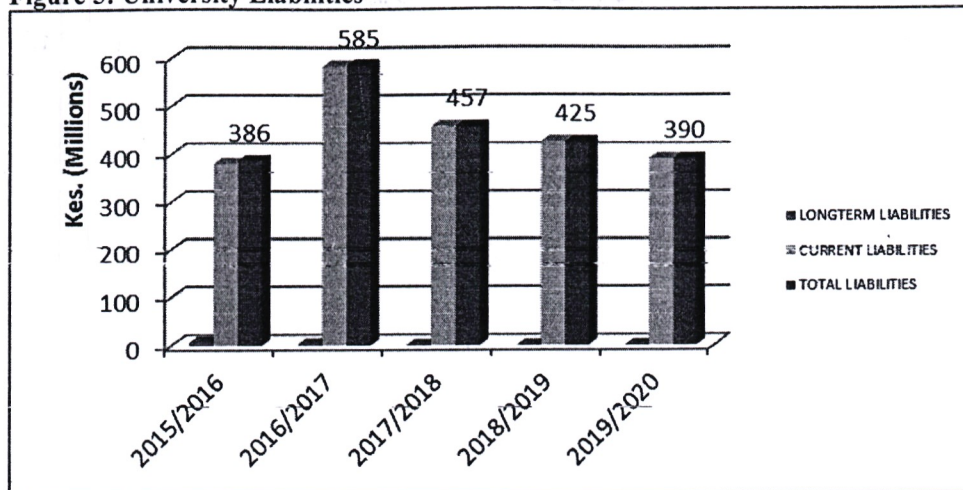


b. University Liabilities Analysis

On the other hand, a trend analysis on University liabilities indicates decreasing trend on University liabilities for the past five years. Total liabilities stood at Kes. 390.02 Million as at 30th June, 2020. Decreasing trend on liabilities over the years is as a result of University commitment to pay outstanding debts that had accumulated over the years due to shortage of funds. The University has been clearing debts to suppliers and part time lecturers though at a slow pace due to limited resources. Trend analysis on University liabilities is as analyzed below;



Figure 5: University Liabilities



c. Ratio Analysis

The University’s ratio analysis indicates a weaker liquidity of 65% in 2019/2020 financial year compared to 76% in 2018/2019 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 can only be able to meet about 60% of its financial obligations compared to 72% in the 2018/19 financial year as indicated by the quick ratio. This 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	2019/2020	2018/2019
	(30.06.2020)	(30.06.2019)
Assets	Kes.	Kes.
Current Assets (CA)	253,190,835	319,092,208
Fixed Assets (FA)	2,135,195,405	2,060,255,770
Total Assets	2,388,386,240	2,379,347,978
Liabilities		
Current Liabilities (CL)	388,395,325	417,876,902
Long-term Liabilities	0	0
Total Liabilities	388,395,325	417,876,902
Inventory	19,392,081	17,676,910
Liquidity Ratio (CA/CL)	0.65	0.76
Quick Ratio (CA- Inventory)/CL)	0.60	0.72
Working Capital Changes		
(Increase/Decrease in Working Capital)	52,964,734	(96,629,300)



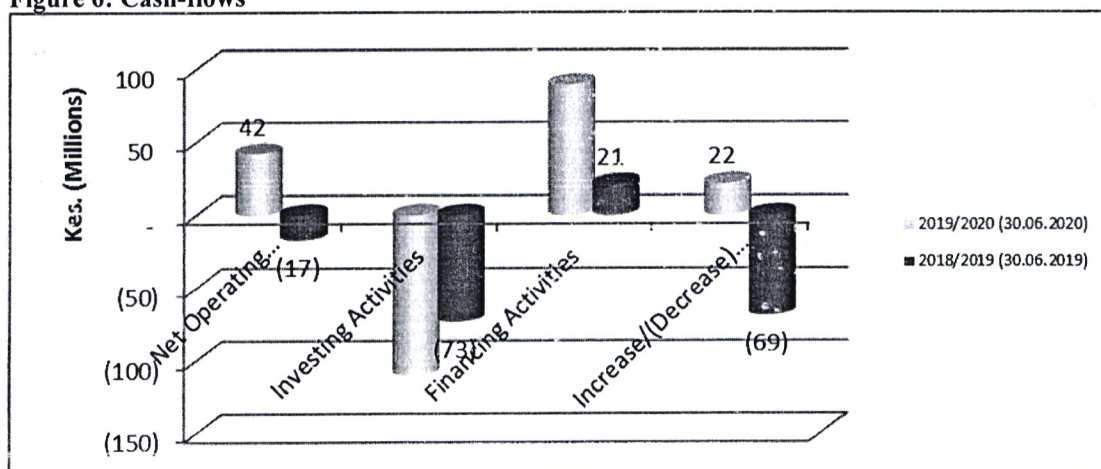
iii) Statement of Cash Flow

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, 2020 are as summarized below;

Summary of Cash flows	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
Cash flow		
Net Operating cash-flows	42,124,432	(16,858,114)
Investing Activities	(109,955,191)	(73,084,322)
Financing Activities	89,378,876	21,140,007
Increase/(Decrease) in Cash & Cash Equivalents	21,548,117	(68,802,429)

The University generated net cash inflows from operation of Kes. 42.12 million in 2019/2020 compared to Kes. (16.86) million in 2018/2019 financial year. On investing activities, the University used Kes. 109.96 million as at the end of 30th June, 2020 compared to Kes. 73.08 million in similar period of last financial year. The current investing expenditure includes Kes. 88.59 million on the ongoing capital projects and Kes. 27.87 million on purchase of plant and equipment. Plant and Equipment includes a motor vehicle at Kes. 3.1 million, LAN extension at Kes. 6.4 million and additional cost on acquisition of an Enterprise Resource Planning (ERP) software at Kes.13.26 million. The University reported net financing cash-flows of Kes. 89.38 million compared to Kes. 21.1 million in last financial year. This included Kes. 89.38 million GoK capitation disbursed by the government through the Ministry of Education for funding of capital projects during the year. The cash flow results are graphically presented as shown in the following figure;

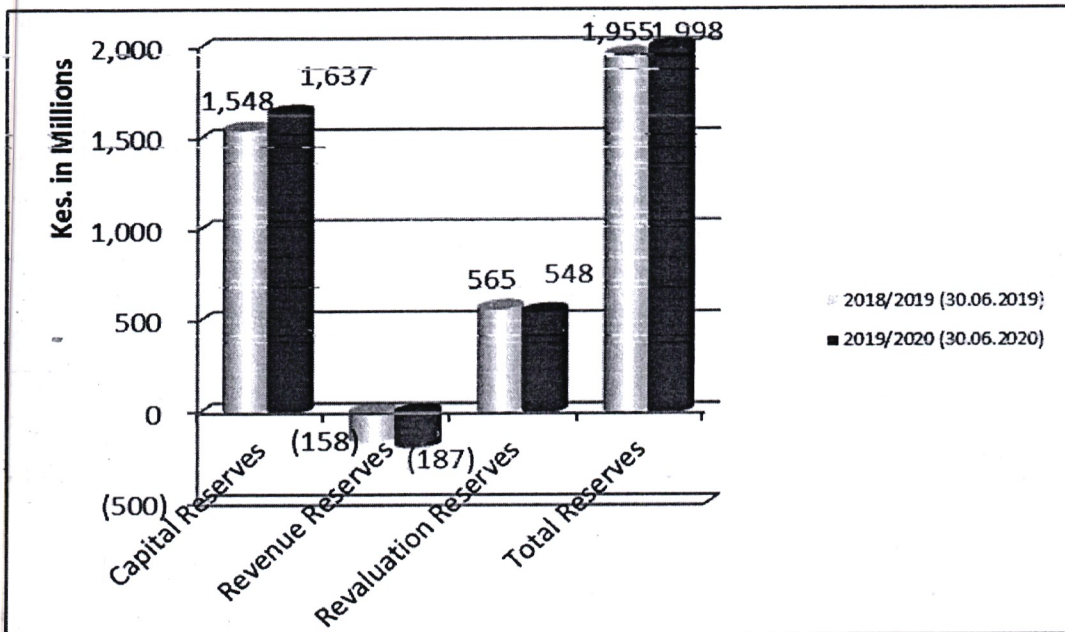
Figure 6: Cash-flows



iv) Statement of Changes in Reserves

Laikipia University maintains three types of reserves, i.e. capital, revenue and revaluation reserves. The total reserves for the year ended 30th June, 2020 was Kes. 1.998 billion compared to Kes. 1.955 billion in last financial year. Total Reserves comprised of capital reserves at Kes.1,637,130,971 in 2019/20 compared to Kes. 1,547,752,095 in last financial year. The University reported revenue reserves of Kes. (186,677,774) in 2019/2020 compared to Kes. (157,878,957) in the 2019/2019 financial year. Included in reserves during the year was revaluation reserves at Kes. 564,736,792 in 2019/2020 FY compared to Kes.564,736,792 in 2018/2019 FY. The reduction in revaluation reserve was as a result of transfer of Kes.16.8 million during the year to revenue reserve for revaluation gain amortization. An analysis of reserves for 2019/2020 financial year was as indicated below;

Figure 7: Reserves



Section B: Compliance with Statutory Requirements

Section 83 of the Public Finance Management Act, 2012, requires that an Accounting Officer for a National Government owned Entity to prepare a report for each quarter 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 Kenya National Audit Office.



Section C: Key Projects and Investment Decisions

The University is currently in the process of upgrading to a state of the art University. The ongoing development projects are Tuition Blocks, Library and Administration Block and Science Laboratories among others.

Section D: Major Risks Facing Laikipia University

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 effects of such risks on its performance by setting acceptable levels of risk.

➤ Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables.

➤ Liquidity Risk

This refers to the risk of institution's inability to meet its obligations as they fall due. The 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.

