

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 30 APR 2025	DAY: 30/4/25
TABLED BY:	Leader of the majority Party
CLERK-AT THE-TABLE:	modo

THE AUDITOR-GENERAL

ON

KAIMOSI FRIENDS UNIVERSITY

FOR THE YEAR ENDED
30 JUNE, 2024



KAIMOSI FRIENDS UNIVERSITY

**ANNUAL
REPORT
AND FINANCIAL
STATEMENTS FOR
THE FINANCIAL
YEAR ENDED
30TH JUNE 2024**



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

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Kaimosi Friends University
Annual Report and Financial Statements
for the year ended June 30, 2024.

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1. Acronyms and Definition of Key Terms

A: Acronyms

KAFU	Kaimosi Friends University
ODEL	Open Distance and E-Learning
PFM	Public Finance Management
CPA	Certified Public Accountant
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
KCB	Kenya Commercial Bank
ABSA	Amalgamated Bank of South Africa
PSSP	Private Student Sponsorship Programme
GSSP	Government Student Sponsorship Programme
VC	Vice Chancellor
DVC(ASA&R)	Deputy Vice Chancellor Academics, Student Affairs and Research
DVC(AFP&D)	Deputy Vice Chancellor Administration, Finance, Planning and Development
ASPD&I	Academic, Strategy, Planning, Development and Innovation
FHR	Finance and Human Resource
AGRAC	Audit, Governance, Risk Assurance and Compliance
SESS	School of Education and Social Sciences
SOBE	School of Business and Economics
SCIT	School of Computing and Information Technology
MMUST	Masinde Muliro University of Science and Technology
KRA	Kenya Revenue Authority

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year- Means the prior period.

University Council- A group of persons appointed to give policy direction and approve the University management decisions and appointed under section 14(2)(b) of the Universities Act 2012.

University Senate – is an academic body tasked with management of academic matters of the Kaimosi Friends University as stipulated in the statutes.

University Management Board – The body tasked with the management of the University as established under section 35(1) (c.) of the Universities Act 2012.

Vice Chancellor- The head of the University appointed under section 16 of the University Charter.

2. Key Entity Information and Management

(a) Background information

Kaimosi Friends University hereinafter referred to as KAFU, is a Statutory Corporation established under the Universities Act, 2012 via Legal Notice No.165 of 2022 on 2nd August 2022, to make distinctive contribution to society in teaching, research, innovation and community service.

The University derives its objectives and functions from Section 3(1) of the Universities Act.

KAFU, is the only University in the tropical rain forest in Kenya, situated off Chavakali - Kapsabet road in Vihiga County. Its location in the forest provides a serene environment for teaching, learning and research.

KAFU offers certificate, Diploma, Undergraduate and Post Graduate degrees in over 43 market driven programmes in the following 5 schools: School of Health Sciences, School of Business and Economics, School of Computing and Information Technology, School of Education and Social Sciences and School of Science. The University is guided by a five year strategic plan (2023-2027) to realise its vision, mission and objectives.

(b) Principal Activities

The principal activities of the University are derived from the Universities Act 2012, University Charter and Statutes. The mandate of KAFU is to provide quality education, training, research and innovation to meet the needs of a dynamic society.

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

- (a) Advancement of knowledge through teaching, scholarship research and scientific investigation;
- (b) Promotion of learning in the students' body and society in general;
- (c) Promotion of culture and societal life of society;
- (d) Support and contribution to realization of national economic and social development;
- (e) Promotion of high standards in and quality of teaching and research;
- (f) Education, training and retraining of high-level professionals, technical and management personnel;
- (g) Dissemination of outcomes of research conducted by the University to general community;
- (h) Facilitation of life-long learning through provision of adult and continuing education;
- (i) Fostering of capacity for independent critical thinking among its students;
- (j) Promotion of gender balance and equality of opportunity among students and employees;
- (k) Promotion of equalization for persons with disabilities, minorities and other marginalized groups;

- (l) To contribute to agricultural, industrial and technological development of Kenya in collaboration with industrial and Institutions through the transfer of appropriate technology;
- (m) To develop and provide education, culture professional, technological and vocational services to the community and in particular, foster corporate social responsibility;
- (n) To provide programmers, products and services in ways that reflects the principles of equity and social justice;
- (o) To facilitate student mobility between different programmes and different training Institutions, universities and industry; and
- (p) To foster general welfare of all staff and students

Vision

A world-class University of Excellence in Teaching, Research and Community Service

Mission

To provide quality education, training, research and innovation to meet the needs of a dynamic Society

Values

The following are the University's key values:

- Accountability
- Customer focus
- Excellence
- Equity
- Professionalism
- Teamwork
- Friendship

Strategic Objectives

KAFU will continue to focus on the following strategic issues:

- Academic excellence and student engagement
- Infrastructure Development and ICT Advancement
- Research, Innovation, Outreach and Linkages
- Resource for service delivery and Institutional governance
- Environmental Management and Climate Change

(c) Key Management

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

1. University Council
2. University Management Board
3. University Senate

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

	Designation	Name
1	Acting. Vice Chancellor	Prof. Peter Nyamuhanga Mwita
2	Acting Deputy Vice Chancellor (AFP&D)	Prof. Maurice Musasia Amadalo
3	Acting. Deputy Vice Chancellor (ASA&R)	Prof. Julius Kipkemboi
4	Finance Officer	CPA, CS Irine Nanzala Lumatete
5	Senior Asst Registrar-Academic Affairs	Dr. Jane Amunga
6	Deputy Registrar- Administration	Dr. Patrick Mugesani Agesa
7	Legal Officer	Comm. Linet Mayavi
8	Acting Dean of Students	Dr. Eric Okwako
9	Director Quality Assurance and Management Systems	Dr. Nurwin Fozia Rajab

(e) Fiduciary Oversight Arrangements

The key oversight committees of the University Council are;

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

(f) Entity Headquarters

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

(g) Entity Contacts

Telephone: (254) 777373633
E-mail: vc@kafu.ac.ke
Website: www.kafu.ac.ke

(h) Entity Bankers

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Co-operative Bank of Kenya Limited
Mbale Branch
P.O. Box 816-50300
Maragoli 2. Equity Bank Limited
Mbale Branch
P.O BOX 545-50300
Maragoli | <ol style="list-style-type: none"> 3. Absa bank plc
Western Group of Branches
Mbale Branch
P.O BOX 285-50300
Maragoli 4. Standard Chartered Bank Kenya Ltd
Kakamega Branch
P.O BOX 30003 -00100
Nairobi |
|--|---|

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5. Kenya Commercial Bank Limited
Serem Branch
P.O BOX 122-50308
Serem

6. Kenya Commercial Bank Limited
Mbale Branch
P.O BOX 1123-50300
Maragoli

(i) Independent Auditor

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

(j) Principal Legal Adviser

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

3. The KAFU Council

Members	Details
 Dr. Bernadette F. Mungai, PhD PhD(KU), MBA(USIU), BBM(USIU)	Dr. Mungai born on 28th September 1959 is the Chairperson of the Council. She is a Consultant and an Entrepreneurship Development Expert with over twenty-seven (27) years working experience in the African region. She has been a Team Leader on various donor funded projects: the British Council, DFID and The World Bank funded Private Sector Development Projects. Additionally, Dr. Mungai has been involved in capacity building, strategic management and business development programmes. She has extensive experience in Africa having worked in Kenya, Ethiopia, Uganda, Tanzania, Rwanda, Ghana, Nigeria, South Africa, Zimbabwe and South Sudan.
 Prof. Peter N. Mwita, PhD (Ph.D, MAppStats, BSc Hons)	Prof. Peter N. Mwita was born on 15th July 1968 is the Acting Vice Chancellor of Kaimosi Friends University and the Secretary to the Council. He is a full Professor and an esteemed academic leader with a distinguished career spanning over 29 years in academia and research bringing a wealth of experience and expertise to the institution's leadership. Prior to assuming the role of Acting Vice Chancellor at Kaimosi Friends University, Prof. Mwita served as the Deputy Vice-Chancellor (Research, Innovation, and Linkages) for over six years and eight months at Machakos University. During this time, he also held the position of Full Professor of Statistics in the Department of Mathematics and Statistics. He has held various senior leadership positions, including acting as Vice Chancellor of Machakos University for a period of nine months. Additionally, he has served as Full Professor of Statistics, Dean of the School of Mathematical Sciences, and Chairman of the Department of Statistics and Actuarial Sciences at Jomo Kenyatta University of Agriculture and Technology. Throughout his career, Prof. Mwita has demonstrated exemplary leadership in academic administration, research, and development. He has successfully mobilized significant resources by winning research grants in multi-disciplinary researches. Under his leadership, Machakos University established the UNESCO Chair on Cloud Computing for Sustainable Development, enhancing research and pedagogical applications in cloud computing. Prof. Mwita played a pivotal role in restructuring the Kenya National Bureau of Statistics (KNBS) into a competitive Semi-Autonomous Government Agency, leading to notable achievements such as the successful execution of the 2009 Kenya National Population and Housing Census, which achieved a remarkable 98% coverage. His portfolio includes spearheading impactful projects and research initiatives, such as the establishment of the Luban Workshop



Dr. Fauziya Brek Karama,
OGW, PhD
PhD (JKUAT), MBA (Baraton),
BSc. (UoN)

promoting technical and vocational training, the Ajiry Centre fostering empowerment and employment, and the STEM Center facilitating hands-on STEM lab experiences.

Prof. Mwita currently serves as the Chairman of the Board of Governors of Kendege Technical and Vocational College and has previously held positions on the Council of Multimedia University of Kenya and as Chairman of the Kenya National Statistical Society.

Dr. Karama born on 10th April 1966 is an independent member of the Council and chairperson of the Finance and Human Resource Committee. She is a dynamic and results oriented leader with vast knowledge in Governance, Leadership, and Quality Management Strategies, Human Resource, Audit and Risk Management, and Project planning and execution. Further, she is an excellent stakeholder manager and team player who was awarded the Order of the Grand Warrior of Kenya.

She has over twenty (20) years of experience in Telecommunications, Operations, Programs management, Products development and Marketing having worked as the Head of Special Programs & Brand Communication – (B2B Marketing Telkom Kenya).

Dr. Karama is a former Head of Department at the School of Business Raf International University. Previously, she was an Audit Committee member at the Ministry of Education, and a Council member and Chairperson of the Audit, Risk and Quality Committee at Pioneer International University. She also served as a Board Member for the Lamu Port - South Sudan- Ethiopia Transport Corridor Development (LAPSSET).

She is a member of two (2) Professional bodies in good standing: Kenya Institute of Management and Marketing Society of Kenya.



Dr. Francis Joseph Bwire, PhD
PhD (UON), MBA (Egerton),
B.A. Economics (UoN)

Dr. Bwire born on 01st January 1978 is an independent member of the council and chair of the AGRAC Committee. He is a trained expert in strategic management, finance and economics with superb skills in grant and proposal writing. He won the National Research Fund grant for his PhD research work.

He is a management consultant, trainer; an academic and researcher with several papers/articles presented and published in international conferences/seminars, and peer reviewed journals respectively. He is also a dynamic business development specialist and a seasoned banker with over nineteen (19) years of experience in the Financial Services Sector.

Dr. Bwire is currently serving as the Chairman, Board of Directors - Oasis Specialist Hospital Ltd. In addition, he is a former Council Member and Chairman - Audit, Risk, and Compliance Committee, Technical University of Mombasa (TUM) and Non-Executive Director, Technical University of Mombasa Enterprises Ltd (TUMEL).

He is a member of the Academy of Management (AOM - Strategic Management and Management Consulting Divisions) New York,



Mr. Paul Mwaura Wanderi
MA-Project Planning &
Management
(UON), PGD-HRM(KIM),
B.Ed(Egerton)

USA; Africa Academy of Management (AFAM); Institute of Corporate Governance Kenya; and Institute of Internal Auditors (IIA) Kenya Chapter, in good standing.

Mr. Wanderi was born on 03rd April 1977 is an independent member of the council. He is a highly knowledgeable result-driven professional with diverse skills in Project Planning, Management, Monitoring and Evaluation. He is an independent assessor for Sustainable Development Goals for governments and inter-governmental bodies in Africa.

He is also a vastly skilled expert with in-depth knowledge and unparalleled abilities in executive management and leadership. Mr. Wanderi is the current Director of Programmes at Uraia Trust Kenya. He earlier worked as a Deputy Chief Executive Officer and Head of Programmes at Kenya Land Alliance (KLA).



Dr. Rodney Odhiambo Oluoch,
PhD
LL.D (UNISA), LL.M (UNISA),
LL.B - Hons (Moi), PGDL
(KSL), MCI Arb.

Dr. Oluoch was born on 17th May 1980 and is an independent of the council. He is an Advocate of the High Court of Kenya who is in good standing with the Law Society of Kenya and is a Notary Public and Commissioner for Oaths. He is a Proficient legal expert in Tax Law, Arbitration, Insurance Law and Employment Law, and is well trained in management and leadership.

He is an academic who has published in peer reviewed journals and presented papers at various conferences, workshops and seminars. Dr. Oluoch has more than 12 years in practical legal experience during which he has: practiced law as a litigation counsel, drafted Bills and By-Laws for County Governments, and offered general consultancy services for various Government agencies and private enterprises.

Dr. Oluoch has also worked as an adjunct lecturer in local universities and colleges. Earlier, he was an employee of Bondo University College/Jaramogi Oginga Odinga University of Science and Technology (JOOUST) as a Senior Legal officer, head of Legal Department, Scheme Secretary of JOOUST Staff Retirement Benefits Scheme; Performed Council/Board Secretarial duties for He is a member of: Law Society of Kenya, East Africa Law Society, Chartered Institute of Arbitrators (London and Kenya), Christian Legal Education Aid Research (CLEAR), CRADLE and Pro bono advocate and friend of the Federation of Women Lawyers (FIDA).



Mr. John Payiani Yiampoi
B. B. A. Periyar, University-
India

Mr. Yiampoi born in 1979 is a member of the council and representative of the Principal Secretary, State Department for Higher Education and Research. He is an Assistant Director-Human Resource Management and Development in the Ministry of Education, State Department for Higher Education and Research with over twelve (12) years' experience in public sector administration and environments. His core competencies are Manpower and Staffing Planning, Performance Management, Human resources planning, development and management and organizational re-structuring.

He is also knowledgeable in institutional and organizational development, capacity development, organizational reviews, development and implementation of organization structures, systems, procedures and staffing. He is an experienced recruiter having taken part in recruitment, promotion and secretariat for the Ministerial Human Resource Management Advisory Committee that also prepares the MTEF Budget.

Mr. Yiampoi served as a Personal Assistant to the Principal Secretary in two different Ministries; State Department of Devolution and State Department of East African Affairs. He is a member of the Institute of Human Resources Management Kenya (IHRM).



Mrs. Josephine Waruguru
Macharia Kanyi
Master of Arts- Economics and
Bachelor of Arts- Economics
(UoN)

Mrs. Kanyi born on 17th July 1966 is a member of the council and representative to the Cabinet Secretary, National Treasury And Planning. She is an experienced economist who has worked in several Government ministries. Currently, she is a Senior Deputy Director at the National Treasury Budget Fiscal and Economic affairs in the Department of Intergovernmental Fiscal relations.

She has served in the Ministry of Planning and National Development from 1991 to 1994, Ministry of Research and Technology (1994-1998), Ministry of Finance (1998-2010) as head of Inter-Governmental Fiscal Relations and Business Regulation Reform Units. She served as Chief Economist in National Treasury from 2010-2016.