Section E: Material Arrears in Statutory/Financial Obligations

Pending bills at the close of financial year ended 30th June, 2020, amounted to Kes. 688,395,325. This includes part time teaching cost at Kes. 131.1 million, salary and deductions payable at Kes. 6.77 million, Pension fund accruing at Kes. 25.77 million and KRA taxes payable at Kes. 53.66 million. The University is committed to clearing pending bills once financial performance stabilizes.

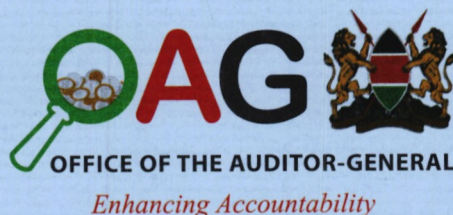
Section F: Financial Probity and Serious Governance Issues

The University has no financial probity and governance issues.



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia University set out on pages 51 to 96, which comprise the statement of financial position as at 30 June, 2020, 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 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 the University as at 30 June, 2020, 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 Material Uncertainty in Relation to Sustainability of Service

The statement of financial position reflects current liabilities balance of Kshs.390,019,793 against current assets balance of Kshs.253,190,835 resulting in a negative working capital of Kshs.136,828,958 as at 30 June, 2020. Further, the accumulated deficit was Kshs.186,677,774 as at 30 June, 2020 up from the accumulated deficit of Kshs.157,878,957 reported as at 30 June 2019. This is an indication of the existence of a material uncertainty which casts doubt on the University's ability to sustain its services and to meet its obligations as and when they fall due. However, the material uncertainty in relation to sustainability of services has not been disclosed in the notes to the financial statements. The financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive financial support from the Government and creditors.

Consequently, Management failed in making a material disclosure.

2.0 Lack of Ownership Documents and Valuation of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.2,093,677,951 as at 30 June, 2020. Included in this balance is an amount of Kshs.547,088,000 in respect of sixteen parcels of land measuring 947.9443 acres which were registered in the name of Egerton University. Further, the University was allocated 5 acres of land by the defunct Municipal Council of Nyahururu. However, ownership documents for the 5 acres of land in Nyahururu have not been obtained. In addition, this information and the values have not been determined or included in the financial statements.

In the circumstances, the accuracy, completeness, ownership and carrying value of the property, plant and equipment balance of Kshs.2,093,677,951 as at 30 June, 2020 could not be confirmed.

3.0 Non-Amortization of Intangible Assets

The statement of financial position reflects intangible assets (ERP software) balance of Kshs.28,652,460 as at 30 June, 2020. However, as reported in the previous year, the balance includes three intangible assets developed by the University reflected as work-in-progress. The intangible assets have not been amortized to reflect the fair value of the assets as indicated below:

Software	Contract Commencement Date	Contract End Date	Contract Amount (Kshs.)	Amount Paid to Date (Kshs.)
Power Campus (World Span)	22/5/12	22/5/2013	9,413,220	9,413,220
ASc Software	Not indicated	Not indicated	750,000	750,000
ABN UniSol	4/5/19	6 months (3/10/19)	4,962,480	4,962,480
Total			15,125,700	15,125,700

Consequently, the accuracy, completeness and fair valuation of the intangible assets as at 30 June, 2020 could not be confirmed.

4.0 Long Outstanding Accounts Payables

The statement of financial position reflects accounts payables balance of Kshs.388,395,325 as at 30 June, 2020. Included in the balance is a long outstanding creditors balance of Kshs.264,542,080 relating to trade creditors and other service providers dating back to 2014. Management did not provide explanation on failure to clear

the long outstanding creditors. Further, the University did not present a credit management policy for audit review.

5.0 Inaccuracies in Receivables from Exchange Transactions

The statement of financial position and as disclosed as detailed in Note 21(i) to the financial statements reflects receivables from exchange transactions amount of Kshs.195,194,426 after netting off provision for bad and doubtful debts of Kshs.21,688,270. However, Management did not provide a debtors aging analysis for audit review. The balance does not include an amount of Kshs.143,567,081 relating to uncollected revenue from closed down collaborating colleges that have remained outstanding for long.

In addition, included in the receivables balance is an amount of Kshs.2,251,012 relating to overpaid Pay As You Earn (PAYE) tax owing from the Kenya Revenue Authority (KRA) in respect of self-sponsored programme lecturers' deductions. No documentary evidence has been provided to show any efforts being made by the University to claim and recover the amount from the Kenya Revenue Authority.

In the circumstances, the recoverability of the receivables from exchange transactions of Kshs.195,194,426 as at 30 June, 2020 and its fair statement could not be confirmed.

6.0 Erroneous Classification of Penalties

The work-in-progress balance of Kshs.1,059,393,014 as at 30 June, 2019 includes an amount of Kshs.16,564,571 relating to penalties for late payments to contractors' invoices for certified works in 2018/2019 financial year. The penalties were wrongly capitalized under work-in-progress instead of being captured under recurrent expenditure.

Consequently, the work-in-progress balance of Kshs.1,059,393,014 as at 30 June, 2019 is not accurately and fairly stated.

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

Unresolved Prior Year Matters

In the audit report of the previous year, a number of issues were raised under the Report on Financial Statements. However, Management has not resolved the issues. Management explained that the University Council was yet to discuss the issues due to delay in the release of the audit report for the financial year ending 30 June 2019.

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 sections 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 Delay in Implementation of Projects

As reported in the previous year, included in the property, plant and equipment balance of Kshs.2,093,677,951 as at 30 June, 2020 is work-in-progress amounting to Kshs.1,059,293,014 and relating to construction of University's gate, lecture theatre, library and administration block and science laboratory. A physical verification and review of relevant records revealed that projects worth Kshs.189,905,018 were complete and in use but not yet capitalized due to lack of completion certificates. Further, other projects worth Kshs.778,319,876 were incomplete and the contract period had lapsed.

Consequently, value for money has not been realised in the projects.

2.0 Unsupported Contract Variations

Management made excess payments relating to consultancy variations. Management explained that the excess payments were in respect variations of cost, consultancy costs on architecture, mechanical electrical and other similar technical works which were contained in separate contracts. However, Management did not provide supporting documents in respect of the variation for audit review. The variations are as tabulated below:

Project Name	Contract Date	Contract Amount (Kshs.)	Amount Relating to Consultancy or Cost Variations (Kshs.)
Roads, Pavement and Ancillary	2013/2014	17,791,200	2,187,701.70
Lecture Theatre	2011/2012	117,625,076	15,847,582.62
Library & Admin Building	10/11/2011	254,713,266	93,328,919.64
Gate	21/04/2015	23,631,575	4,330,688.65
C2 Science Lab	1/11/2016	15,140,059	14,475,540.76

In the circumstances, Management was in breach of law.

3.0 Delayed Development and Implementation - Enterprise Resource Planning (ERP) Software

The University entered into a contract for the development of an Enterprise Resource Planning (ERP) system at a contract cost of Kshs.14,949,200. The implementation period was from 22 May, 2012 to 22 May, 2013. The University paid Kshs.9,329,200 in 2013/2014 financial year which was 62% of contract sum and an additional Kshs.84,000 in the financial year 2016/2017. The project was still incomplete as at 30 June, 2020 and the University Management had terminated the contract.

In the circumstances, value for money has not been realised on the expenditure of Kshs.9,413,200 so far incurred in respect of the ERP software.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Weak Controls Over Payroll Management

Review of the University's Enterprise Resource Planning (ERP) and Quick Pay Data for the management of payroll in 2018/2019 financial year revealed internal control weaknesses as follows:

- i. Analysis of payroll data for the period September, 2015 to June, 2018 revealed that a total of Kshs.687,404.65 was paid into one bank account which was shared by several staff members. Management did not provide explanations and documents authorising the payment of the salaries into the single account.
- ii. Review of the payroll system revealed lack of segregation of duties thus compromising the integrity of data in the system. The payroll administrator user group in payroll system had the authority for data entry, PCA approvals 1 and 2, payroll processing and payroll approval, system administrator role and data entry, approvals and payroll processing. The system security and data integrity were therefore compromised and unreliable.

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

Responsibilities of Management and Those Charged with Governance

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 the Management is aware of the intention to terminate the University or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 University's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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.
- 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

02 February, 2022

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE, 2020**

REVENUE	Notes	Page	2019/2020 (30.06.2020) Kes.	2018/2019 (30.06.2019) Kes.	Percentage Change %
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	3	68	863,236,998	861,921,103	0.2%
Grants & Donations	4	68	118,617	323,830	-63.4%
Sub-Total			863,355,615	862,244,932	0.1%
Revenue from Exchange Transactions					
Students' Fees	5	69	239,252,345	344,780,879	-30.6%
Other Miscellaneous Incomes	6	70	7,352,420	40,222,388	-81.7%
Sub-Total			246,604,765	385,003,267	-35.9%
Total Revenue			1,109,960,380	1,247,248,200	-11.0%
EXPENDITURE					
Staff Costs	7	71	907,330,144	880,055,660	3.1%
Administrative Expenses	8	73	65,271,322	73,699,071	-11.4%
Repairs & Maintenance Expenses	9	74	8,281,891	7,595,057	9.0%
Contracted Services	10	74	2,927,642	2,667,644	9.7%
Academic & Research Expenses	11	75	118,445,906	181,082,677	-34.6%
Students Welfare Expenses	12	76	8,740,078	14,096,133	-38.0%
Council Expenses	13	76	11,478,799	9,522,411	20.5%
Finance Charge	14	77	0	0	***
Depreciation & Amortization	15	77	34,782,057	14,933,740	132.9%
Provision for Bad Debts	16	77	(739,826)	(2,490,052)	-70.3%
Loss on Disposal/De-recognition	17	78	0	1,492,763	**
Total Expenditure			1,156,518,012	1,182,655,105	-2.2%
Operating Surplus/(Deficit)			(46,557,632)	64,593,095	-172.1%
Other Service Units					
Farm Profit/(Loss)	18	79	11,666	(744,707)	-101.6%
Catering Profit/(Loss)	19	79	923,607	(503,705)	-283.4%
Total Other Service Units			935,273	(1,248,412)	-174.9%
Total Surplus/(Deficit)			(45,622,359)	63,344,683	-172.0%



STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

DETAILS	Notes	Page	2019/2020 (30.06.2020) Kes.	2018/2019 (30.06.2019) Kes.	% Change
ASSETS					
Current Assets					
Cash & Cash Equivalents	20	80	38,604,328	22,292,890	73.2%
Receivables from Exchange Transactions	21(i)	81	195,194,426	201,852,859	-3.3%
Receivables from Non-exchange Transactions	21(ii)	81	0	77,269,549	****
Inventories	22	82	19,392,081	17,676,910	9.7%
Total Current Assets			253,190,835	319,092,208	-20.7%
Non- Current Assets					
Property, Plant and Equipment	23	83	2,093,677,951	2,030,723,264	3.1%
Library Books	24	85	7,623,994	8,782,306	-13.2%
Intangible Assets (ERP Software)	25	86	28,502,460	15,125,700	88.4%
Biological Assets	26	87	5,391,000	5,624,500	-4.2%
Total Non- Current Assets			2,135,195,405	2,060,255,770	3.6%
Total Assets			2,388,386,240	2,379,347,978	0.4%
LIABILITIES					
Current Liabilities					
Overdrawn Cash Books	27	87	1,624,468	6,861,147	-76.3%
Accounts Payables	28 (i)	88	388,395,325	417,876,902	-7.1%
Total Current Liabilities			390,019,793	424,738,049	-8.2%
Non-Current Liabilities					
Long Term Liabilities	28(ii)	88	0	0	**
Total Non- Current Liabilities			0	0	
Total Liabilities			390,019,793	424,738,049	-8.2%
NET ASSETS			1,998,366,447	1,954,609,930	2.2%
Financed By:					
Capital Reserve			1,637,130,971	1,547,752,095	5.8%
Revenue Reserves (Surplus/(Deficit))			(186,677,774)	(157,878,957)	18.2%
Revaluation Reserve			547,913,250	564,736,792	**
Total			1,998,366,447	1,954,609,930	2.2%

Dr. Ken Nyaundi, PhD.
CHAIRMAN OF COUNCIL

Prof. Kibett Rotich, PhD.
VICE CHANCELLOR

CPA Geoffrey K. Langat
ICPAK No. 4980
FINANCE OFFICER

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30TH JUNE, 2020**

Details	Capital Reserve	Revenue Reserve	Revaluation Reserve	Total Reserves
	Kes.	Kes.	Kes.	Kes.
2018/2019				
As at 1st July, 2018	1,526,612,088	(224,027,563)	0	1,302,584,524
Government Development Grants	21,140,007	0	0	21,140,007
Revaluation Gain during the year	0	0	567,540,716	567,540,716
Excess Depreciation on Revaluation	0	2,803,924	(2,803,924)	0
Funds used during the year	0	0	0	0
Total Surplus/(Deficit)	0	63,344,683	0	63,344,683
As at 30th June, 2019	1,547,752,095	(157,878,957)	564,736,792	1,954,609,930

Details	Capital Reserve	Revenue Reserve	Revaluation Reserve	Total Reserves
	Kes.	Kes.	Kes.	Kes.
2019/2020				
As at 1st July, 2019	1,547,752,095	(157,878,957)	564,736,792	1,954,609,930
Government Development Grants	89,378,876	0	0	89,378,876
Revaluation Gain during the year	0	0	0	0
Excess Depreciation on Revaluation Gain	0	16,823,542	(16,823,542)	0
Funds used during the year	0	0	0	0
Total Surplus/(Deficit)	0	(45,622,359)	0	(45,622,359)
As at 30th June, 2020	1,637,130,971	(186,677,774)	547,913,250	1,998,366,447



**STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30TH JUNE, 2020**

Details	Notes	Page	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
Operating Activities:			Kes.	Kes.
Surplus/Deficit			(45,622,359)	63,344,683
Gain on Disposal of Assets			-	1,492,763
Adjustment for Depreciation			34,782,057	14,933,740
Operating surplus before working capital changes			(10,840,302)	79,771,186
Changes in Working Capital				
Increase/Decrease in Receivables	29 (i)	89	83,927,982	(54,545,699)
Increase/Decrease in Inventories	29 (ii)	89	(1,715,171)	(3,919,819)
Increase/Decrease in Payables	29 (iii)	89	(29,481,576)	(38,570,382)
Increase/Decrease in Biological Assets	29 (iv)	89	233,500	406,600
Net changes in Working Capital			52,964,734	(96,629,300)
Net cash generated from operating Activities			42,124,432	(16,858,114)
Cash flows from Investing Activities				
Purchase of Non-Current Assets	30	90	(27,873,410)	(34,527,933)
Work in Progress	31	91	(88,590,540)	(38,595,889)
Adjustment for Expensed Work in Progress			6,508,760	-
Proceeds from sale of Non-Current Assets			-	39,500
Net cash used in investing Activities			(109,955,191)	(73,084,322)
Cash Flows from Financing Activities:				
Government Development Grants			89,378,876	21,140,007
Proceeds from Long Term Liabilities			-	-
Repayments of Long Term borrowings			-	-
Net cash generated from Financing Activities			89,378,876	21,140,007
Increase/(decrease) in cash and Cash Equivalents			21,548,117	(68,802,429)
Cash & Cash Equivalents at Beginning of the Year			15,431,743	84,234,173
Cash & Cash Equivalents at the end of the period			36,979,860	15,431,743
Reconciliation of Cash & Cash Equivalents			2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
Cash & Cash Equivalents as per Cash Flow Statement			36,979,860	15,431,743
ADD: Overdrawn Accounts			1,624,468	6,861,147
Cash & Cash Equivalents as per Balance Sheet			38,604,328	22,292,890

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

DETAILS	Approved Budget 2019/2020 Kes.	Virement (Adjustments) 2019/2020 Kes.	Revised Budget 2019/2020 Kes.	Actual on Comparable Basis 2019/2020 Kes.	Performance Difference 2019/2020 Kes.	Notes
REVENUE						
Government Grants (Recurrent)	863,236,998	0	863,236,998	863,236,998	0	
Grants & Donations	2,500,000	(2,172,739)	327,261	118,617	(208,644)	
Students' Fees	397,512,750	(92,345,839)	305,166,911	239,252,345	(65,914,566)	(i)
Other Incomes	18,296,853	(2,652,929)	15,643,924	7,352,420	(8,291,504)	(ii)
Total	1,281,546,601	(97,171,507)	1,184,375,094	1,109,960,380	(74,414,714)	
EXPENDITURE						
Staff Costs	915,490,801	(6,000,000)	909,490,801	907,330,144	2,160,657	
Administrative Expenses	77,546,000	(8,415,939)	69,130,061	65,271,322	3,858,739	(iii)
Repairs & Maintenance Expenses	6,700,000	1,000,000	7,700,000	8,281,891	(581,891)	
Contracted Services	8,543,000	(5,391,618)	3,151,382	2,927,642	223,740	
Academic & Research Expenses	132,485,000	(11,159,883)	121,325,117	118,445,906	2,879,211	(iv)
Students Welfare	14,900,000	(5,537,939)	9,362,061	8,740,078	621,984	
Council Expenses	11,000,000	848,525	11,848,525	11,478,799	369,726	
Finance Charge	0	0	0	0	0	
Depreciation	26,500,000	0	26,500,000	34,782,057	(8,282,057)	(v)
Provision for Bad Debts	4,500,000	0	4,500,000	(739,826)	5,239,826	(vi)
Total	1,197,664,801	(34,656,854)	1,163,007,947	1,156,518,012	6,489,936	
Operating Deficit	83,881,800	(62,514,653)	21,367,147	(46,557,632)	(67,924,778)	
Other Service Units						
Sales						
Farm	10,000,000	(3,500,000)	6,500,000	1,649,890	(4,850,110)	(vii)
Catering	7,000,000	1,220,910	8,220,910	5,539,752	(2,681,158)	(viii)
Total Sales	17,000,000	(2,279,090)	14,720,910	7,189,642	(7,531,268)	
Expenses						
Farm	7,000,000	(500,000)	6,500,000	1,638,224	4,861,776	
Catering	6,000,000	(500,000)	5,500,000	4,616,145	883,855	
Total Expenses	13,000,000	(1,000,000)	12,000,000	6,254,369	5,745,631	
Total Profit/Loss for Service Units	4,000,000	(1,279,090)	2,720,910	935,273	(1,785,637)	
Total Surplus/(Deficit)	87,881,800	(63,793,743)	24,088,057	(45,622,359)	(69,710,416)	
ADD: Other Receipts (Non P&L)						
Government Grants (Capital)	252,300,000	(162,921,124)	89,378,876	89,378,876	0	
Receipts from Debtors	77,798,908	17,052,672	94,851,580	87,101,163	(7,750,417)	(ix)
	330,098,908	(145,868,452)	184,230,456	176,480,039	(7,750,417)	
LESS: Other Payments (Non P&L)						
Plant & Equipment	34,000,000		34,000,000	27,873,410	6,126,590	(x)
Capital Development	263,810,278	(172,797,630)	91,012,648	88,590,540	2,422,108	(xi)
Debt Management	120,170,430	(36,864,565)	83,305,865	113,755,869	(30,450,004)	(xii)
	417,980,708	(209,662,195)	208,318,513	230,219,819	(21,901,306)	
Total Surplus/(Deficit) for the Year	(0)	0	(0)	(99,362,139)	(99,362,139)	

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 year under review, there were performance differences between the actual and budgeted amounts which are explained as follows:

- i. Students Fees-The variance of Kes. 65.9 million on this item was as a result of University closure due to COVID -19 pandemic affecting the second semester of 2019/2020 FY.
- ii. Other Incomes – The University reported a negative variance of Kes. 8.29 million on other income as a result of low activity in the fourth quarter and University closure.
- iii. Administrative Expenses – As indicated in note (i) & (ii) above, the University was closed prematurely in March 2020 resulting to low activities during the period.
- iv. Academic & Research Expenses – The variance on this expenditure was because the students' were out of session as a result of University closure due to COVI-19.
- v. Depreciation – ~~The University depreciation policy is to assign full year depreciation on University asset. The University had budgeted a lower figure of depreciation based on 2018/2019 which was reported at Kes. 14 million. However, the value of assets increased on revaluation at the end of 2018/2019 FY, hence increasing depreciation amount.~~
- vi. Bad Debts Provision – The University Policy is to make a general provision of 10% on all receivables. The change in provision for bad & doubtful debts decreased by Kes. 739,820 as a result of decrease in receivables leading to a performance difference of Kes. 5,270,804.
- vii. Farm Sales – The University made huge investment to revitalize farm during. This may take some time before achieving return on investment and that's why we recorded a variance in the current financial year. The situation is expected to improve in future upon crop harvesting
- viii. Catering Sales- The University Canteen depends on students and staff as the customers who were out of session due to University closure.
- ix. Receipts from Debtors – The University did not receive the anticipated receipts especially from students' fee balances after the University closed indefinitely due to COVID-19 pandemic.
- x. Purchase of Plant & Equipment – The University did not achieve the targeted purchase of additional assets due to shortage of funds.
- xi. Capital Development- The variance on this line item was as a result of delay by contractors on the projects and therefore there were no certificates to claim from the Ministry of Education.
- xii. Debt Management – Debt management surpassed the revised budget by Kes. 30.5 million. This was as a result of under-budgeting based on anticipated resources during the year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2020

1. Statement of Compliance and Basis of Preparation

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

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

2. Summary of Significant Accounting Policies

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:

i) Revenue from non-exchange transactions

❖ Government Grants

Government grants 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

❖ Grants & Donations

Grants and donations in form of research grants and donations from Constituency Development Funds (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.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

ii) Revenue from exchange transactions

❖ 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.

❖ Other 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.

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. The Statement of comparison of budget and actual amount forms part of our financial statements for the year ended 30th June, 2020.

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. 1,998,366,447

d. 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.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

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.

❖ **Contingent liabilities**

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

❖ **Contingent assets**

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

e. 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.

f. Property, Plant and Equipment

International Public Sector Accounting Standards (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.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Under revaluation model after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably 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.

The difference between the cost model and the revaluation model is that the revaluation model allows both downward and upward adjustment in value of an asset while cost model allows only downward adjustment due to impairment loss. Upward revaluation is not considered a normal gain and is not recorded in income statement rather it is directly credited to reserves account called revaluation surplus. Revaluation surplus holds all the upward revaluations of a company's assets until those assets are disposed-off.

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 or 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.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

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%

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.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

g. 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. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. 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.

h. 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

i. Related Parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of the University Management Board (UMB) are regarded as related parties and comprise of the Vice Chancellor, Deputy Vice Chancellor (AF&P), Deputy Vice Chancellor (ARSA), Registrar (Administration & Human Capital), Registrar (Academic Affairs) and Finance Officer. Their remuneration in terms of emoluments during the year under review was as follows;



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

University Management Board Remuneration	2019/2020	2018/2019
	Kes.	Kes.
Vice-Chancellor	12,625,752	11,836,208
Deputy Vice-Chancellor - ARSA	10,693,380	10,223,843
Deputy Vice-Chancellor - AF&P	5,353,966	5,344,968
Registrar A&R	7,253,011	7,253,011
Registrar (A&HC)	7,253,011	7,253,011
Finance Officer	6,172,330	6,337,731
Total	49,351,450	48,248,773

Laikipia University Council is the governing body of the University and therefore a related party to the University. In 2019/2020 financial year, the University Council held various meetings in line with their mandate as stipulated in the University statutes and the Charter. The allowances paid to the members were as follows;

Summary of Council Expenses 2019/2020

Name	Sitting Allowance	Mileage Allowance	Accommodation	Lunch	Honorarium	Total
Dr. Ken Nyaundi	460,000	187,252	276,641	8,000	957,000	1,888,893
Dr. Moses Siruri Marwa	1,000,000	80,200	586,400	10,000	0	1,676,600
David Namu Kariuki	1,080,000	306,179	815,241	6,000	0	2,207,420
Pauline Wamarwa Ngari	780,000	247,770	542,241	0	0	1,570,011
Ruth Adhiambo Okowa	200,000	40,211	72,800	8,000	0	321,011
Sammy R Oleku	1,160,000	536,164	861,695	8,000	0	2,565,860
Dr. Mary Gaturu	520,000	24,027	254,800	8,000	0	806,827
Jospeh Kiari	160,000	39,211	91,000	6,000	0	296,211
Moses Gakuru	20,000	17,183	18,200	0	0	55,383
Susan Aletia	20,000	34,183	36,400	0	0	90,583
Total	5,400,000	1,512,380	3,555,419	54,000	957,000	11,478,799

The University has been operating without a Chancellor after prof. R. Munavu's term expired in 2017/2018 with no replacement from the Government.

The Government of Kenya is also a related party to the University especially in terms of financing and policies. During the year under review, the National Government through the Ministry of Education disbursed Kes. 863,236,998 for recurrent expenditure and Kes. 89,378,876 for capital expenditure.

j. 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.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

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 staffs 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.

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 on completion of their contracts and the payments out of this are charged to the accrued gratuity account.

k. Financial Risk Management

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 financial 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.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

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 amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

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 Kes.	Past due -Kes-	Impaired Kes.	Total Kes.
As at 30 June, 2020				
Students Receivables		133,722,560		133,722,560
Other Receivables		83,160,135		83,160,135
Bank Balances	<u>38,604,328</u>			38,604,328
	<u>38,604,328</u>	<u>216,882,695</u>	<u>0</u>	<u>255,487,024</u>
As at 30 June, 2019				
Students Receivables		132,719,663		132,719,663
Other Receivables		91,561,292		91,561,292
Bank Balances	<u>22,292,890</u>			22,292,890
	<u>22,292,890</u>	<u>224,280,955</u>	<u>0</u>	<u>246,573,845</u>

❖ Liquidity risk management

Liquidity risk is the risk 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.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

Prudent liquidity risk management includes maintain 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- Kes.	Between 1-12 Months Kes.	Over 12 Months Kes.	Total Kes.
As at 30 June, 2020				
Trade Payables	0	15,130,240	15,399,486	30,529,726
Contractors	0	10,387,154	67,148,241	77,535,395
SSP Claims	0	733,320	130,401,948	131,135,268
Prepaid Fees	0	28,874,440	0	28,874,440
Caution Money	0	2,964,000	14,168,020	17,132,020
Borrowings	0	0	0	0
Other Payables	0	51,596,071	51,592,405	103,188,476
	0	109,685,225	278,710,100	388,395,325
As at 30 June, 2019				
Trade Payables		28,492,784	16,449,339	44,942,123
Contractors		3,724,763	63,423,479	67,148,242
SSP Claims		10,893,780	124,050,034	194,943,814
Prepaid Fees		27,713,388	577,994	28,291,382
Borrowings			0	0
Other Payables	0	30,645,516	34,515,805	65,161,321
Caution Money		15,628,520	1,761,500	17,390,020
	0	177,098,751	240,778,151	417,876,902

❖ **Market risk**

(i) Foreign exchange risk - Foreign exchange risk arises from recognized assets and liabilities. The University operates wholly within Kenya and its assets and liabilities are denominated in Kenya shillings. The Council therefore believes there is no risk of significant losses due to exchange rate fluctuations.

(ii) Price risk - The University does not hold any financial instruments subject to price risk.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

l. Comparative figures

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

m. Research and Development

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

n. 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.

o. Tax Exemption

Laikipia University is among institutions of higher learning in Kenya. 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/Religion Organizations
- Hospitals
- Schools/Universities etc

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.

The entity by virtue of being a public university and classified under the Not-for-Profit Organizations (NPOs) have been exempted from income tax. NPOs are exempted from income tax on income received from the activities of the organization, if the income is wholly used to support the public benefit purposes for which the organization was established and in this case to advance education by Public Universities.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

3. Government Grants

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

Laikipia University receives capitation from government of Kenya through the Ministry of Education (MoE) for recurrent and development capitation. During the year under review, the Government through MoE remained the highest financier of the University at 77.77% of the total revenue. The University received a total of Kes. 863,236,998 as recurrent capitation during the year and accounted for as revenue in the statement of financial performance. Excluded in this was Kes. 89,378,876 for development expenditure which was accounted for in the accumulated reserves under the capital fund (See Appendix IV).

Recurrent Government Grants		2019/2020	2018/2019
Code	Description	(30.06.2020)	(30.06.2019)
		Kes.	Kes.
40-01-001	GOK Recurrent	863,236,998	861,921,103
	Sub-Total	863,236,998	861,921,103

4. Grants & Donations

The University recorded a very small percentage 0.01% on grants and donations totaling to Kes. 118,617 during the year. The University retains 10% on research funds which accounted for Kes. 10,000 in the 2019/2020 financial year. Other grants and donations included a donation of Kes. 108,617 from the Deputy Vice Chancellor (ARSA), Professor Wanjiku Chiuri, for Hyma Day Care in the University.