Mrs. Kanyi has attended Courses on Fiscal Decentralization and Financial Management and Tax Policy Analysis and Revenue forecasting at the Harvard University, USA & Macro Economic Diagnostics at the IMF institute in the USA.

She also serves in, National Government Constituency Development Fund and Business Registration Service Board and has previously served in KIPPRA Board, Kenya Vehicles Manufacturers Board and Local Authority Transfer Fund.

5. Chairperson's Statement



It is with great honor that I present to you the University's Annual Report and Financial Statements for the financial year 2023/2024. This report highlights the university's key activities, successes, challenges, and future outlook, offering a comprehensive view of our journey and aspirations. Kaimosi Friends University has exhibited strong resilience and unwavering commitment to its mission, effectively adapting to challenges while upholding academic excellence, sound financial management and strategic direction

Key activities

Throughout the year, the University remained committed to its core mandate of delivering quality education, fostering innovation, and promoting research. Some of the notable activities include:

- **Academic Growth:** Introduction of new programs in response to industry demands and societal needs. This has led to increased student enrolment in our various schools.
- **Research and Innovation:** Increased investment in research, leading to significant breakthroughs and partnerships with both local and international institutions. The University has signed Memorandum of Understanding with various institutions.
- **Infrastructure Development:** Expansion of our physical and technological infrastructure to support the growing student and faculty population, including the construction of ultra-modern library and perimeter wall and the enhancement of digital learning platforms.
- **Community Engagement:** Active participation in community outreach programs, aligning with our mission to contribute positively to society.

Successes

The year has seen several successes that we are proud to highlight:

- **Increased Enrollment:** The University recorded an increase in student enrollment, reflecting the growing confidence in our programs and teaching quality.
- **Financial Management and Infrastructure:** Despite financial challenges, we have managed resources prudently, advocating for our funding requirements and instituting austerity measures. Our ongoing infrastructure projects, including the ultra-modern library and perimeter wall & and tuition block, are progressing well, supporting our long-term growth and sustainability. These investments are crucial for providing state-of-the-art facilities conducive to learning and research.
- **Accreditation and Recognition:** Our commitment to quality is evident through the progress made towards ISO 9001:2015 certification, reflecting our dedication to efficiency and compliance with international best practices.

4. Key Management Team



Prof. J. Kipkemboi
Ag. Deputy Vice Chancellor ASAR
PhD (Wageningen University, Msc (IHE Delft
Institute-Netherlands) Bsc (Egerton University)



Prof. Peter N. Mwita.
Ag. Vice Chancellor.
[BSc Hons, MAppStats, Ph.D.]



Prof. M. M. Amadalo
Ag. Deputy Vice Chancellor AFP& D
PhD (KU) , Med (KU), Bed (Sc), Hons (UoN)



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



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



Dr. Jane Amunga
Senior Assistant Registrar (A&SA)
PhD. (MMUST), Med (MMUST) Bed
Arts (KU)



DR. Nurwin Fozia
Director of Quality Assurance.
PhD, (JKUAT) MKISM, MCIPS



Dr. E. Okwako,
Ag. Dean of Students
PhD, M.Phil (Moi University),
B.Ed (Arts),Hons (Kenyatta
University).



Ms. Linet Mayavi
In-Charge Legal affairs Office
LLB Hons KU, Post Graduate Dip, Law
(KSL), Diploma PR (ICM)

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- **Improved Financial Health:** Prudent financial management led to improved budget performance, allowing for investments in key areas such as infrastructure and research.

Challenges

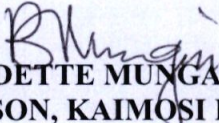
However, the year has not been without its challenges:

- **Funding Gaps:** Despite our successes, the university continues to face financial constraints due to limited funding from government and other external sources.
- **Technological Adoption:** The rapid pace of technological change has presented challenges in fully integrating digital solutions into teaching, research, and administration.
- **Student Welfare:** Addressing the growing needs of students, particularly in the areas of accommodation and mental health services, remains a critical challenge.
- **Council Composition:** During the period under review, Dr. Josephine Dayana Waudu, who was an independent member of Council and the chair of ASPD&I Committee passed-on on 11th November, 2023.

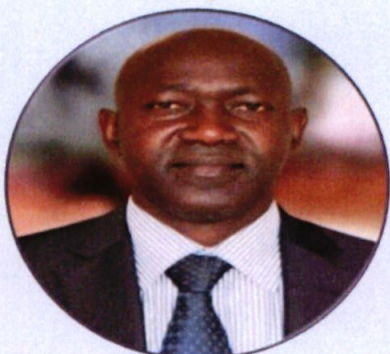
Future Outlook

Looking ahead, the University is committed to building on the achievements of the past year while addressing the challenges that lie ahead. Our focus will be on:

- **Sustainable Growth:** Expanding our academic offerings and research capabilities in a manner that is both sustainable and aligned with national development goals.
- **Digital Transformation:** Accelerating our digital transformation efforts to enhance both teaching and administrative functions.
- **Financial Sustainability:** Exploring alternative revenue streams and strengthening partnerships to ensure the long-term financial health of the institution.
- **Student Experience:** Prioritizing initiatives that enhance the overall student experience, including improving student services and welfare programs.


DR. BERNADETTE MUNGAI, PhD
CHAIRPERSON, KAIMOSI FRIENDS UNIVERSITY COUNCIL

6. Report of the Chief Executive Officer



I am pleased to present the annual statement for Kaimosi Friends University for the financial year 2023/2024. This year has been marked by significant progress and developments that have shaped our institution positively.

Key activities

During this period, Kaimosi Friends University has made significant strides in several areas.

Notable activities include:

- **Curriculum Expansion:** We successfully complied with all CUE guidelines for all the undergraduate programs.
- **Research and Innovation Initiatives:** The University has ramped up its research agenda, securing funding for several impactful projects and fostering partnerships with both local and international research institutions.
- **Infrastructure Development:** Significant progress has been made in expanding our physical infrastructure, including the construction of new learning facilities and the improvement of student accommodation. We have also invested in ICT infrastructure to support blended learning and administrative efficiency.
- **Community Outreach:** Our commitment to community service has been exemplified through various programs aimed at promoting sustainable development, enhancing livelihoods, and addressing societal challenges within our local community.

Successes

The year has been marked by a number of important successes:

- **Increased Enrolment:** Our student population has grown steadily, with a record number of new students enrolling in various programs, a testament to the confidence placed in our academic offerings.
- **Accreditation and Recognition:** Several of our academic programs have been accredited by Commission for University Education, further reinforcing the quality of education we offer. Our efforts towards ISO 9001:2015 certification have been validated by the Kenya Bureau of Standards (KEBS), reinforcing our commitment to quality and efficient service delivery. Successfully undergoing a re-certification audit of our quality management system is a testament to our pursuit of excellence.
- **Strategic Plan:** In June, the University launched a visionary five-year strategic plan; Kaimosi Friends University Strategic plan 2023-2027. The plan is aimed at establishing the University as a world-class institution renowned for excellence in teaching, research, and community service. It focuses on three main critical areas: enhancing facilities for teaching, learning, and research to improve the experience for students and staff; ensuring adherence to relevant standards and guidelines for quality maintenance and compliance; and establishing a strong brand anchored in excellence.

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- **Financial Prudence:** Through prudent financial management, the University has managed to achieve a balanced budget, allowing us to continue investing in critical areas such as research, staff development, and infrastructure growth. Sound financial management practices have enabled us to achieve a positive financial performance. Total recurrent income for the FY 2023/2024 reached Kshs. 802.607 million, with a surplus of Kshs. 141.081 million as compared to a deficit of Kshs. 29.474 million in the previous financial year 2022/2023.
- **Infrastructure:** We continued to prioritize major capital development projects, including the ultra-modern library; perimeter wall and associated works. These projects are vital for providing our students and faculty with state-of-the-art facilities conducive to learning and research, and we are steadfast in our commitment to their timely completion.
- **Research Output:** Our faculty and students have produced cutting-edge research that has been published in reputable journals, contributing to the global body of knowledge.

Challenges

Despite these achievements, we have also faced several challenges:

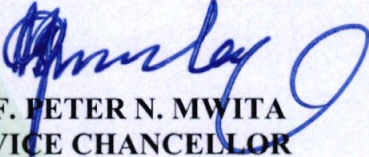
- **Financial Constraints:** The University continues to face budgetary constraints due to reduced government funding and rising operational costs, which have impacted the pace of some projects.
- **Technology Integration:** The rapid transition to digital learning necessitated by global trends presented challenges, particularly in ensuring adequate access to resources for all students and faculty.
- **Student Welfare:** Addressing the growing needs of our students, including providing quality accommodation and healthcare services, remains an ongoing challenge.

Future Outlook

Looking ahead, Kaimosi Friends University remains steadfast in its mission to offer high-quality education and contribute to the advancement of knowledge. Our key priorities for the coming year include:

- **Strategic Growth:** We will continue expanding our academic programs, with a focus on aligning them with the demands of a rapidly changing job market and the needs of our society.
- **Digital Transformation:** We are committed to enhancing our digital infrastructure to support e-learning, research, and administrative functions, ensuring that the university remains competitive in the digital era.
- **Partnerships and Collaborations:** Strengthening partnerships with industry, government, and international organizations will be a focal point, enabling us to attract more funding, research opportunities, and knowledge exchange.
- **Sustainable Development:** Our long-term vision includes promoting sustainability in all university operations, from energy use to resource management, ensuring that Kaimosi Friends University remains environmentally conscious.

As we move forward, I am confident that with the continued support of our stakeholders, Kaimosi Friends University will continue to thrive and make meaningful contributions to education, research, and community development. I wish to thank our Council, staff, students, and partners for their dedication and commitment.



PROF. PETER N. MWITA
AG. VICE CHANCELLOR

7. Statement of Performance against Predetermined Objectives for FY 2023/2024

Kaimosi Friends University has five (5) Strategic Issues (SI) within the current Strategic Plan for the FY 2023/2024 - 2027/2028. These Strategic Issues are as follows:

1. Academic Excellence and student Engagement
2. Infrastructure Development and ICT Advancement
3. Research, Innovation, Outreach and linkages
4. Resources for service delivery and institutional Governance
5. Environmental management and climate change

KAFU develops its annual work plans based on the above 5 Issues. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2023/2024 for its strategic Issues, as indicated in the table below:

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Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
Strategic issue 1: Academic Excellence and Student Engagement	To Promote access to quality education	Number of new students enrolled	Increased student enrolment Online application	1465 students admitted in September 2023 Acquisition of Jiunge platform
	To promote internationalization of education	Number of international students enrolled	Partnership with foreign institutions ,student exchange program, global networking and conferences	One student enrolled
	To Promote Academic Excellence	Number of students graduating within stipulated time	Analysis of completion and transition rates	457 graduated in the FY 2023/2024
	Enhance quality assurance and relevance	Adherence to CUE guidelines, standards and regulations	Curriculum review ISO surveillance audit	Programme leaders appointment Teacher Education Programmes reviewed KEBS surveillance audit re-certification
Strategic Issue 2: Infrastructure Development and ICT Advancement	To develop and maintain physical infrastructure	Construction works	Construction of Ultra-Modern Library; perimeter wall and associated works	2 new physical infrastructure are being developed
		Number of Maintained Physical Infrastructure	Renovation of Buildings and Associated works	Dining Hall for students was renovated
	To develop and enhance ICT infrastructure and services	Number of newly developed ICT infrastructure	Installation, Testing and Commissioning of Biometric Kits in Lecture rooms at Kaimosi Friends University	Installation, Testing and Commissioning of Biometric Kits in Classes is on-going
		Improved network and performance	Increase internet connectivity and bandwidth	Extended Internet to the Tuition Block
Strategic Issue 3: Research, Innovation, Outreach and Linkages	To promote quality research	Number of funded research projects	Capacity building workshops Internal funding Research affiliations Interdisciplinary research and collaboration	Directorate of research and Innovation conducted a training on use of Beeline 4 externally funded research worth Kshs 8,735,879.45 3 internal research proposals funded at a cost of Ksh. 450,000 Subscription to Beeline platform 2 nd KAFU National Conference held virtually

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Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
	To develop outreach programs	Number of community outreach activities/initiatives	Outreach activities	Optometry staff and students collaborated in an eye clinic outreach program with Jumuia hospital Kaimosi The University continuously engaged with the community to build better relations and began talks on establishing a cultural center at KAFU. Hosted the Vihiga County Youth Extravaganza.
	To establish collaborations and partnerships	Number of new collaborations and partnerships	Collaborations MoUs	Signed MOU with County Government of Vihiga with (School of Health Sciences) Signed MOU with County Government of Vihiga on climate change Signed MOU with County Government of Kakamega (School of Health Sciences)
Strategic issue 4: Resources for service delivery and institutional Governance	To attract and retain an engaged workforce	Approved staff establishment	Review of the staff establishment Recruit competent staff Review schemes of service	Staff establishment approved 1 staff recruited Approved revised scheme of service
	To be financially sustainable university	Absorption rate of allocated funds	Optimal absorption of budget	82% absorption rate
		Asset Register	Develop and update an asset register	Asset register developed and updated
		Reviewed fee structures	Review of fee structures and other services	Reviewed fee structures
	To enhance efficiency and effectiveness in Governance	Compliant institution	Institutionalize effective and efficient governance mechanisms	Complied with statutory and regulatory institutions
		Approved policies and procedures	Develop, implement and review policies and procedures	HR instruments (Statutes, Scheme of service, HR policy and procedure manual, compensation and benefits

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Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
				policy, among others) developed.
Strategic issue 5: Environmental management and climate	To enhance environmental conservation and waste management	Forests and landscape protected and conserved and managed waste	Tree planting Paperless transactions	The University have planted trees as per presidential directive Online admission and customer satisfaction survey
	To promote climate change and resilient strategies	Climate change centre established	Establish climate change centre	Directorate of climate change centre established and director established

8. Corporate Governance Statement

1. Ownership

KAFU is a corporate body Chartered on 2nd August, 2022 via Legal Notice No.165 of 2022 as a full-fledged University in Kenya. The University is wholly owned by the Government of Kenya.

2. Responsibility of the University Council

The University Council is responsible and accountable to the Government of Kenya through the State Department for Higher Education and Research (SDHER). It ensures that the University complies with the requirements of: The Constitution of Kenya 2010 and the Universities Act 2012 (No. 42 of 2012), adheres to the highest standards of Corporate Governance as prescribed in the State Corporations Act and the Mwongozo Code of Governance for State Corporations, the University Charter and Statutes (2022) and other relevant University policies.

3. Remuneration of the University Council members

The University Council members do not receive a salary except for the Council Chairperson who receives a monthly honorarium. The members are paid a sitting allowance for each meeting attended as per the State Corporations Act Cap 446, Part III, Section 10(1-2). The sitting allowance paid to the Council members is disclosed in note 15 of the annual report and financial statements.

4. Appointment, Removal from office and Succession Plan

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

5. Conflict of Interest

The University Council adheres to the Mwongozo Code of Governance for State Corporations' provisions in clause 1.3(c.) and 1.16(b.). Each Council member is expected to act honestly at all times, and not to place himself or herself in a situation where their personal interests conflict with those of the University.

The University has a conflict of interest policy to further guide Council to this effect as envisaged in clause 2.6 (b) and applied as in and clause 4.3.