Donations to students by Higher education Loans Board (HELB) and Constituency Development Funds (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		2019/2020	2018/2019
Code	Description	(30.06.2020)	(30.06.2019)
		Kes.	Kes.
40-01-002	Research Grants	10,000	95,830
40-01-003	Other Grants & Donations	108,617	228,000
	Sub-Total	118,617	323,830

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

5. Students' Fees

Revenue from students' fees 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. 239,252,345 translating to 21.56% of total revenue. Tuition fees was the highest at Kes. 92,713,500. The sharp decline was as a result of University closure during COVID-19 pandemic. The following is the on students' fee breakdown;

Students' Fees		2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
Code	Description	Kes.	Kes.
40-02-001	Tuition	92,713,500	220,676,266
40-02-002	Application Fee	129,500	466,500
40-02-003	Students ID	777,500	578,600
40-02-004	Registration	12,691,000	9,234,980
40-02-005	Examination Fee	16,003,000	14,690,940
40-02-006	Material Development	15,826,030	14,286,694
40-02-007	Activity Fee	12,153,500	8,708,250
40-02-008	Students Medical Fee	10,549,965	4,482,958
40-02-009	Library Fee	10,713,600	9,664,610
40-02-010	Students Supervision Fee	23,820,800	32,452,982
40-02-011	Laboratory Charges	8,673,000	4,871,010
40-02-012	Convocation Fee	10,427,200	8,385,595
40-02-013	Computer Charges	13,445,000	11,684,550
40-02-014	Accommodation	4,046,000	2,976,100
40-03-001	Retakes & Supplementary	5,923,750	539,945
40-03-002	Remarking fees	10,000	26,000
40-03-006	Certificates Late Collection	401,500	
40-03-007	Academic Transcripts	947,500	1,054,900
	Sub-Total	239,252,345	344,780,879



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

6. Other Miscellaneous Income

The University recorded a total of Kes. 7,352,420 translating to 0.66% of the total income during the period. This was a decline by 81.7% compared to 2018/2019 FY which recorded a total of Kes. 40,222,388 in miscellaneous income. Included in miscellaneous income was Kes. 14.12 million for insurance claim received during the year. An analysis of other incomes for the year is as follows;

Other Income		2019/2020	2018/2019
		(30.06.2020)	(30.06.2019)
Code	Description	Kes.	Kes.
40-03-003	Exam. Cards Replacement	0	1,500
40-03-004	Library Fines	126,628	28,087
40-03-005	Students' Damages	56,000	6,027,305
40-04-001	Campuses Income	5,851,051	12,920,750
40-04-002	Rent Income	564,000	545,315
40-04-003	Medical Charges - Guests	57,125	4,454,422
40-04-004	NHIF Rebates	0	264,378
40-04-006	Tendering Income	12,600	5,200
40-04-009	Hire of Transport	112,800	247,925
40-04-013	LU Marathon	2,000	871,557
40-04-017	Insurance Claim	0	14,115,500
40-04-019	Sale of Detergents	500	2,500
40-04-021	Miscellaneous Income	287,716	737,950
40-04-025	Inter-Faculty Transfers	174,000	0
40-04-026	Guest House Income	108,000	0
	Sub-Total	7,352,420	40,222,388



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

7. Staff Costs

The number of employees at the close of period ended 30th June 2020 was 541 compared to 556 in 2018/2019 FY. The decrease in number of staff was as a result staff retirements within the period. The total number of staff as at 30th June 2020 was composed of 6 members of the University Management Board, 100 teaching staff and 435 non-teaching staff. The University incurred a total of Kes. 907,559,844 to cater for staff salaries and benefits. Included in staff costs is compensation to University Management Board amounting to Kes. 49,351,450 for 2018/2019 as indicated below;

University Management Board Remuneration	2019/2020 Kes.	2018/2019 Kes.
Vice-Chancellor	12,625,752	11,836,208
Deputy Vice-Chancellor - ARSA	10,693,380	10,223,843
Deputy Vice-Chancellor - AF&P	5,353,966	5,344,968
Registrar A&R	7,253,011	7,253,011
Registrar (A&HC)	7,253,011	7,253,011
Finance Officer	6,172,330	6,337,731
Total	49,351,450	48,248,773

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 totaled Kes. 56,357,806 during the 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. Employees on contracts are entitled to service gratuity on successful completion of their contracts and recognized when they accrue. Gratuity to staff on contract and those retiring is payable at 31% of basic salary for every year worked. The University paid gratuity amounting to Kes. 38,900,414 during the year.

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.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

Detailed breakdown to staff costs during the year is as follows;

Staff Costs		2019/2020	2018/2019
		(30.06.2020)	(30.06.2019)
Code	Description	Kes.	Kes.
50-01-001	Basic salary	383,213,237	371,154,514
50-01-002	House Allowance	187,756,934	183,920,641
50-01-003	Hardship Allowance	83,851,228	82,073,777
50-01-004	Medical Allowances	12,886,529	12,696,245
50-01-005	Commuting Allowance	66,022,207	65,295,290
50-01-006	NSSF (Employer)	551,600	584,400
50-01-007	Pension (Employer)	56,357,806	55,194,308
50-01-008	Leave Travel	5,519,815	5,279,315
50-01-009	Gratuity	38,900,414	23,054,394
50-01-010	Other Personal Allowances	42,904,084	48,472,851
50-02-001	Passage & Baggage	449,319	439,136
50-02-002	Staff (Dental & Optical) Expenses	774,772	985,110
50-02-003	Staff Med. Expenses (Hospitalization)	10,991,391	16,052,405
50-02-004	Casual Labour	1,535,763	2,392,901
50-02-005	Group Life insurance	9,469,291	8,886,561
50-02-006	Internship	1,683,542	896,799
50-02-007	Locum Salary	683,636	0
50-02-008	Staff Development/Training	889,472	1,661,090
50-02-009	Tuition Fee Waiver	906,700	38,000
50-02-011	Staff Funeral Expenses	190,000	754,530
50-02-013	Staff Uniforms	334,855	223,392
50-02-014	Sabatical Expenses	1,130,000	0
50-02-016	National Industrial Training Authority (NITA)	327,550	0
Total Staff Costs		907,330,144	880,055,660



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

8. Administrative Expenses

The University incurred a total of Kes. 65,271,322 as administrative expenses in 2019/2020 compared to Kes. 73,699,071 in 2018/2019 FY as itemized below;

Administrative Expenses		2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
Code	Description	Kes.	Kes.
50-03-001	Travel & Subsistence	22,887,357	22,584,595
50-03-002	Transport operating Expenses	5,533,177	8,320,461
50-03-003	Electricity Expenses	10,920,530	15,143,015
50-03-004	Office Stationery	1,434,855	2,766,528
50-03-005	Audit Fees	696,000	696,000
50-03-006	Security Infrastructure	1,575,802	2,246,530
50-03-007	Advertising & Publicity	1,205,565	1,448,319
50-03-008	Publishing & Printing	78,600	27,000
50-03-009	Postage & Telephone	820,850	1,054,910
50-03-010	Photocopying Expenses	4,031	203,905
50-03-011	Computer charges & Stationery	2,059,427	2,431,009
50-03-013	Public Celebrations	15,500	20,000
50-03-014	Contracted Professional Services	208,800	57,100
50-03-015	Revaluation of Assets	0	411,900
50-03-016	General Licenses	609,993	152,313
50-03-017	Rents & Rates	247,114	1,290,000
50-03-018	Bank Charges	655,307	534,050
50-03-019	Tendering Expenses	474,353	123,900
50-03-020	Quality Assurance	0	193,164
50-03-021	Strategic Plan/Charter Launch	1,030,063	625,200
50-03-022	Maintenance of water & Sewerage	42,585	372,714
50-03-023	ISO Expenses/Launch	4,604,171	5,298,578
50-03-024	Performance Contracting	841,822	1,013,847
50-03-025	Software Maintenance Expenses	939,886	536,899
50-03-026	Health Week	996,555	903,225
50-03-027	Subscription to University Regulatory Bodies	1,236,906	424,700
50-03-028	Cleaning Materials	478,597	467,640
50-03-029	Meeting Expenses	2,331,735	3,169,382
50-03-030	Detergent Expenses	142,359	29,910
50-03-032	Office Running Expenses	770,282	1,103,079
50-03-034	Students' Registration Exp.	1,339,941	0
50-03-042	Resource Mobilization Expenses	1,077,961	0
50-03-044	Complaints Resolution Exp.	11,200	49,200
	Sub Total	65,271,322	73,699,071



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

9. Repairs & Maintenance Expenses

An analysis to repairs and maintenance expenses indicated that the University incurred a total of Kes. 8,281,891 in 2019/2020 compared to Kes. 7,595,057 in 2018/2019 FY. Included in the current expenditure is Kes. 6,384,351 on general repairs, vehicle repairs at Kes. 1,206,110 while machinery repairs took Kes. 691,430 as indicated below;

		2019/2020	2018/2019
		(30.06.2020)	(30.06.2019)
Code	Description	Kes.	Kes.
50-04-001	General Repairs	6,384,351	5,095,822
50-04-002	Vehicle repairs	1,206,110	874,649
50-04-003	Machinery repairs	691,430	1,624,586
	Sub Total	8,281,891	7,595,057

10. Contracted Services

The University contracted various companies and organizations to offer various services during 2019/2020 FY. The services included insurance, legal services and cleaning and sanitary. These services cost the University Kes. 2,927,642 compared to Kes. 2,667,644 in the last financial year. Included in current expenditure is Kes.1,390,301 for legal services and Kes.1,265,642 for vehicle insurance during the year. The following is the breakdown for contracted services;

		2019/2020	2018/2019
		(30.06.2020)	(30.06.2019)
Code	Description	Kes.	Kes.
50-05-001	Legal Charges	1,390,301	819,078
50-05-002	Cleaning & Sanitary Services	87,780	534,600
50-05-003	General Insurance -Property	183,827	106,991
50-05-004	Vehicles Insurance	1,265,734	1,206,975
	Sub Total	2,927,642	2,667,644



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

11. Academic & Research Expenses

The University's core mandate is teaching and research, during the year under review, a total of Kes. 118,445,906 was incurred in 2019/2020 FY compared to Kes. 181,082,677 in 2018/2019 FY. Detailed academic and research expenses are as follows;