6. Council and Member Performance Evaluation

Corporate governance best practices require that Council conducts self-evaluation of its performance on annual basis. Further, the *Mwongozo* Code of Governance for State Corporations, requires that Council carries out annual performance evaluation and file a report thereof with the parent Ministry and the State Corporations Advisory Committee (SCAC). Council did its performance evaluation for the FY 2023/2024 on 30th August, 2024.

7. Risk Management

Risk identification and management is a continuous process linked to the achievement of the University's strategic objectives. The Council is responsible for risk management, monitoring and evaluation. KAFU has an approved policy, a dully-updated risk register and standard operating procedure document that guides risk management.

The University has an established Internal Audit department to carry out continuous risk based internal audits. Further, risk assessment is conducted on regular basis, which informs the internal audit plan. A Risk Management Committee is in place to oversee the risk management processes.

The University Council through its Audit, Governance, Risk Assurance and Compliance Committee received regular reports during the financial year on internal controls and risks.

Additionally, the University Management conducts quarterly legal compliance reviews and reports to the Council. The University has an in-house Legal Officer who advises on legal and compliance matters.

8. Statement of Compliance

The University Council hereby confirms that throughout the financial year ending 30th June, 2024, KAFU complied with the entire statutory and regulatory requirements and was managed in accordance with the principles of Corporate Governance.

9. Committees of the University Council

In order to facilitate the smooth running of its affairs, the University Council establishes such Committees with the membership and with such terms of reference as it may deem fit. The following Committees were in place during the financial year ending 30th June, 2024;

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

The University Council nominates the Chairperson of each Committee of the Council provided that in the absence of the Chairperson of any Committee, the members present and constituting a quorum may elect one person from among them to chair the meeting.

Finance and Human Resource Committee

The Committee provides oversight, policy recommendation and advises on matters relating to the University Finance and Human Resource, with a view to referring the matters of utmost importance to the Council for final approval.

Audit, Governance, Risk Assurance and Compliance Committee

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

Academic, Strategy, Planning, Development and Innovation Committee

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

a) MEMBERSHIP TO COMMITTEES OF COUNCIL

a) FINANCE AND HUMAN RESOURCE COMMITTEE (FHR)

- | | | |
|-------------------------------|---|--|
| 1. Dr. Fauziya B. Karama, OGW | - | Chairperson |
| 2. Dr. Rodney O. Oluoch | - | Member |
| 3. Mr. John P. Yiampoi | - | Rep. PS, State Department for
Higher Education and Research |
| 4. Mrs. Josephine W. M. Kanyi | - | Rep. CS, National Treasury and Planning |
| 5. Prof. Peter. N. Mwita | - | Secretary |

b) AUDIT, GOVERNANCE, RISK ASSURANCE AND COMPLIANCE COMMITTEE (AGRAC)

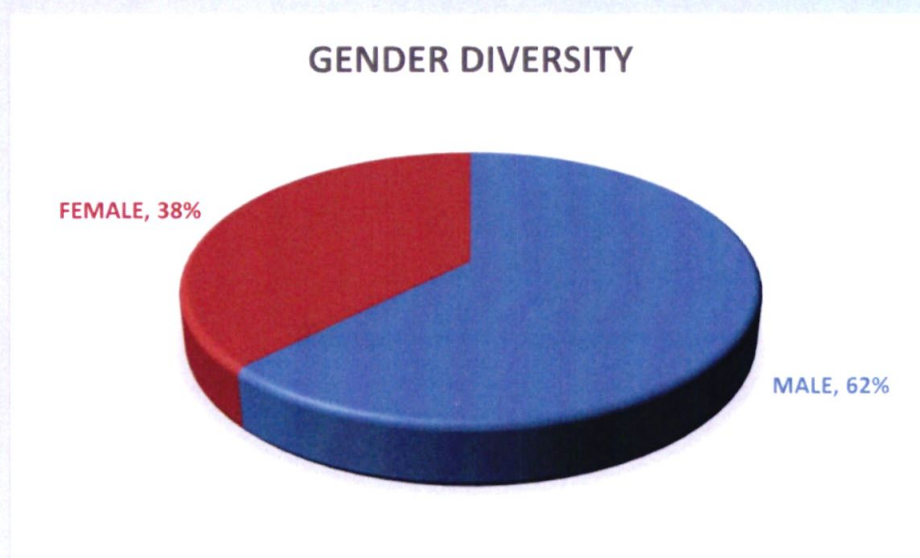
- | | | |
|-------------------------------|---|--|
| 1. Dr. Francis J. Bwire | - | Chairman |
| 2. Mr. Paul M. Wanderi | - | Member |
| 3. Mr. John P. Yiampoi | - | Rep. PS, State Department for
Higher Education and Research |
| 4. Mrs. Josephine W. M. Kanyi | - | Rep. CS, National Treasury & Planning |
| 5. Mr. Emmanuel K. Mate | - | Internal Auditor/Secretary |

**c) ACADEMIC STRATEGY, PLANNING, DEVELOPMENT AND INNOVATION
COMMITTEE (ASPD&I)**

- | | |
|-------------------------------|---|
| 1. Mr. Paul M. Wanderi | - Chairman |
| 2. Mr. John P. Yiampoi | - Rep. PS, State Department for Higher Education and Research |
| 3. Mrs. Josephine W. M. Kanyi | - Rep. CS, National Treasury & Planning |
| 4. Prof. Peter. N. Mwita | - Secretary |

GENDER DIVERSITY OF THE UNIVERSITY COUNCIL

The University Council composition is in line with the constitutional requirement relating to gender rule as shown in the pie chart below;



**TERMS OF REFERENCE (ToR) OF COUNCIL COMMITTEES;
Finance and Human Resource Committee ToR**

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

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

Audit, Governance, Risk Assurance and Compliance Committee ToR

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

Academic, Strategy, Planning, Development & Innovation Committee ToR

- i. Oversee the development and regular updating of all policies relevant to the University's Strategic Plan, Academic, development and innovation.
- ii. Provide strategic advice to the Council on development and updating of the University's Strategic Plan, Academic, development and innovation.

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

10. Council Charter

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

11. Ethics and conduct

The University Council is committed to the highest standards of behaviour at the workplace in order to contribute to the achievement of the national development goals. Approved Codes of Conduct and Ethics for both Council and staff members are in place to guide ethical conduct and integrity at the workplace. The Codes have set out expectations for individual behaviour necessary to meet these standards and include requirements and guidance to help Council carry out its oversight role with integrity and in compliance with the law.

12. Governance and Legal Audit

Council formed a standing committee on governance to guarantee compliance with all statutory requirements. Governance and Legal Compliance Audits and Reporting are to be conducted annually to establish the level of adherence to applicable laws, rules and standards. However, an annual governance audit was not conducted in FY 2023/2024. It is expected that it shall be done in the FY 2024/2025, subject to availability of funds.

13. University Council Meetings

During the FY 2023/2024, Council and its standing Committees implemented the Council Almanac by holding eighteen (18) regular and six (6) special meetings. In addition, Council attended two (2) trainings and the second KAFU graduation ceremonies.

Further, the Council was timely sensitised on dynamics in practice, policies, laws and regulations governing operations of the University from time to time. The Principal Secretary, State Department for Higher Education and Research, approved all special meetings.

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

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

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Council Members	Position in Council (Chairman/CE O/ Member)	Gender	Date of Appointment DD/MM/YYYY	Expiry of Appointment DD/MM/YYYY	Membership & attendance	University Council	Special Council	FHR	Special FHR	ASPD&I	Special ASPD&I	AGRMC	Graduations	Trainings
Dr. Bernadette F. Mungai	Chairperson	F	05/08/2022	04/08/2025	Attendance	5/5	3/3	X	X	X	X	X	1/1	2/2
					Membership	√	√	X	X	X	X	X	√	√
Prof. Ogodo, M. J. Nandi	CEO	M	02/08/2023	01/02/2024	Attendance	4/5	1/3	4/5	1/2	2/4	1/1	X	1/1	0/0
					Membership	√	√	√	√	√	√	X	√	√
Prof. Peter Nyamuhanga Mwita.	CEO	M	19/02/2024	18/08/2024	Attendance	1/5	1/3	1/5	1/2	1/4	0/1	X	0/0	2/2
					Membership	√	√	√	√	√	√	X	√	√
The Late Dr. Josephine D. Waudu	Member	F	05/08/2022	11/11/2023 Date of death	Attendance	2/5	1/3	X	X	1/4	X	X	X	X
					Membership	√	√	X	X	√	X	X	X	X
Dr. Fauziya B. Karama, OGW	Member	F	05/08/2022	04/08/2025	Attendance	5/5	3/3	5/5	2/2	X	X	X	1/1	2/2
					Membership	√	√	√	√	X	X	X	√	√
Dr. Francis Joseph Bwire	Member	M	05/08/2022	04/08/2025	Attendance	5/5	3/3	X	X	X	X	4/4	1/1	2/2
					Membership	√	√	X	X	X	X	√	√	√
Mr. Paul Wanderi	Member	M	05/08/2022	04/08/2025	Attendance	4/5	3/3	X	X	4/4	1/1	4/4	1/1	2/2
					Membership	√	√	X	X	√	√	√	√	√
Dr. Rodney O. Oluoch	Member	M	05/08/2022	04/08/2025	Attendance	2/5	2/3	3/5	1/2	X	X	X	1/1	2/2
					Membership	√	√	√	√	X	X	X	√	√
Mr. John P. Yiampoi	Representative, PS, State Department for Higher Education & Research	M	11/10/2022	10/10/2025	Attendance	5/5	3/3	5/5	2/2	4/4	1/1	4/4	1/1	2/2
					Membership	√	√	√	√	√	√	√	√	√
Mrs. Josephine W. M. Kanyi	Representative, CS, National Treasury	F	30/09/2022	17/08/2025	Attendance	5/5	3/3	4/5	2/2	3/4	1/1	4/4	1/1	2/2
					Membership	√	√	√	√	√	√	√	√	√

9. Management Discussion and Analysis

A detailed discussion and analysis of the University's operational and financial performance as at end of the year 30th June 2024 is as explained below.

A. Academic and Student Affairs

The Academic Division is mandated to implement quality teaching, learning, research, innovation and community service as outlined in the University Vision. This Division is made up of five schools, library, office of the Dean of Students, office of Registrar Academic Affairs and five Directorates. The schools and directorates are as follows:

1. Schools
 - i) School of Education and Social Sciences
 - ii) School of Business and Economics
 - iii) School of Science
 - iv) School of Computing and Information Technology
 - v) School of Health Sciences
2. Directorates
 - i. Directorate of Graduate Studies
 - ii. Directorate of Open and Distance e-Learning
 - iii. Directorate of Research, Innovations and Outreach
 - iv. Directorate of University Linkages, Alumni and Career Services
 - v. Directorate of Examinations

Academic Programs

The University offers 50 Senate approved and CUE accredited programs whose enrolment has generally been on a growth trajectory since the establishment of the University. These include:

- i) Four (4) PhD programs
- ii) Fifteen (15) Masters programs
- iii) Twenty-three (23) Bachelors programs
- iv) Four (4) Diploma Programs
- v) Four (4) Certificate Programs

Academic Staff Distribution

The University has sixty-eight (68) full time academic members of staff across schools distributed by rank as indicated in the table below.

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Cadre	School of Business & Economics	School of Computing & Information Technology	School of Education & Social Sciences	School of Science	School of Health Sciences	Total
Professors	0	0	0	1	0	1
Associate Professors	0	1	2	1	0	4
Senior Lecturers/ Senior Research Fellow	3	0	6	3	1	13
Lecturers	4	0	15	6	3	28
Tutorial Fellows	4	4	5	1	3	17
Clinical Instructors/ Research Assistant	0	0	0	1	4	5
Total	11	5	28	13	11	68

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

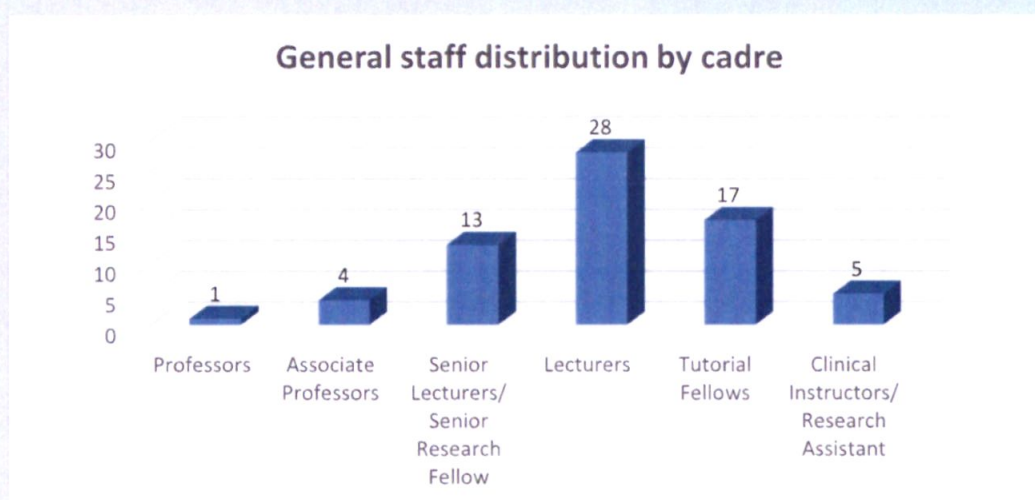


Fig. 1: Overall distribution of Academic Staff by Rank

The tabulation above as well as the graph show the University is understaffed, with Part-time lecturers filling the staffing gap. There were 127 Part-time lecturers during the financial year, to compliment the full time staff.

General Student Enrolment

Since its establishment there has been a steady positive growth in student enrolment. Table 2 highlights enrolment for the period 2014/2015 to 2023/2024.

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Table 2: Institutional Enrolment Trend 2014/15-2023/24

YEAR	GSSP	PSSP	TOTAL
2014/15	186	49	235
2015/16	455	101	556
2016/17	1,013	306	1319
2017/18	1,520	218	1738
2018/19	1,585	235	1820
2019/20	1,879	279	2158
2020/21	2,476	346	2822
2021/22	3,343	403	3,746
2022/23	3,637	260	3,897
2023/24	4,578	240	4,818



Figure 2: Enrolment trends

GRADUATION

The University has graduated six (6) cohorts since enrolling the first group of students in August 2014. The distribution of graduates across schools is as indicated in Table 3.

Table 3: No. of Graduands

Year	SOBE	SESS	SCIT	SOSCI	TOTAL
2018	53	142	0	0	195
2019	56	208	6	0	270
2020	117	177	10	3	307
2021	110	228	25	67	430
2022	130	223	18	31	402
2023	53	362	10	32	457
Total	519	1340	69	133	2061

The University graduated students in MMUST as a Constituent College between 2018 and 2021. KAFU has held 2 graduations since award of charter on 2nd August 2022. Figure 3 depicts general graduation trends.