Academic & Research Expenses		2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
Code	Description	Kes.	Kes.
50-06-001	Part-time Teaching Costs	57,183,681	109,332,428
50-06-002	Graduation Expenses	6,693,347	8,704,542
50-06-003	Teaching Materials	1,052,040	220,790
50-06-004	Laboratory Materials & Reagents	1,025,904	212,709
50-06-005	Teaching Practice & Field Attachment	19,830,762	21,055,602
50-06-006	Academic Field Trips	2,270,100	2,406,710
50-06-007	Research Programmes	627,989	499,630
50-06-008	Campuses Expenses	0	0
50-06-009	Internet Services	15,201,715	18,333,032
50-06-010	Subscription to e-Journals	480,000	1,652,535
50-06-011	Academic Exhibitions	146,900	286,400
50-06-012	Conference & Seminars	3,626,221	2,241,153
50-06-013	Scholarship Funds	0	0
50-06-014	Senate Expenses	53,280	2,500
50-06-015	International Travel	125,000	257,531
50-06-016	KUCCPS Expenses	1,864,500	3,043,500
50-06-017	CUE Expenses	2,252,690	1,586,780
50-06-018	Examination Stationery	1,851,794	5,388,866
50-06-019	Graduation Gowns	1,334,160	112,000
50-06-020	External Examiners (Exam Moderation)	988,643	4,612,781
50-06-021	Library Expenses	0	0
50-06-022	Open & Distance Learning	1,100,000	0
50-06-023	Endowment Fund	0	0
50-03-012	Newspapers, Journals & Videos	737,180	1,133,190
	Sub Total	118,445,906	181,082,677



Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2020

12. Students Welfare Expenses

Over the years, the University Management Board has made a deliberate decision 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. In 2019/2020, the University incurred a total of Kes. 8,740,078 to improve on students' welfare as follows;

Students Welfare		2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
Code	Description	Kes.	Kes.
50-07-001	Students Medical Supplies	3,640,346	3,306,487
50-07-002	Students Work-study	502,600	703,900
50-07-003	Games Exp. (Inter Universities)	677,270	1,022,421
50-07-004	Drama Festivals	418,700	500,000
50-07-005	Cultural Week	0	110,000
50-07-006	LU Marathon	406,597	4,775,885
50-07-007	Students' Counseling Expenses	200,000	307,090
50-07-008	Students' Bursaries	1,000,000	1,000,000
50-07-009	Students Miscellaneous A/c	1,792,965	2,370,350
50-07-010	Subscription to DSTV	101,600	0
	Sub Total	8,740,078	14,096,133

13. Council Expenses

The University approves formal and transparent remuneration policies to Council members. These policies clearly stipulate remuneration elements such as meeting attendance/sitting allowance, transport re-imburements 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 year under review the University incurred a total of Kes.11,478,799 for 2019/2020 as compared to Kes. 9,522,411 in 2018/2019. The reason for high expenditure in current financial year was as result of more meetings held by Council members to witness the various achievements during the year. Details of this line item are as follows;

Council Expenses		2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
Code	Description	Kes.	Kes.
50-08-001	Council Sitting Allowance	5,400,000	4,240,000
50-08-002	Council Mileage Allowance	1,512,380	1,584,611
50-08-003	Council Honoraria	957,000	1,044,000
50-08-004	Council Accommodation Allowance	3,555,419	2,621,800
50-08-005	Council Lunch Allowance	54,000	32,000
	Sub Total	11,478,799	9,522,411



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

14. 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 2019/2020 FY hence no expenditure was incurred.

15. 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. 34,782,057 as depreciation on Assets during the year. Included in this was Kes. 32,564,540 on property plant & equipment (PPE), Kes. 2,067,517 on library books and amortization of intangible asset (ERP) at Kes. 150,000. ERP work-in-progress was not amortized as per policy. A transfer for excess depreciation amounting to Kes. 16,823,542 as a result of gain on revaluation was made between revaluation and revenue reserves.

Provision for Depreciation & Amortization Code		2019/2020	2018/2019
		(30.06.2020)	(30.06.2019)
		Kes.	Kes.
50-10-001	Depreciation on PPE	32,564,540	14,287,666
50-10-002	Depreciation on Library Books	2,067,517	646,074
50-10-003	Amortization of Intangible Assets	150,000	0
Sub Total		34,782,057	14,933,740

16. 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 who 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 need 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 2019/2020 FY. Irrecoverable debts are also written off as an expense in the income statement. Details of this line item are as follows;



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

Bad Debts	2019/2020	2018/2019
(i) Provision for Bad Debts	Kes.	Kes.
Receivables from Exchange Transactions	216,882,695	224,280,955
Less Provision for Bad & Doubtful Debts @ 10%	21,688,270	22,428,095
Net Receivables from Exchange Transactions	195,194,426	201,852,859
Receivables from Non- Exchange Transactions	0	0
Total Net Receivables	195,194,426	201,852,859
Increase/(Decrease) in Provision for Bad Debts	(739,826)	2,294,816
(ii) Bad Debts Written-off	2019/2020	2018/2019
Item	Kes.	Kes.
Farm Dues	0	34,370
Bookshop Dues	0	450
Medical Dues	0	0
Imprests	0	0
Total Debts Written off	0	34,820

The negative figure on provision for bad debts was as a result of decrease in receivables from exchange transaction.

17. Loss on Assets Disposal/De-recognition

During the year under review there were no de-recognition or disposal of assets and therefore no loss or gain on de-recognition/disposal of assets. The University reported a loss of 1.49 million in 2018/2019 as loss on disposal/ de-recognition of assets.

		2019/2020	2018/2019
		(30.06.2020)	(30.06.2019)
Loss on Disposal/ De-recognition of Assets		Kes.	Kes.
Code	Description		
50-16-001	Loss on Disposal of Assets	0	1,492,763
	Sub Total	0	1,492,763



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

18. Farm Operations

Farm Trading, Profit and Loss Account

For the Year Ended 30th June, 2020

Details	2019/2020	2018/2019
	(30.06.2020)	(30.06.2019)
	Kes.	Kes.
Sales	1,649,890	2,320,577
Cost of Sales	81,012	1,819,618
Gross Profit/(Loss)	1,568,878	500,959
Expenses	1,557,212	1,245,666
Net Profit/(Loss)	11,666	(744,707)

19. Catering Operations

Catering Trading, Profit and Loss Account

For the Year Ended 30th June, 2020

Details	2019/2020	2018/2019
	(30.06.2020)	(30.06.2019)
	Kes.	Kes.
Sales	5,539,752	7,207,404
Cost of Sales	4,439,398	7,445,919
Gross Profit/(Loss)	1,100,354	(238,515)
Expenses	176,747	265,190
Net Profit/(Loss)	923,607	(503,705)



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

20. 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.

Cash & Cash Equivalents		2019/2020	2018/2019
Bank Account Name	Account Number	(30.06.2020)	(30.06.2019)
		Kes.	Kes.
KCB Main Account	1102161683	27,731,558.45	16,391,087
KCB Nakuru Account	1101909080	***	***
KCB Development Account	1120980534	356,337.95	204,452
KCB Research Account	1125437723	418,101.70	711,094
KCB Farm Account	1102161551	127,456.70	160,704
KCB Catering Account	1102168688	82,299.80	463,230
KCB Bookshop Account	1102161829	295,128.30	951,208
KCB - Mararal Fees Account	1135920710	***	***
KCB - Mararal CDF Account	1134913397	1,284,125.10	1,289,165
Co-op Fees Account	1129025576702	359,797.93	252,838
Co-op Bank Fees Account	1129501778000	139,710.40	***
Co-op Bank Nyahururu Fees Account	1129037271600	***	***
Co-op Bank Naivasha Account	1129037293400	90,922.13	95,889
Co-op Bank - Marathon Account	1120036453400	1,032,519.00	958,709
Co-op Bank - Gratuity/Caution Money Account	1100036453400	2,447,006.20	153,879
Equity Fees Account	160295840456	429,821.81	***
Equity Chancellors & Alumni Endowment Fund Ac.	160264998833	699,580.00	400,000
Petty Cash Control Account	10-05-002	18,602.80	0
MPESA Pay bill	829850	239,246.00	239,246
Total		35,752,214.27	22,271,502
Cash in Hand		2,852,114.00	21,389
Total		38,604,328.27	22,292,890

NB:

Bank accounts marked with *** had negative balances at the close of financial year and are therefore reported under note 27.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

21. Accounts Receivables

The University prepares its financial statements on IPSAS Accrual. Income is recognized on invoicing with double entry as accounts receivable. At the close of 2019/2020 FY, the University had Kes. 194,915,624 under accounts receivable. Students' Fees balances were the highest at Kes. 133,722,560.