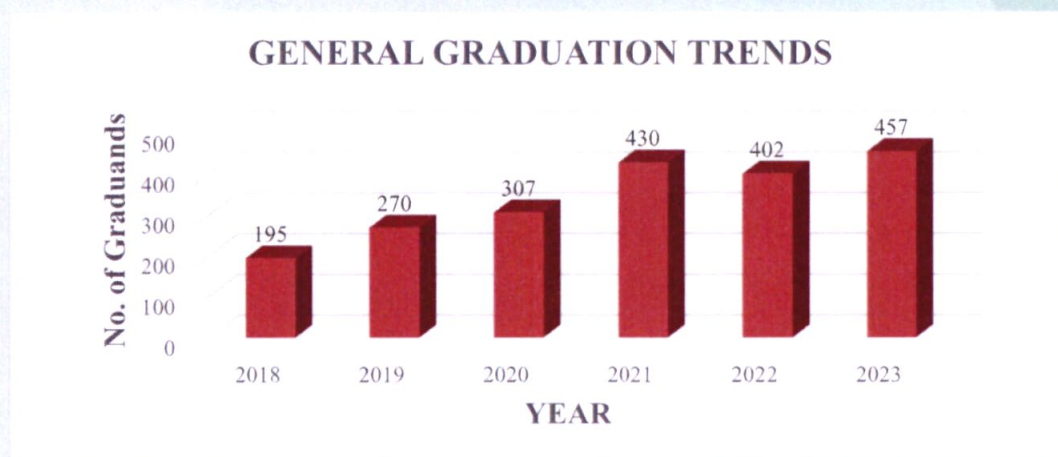


Figure 3: General Graduation Trends.

ANALYSIS AT SCHOOL LEVEL

This section discusses activities and outputs from schools. This analysis is important in unearthing any hidden disparities that are masked by general enrolment and graduation trends.

1. SCHOOL OF EDUCATION AND SOCIAL SCIENCES

The School of Education and Social Sciences (SESS) is the mother of all schools in KAFU having been the transitional School from MMUST.

Departments

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

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

Programs

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

- i) Doctor of Philosophy in Comparative Literature
- ii) Doctor of Philosophy in Curriculum & Instruction
- iii) Doctor of Philosophy in Religion
- iv) Master of Education in English Language Education
- v) Master of Arts in Religion
- vi) Master of Arts in Comparative Literature
- vii) Master of Education in Educational Psychology

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- viii) Master of Arts in Kiswahili
- ix) Master of Arts in Geography
- x) Master of Arts (History)
- xi) Master of Arts in Curriculum and Instruction
- xii) Bachelor of Education (Arts)
- xiii) Bachelor of Education (Science)
- xiv) Bachelor of Education (French)
- xv) Bachelor of Education (Early Childhood Education)
- xvi) Bachelor of Disaster Management and International Diplomacy
- xvii) Bachelor of Arts (Criminology and Criminal Justice)
- xviii) Bachelor of Social Work
- xix) Diploma in Criminology and Criminal Justice
- xx) Diploma in Social Work and Community Development
- xxi) Certificate in Criminology
- xxii) Certificate in Social Work

Enrolment

The school has a total enrolment of 3,845 students distributed in the programmes as shown in table 4.

Table 4: Enrolment in Programs

S.No	PROGRAM	PSSP	GSSP	TOTAL
1	Bachelor Of Arts (Criminology And Criminal Justice)	10	344	354
2	Bachelor of Disaster Management & International Diplomacy	0	41	41
3	Bachelor of Education (Arts)	23	2387	2410
4	Bachelor of Education (French)	0	48	48
5	Bachelor of Education (Science)	8	779	787
6	Bachelor of Social Work	2	126	128
7	Certificate in Criminology	5	0	5
8	Diploma in Criminology and Criminal Justice	28	0	28
9	Diploma in Social Work	4	0	4
10	Master of Arts in Geography	6	0	6
11	Master of Arts in History	5	0	5
12	Master of Arts in Kiswahili	5	0	5
13	Master of Education in Educational Psychology	4	0	4
14	Masters of Arts in Comparative Literature	6	0	6
15	Masters of Arts in Religion	3	0	3
16	Masters of Education in Curriculum and instruction	9	0	9
17	PhD in Literature	1	0	1
	TOTAL	119	3725	3844

SESS is the largest school in the University. With an enrolment of 3,844 students, it constitutes 80 % of the entire student population. The school has had a steady growth in student numbers over the years whose trend distribution is shown in the table 5:

Table 5: Enrolment Growth

Year	Enrolment		
	GSSP	PSSP	TOTAL
2014/15	134	44	178
2015/16	348	83	431
2016/17	660	136	796
2017/18	956	177	1,133
2018/19	945	169	1,114
2019/20	1,214	174	1,388
2020/21	1,772	185	1,957
2021/22	2,637	198	2,835
2022/23	2929	137	3,066
2023/24	3725	119	3,844

Figure 5 below provides a pictorial representation of enrolment trends in SESS.

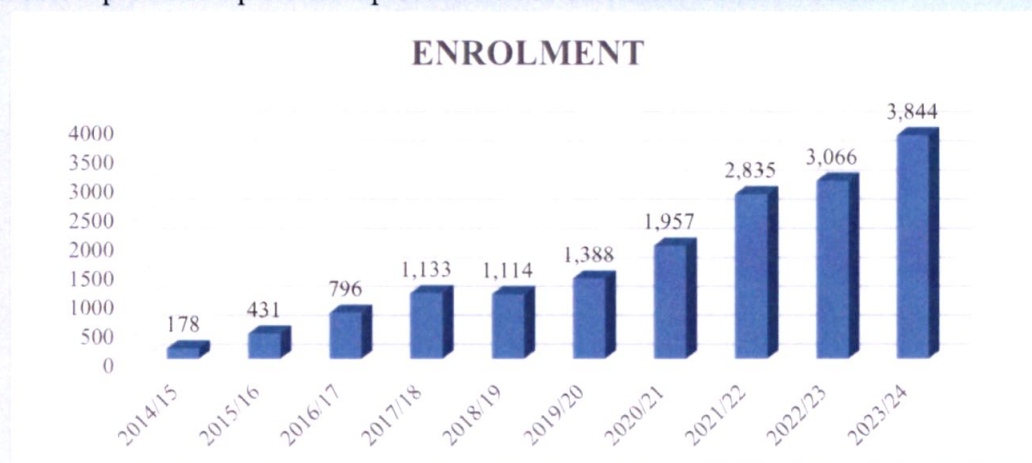


Figure 5: Enrolment Trends

Graduation

The school has had six (6) cohorts of students who have graduated in various programs since its establishment. Table 6 is a display of graduations per program for the years under consideration.

Table 6: Students Graduations per Program

Year	Masters	Bachelors	Diploma	Certificate	Total
2018	0	127	10	5	142
2019	0	188	15	5	208
2020	0	165	9	2	176
2021	0	223	3	2	228
2022	3	213	2	5	223
2023	0	342	19	1	362
Total	3	1258	58	20	1339

Figure 6 below is a pictorial illustration of the trend in graduation in the School of Education and Social Sciences (SESS).

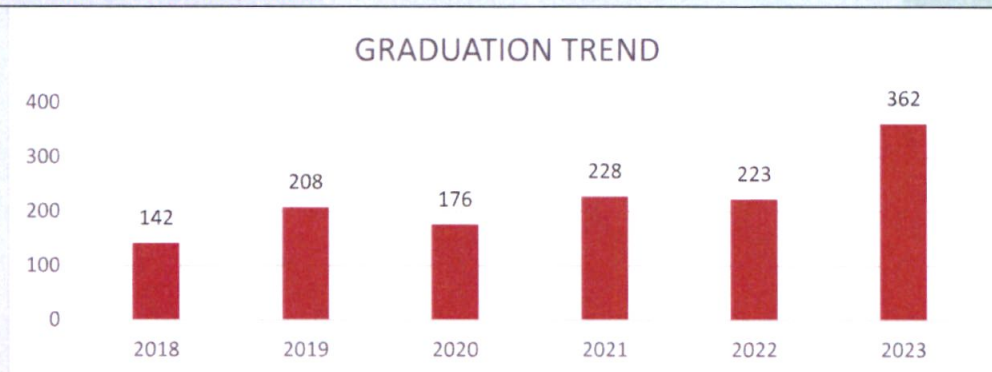


Figure 6: Graduation Trend in SESS

There has been a steady increase in the number of graduands from 2018 to 2023 and a slight dip in 2022.

2. SCHOOL OF BUSINESS AND ECONOMICS

The school of Business and Economics (SOBE) was established at inception in 2015. Its vision is to be a leading Business school connecting the region and the world. The School's enrolment currently stands at 314.

Departments

SOBE is made up of the following three departments:

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

Academic Programs

The school offers the following seven (8) programs:

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

Enrolment

Student enrolment in regular programs of the school for the 2023/2024 academic year is indicated in Table 7 below:

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Table 7: Student Enrolment

S.No	PROGRAM	PSSP	GSSP	TOTAL
1	Bachelor Of Science (Economics And Statistics)	0	4	4
2	Bachelor of Commerce	14	218	232
3	Bachelor of Science (Economics)	0	37	37
4	Diploma in Business Management	2	0	2
5	Doctor of Philosophy in Business Administration	16	0	16
6	Master of Science in Economics	2	0	2
7	Masters of Business Administration	21	0	21
	TOTAL	55	259	314

Enrolment Trends

The student enrolment for the period 2014/15 – 2023/24 is summarized in the table 8 below:

Table 8: Student Enrolment for 2014/15 – 2023/24

Academic Year	GSSP	PSSP	TOTAL
2014/15	52	5	57
2015/16	107	18	125
2016/17	242	16	258
2017/18	371	37	408
2018/19	409	50	459
2019/20	401	66	467
2020/21	376	114	490
2021/22	338	127	465
2022/23	275	73	348
2023/24	259	55	314

The Figure 7 depicts enrolment trends in the school

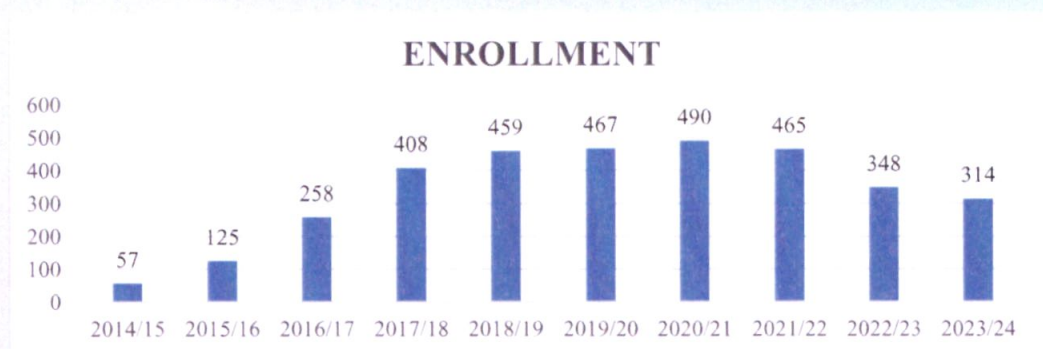


Figure. 7: Enrolment Trends in SOBE

There was a steady increase in enrolment between 2014/2015 to 2020/2021 followed by a slight decline in 2021/22, a sharp drop in 2022/23 and a further decline in 2023/24

Graduation

The school has graduated six (6) cohorts of students since its establishment. Table 9 below is a display of graduations for the programs offered in the school.

Table 9: Graduation

Year	MSc. Economics	MA. Business Admin.	B. Commerce	BSc. Economics	Diploma	Certificate	Total
2018	0	0	46	0	7	0	53
2019	0	0	49	0	4	3	56
2020	0	0	88	21	6	2	117
2021	0	0	87	11	9	3	110
2022	1	18	79	23	8	1	130
2023	0	1	40	5	7	0	53

Figure 8 gives a pictorial illustration of graduation trends in the School of Business and Economics:

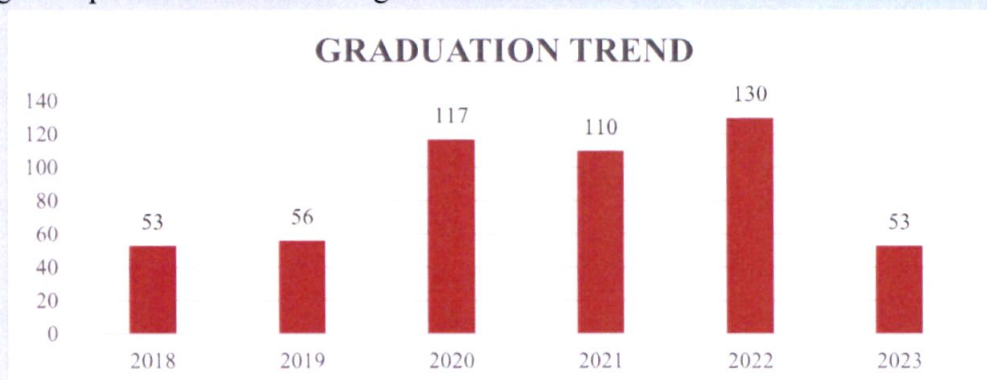


Figure. 8: Graduation Trends

There has been a steady increase in the number of graduating students over the years.

3. SCHOOL OF SCIENCE

The school of science is among schools established after a significant growth in students and staff population at the School of Education. It has an enrolment of 172 students, with its departments engaged in servicing sciences-based courses for students in the School of Education and Social Sciences. The School of Science has been at the centre in driving the University's mission of teaching, research and innovation in the area of natural sciences.

Departments

The following departments constitute the School of Science:

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

Programs

The School of Science offers the following programs:

- i) Master of Science in Microbiology
- ii) Master of Science in Physics
- iii) Master of Science in Applied Mathematics
- iv) Master of Science in Pure Mathematics
- v) Bachelor of Science in Agricultural, Economics and Resource Management
- vi) Bachelor of Science in Applied Statistics with IT
- vii) Bachelor of Science in Mathematics and Economics with IT
- viii) Bachelor of Science in Mathematics with IT
- ix) Bachelor of Science (Chemistry)
- x) Bachelor of Science (Biology)
- xi) Bachelor of Science (Physics with Appropriate Technology)

Enrolment

Table 10 shows student enrolment trends since the establishment of the school in the 2016/2017 academic year.

Table 10: Student Enrolment

Year	GSSP	PSSP	TOTAL
2016/17	90	0	90
2017/18	149	1	150
2018/19	181	2	183
2019/20	205	8	213
2020/21	214	17	231
2021/22	131	46	177
2022/23	163	20	183
2023/24	154	18	172

The Figure 9 depicts a pictorial enrolment trend in the school over the period 2016/2017 to 2023/2024 academic years.

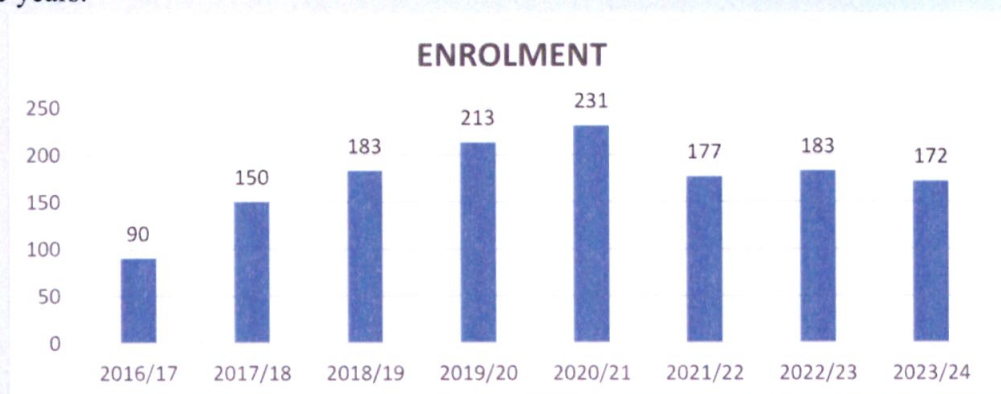


Figure. 9: Student Enrolment Trends

Graduation

The school graduated its first cohort at the end of the academic year 2019/2020. Table 11 highlights the pioneer students who were able to graduate in the school under the program Agricultural Economics and Resources Management.