	2019/2020 (30.06.2019)	2018/2019 (30.06.2019)
(i) Receivable from Exchange Transactions		
Details	Kes.	Kes.
Students' Fee Balances	133,722,560	132,719,663
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	715,000	7,854,500
Embu Campus Students' Account	52,873,000	52,873,000
Nakuru Campus Director's Salary Account	2,516,750	8,964,325
Embu Campus Director's Salary Account	4,510,496	4,510,496
Farm Debtors	387,047	310,817
Bookshop Debtors	18,114	18,114
Medical Debtors	60,257	60,257
Salary Advance	132,564	124,011
Leasehold	1,281,233	1,276,033
Un-surrendered Imprests	3,185,011	326,906
Deposits & Pre-payments	9,009,623	8,699,842
SSP Tax	1,081,324	1,081,324
Contractors (Capital Projects)- Reliable Concrete Works	1,960,000	0
Receivable on Assets Disposal		31,950
Total	216,882,695	224,280,955
Less Provision for Bad & Doubtful Debts @ 10%	21,688,270	22,428,095
Net Receivable from Exchange Transactions	195,194,426	201,852,859
(ii) Receivable from Non-exchange Transactions		
Details	Kes.	Kes.
G.O.K. Capitation - Recurrent	0	77,269,549
		77,269,549
Total Net Receivables	195,194,426	279,122,408



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

22. 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. 19,392,081 at the close of year as follows;

Inventory Stores Summary By Classification As At 30th June, 2020

Inventories	2019/2020	2018/2019
	(30.06.2020)	(30.06.2019)
	Kes.	Kes.
Animal Feeds	297,943	399,636
Boma Rhode Hay-Bales	0	73,350
Carpentry Materials	1,652,902	1,617,956
Chemicals & Fertilizers	618,610	245,410
Cleaning Materials	66,735	132,943
Diesel/ Petro/Lubricants	19,558	3,434
Dry Foodstuff	176,380	147,182
Electrical Appliances	310,405	608,789
Gift Shop Items	161,894	391,208
Harvested crop/Seeds	224,975	174,725
Masonry Materials	587,175	874,234
Medical Drugs/Reagents	1,908,405	2,979,007
Medical Laboratories Apparatus	1,000,578	709,419
Office Stationery	2,721,917	2,990,808
Painting Materials	1,168,044	720,050
Perishable Foodstuff	56,243	163,000
Plumbing Materials	613,056	921,037
Science Laboratories Apparatus	1,533,967	1,709,100
Science Laboratory Reagents	1,656,645	2,088,954
Tools & Spare parts	970,360	528,010
Vet Drugs	100,690	1,580
Welding Materials	2,045,599	197,080
Total	19,392,081	17,676,910



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

23. Property, Plant & Equipment (PPE)

International Public Sector Accounting Standards (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. During the year under review, the University revalued all assets in all classes therefore adopting revaluation model.

The University conducted a revaluation in May 2019 leading to a revaluation gain on our assets by Kes. 564 million. Net book value at the close of 2018/2019 FY was Kes. 2.03 billion worth of property, plant & Equipment with cost value of Kes.2.05 billion.

During the year, the University incurred an expenditure of Kes. 102.03 million for additional PPEs. Included in this was Kes. 88.59 million for additional Work-in-Progress on capital projects and Kes.13.44 million on acquisition of other PPEs.

The University also capitalized two capital projects on successful completion and documentation at a cost of 108.05 million at the close of 2019/2020 FY. This capitalization included Multi-purpose Hall (Vision 2030) at a cost of Kes. 9,381,080 and Sewerage Phase II at a cost of Kes. 14,352,280. The University also expensed Masterplan Design at a cost of Kes. 6,508,759, initially recorded under work-in progress but do not fully meet conditions for classification as an asset. Details of assets movement are as indicated below;



Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2020

Movement on Property, Plant and Equipment

Cost/Valuation	Land	Buildings	Work-in-Process	Plant Machinery & Tractors	Motor Vehicles	Equipment	Furniture & Fittings	Computers & Accessories	Total
	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.
As at 1st July, 2018	194,835,000	286,334,538	1,046,763,705	11,696,623	46,626,815	63,311,080	25,833,829	44,123,194	1,719,524,784
Disposal/De-recognition		(1,245,000)	0			(1,045,063)	(590,510)	(7,927,785)	(10,808,358)
Cost written off on Revaluation	(194,835,000)	(285,089,538)	(1,046,763,705)	(11,696,623)	(46,626,815)	(62,266,018)	(25,243,319)	(36,537,409)	(1,709,058,426)
Revaluation	547,088,000	313,503,187	1,046,763,705	4,702,000	17,380,000	25,964,326	11,253,500	12,434,100	1,979,088,818
Additions			38,595,889	3,930,628	5,499,704	11,273,820	248,495	6,715,576	66,264,112
As at 30th June, 2019	547,088,000	313,503,187	1,085,359,594	8,632,628	22,879,704	37,238,146	11,501,995	18,807,676	2,045,010,930
Accumulated Depreciation									
As at 1st July, 2018	0	122,913,432	0	8,966,332	46,554,315	59,173,144	21,446,161	40,295,422	299,348,806
Accumulated Depreciation on Assets Disposed/Decrecognized	0	(588,031)	0	0	0	(990,831)	(484,724)	(7,212,509)	(9,276,094)
Accumulated Depreciation Written off on Revaluation	0	(122,325,401)	0	(8,966,332)	(46,554,315)	(58,182,314)	(20,961,438)	(33,082,913)	(290,072,712)
Depreciation Charge for the Year	0	4,697,183	0	698,954	2,114,197	3,800,859	711,539	2,264,935	14,287,666
As at 30th June, 2019	0	4,697,183	0	698,954	2,114,197	3,800,859	711,539	2,264,935	14,287,666
Net Book Value as at 30th June, 2019	547,088,000	308,806,004	1,085,359,594	7,933,674	20,765,507	33,437,287	10,790,456	16,542,742	2,030,723,264
Cost/Valuation									
As at 1st July, 2019	547,088,000	313,503,187	1,085,359,594	8,632,628	22,879,704	37,238,146	11,501,995	18,807,676	2,045,010,930
Additions	0	0	88,590,540	488,407	3,140,000	2,663,555	0	7,145,483	102,027,985
Capitalization		108,048,361	(114,557,120)						(6,508,759)
As at 30th June, 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
Accumulated Depreciation									
As at 1st July, 2019	0	4,697,183	0	698,954	2,114,197	3,800,859	711,539	2,264,935	14,287,666
Depreciation Charge for the Year	0	10,538,789	0	912,103	6,504,926	7,980,340	1,437,749	5,190,632	32,564,540
As at 30th June, 2020	0	15,235,971	0	1,611,057	8,619,123	11,781,199	2,149,289	7,455,566	46,852,206
Net Book Value as at 30th June, 2020	547,088,000	406,315,576	1,059,393,014	7,509,978	17,400,581	28,120,502	9,352,706	18,497,593	2,093,677,951

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

14. Library Books

The University recorded library books at a cost of Kes. 9.4 million at the close of 2018/2019 FY. During the year under review, acquisitions amounting to Kes. 909,205 was recorded raising the new cost of library books to Kes. 10.34 million. The University made a provision for depreciation of Kes. 2.07 million at rate of 20% as per depreciation policy. Net book value stood at Kes. 7.62 million as at 30th June, 2020 compared to Kes. 8.78 million on 30th June 2019. Movement in Library books during the year is as recorded below;

Library Books Movement for the Year Ended 30.06.2020

A	B	C	D	E	F	G	H	I	J
Item Description	Cost & Valuation b/f (01.07.2019)	Additions/ Capitalization 2019/2020	Disposal/ De-recognition 2019/2020	Cost & Valuation c/f (30.06.2020)	Cumulative Depreciation b/f (01.07.2019)	Depreciation Charge 2019/2020	Cumulative Depreciation c/f (30.06.2020)	NBV/ Balance c/d 30.06.2020	NBV/ Balance c/d 30.06.2019
Library Books	9,428,380	909,205	0	10,337,585	646,074	2,067,517	2,713,591	7,623,994	8,782,306
Totals	9,428,380	909,205	0	10,337,585	646,074	2,067,517	2,713,591	7,623,994	8,782,306



**Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2020**

25. 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) softwares amounting to Kes. 28,652,460. 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. We are in the process of de-recognizing Power Campus Software since its implementation failed.

Intangible Assets Movement for the Year ended 30.06.2020

Item Description	Cost & Valuation b/f (01.07.2019)	Disposal / De-recognition 2019/2020	Additions / Capitalization 2019/2020	Cost & Valuation c/f (30.06.2020)	Accumulated Amortization b/f (01.07.2019)	Amortization Charge 2019/2020	Accumulated Amortization c/f (30.06.2020)	NBV/ Balance c/d 30.06.2020	NBV/ Balance c/d 30.06.2020
(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
aSc Software (Exam/Timetabling 2017/18)	750,000	0	(750,000)	0	0	0	0	0	750,000
ABN UniSol.	4,962,480	0	13,526,760	18,489,240	0	0	0	18,489,240	4,962,480
Total ERP WIP	15,125,700	0	12,776,760	27,902,460	0	0	0	27,902,460	15,125,700
(ii) ERP Software -Capitalized									
aSc Software (Exam/Timetabling 2017/18)	0	0	750,000	750,000	0	150,000	150,000	600,000	0
Total ERP Software -Capitalized	0	0	750,000	750,000	0	150,000	150,000	600,000	0
Totals	15,125,700	0	13,526,760	28,652,460	0	150,000	150,000	28,502,460	15,125,700



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

26. 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. 5,391,000 on biological assets at the close of 2018/2019 FY broken down as follows;

Biological Assets Detail	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
	Kes.	Kes.
Cattle	4,515,000	5,278,000
Boma Rhodes in Field	300,000	0
Tree Nursery seedlings	576,000	346,500
Total	5,391,000	5,624,500

27. Overdrawn Cashbooks

The University does not operate bank overdrafts. However our cashbooks were overdrawn due to receipting errors under the power campus software which does not receipt excess fees but the money had already been deposited to our bank accounts. The financial year 2019/2020 being a transition period from the old system, errors from prior period had an effect on the current financial year but this is expected to clear once we are done with backlog data. As a result, cheques written on these cashbooks indicated overdrawn accounts but in actual sense there were no overdrafts in the affected bank accounts. The overdrawn cash books are shown within borrowings in current liabilities on the statement of financial position.

Overdrawn Cash Books

Bank Account Name	Account Number	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
		Kes.	Kes.
KCB Nakuru Account	1101909080	330,700	456,508
KCB - Mararal Fees Account	1135920710	677,468	248,134
Co-operative Bank Account	1129501778000		2,474,000
Co-operative Bank Nyahururu Account	1129037271600	616,299	1,364,160
Equity Account	160295840456		2,318,345
Grand Total		1,624,468	6,861,147



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

28. Accounts Payables

Accounts payable are classified 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. The University recorded payables amounting to Kes. 388,395,325 under short-term payables with no pending long-term payable. Part-time teaching cost were the highest at Kes. 131.12 million accumulated in prior years due to shortage of funds to clear the payments.

Accounts Payables

	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
	Kes.	Kes.
(i) Short term Payables		
Details		
Trade Payables	30,529,726	44,942,123
Audit Fees Payable (KENAO)	1,428,000	1,428,000
Contractors–Capital Projects	77,535,395	67,148,242
Part-time Teaching Costs	131,135,268	194,943,814
Accrued Council Honoraria	0.00	87,000
Students Caution Money	17,132,020	17,390,020
Excess Fees (Prepaid Tuition)	28,874,440	28,291,382
Laikipia University Students' Organization (LUSO)	2,138,492	90,442
Alumni Account	3,968,055	2,279,105
HELB Control Account	3,753,800	0
Bursaries Control Account	3,619,547	0
Salary & deductions payable	6,765,082	6,768,082
Pension Fund	25,768,134	25,751,646
Staff Medical Claims (Dental & Optical)	0	42,279
Other staff claims	0	439,740
Rent & Leasehold in Advance	1,217,076	1,217,076
Rent Deposits Payables	50,000	50,000
Kenya Revenue Authority (VAT & Income Tax Payable)	55,657,421	22,207,951
Cash-in-Transit	822,869	4,800,000
Total	388,395,325	417,876,902
(ii) Long term Payables	Kes.	Kes.
Equity Bank Loan	0	0
Total	0	0



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

29. Movement in Working Capital

Working capital, also called net working capital, is the amount of money a company 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.

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.

During the year under review, the University recorded a positive working capital of Kes. 52,964,734 compared to a negative capital of Kes. 96,629,300 in 2018/2019 FY as shown on statement of cash-flow. Details of current working capital movement are as indicated below;

Changes in Working Capital

ITEM	2019/2020	2018/2019	Working Capital Changes
	(30.06.2020)	(30.06.2019)	
	Kes.	Kes.	Kes.
(i) Receivables	195,194,426	279,122,408	83,927,982
(ii) Inventory	19,392,081	17,676,910	(1,715,171)
(iii) Payables	388,395,325	417,876,902	(29,481,576)
(iv) Biological Assets	5,391,000	5,624,500	233,500
Total	608,372,833	720,300,720	52,964,734



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

30. 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 2019/2020, the University incurred a total of Kes. 27.87 million compared to Kes.34.53 million in 2018/2019 FY for purchase of non-current assets. Details of additional assets during the year are as follows;

Purchase of Non-Current Assets 2019/2020		2019/2020 (30.06.2020)	2018/2019 (30.06.2019)
(i)	Purchase of Office Equipment		
	Details	Kes.	Kes.
	Office Equipment	934,315	2,007,600
	Public Address System	0	658,400
	Science Lab Equipment	1,241,680	7,893,700
	Fire Fighting Equipment	206,400	113,000
	Water Supply Equipment	0	23,000
	Sports Equipment	247,860	578,120
	Sub-Total	2,630,255	11,273,820
(ii)	Plant, Machinery & Tractors		
	Details	Kes.	Kes.
	Farm Machinery	0	400,000
	Tractors	0	2,800,000
	Other Machinery	488,407	730,628
	Sub-Total	488,407	3,930,628
(iii)	Motor Vehicles		
	Details	Kes.	Kes.
	Motor Vehicle	3,140,000	5,499,704
	Sub-Total	3,140,000	5,499,704
(iv)	Furniture & Fittings		
	Details	Kes.	Kes.
	Office Furniture	0	248,495
	Sub-Total	0	248,495
(v)	Computers & Accessories		
	Details	Kes.	Kes.
	Computers & Appliances	757,800	3,722,100
	Local Area Networks (LAN)	6,387,683	2,993,476
	Sub-Total	7,145,483	6,715,576
(vi)	Library Books		
	Details	Kes.	Kes.
	Library Books	909,205	1,897,230
	Sub-Total	909,205	1,897,230
(vii)	Intangible Assets ERP		
	Details	Kes.	Kes.
	ERP Software	13,526,760	4,962,480
	Sub-Total	13,526,760	4,962,480
	Total Non-current Assets	27,840,110	34,527,933



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2020

31. 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. 88,590,540 in 2019/2020 FY compared to Kes. 38,595,889 in 2018/2019 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 Projects Expenditure) for 2019/2020

Capital Project	2019/2020 (31.03.2020)	2018/2019 (30.06.2019)
Details	Kes.	Kes.
University Gate	2,485,573	116,290
New Library & Admin Block	3,875,882	17,851,595
Science Laboratories	79,726,645	166,601
Renovation of Students Hostels - Ngare Narok	147,780	444,400
Renovation of ICT Building	1,152,791	0
Tuition Block	0	17,858,800
Sports Grounds & Pavilion	1,201,869	2,158,203
Total	88,590,540	38,595,889



LU ATTAINS DOUBLE CERTIFICATION



A University for Valued Transformation of Society'



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



Annual Report and Financial Statements

For The Year Ended 30th June 2020

APPENDICES

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

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

Reference No. on the External Audit Report	Issue/Observation from Auditor	Management Comment	Focal Point Person to resolve the Issue	Status	Timeframe
A1	Presentation of Financial Statements (FS)- inter- entity transfer	Item included as note to FS as per previous National Treasury format instead of appendix	Mr. G.K. Langat- Finance Officer	Resolved	Done
A2	Sustainability of service	Low GoK Capitation and low students' intake	Mr. Samuel Munge- In-charge Final Accounts University Management and Resource mobilization Directorate	On-going	30 th June 2021
A3	Lack of Ownership Documents	Delay by Ministry of Lands	Ms. Imelda Wanjau - Legal Officer	Main Campus & Maralal Land title acquired. Rumuruti Land Title- Pending	Done 30 th June 2021
B1	Delay in Implementation of projects	Delay by contractors	Ms. Imelda Wanjau - Legal Officer	Tuition block and University gates contract terminated.	30 th June 2021

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 2019/2020	Actual 2019/2020	Source of Funds
1	Tuition Block	406,094,470	348,004,210	85.70%	72,300,000	0	GoK
2	Science Complex/Laboratories	1,000,000,000	155,342,245	15.53%	100,000,000	79,726,645	GoK
3	Library & Administration Block	265,784,544	369,646,388	139.08%	0	3,875,882	GoK
4	University Gate	23,631,575	30447837	128.84%	3,510,278	2,485,573	GoK/A-i-A
5	Sports Grounds & Pavilion	105,000,000	5,300,879	5.05%	2,000,000	1,201,869	GoK/A-i-A



APPENDIX III: Inter-Entity Transfers

LAIKIPIA UNIVERSITY

Breakdown of Transfers from the State Department for University Education & Research

a. Recurrent Grants			
		Amount Transferred	Relating to Financial Year
	Date received as per bank statement		
	08.08.2019	71,936,417	2019/2020
	29.08.2019	71,936,417	2019/2020
	27.09.2019	71,936,415	2019/2020
	01.11.2019	71,936,417	2019/2020
	29.11.2019	71,936,417	2019/2020
	27.12.2019	71,936,416	2019/2020
	04.02.2020	71,936,417	2019/2020
	02.03.2020	71,936,416	2019/2020
	31.03.2020	71,936,416	2019/2020
	18.05.2020	71,936,417	2019/2020
	08.06.2020	71,936,417	2019/2020
	26.06.2020	71,936,416	2019/2020
	Total Recurrent Grant	863,236,998	
b. Development Grants			
		Amount Transferred	Relating to Financial Year
	Date received as per bank statement		
	22.11.2019	63,833,368	2019/2020
	10.03.2020	25,545,508	2019/2020
	Total Development Grant	89,378,876	

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

Signed;

Finance Officer
Laikipia University

Head of Accounting Unit
Ministry of Education



APPENDIX IV: Transfers from Other Government Entities

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	08.08.2019	08.08.2019	22592	Recurrent	71,936,417	71,936,417	0	0	0	71,936,417	
Ministry of Education	29.08.2019	29.08.2019	22799	Recurrent	71,936,417	71,936,417	0	0	0	71,936,417	
Ministry of Education	27.09.2019	30.09.2019	20769	Recurrent	71,936,415	71,936,415	0	0	0	71,936,415	
Ministry of Education	01.11.2019	01.11.2019	20537	Recurrent	71,936,417	71,936,417				71,936,417	
Ministry of Education	22.11.2019	31.12.2019	24179	Development	63,833,368		63,833,368			63,833,368	
Ministry of Education	29.11.2019	02.12.2019	20578	Recurrent	71,936,417	71,936,417				71,936,417	
Ministry of Education	27.12.2019	28.12.2019	24178	Recurrent	71,936,416	71,936,416				71,936,416	
Ministry of Education	04.02.2020	17.02.2020	21523	Recurrent	71,936,417	71,936,417				71,936,417	
Ministry of Education	02.03.2020	04.03.2020	23516	Recurrent	71,936,416	71,936,416				71,936,416	
Ministry of Education	10.03.2020	12.03.2020	23673	Development	25,545,508		25,545,508			25,545,508	
Ministry of Education	31.03.2020	31.03.2020	115188	Recurrent	71,936,416	71,936,416				71,936,416	
Ministry of Education	18.05.2020	12.05.2020	115192	Recurrent	71,936,417	71,936,417				71,936,417	
Ministry of Education	08.06.2020	08.06.2020	115291	Recurrent	71,936,417	71,936,417				71,936,417	
Ministry of Education	26.06.2020	26.06.2020	115346	Recurrent	71,936,416	71,936,416				71,936,416	
Total Received					952,615,874	863,236,998	89,378,876	0	0	952,615,874	
ADD: Accrued					0	0	0	0	0	0	
Grand Total					952,615,874	863,236,998	89,378,876	0	0	952,615,874	