Table 11: Graduation Trend in School of Science

Year	Bachelors	Masters	Total
2018	0	0	0
2019	0	0	0
2020	3	0	3
2021	67	0	67
2022	28	3	31
2023	32	0	32
TOTAL	130	3	133

Two graduation ceremonies held in 2021 saw the school graduate the highest number of students compared to other years.

Figure 10 gives a pictorial illustration of the graduation trends in the school.

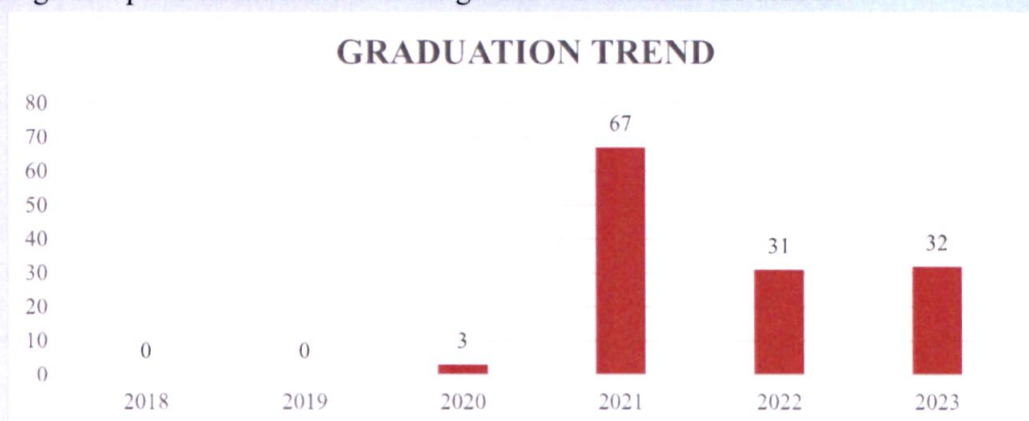


Figure 10: Graduation trends in the school.

4. SCHOOL OF COMPUTING AND INFORMATION TECHNOLOGY (SCIT)

The school of Computing and Information Technology (SCIT) previously existed as a Department in the School of Science. SCIT provides critical support in servicing courses with ICT components across the Schools.

Departments

The school has the following departments

- i. Information Technology.
- ii. Computer Science

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However, the school also houses and is nurturing the Open and Distance e-Learning Centre whose mandate is to improve student access for virtual learning services and to help integrate Information Technology in all programs offered at the University.

Programs

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

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

Enrolment

Enrolment in the school over the years is captured in the table 12 below:

Table 12: Enrolment in the School

S.No	PROGRAM	PSSP	GSSP	TOTAL
1	Bachelor Of Science In Computer Science	0	45	45
2	Bachelor of Science (Information Technology)	0	112	112
3	Certificate in Information Technology	4	0	4
4	Diploma in Information Technology	2	0	2
5	Master of Science in Information Technology	7	0	7
	Total	13	157	170

Enrolment Trends

Table 13 highlights enrolment trend in the School of Computing and Information Technology since 2016/2017 academic year.

Table 13: Enrolment Trend, School of Computing and Information

Year	GSSP	PSSP	TOTAL
2016/17	21	1	22
2017/18	44	3	47
2018/19	50	14	64
2019/20	59	33	92
2020/21	102	42	144
2021/22	131	46	177
2022/23	117	13	130
2023/24	157	13	170

The figure 11 gives a pictorial representation of enrolment growth in the school for the highlighted period.

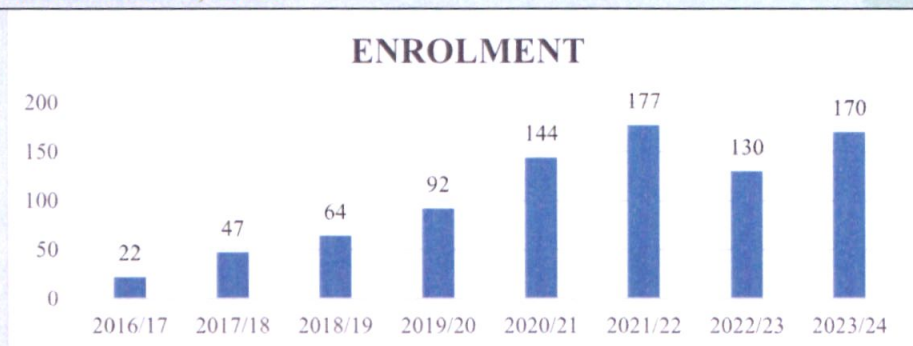


Figure. 11: Enrolment Growth Trends

Enrolment increased sharply in 2023/2024.

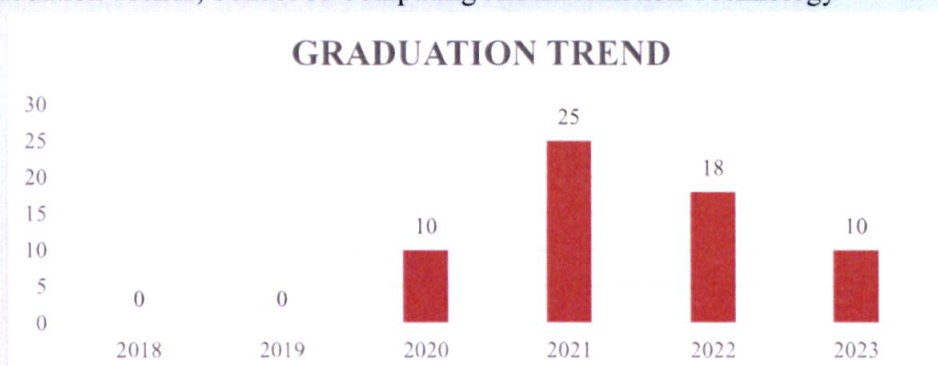
Graduation

The school first graduated students in 2020. Table 13 highlights graduation trends in the school.

Table 13: Graduation

Year	Masters	Bachelors	Diploma	Certificate	Total
2018	0	0	0	0	0
2019	0	0	0	5	5
2020	0	5	2	3	10
2021	0	22	0	3	25
2022	2	11	5	0	18
2023	0	9	1	0	10
Total	2	47	8	11	68

Fig. 12: Graduation Trends, School of Computing and Information Technology



5. SCHOOL OF HEALTH SCIENCES

This is the youngest school at the University having been established in 2022. Programmes in the school continue to attract a lot of students. It is expected that, with approval of expansion of capacity from the respective regulators, enrolment in schools will grow tremendously. The school houses the niche programmes for the university.

Departments

The following departments constitute the School of Health Sciences:

- i) Department of Nursing
- ii) Department of Clinical Medicine
- iii) Department of Optometry and Vision Sciences

Programmes

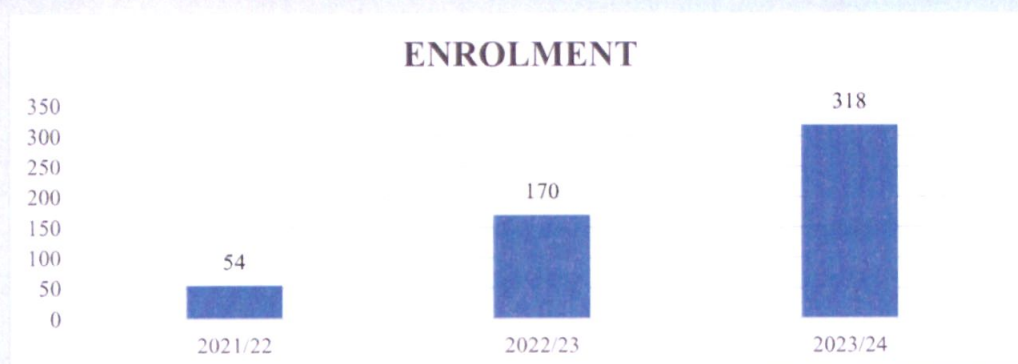
- i. Bachelor of Science in Nursing
- ii. Bachelor of Science in Clinical Medicine and Community Health
- iii. Bachelor of Science (Optometry and Vision Sciences)

Table 14 below highlights enrolment trend in the School of Health Sciences since 2021/2022 academic year.

Table 13: Enrolment Trend, School of Health Sciences

Year	GSSP	PSSP	TOTAL
2021/22	46	8	54
2022/23	152	18	170
2023/24	282	36	318

Figure 13: Enrolment Trend, School of Health Sciences



Directorate of Open and Distance e-Learning

The University has established an Open and Distance e-Learning Centre whose mandate is to facilitate delivery of programs online, and promote integration of ICT in teaching. This will enable the University adopt a blended (face-to-face and virtual) mode of content delivery.

During the financial year 2023/2024 the University was able to:

- Teach all the common units on ODeL platform
- Add some courses of the nursing program of the 2nd semester to the ODeL platform
- Initiate the accreditation process of the ODeL centre by CUE
- Train students on how to use the ODeL platform to improve navigation when learning

- Re-train lecturers on how to facilitate teaching using the ODeL platform
- Carry out a training for the ODeL technical team on online examination administration

Directorate of University Linkages Alumni and Career Services

The Directorate of University Linkages, Alumni and Career Services (DULACS) at KAFU was established in 2019 with the sole responsibility of overseeing matters of partnerships, collaborations, and linkages with like-minded organizations and institutions with the sole purpose of improving the University's image both locally and globally. The University, through DULACS, initiates, implements, and sustains collaborations with partners across the world to produce innovative research, deliver innovative teaching and learning, and create opportunities for students and staff to gain international experience through exchange programs. During the FY 2023/2024 the University signed MOUs with 3 Institutions. The Directorate is committed to continuously engage with partners for the benefit of the students and university at large.

Directorate of Research, Innovation and Outreach

Research is one of the core functions of Kaimosi Friends University. This is embodied in the mission of the University in which it pledges to "provide quality education and training, research and innovation, to meet the needs of a dynamic society". The University conducts regular capacity building and promotes collaborative research teams within and beyond the University.

During the financial year 2023/2024, the University undertook one virtual national conference and four seminar activities.

Directorate of Graduate Studies

The Directorate of Graduate Studies coordinates admission, teaching, field research, supervision and examination of students in diverse programmes leading to the award of PhD and Masters degrees. The directorate facilitates both students and graduate faculty to implement effective processes in compliance with the university's graduate study policy and CUE guidelines. This is in a bid to attain results comparable with national, regional and international best practices.

In view of the above, during the financial year 2023/2024 the University was able to have its own second graduation ceremony. The directorate of graduate studies churned out one postgraduate student.

Other supporting directorates:

Directorate of Quality Assurance and Quality Management Systems

The Directorate of Quality Assurance and Quality Management Systems in Kaimosi Friends University seeks to promote, maintain and improve relevance, efficiency, leadership and students' progression through self and external assessments.

In the financial year 2023/2024 the University was able to successfully conduct one (1) internal audit and one (1) external surveillance audit from KEBS. The directorate also successfully carried out a one-week training for its implementers and process owners that was facilitated by the external auditors. The University also received her ISO Certification on 11th September, 2023.

Directorate of Performance Management

Performance Management is a product support strategy used to achieve measurable performance outcomes for an organization and its subsystem. It is a mechanism under public sector reforms that aims at improving performance of the public sector through: targets, and specifying agent performance in terms of results. Performance contract is an agreement entered into between the government of the republic of Kenya through the Ministry of Education and the Management of Kaimosi Friends University.

During the FY 2023/2024 the University achieved a positive composite score after various targets were achieved.

MOU SIGNING FOR THE CENTRE OF CLIMATE CHANGE WITH VIHIGA COUNTY



Delegation of KAFU team and the Vihiga county team during signing of the MOU on climate change. Present is Vihiga County Governor Dr. Ottichilo and former Ag. VC of KAFU Prof. Ogodo. M.J. Nandi.

**VICE CHANCELLOR'S ADDRESS DURING
ORIENTATION OF FIRST YEAR STUDENTS 2023/2024**



Former Ag. Vice Chancellor Prof. Ogodo, M.J. Nandi, addressing First Year Students for the academic year 2023/2024 during the culmination of the orientation program on 8th September 2023. The University admitted over 1000 students.

**2ND GRADUATION CEREMONY HELD ON 8TH
DECEMBER 2023**



(From Right) The Council Chairperson, Dr. Bernadett Mungai (C), the former Ag. Vice Chancellor Prof. Ogodo, M.J. Nandi (L), and other Members of the University Council during the Second Graduation Ceremony on December 8, 2023. KAFU churned out 45 graduates.

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**KAFU RECEIVING KASNEB ACCREDITATION
CERTIFICATE**



Ag. Research, Innovation and Outreach Director Prof. Benson Ojwang receives the KASNEB accreditation certificate from KASNEB Director of Quality Assurance, Jane W. Mureithi on October 6, 2023. KAFU now offers KASNEB courses.

**ACTING VICE CHANCELLOR PROF. PETER N. MWITA
RECEIVES INSTRUMENTS OF AUTHORITY**



Newly appointed Acting Vice Chancellor Prof. Peter N. Mwita receives instruments of authority from the University Chair of Council on 19th February 2024 as he assumes office.

LAUNCHING OF ISO 9001:2015 CERTIFICATION



A banner commemorating the launch of ISO 9001:2015 certification. The University received the certificate on 11th September 2023, marking commitment toward service delivery and stakeholder satisfaction.

**KAFU COLLABORATION WITH JUMUIA HOSPITALS-
KAIMOSI**



On March 14-15, 2024, Kaimosi Friends University (KAFU) collaborated with Jumuiia Hospitals Kaimosi to conduct a medical camp targeting the Vihiga County community. The interventions focused on non-communicable diseases, malaria prevention, and providing general health check-ups. Community health remains one of the key areas of corporate social investment for KAFU, aimed at benefiting the well-being of the community.

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**CBC IMPLEMENTATION WORKSHOP FOR KAFU
LECTURERS**



The Ag. DVC (A&SA) Prof Julius Kipkemboi (C), Ag. DVC (F&D) Prof. Maurice Amadalo (L) and Dean School of Education and Social Sciences Dr. Samuel Maragia, alongside facilitators of a CBC implementation workshop for KAFU lecturers in the period under review

**KAFU FACULTY AT 2ND NATIONAL CONFERENCE:
ACHIEVEMENTS AND HIGHLIGHTS**



Members of KAFU faculty led by Ag. Deputy Vice Chancellor (ASA&R), Prof. Julius Kipkemboi poses for a group photo during the second KAFU National Conference held virtually on 13th and 14th May 2024. More than 60 papers across eight sub-thematic areas were presented as Kaimosi Friends University marked another significant milestone during its second annual national conference concluded on May 14th, 2024. The two-day virtual conference, graced by distinguished guests including the Director General of NACOSTI, Prof. Walter Oyawa, and the CEO of the National Research Fund, Prof. Dickson Andala, represented by Prof. Elliud Musostsi, witnessed an active participation of over 100 scholars from 29 different universities.

KHWISERO SECONDARY SCHOOL CAREER VISIT



ICT technician gives a presentation to students from Khwisero Secondary School during a career visit to the University on March 14, 2024. KAFU mentors high school students to help them make informed career decisions

**EDUCATION CS DR. EZEKIEL MACHOGU PLANTS TREE
AT KAFU FOR NATIONAL ELIMU TREE PLANTING DAY**



Education CS Dr. Ezekiel Machogu plants a tree at KAFU on 31st May 2024 to mark the National Elimu Tree Planting Day. Beyond tree planting, KAFU's commitment to environmental sustainability is evident in its partnership with the National Environment Management Authority (NEMA) and its plans to restore and adapt wetlands in the region.

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CUE SURVEY ON CCUS AT KAFU WITH PROF. JULIUS KIPKEMBOI AND STUDENTS



Acting Deputy Vice Chancellor Prof. Julius Kipkemboi (2nd L) and a section of KAFU students pose with officials Commission for University Education on 30th April 2024. The Commission for University Education conducted a comprehensive survey at Kaimosi Friends University, focusing on the undergraduate common curricula units (CCUs). Led by Dr. Dorcas Omukhulu, Head of Research, the aim was to enhance the effectiveness of these courses in preparing students for the global workplace of the 21st century.

KAFU CHAIRPERSON OF COUNCIL, VICE CHANCELLOR, AND STUDENTS WITH PERFORMING ARTS TROPHIES



KAFU Chairperson of Council Dr. Bernadette Mungai, acting Vice Chancellor Prof. Peter N. Mwita, other members of the University Management Board and students pose with trophies the students won during the Kenya Universities Performing Arts Festival held at the Technical University of Mombasa in the period under review. The group won four trophies.

VIHIGA COUNTY YOUTH EXTRAVAGANZA AT KAFU WITH PROF. MWITA AND HON. KITIEZO



The acting Vice Chancellor Prof. Peter N. Mwita and Vihiga County Deputy Governor Hon. Wilberforce Kitiezo follow performances during the Vihiga County Youth Extravaganza at Kaimosi Friends University, in collaboration with the Vihiga County government, hosted the three-day event, inaugurated by Hon. Kitiezo from May 23 to May 25, 2024.

KAFU STRATEGIC PLAN 2023-2027 LAUNCHED



The plan targets three key areas: enhancing facilities for teaching, learning, and research; maintaining quality and compliance standards; and establishing a strong excellence-focused brand. The KES 5 billion implementation involves collaboration with partners and philanthropists, creating endowment funds and research parks, and building a strong alumni network and partnership team.

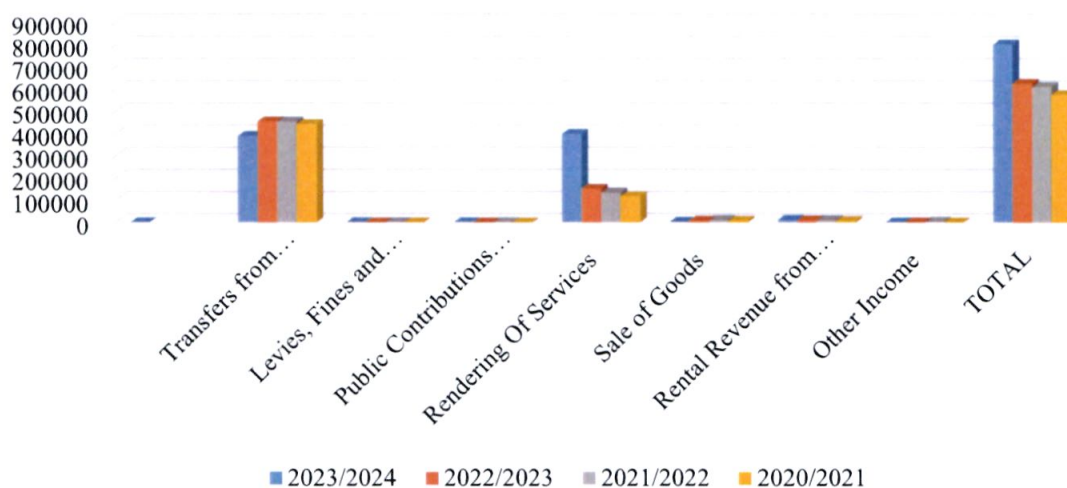
b. Financial Performance

The University recorded an aggregate income of **Kshs. 802.606 Million** as at end of the year, with the recurrent grant from the Exchequer of **Kshs. 390.660 million**. Internally generated revenue stood at **Kshs. 411.947 million** as at end of the year consisting of Rendering of services, sale of goods, rental revenues, levies, fines & Penalties, public contributions & donations and other income. In General, the University recorded a surplus of **Kshs. 141.081 million** as compared with a deficit of **Kshs. 29.474 million** during the previous year. The University is committed to establishing Income generating activity projects that will enhance Appropriation in Aid (A-I-A).

INCOME

Particulars	2023/2024	2022/2023	2021/2022	2020/2021	2023/2024	2022/2023	2021/2022	2020/2021
	KSHS '000'				PERCENTAGE (%)			
Transfers from Ministries, Departments and Agencies (MDAs)	390,660	456,358	455,539	444,024	49	73	74	77
Levies, Fines and Penalties	27	126	50	80,951	0	0	0	0
Public Contributions and Donations	80	90	180	0	0	0	0	0
Rendering Of Services	399,308	151,601	133,892	117,572	50	24	22	20
Sale of Goods	1,734	7,549	10,062	7,151	0	1	2	1
Rental Revenue from Facilities and Equipment	10,707	9,432	9,290	6,605	1	2	2	1
Other Income	90	1,209	2,988	503,821	0	0	0	0
TOTAL	802,606	626,366	612,000	575,935	100	100	100	100

INCOME DISTRIBUTION



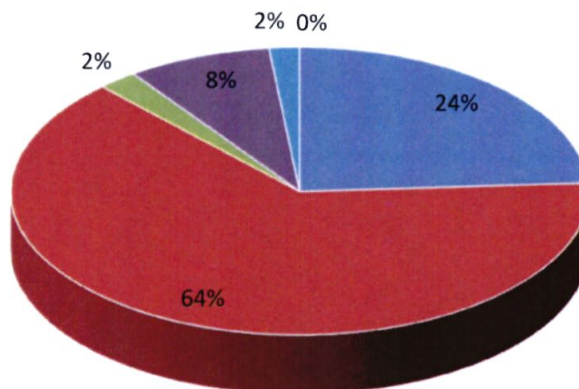
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EXPENDITURE

Personnel emoluments continued to comprise the largest part of the expenditure during the year at 64% of the total expenditure while all other expenses constituted the balance of 36%. The table below illustrates the expenditure trends for four year-period with the overall total expenditure rising steadily during the year under review.

Particulars	2023/2024	2022/2023	2021/2022	2020/2021	2023/2024	2022/2023	2021/2022	2020/2021
	KSHS '000'				PERCENTAGE (%)			
Use of Goods and Services	159,406	167,517	163,137	140,107	24	26	27	25
Employee Costs	422,722	402,079	376,506	352,771	64	61	61	62
Council Expenses	14,852	14,893	12,839	11,364	2	2	2	2
Depreciation and Amortization Expense	53,341	57,742	45,357	41,125	8	9	7	7
Repairs and Maintenance	11,200	13,602	14,467	17,682	2	2	2	3
Contracted Services	6	7	51	4,980	0	0	0	1
TOTAL	661,526	655,840	612,357	568,028	100	100	100	100

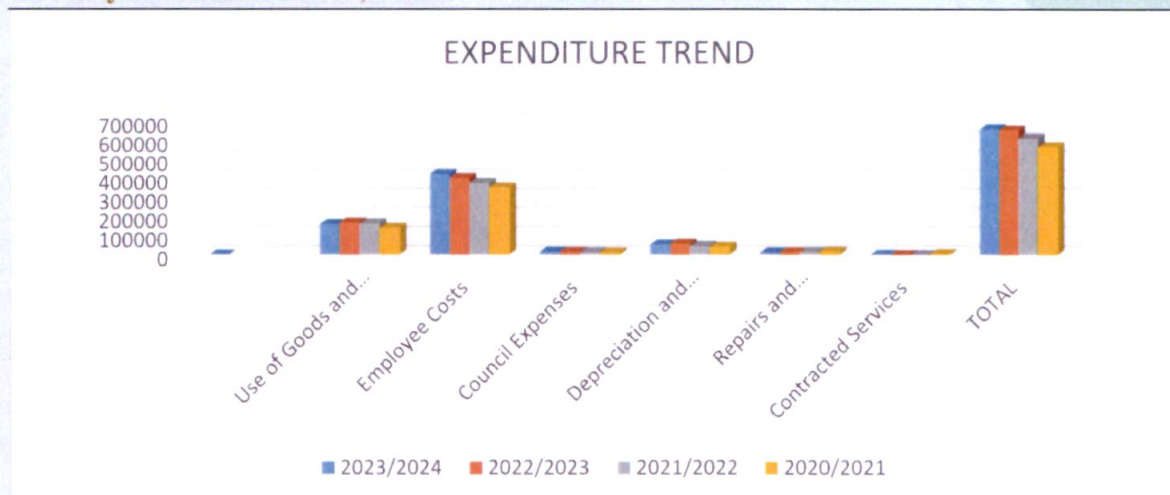
EXPENDITURE DISTRIBUTION



- Use of Goods and Services
- Employee Costs
- Council Expenses
- Depreciation and Amortization Expense
- Repairs and Maintenance
- Contracted Services

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

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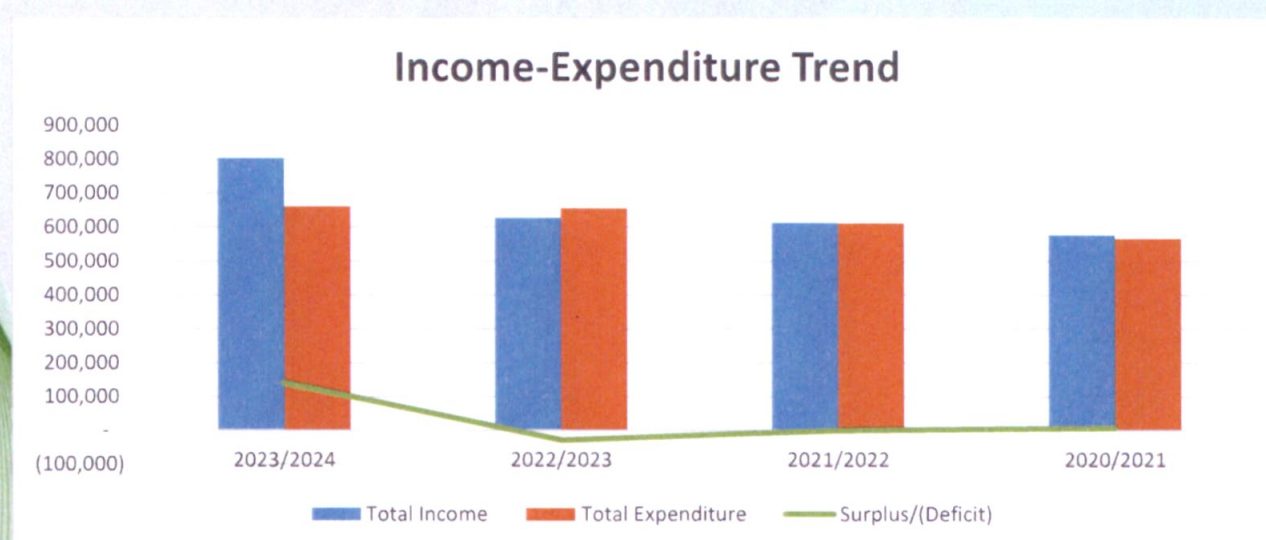
Of the employee costs, a larger percentage goes to the teaching staff as shown in the analysis below:

Details	Amount	Amount	Percentage
Teaching Staff	236,321,326	256,739,326	61%
Part Time Lecturers	20,418,000		
Non- Teaching Staff	165,982,503	165,982,503	39%
TOTAL	422,721,829	422,721,829	100%

TOTAL INCOME VERSUS TOTAL EXPENDITURE

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

Income/Expenditure trend	2023/2024	2022/2023	2021/2022	2020/2021
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Total Income	802,607	626,366	612,000	575,935
Total Expenditure	661,526	655,840	612,357	568,028
Surplus/(Deficit)	141,081	(29,474)	(357)	7,907



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WORKING CAPITAL

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

Working capital review	2023/2024	2022/2023	2021/2022	2020/2021
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Total Current Assets	404,917	269,972	242,197	172,928
Total Current Liabilities	63,178	55,381	50,874	67,743
Net Working capital	341,739	214,591	191,324	105,185

Working Capital Analysis



Performance Margin

Description	JUNE 2024	JUNE 2023
	KSHS	KSHS
Surplus/(Deficit)	141,080,667	(29,474,498)
Total Recurrent Revenue	802,606,753	626,365,657
Performance Margin	0.18%	-0.05%

The University posted a performance margin of 0.18% in the FY 2023/2024 compared to a performance deficit of -0.05% in the previous year. The margin improved from the previous year.

Debt to Equity Ratio

Description	JUNE 2024	JUNE 2023
	KSHS	KSHS
Debt(Non-Current Liabilities)	36,054,103	23,562,661
Capital Fund & Reserves	1,467,837,889	1,302,806,222
Debt To Equity Ratio	0.02: 1	0.02: 1

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

c. University's Key Projects

In the year under review, the University undertook two major projects namely: the construction of Ultra-Modern Library and Construction of the Perimeter Fence & Tuition Block. This follows the national government directive, that no new development projects will be undertaken before previous ones are completed.

WORK IN PROGRESS

Proposed Construction of Ultra-Modern Library and Associated works: KES. 645,555,963. The project is ongoing at 18% (Certified and paid works) completion and 43% physical completion rate.



Proposed Construction of Perimeter Fence and Associated works: KES. 598,928,587. The project is ongoing at 5% (Certified and paid works) completion and 17% physical completion rate.



d. Compliance with statutory requirements

The University is cognizant of the fact that compliance is a continuous process. To this effect it has put measures in place to ensure that it maintains the required threshold of compliance in adherence to the best corporate Governance principles. Consequently, the University has complied with all statutory requirements.

e. Major risks facing the University

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

KAFU is exposed to the following risks:

- i) Market risks
- ii) Liquidity risk
- iii) Credit risks

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

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

i) Market risk: -Low Student Enrolment

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

ii) Liquidity risk: -Low Funding

Liquidity risk is the risk that KAFU will not be able to meet its financial obligations as and when they fall due. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. Typically, the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days. This excludes the potential impact of extreme circumstances that

cannot reasonably be predicted, such as natural disasters and political violence. All capital investments are funded by the Government. However, Low funding levels by the government may result to liquidity issues and slow development of infrastructure which can lead to congestion & inadequate facilities.

iii) Credit risk

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

10. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

Kaimosi Friends University is committed to embedding the principles of sustainable living and development across all its activities. Sustainability refers to ability of meeting the needs of the present without compromising the ability of the future generations to meet their own needs. KAFU aims to:

- Adopt as far as possible, recognized good practices across all of its operations.
- Comply with all applicable legal requirements.
- Planting of 130,000 trees by December 2024 as per the Government's Green Agenda
- Provide all students with opportunities to develop their awareness of sustainability related curriculum, tutoring and enrichment activities.
- Promote the conversation of material sources to reduce environmental impact.
- To include sustainability and environmental impact as criteria when assessing potential contractors.
- Make choices to reduce energy consumption, improve energy efficiency where possible and to endeavour to use renewable energy supplies

In the view of the above KAFU is in the process of setting up a Climate Change Centre which will provide targeted training programs for various stakeholders in climate action. The Centre will carry out research, career advisory on green jobs and green skilling, climate information management, and documentation on climate change. It will also form a hub for the development of innovation in broad areas including renewable energy, clean energy solutions, innovations in waste management, environmental conservation and establishment of tools for sustainable knowledge management. This Centre will unpack the various global documents on climate change such as the declarations and frameworks to contribute to Sustainable Development Goals.

The Centre for Climate Change aims to:

1. Be a knowledge hub for training on Climate Change at different levels.
2. Develop and implement action-oriented community outreach programs for Climate Change Resilience, Adaptation and Mitigation
3. Develop climate information services, Climate Change Action-based Research and Knowledge Exchange.
4. Promote climate-smart technology and innovations.
5. Promote the creation of green jobs and sustainable livelihoods in the region.

Create a CECARE regional green observatory to support the green transition on jobs and skills across sectors and occupations in the region that will equip young learners with green transition skills, knowledge, and understanding.

ii) Environmental performance

The focus on environmental sustainability lies at the heart of Kaimosi Friends University's strategic plan for the years 2023/2024 to 2027/2028. The institution is committed to a series of initiatives that will significantly reduce its carbon footprint and waste, while conserving precious resources such as energy and water. These green strategies also promote the utilization of clean and renewable sources. One of the key approaches involves incorporating environmental and sustainability topics into the educational fabric of the university. This integration aims to raise awareness about the pressing issues related to our environment among students and researchers alike.

A critical objective within this plan is waste management and recycling. This is to be achieved through various strategies, including the conversion of 90% of cafeteria food waste into compost for bio manure. Moreover, the institution plans to optimize its energy consumption by harnessing solar renewable energy and employing LPG gas, thereby curbing power wastage.

The elimination of harmful materials, particularly in water, is also on the agenda through the implementation of bio-digestion for septic systems. In alignment with sustainable practices, the university aims to sale its products sourced from its own farm. Additionally, there is a push to reduce paper usage and transition to a paperless environment for transactions.

The conservation of forests holds another significant objective within the strategic plan. To achieve this, the university commits to the annual planting of at least 500 trees, encompassing indigenous and fruit-bearing varieties, contributing to enhanced forest cover and increased self-sufficiency in fruit production. The application of agroforestry techniques aims to optimize agricultural practices, and the introduction of supporting methods like apiaries further bolsters the institution's forestry efforts. The plan also aims at protecting biodiversity within the ecosystem. Bamboo, due to its rapid regeneration, is identified as a valuable resource for various purposes, including food, furniture, and other wood-based activities. Extensive research is planned to explore bamboo's potential.

In terms of curriculum and learning, the strategic plan underscores the importance of creating a supportive environment that fosters the incorporation of sustainability principles. This is to be achieved by designing, developing, and implementing development opportunities that equip educators with the best practices for sustainability education. Additionally, the university aims to extend assistance to academic departments and campuses seeking to integrate sustainability into their

**Kaimosi Friends University
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for the year ended June 30, 2024.**

curricula. Compliance with relevant rules and regulations governing sustainability is a priority, along with a focus on research and outreach programs that contribute to this overarching goal.

Renewable resources are given due attention, with the adoption of solar energy for the primary electricity supply being a pivotal strategy. The university commits to purchasing and disposing of resources in a manner that aligns with national sustainability standards, including those related to information technology.

Kaimosi Friends University joined the Government's Green Agenda which seeks to plant 15.9 billion trees by 2032 to increase the country's forest cover from 12% to 30%. The plan is part of the African Landscape Restoration Initiative, which was launched in December 2022. The goals of the plan include: Reducing greenhouse emissions, stopping and reversing deforestation, restoring 5.1 million hectares of deforested and degraded landscapes. KAFU, which has a target of 130,000 trees in the year to December 2024, has so far planted 20,000 seedlings through the Ministry of Education's call dubbed the National Elimu Tree Planting. Such tree planting activities at the University registered active participation from various stakeholders, including students, faculty, community leaders, and environmental enthusiasts. This ambitious initiative, launched on May 17, 2024, underscores KAFU's commitment to environmental conservation and community engagement.

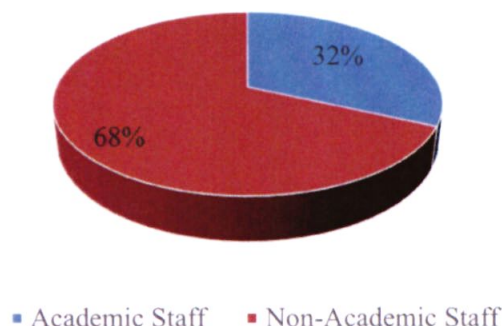


LEFT: Education CS Dr. Ezekiel Machogu plants a tree at KAFU on 31st May 2024 to mark the National Elimu Tree Planting Day. RIGHT: Acting Vice Chancellor Prof Peter N. Mwita leads Kaimosi Boys Secondary for a tree planting exercise on May 17th 2024. KAFU planted 20,000 trees out of its 130,000 target for the period to December 2024 as part of the Government's Green Agenda. Beyond tree planting, KAFU's commitment to environmental sustainability is evident in its partnership with the National Environment Management Authority (NEMA) and its plans to restore and adapt wetlands in the region.

iii) Employee welfare

Kaimosi Friends University staff population was two hundred and ten (210) as at 30th June 2024. This consisted sixty-eight (68) academic staff while administrative and support staff were one hundred and forty-two (142) as shown in the distribution table below:

Staff Distribution



The University has Human Resource policy that subscribes to tenets of public service values and principles in recruitment of staff, as provided in Article 232 of the constitution. The staff are subjected to fair performance appraisal whose output, amongst other aspects, is the identification of areas of improvement and training.

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

The University's office is certified by the Ministry of Labour as a registered place of work, and thus, conforms with requirements of Occupational Health, Safety and Work Environment (OSHA) Act of 2007 (OSHA,2007). Further, the university provides Group life insurance, medical cover and WIBA to members of staff.

iv) Market place practices-

The University outlines its efforts to:

a) *Responsible competition practice.*

Kaimosi Friends University is bound and abides by provisions of the Constitution of Kenya 2010, Public Procurement Act 2015, the Competition (Amendment) Act 2019, Staff code of conduct and Ethics, Procurement and Anti-corruption policies.

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

b) *Responsible Supply chain and supplier relations*

Kaimosi Friends University encourages responsible supply chain and supplier relations by conducting sensitization workshops to Youth, Women and Persons with Disability groups on government procurement procedures and the requirements for accessing government procurement opportunities. In addition, the University has set a target of 30% in its Procurement Policy for the supply goods and services by the special groups. Payments to suppliers are always made within the credit period and there are no pending bills as at end of the period under review.

c) *Responsible marketing and advertisement*

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

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

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

d) *Product stewardship*

The University commits to providing quality graduates for the market. KAFU ensures compliance with regulatory requirements both from regulators and professional bodies. Besides, the University is ISO 9001:2015 certified with Quality management systems in place.

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

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

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

v) Corporate Social Responsibility / Community Engagements

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

In this regard, we have built a strong commitment around our core mandate to contribute to the socio-economic wellbeing of the extensive KAFU community. KAFU has a Corporate Social Responsibility policy. Our CSR strategy is anchored on the following strategic objectives:

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

In the 2023-2024 financial year, our social responsibility initiatives have included fruitful collaborations with like-minded institutions to conduct a well-attended medical camp targeting Non-Communicable Diseases (NCDs) across the county and the construction of a community sanitation utility. This proactive approach to community engagement reflects our commitment to improving public health and well-being.



On March 14-15, 2024, Kaimosi Friends University (KAFU) collaborated with Jumua Hospitals Kaimosi to conduct a medical camp targeting the Vihiga County community. The interventions focused on non-communicable diseases, malaria prevention, and providing general health check-ups. Community health remains one of the key areas of corporate social investment for KAFU, aimed at benefiting the well-being of the community.

11. Report of the University Council

The University Council submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of KAFU's affairs.

i) Principal activities

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

ii) Results

The results of the University for the year ended June 30, 2024, are set out on page 1 to 5

iii) Council Members

The members of the council who served during the year are shown on page viii to xii. During the FY 2023/2024, the secretary to the Council/ VC was changed as a result of end of term hence a new appointment was made on acting capacity with effect from 19th February 2024. One council member passed-on on 11th November 2023.

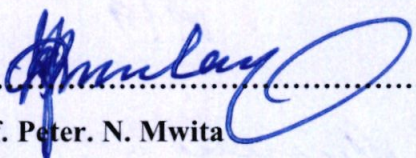
iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. However, the University will not remit any funds to the Consolidated Fund since it does not fall under category 3.

v) Auditors

The Auditor-General is responsible for the statutory audit of KAFU in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act to carry out the audit of the University for the year/period ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Council


.....

Prof. Peter. N. Mwita

Ag. Vice Chancellor/Secretary to the Council

12. Statement of Council Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act cap 446 require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year ended June 30, 2024. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

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

The Council members accept responsibility for KAFU's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act Cap 446. The Council members are of the opinion that the University's financial statements give a true and fair view of the state of KAFU's transactions during the financial year ended June 30, 2024, and of the University's financial position as at that date. The Council members further confirms the completeness of the accounting records maintained for KAFU, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Council on 19/9 2024 and signed on its behalf by:

.....
Dr. Bernadette Mungai
Chairperson of the Council

.....
Prof. Peter. N. Mwita
Ag. Vice Chancellor

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KAIMOSI FRIENDS UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kaimosi Friends University set out on pages 1 to 48, which comprise of the statement of financial position as at

Report of the Auditor-General on Kaimosi Friends University for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaimosi Friends University as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Receivables from Exchange Transactions

The statement of financial position reflects a net balance of Kshs.32,885,865 in respect of receivables from exchange transactions which as disclosed in Note 20 to the financial statements reflects gross student debtors of Kshs.35,899,783 out of which student debtors amounting to Kshs.11,377,043 has been outstanding for a period of over one (1) year. No reasons were given for failure to collect these student debts. This was contrary to Paragraph 8.8.3, 2022 of the University Finance Policy on student debtor's which states that all student debtors must clear their outstanding accounts by the fourth week of the semester .

In the circumstances, the completeness and recoverability of the balance of Kshs.11,377,043 in respect of student debtors is doubtful.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs.785,660,246 and Kshs.802,606,753 respectively, resulting to an excess revenue of Kshs.16,946,507 or 2% of the budget. Similarly, the University had an expenditure budget of Kshs.785,660,246 against actual

expenditure of Kshs.641,029,352 resulting to an under-expenditure of Kshs.144,630,894 or 18% of the budget. The under expenditure affected the planned activities and might have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Completion of Library Construction

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.1,160,051,362. Included in this balance is Kshs.115,541,470 spent in respect Construction of Modern Library whose Tender No. KAFUKO/LIB/001/2021-2022 was awarded to a firm at a contract sum of Kshs.454, 697,725. The commencement and completion dates were 5 January, 2022 and 5 January, 2024 respectively and the contract period was 24 months. The completion date was revised to 29 November, 2024.

However, a physical verification exercise carried out in the Month of November, 2024 revealed the project is not complete and is ongoing and yet the revised completion date was to elapse in three days' time from the date of physical verification. Further, and although Management has explained that the project is at 49% completion state and that amounts certified to date were Kshs.171,115,707.70 or 38% of the contract sum, the slow progress of work against the project work plan which have been extended to 29 August, 2025 may result to cost overruns.

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

2. Ethnic Composition of Employees

Review of staff bio data provided revealed that out of two hundred and ten (210) staff employed by the University either on permanent or contract terms, one hundred and forty six (146) or 69.52% come from the dominant community contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Wage Bill Exceeding Allowable Limit

The statement of financial performance reflects employee costs totaling Kshs.422,721,929 or 53% of total revenue amounting to Kshs.802,606,753 contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that compensation of employees should not exceed thirty-five (35) percent of total revenue.

In the circumstances, the University Management is in breach of the law and the wage bill may not be sustainable unless adequate measures are put in place to contain the rising wage bill.

4. Acting Appointments beyond Six Months Period

Review of the payroll and personnel records revealed that five (5) employees were serving in acting positions and had been serving in the acting capacities for periods beyond the six months contrary to Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

In the circumstances, Management was in breach of the Human Resource Policies and Procedures Manual.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Irregular appointment of a Board Member

Note 15 to the financial statement reflects a balance of Kshs.14,851,969 in respect of council expenses. However, review of the University's Council expenses revealed that one (1) of the board members was also a lecturer at Egerton University. This is contrary to a circular issued on 3 February, 2016 by the chief of staff and head of public service circular Ref No OP/CAB.9/1A in relation to appointment of state officers and public officers to boards of state corporations.

In the circumstances, the independence of the board member could not be confirmed.

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

Responsibilities of Management and the University Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

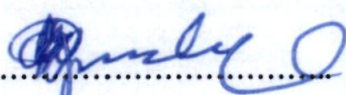
27 December, 2024

Kaimosi Friends University
Annual Report and Financial Statements
for the year ended June 30, 2024.

14. Statement of Financial Performance for the year ended 30 June 2024

	NOTES	2023/2024	2022/2023
		Kshs	Kshs
Revenue From Non Exchange Trans:			
Transfers from Ministries, Departments and Agencies (MDAs)	6	390,660,246	456,358,077
Levies, Fines and Penalties	7	27,444	126,230
Public Contributions and Donations	8	80,000	90,000
Total Revenue from Non-Exchange Trans		390,767,690	456,574,307
Revenue From Exchange Trans:			
Rendering Of Services	9	399,308,168	151,601,181
Sale of Goods	10	1,734,002	7,549,245
Rental Revenue from Facilities and Equipment	11	10,706,725	9,431,858
Other Income	12	90,168	1,209,066
Total Revenue from Exchange Trans		411,839,063	169,791,350
TOTAL REVENUES		802,606,753	626,365,657
EXPENSES			
Use of Goods and Services	13	159,405,869	167,517,223
Employee Costs	14	422,721,829	402,079,144
Council Expenses	15	14,851,969	14,892,578
Depreciation and Amortization Expense	16	53,340,507	57,742,215
Repairs and Maintenance	17	11,199,912	13,601,834
Contracted Services	18	6,000	7,160
TOTAL EXPENSES		661,526,086	655,840,155
Surplus/(Deficit) for the Period		141,080,667	(29,474,498)

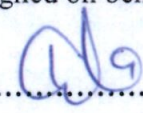
The notes set out on pages 22 to 38 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:



Prof. Peter. N. Mwita

Ag. Vice Chancellor

Date: 19/09/2024

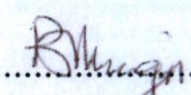


CPA,CS Irine Lumatete

Head of Finance

ICPAK M/No: 16901

Date: 19/09/2024



Dr. Bernadette Mungai

Chairperson of the Council

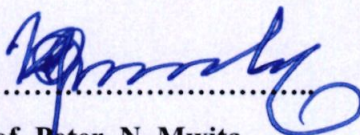
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Kaimosi Friends University
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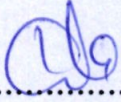
15 Statement of Financial Position as at 30 June 2024

	NOTES	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	330,934,194	179,388,561
Receivables from Exchange Trans	20	32,885,862	13,766,162
Receivables from Non-exchange Trans	21	32,730,470	69,726,969
Inventories	22	8,305,198	7,028,356
Prepayments	23	61,465	61,465
Total Current Assets		404,917,189	269,971,512
Non-current Assets			
Property, Plant & Equipment	24	1,160,051,362	1,108,604,465
Intangible Assets	25	136,706	1,613,974
Biological Assets	26	1,965,000	1,559,880
Total Non-current Assets		1,162,153,068	1,111,778,319
TOTAL ASSETS		1,567,070,257	1,381,749,832
Liabilities			
Current Liabilities			
Trade and Other Payables	27	(1,163)	(1,163)
Refundable Deposits and Prepayments from Customers	28	52,718,447	41,224,143
Current Provisions	29	4,045,838	9,594,396
Deferred Income	30	548,295	338,360
Special Accounts & Grants	31	5,866,848	4,225,213
Total Current Liabilities		63,178,265	55,380,949
Non-Current Liabilities			
Non-Current Provision	32	10,870,090	5,292,295
Capital Retentions	33	25,184,013	18,270,366
Total Non-Current Liabilities		36,054,103	23,562,661
Total Liabilities		99,232,368	78,943,610
Net Assets			
Revenue Reserves		168,516,749	25,364,082
Capital Fund	35	898,252,796	877,002,796
Revaluation Reserve	36	401,068,344	400,439,344
Total Net Assets		1,467,837,889	1,302,806,222
TOTAL NET ASSETS & LIABILITIES		1,567,070,257	1,381,749,832

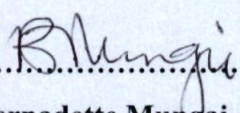
The financial statements set out on pages 1 to 5 were signed on behalf of the Council by:



Prof. Peter. N. Mwita
Ag. Vice Chancellor



CPA,CS Irine Lumatete
Head of Finance



Dr. Bernadette Mungai
Chairperson of the Council

Date: 19/09/2024

ICPAK M/No: 16901
 Date: 19/09/2024

Date: 19/09/2024

16. Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Capital Fund	Revenue Reserve	Revaluation Reserve	Total
	Kshs	Kshs	Kshs	Kshs
At July 1, 2022	770,504,166	64,947,530	375,996,092	1,211,447,788
Adjustment		(10,108,950)		(10,108,950)
	770,504,166	54,838,580	375,996,092	1,201,338,838
Capital Grant	102,837,069	-	-	102,837,069
Capital Donations	3,661,561			3,661,561
Fair Value adjustment on Biological Assets	-	-	74,880	74,880
Revaluation Gain			24,368,372	24,368,372
Surplus/(Deficit) for the year	-	(29,474,498)		(29,474,498)
At June 30, 2023	877,002,796	25,364,082	400,439,344	1,302,806,222
At July 1, 2023	877,002,796	25,364,082	400,439,344	1,302,806,222
Adjustment		2,072,000		2,072,000
	877,002,796	27,436,082	400,439,344	1,304,878,222
Capital Grant	21,250,000			21,250,000
Capital Donations	-			-
Fair Value adjustment on Biological Assets			629,000	629,000
Revaluation Gain				-
Surplus/(Deficit) for the year		141,080,667		141,080,667
At June 30, 2024	898,252,796	168,516,749	401,068,344	1,467,837,889

Notes:

An analysis of the Adjustments made in the FY 2023/2024 is as below:

	Details	Kshs
a	Student fee adjustment	(2,021,500)
b	Provision for graduation	4,449,920
c	Alumni fund	(402,000)
d	Staff advances	(600)
e	Student catering sales	10,030
f	CDF/Sponsorship	35,360
g	Farm sales	790
		2,072,000

- The student adjustments relate to student invoices recognized in the previous year, but the students deferred their studies.
- The provision for graduation relates to write off of the graduation expense.
- The alumni fund relates to recognition of the funds from previous years classified as revenue
- The staff advances relate to the expense over provided for in the previous years hence an adjustment made.
- Student catering sales, farm sales and CDF/sponsorship relates to funds wrongly classified in the previous years.

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17. Statement of Cash Flows for the year ended 30 June 2024

	NOTES	2023-2024	2022-2023
		Kshs	Kshs
Cash Flows From Operating Activities			
Receipts:			
Transfers from Ministries, Departments and Agencies (MDAs)	6	390,660,246	456,358,077
Revenue from customers	39.a	430,033,242	160,083,755
Total Receipts		820,693,488	616,441,832
Payments:			
Operational Expenditure	39.b	168,145,751	199,191,879
Employee Costs	14	422,721,829	402,079,144
Council Expenses	15	14,851,969	14,892,578
Total Payments		605,719,549	616,163,601
Net Cash Flows From/(Used In) Operating Activities	39	214,973,939	278,230
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment	24	(103,310,136)	(75,883,271)
Increase/(Decrease) in Capital(Retentions) payables	33	6,913,647	(13,166,269)
Disposal of Biological Assets	26	223,880	175,000
Net Cash Flows From/(Used In) Investing Activities		(96,172,609)	(88,874,540)
Cash Flows From Financing Activities			
Increase in Capital Funds/Equity (Capital Grants)	35	21,250,000	106,498,630
Refundable Deposits from Customers	28	11,494,303	5,240,552
Net Cash Flows From Financing Activities		32,744,303	111,739,182
Net Increase/(Decrease) In Cash And Cash Equivalents		151,545,633	23,142,873
Add Cash & Cash Equivalents At Start of the period		179,388,561	156,245,688
Cash & Cash Equivalents At End of the period	19	330,934,194	179,388,561

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

Particulars	ORIGINAL BUDGET	ADJUSTM ENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORM- ANCE DIFFERENCE	% OF UTILIZ- ATION	EXPLANA- TION OF MATERIAL VARIANCES
RECURRENT BUDGET	Kshs	Kshs	Kshs	Kshs	Kshs		
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100	
Revenue							
Transfers from Ministries, Departments and Agencies (MDAs)	390,660,246	-	390,660,246	390,660,246	-	100	i
Levies, Fines, and Penalties	-	35,000	35,000	27,444	(7,556)	78	ii
Public Contributions and Donations	-	90,000	90,000	80,000	(10,000)	89	iii
Rendering Of Services	205,880,700	178,145,955	384,026,655	399,308,168	15,281,513	104	iv
Sale of Goods	7,000,000	(5,656,655)	1,343,345	1,734,002	390,657	129	v
Rental Revenue from Facilities & Equipment	6,285,000	3,220,000	9,505,000	10,706,725	1,201,725	113	vi
Other Income	-	-	-	90,168	90,168	-	vii
Total Income	609,825,946	175,834,300	785,660,246	802,606,753	16,946,507	102	
Expenses							
Use of Goods and Services	145,248,934	65,078,392	210,327,326	159,405,869	50,921,456	76	viii
Employees Costs	443,747,012	0	443,747,012	422,721,829	21,025,184	95	ix
Remuneration of Council Members	10,080,000	7,885,789	17,965,789	14,851,969	3,113,820	83	x
Repairs and Maintenance	10,600,000	8,500,000	19,100,000	11,199,912	7,900,088	59	xi
Contracted Services	150,000	-	150,000	6,000	144,000	4	xii
Non-Current Assets	-	94,370,119	94,370,119	32,843,773	61,526,346	35	xiii
Total Expenditure	609,825,946	175,834,300	785,660,246	641,029,352	144,630,894	82	
RECURRENT SURPLUS/(DEFICIT)	0		0	161,577,401	161,577,401		
CAPITAL EXPENDITURE	179,948,680	-	179,948,680	70,466,363	109,482,317	39	

Budget notes

1. Explanation of significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

Revenue

Sale of Goods(v)

The revenue was realized at 129%. This was as a result of increased farm activities hence increased revenue.

Rental Revenue from Facilities and Equipment(vi)

The budget item recorded 113% which was attributed to the fact that most first-year students were accommodated in the university hostels leading to increased accommodation revenue.

Overall, revenue was achieved at 102%. Which was occasioned by the implementation of the new funding model.

Expenditure

The overall expenditure absorption (viii-xiii) was achieved at 82%. This was occasioned by the late Supplementary II Budget FY 2023/2024 and need for adherence to treasury guidelines of ensuring all commitments for supply of goods and services are done by 31st May 2024.

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

The changes between original and final budget was based on mid-year actual performance review and revision from the Supplementary estimates received during the financial year.

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

Reconciliation Between Recurrent Budget Comparison and S. F. Performance Surplus		
		Kshs
	Surplus As Per Statement of Comparison of Budget and Actual	161,577,401
Add:	Purchase of Non-Current Assets	32,843,773
Less:	Depreciation Charge for the year	(53,340,507)
	Surplus/(Deficit) As Per Statement of Financial Performance	141,080,667

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued and effected in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents

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Standard	Effective date and impact:
	those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The University did not have any leases as at end of the financial year 30th June, 2024
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The University did not have any non-current assets held for sale and discontinued operations as at 30th June, 2024
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The University did not have heritage and infrastructure assets operations as at 30th June, 2024
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

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Standard	Effective date and impact:
	i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. IPSAS 46 will aid the University define measurement bases that assist in reflecting fairly: The cost of services and the operational capacity & financial capacity of assets and liabilities
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. The university will properly recognise and classify revenue.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The university did not have transfer expenses as at 30th June 2024.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector

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Standard	Effective date and impact:
	employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. KAFU pays defined monthly contribution to KAFUCO SRBS to cater for retirement benefits for its employees. KAFUCO SRBS is managed by independent trustees. The university also remits monthly dues to NSSF.

iii. Early adoption of standards

The University did not early-adopt any new or amended standards in the year 2023/2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the University's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for the FY 2023-2024 was approved by the National Assembly in June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University recorded additional appropriations of **Kshs. 175,834,300** on the FY 2023/2024 budget following the approval from the National Treasury and Ministry of Education.

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

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approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Page 6 of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

KAFU does not have any investment property

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

Asset	Annual Rate
Buildings	2.5 %
Plant, Machinery and Equipment	20 %
Computer	25 %
Motor Vehicle	20 %
Furniture, Fixtures & Fittings	12.5 %
Intangible Assets	20 %
Books & Journals	12.5 %

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the University. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The University also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the University will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

KAFU did not have any leases in the FY 2023/2024.

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. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

KAFU classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash-flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the University has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the University classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken

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through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The University assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 20.

b) Financial liabilities

Classification

The University classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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

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

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

k) Provisions

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the needs of society as a whole. The University recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

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

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

The claimant is claiming Kshs 293,316,096.45 as damages while the respondent is claiming Kshs 772,704,079.68. In the event the University loses the case, the amount owed is a liability.

n) Contingent assets

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

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

The claimant is claiming Kshs 293,316,096.45 as damages while the respondent is claiming Kshs 772,704,079.68. In the event the University wins the case, the amount owed is a debt but the probability of recovery cannot be reliably ascertained.

o) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. KAFU maintains revenue and capital reserves as per the approved policy by the University Council.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

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

KAFU pays defined monthly contribution to KAFUCO SRBS to cater for retirement benefits for its employees. KAFUCO SRBS is managed by independent trustees.

r) Foreign currency transactions

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

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

The University 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 KAFU, or vice versa. Members of key management are regarded as related parties and comprise Council members, members of the University Management Board and Senate.

u) Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the KAFU recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) Cash and cash equivalents

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

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cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

w) Comparative figures

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

x) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

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Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Provisions raised in this financial year are as below.

	Particulars	Kshs
i.	Provision for Gratuity	5,577,795
ii.	Provision for Audit Fees	928,000
iii.	Provision for Doubtful Debt of 10%	3,589,978
iv.	Provision for Electricity	381,832
v.	Provision for External Examiners	240,700
vi.	Provision for Postal and courier services	9,780
vii.	Provision for Responsibility Allowance	667
viii.	Provision for Entertainment Allowance	333
ix.	Provision for Special Duty Allowance	5,044
x.	Provision for Acting Allowance	1,101
xi.	Provision for Telephone Allowance	200
xii.	Provision for Part-Time Teaching Payments	252,000
xiii.	Provision for Library expenses	38,080

6. Transfers from Other Government entities

Description	2023/2024	2022/2023
	Kshs	Kshs
Unconditional Grants		
Operational Grants	390,660,246	456,358,077
Development Grants	21,250,000	102,837,069
Total Government Grants and Subsidies	411,910,246	559,195,146

Operational grant is classified as recurrent grants and is used to facilitate operational expenditures whereas unconditional development grants are classified as development grants and used for the current development projects in the University.

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

Name of the Entity Sending the Grant	Amount Recognized to statement of Financial Performance	Amount Deffered under Deffered Income	Amount Recognized in Capital Fund	Total Transfers 2023/2024	Prior Year 2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department for Higher Education and Research	390,660,246	-	21,250,000	411,910,246	559,195,146
Total	390,660,246	-	21,250,000	411,910,246	559,195,146

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7. Levies, Fines and Penalties

Description	2023/2024	2022/2023
	Kshs	Kshs
Surcharge & Fines	27,444	126,230
Total	27,444	126,230

This relates to surcharges and fines made to students and the contracted security firm for lose or destruction of property.

8. Public Contributions and Donations

Description	2023/2024	2022/2023
	Kshs	Kshs
Health Donation	-	-
Research Donation	-	-
Donation transferred to revenue on conditions being met.	-	-
Donations Income	80,000	90,000
Total Donation Income	80,000	90,000
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year	-	-
Current year receipts	80,000	90,000
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

This is a donation received from KCB and AMATSI towards KAFU's 2nd graduation ceremony

9. Rendering of Services

Description	2023/2024	2022/2023
	Kshs	Kshs
KUCCPS Tuition Fees	280,164,250	65,180,000
PSSP Tuition Fees	12,487,000	9,470,000
Master Tuition Fees	2,874,000	1,832,000
Ph.D Tuition Fees	426,000	252,000
Registration Fees	753,700	585,700
Teaching Practice/Attachment Fees	14,814,500	9,990,000
Student ID Cards	714,000	534,500
Examination Fees	18,563,700	14,286,500
Activity Fees	4,338,000	3,333,000
Amenity	4,338,000	3,334,000
Medical Fees	6,782,000	5,209,500
KUCCPS Processing Fees	2,083,500	1,498,500
ICT Levy	21,965,000	16,878,000
Library Fees	13,179,000	10,136,000
Graduation Fees	2,735,500	2,682,500
Students Organisation Fees (KAFUSO)	1,714,800	1,316,000
Application Fees	99,000	117,500
Supervision Fees	2,471,000	1,749,000
Supplementary Exams	2,355,000	486,000
Thesis/Project Examination	1,558,000	878,000
CUE Quality Assurance Fee	1,416,000	1,057,000
Insurance Fee	101,500	68,500
Skills Laboratory Fee	2,344,500	200,000

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Description	2023/2024	2022/2023
	Kshs	Kshs
Hospital Consumables	936,000	436,000
Remarking fee	750	-
Research Income	93,468	90,981
Total Revenue from rendering of services	399,308,168	151,601,181

This is revenue collected from student fees.

10. Sale of Goods

Description	2023/2024	2022/2023
	Kshs	Kshs
Farm Sales	1,642,492	1,694,641
Catering Income-Others	-	2,317,964
Students Catering Sales	91,510	3,536,640
Total revenue from the sale of goods	1,734,002	7,549,245

This is revenue from sale of farm produce and meals from the catering department.

11. Rental Revenue from Facilities and Equipment

Description	2023/2024	2022/2023
	Kshs	Kshs
Accommodation Fees	9,836,000	8,941,000
Hire of Hall & Conference facilities	18,400	28,000
Hire of University Facilities	97,885	-
Rent Income	611,820	173,000
Hire Of Bus	142,620	289,858
Total Rentals	10,706,725	9,431,858

This is revenue generated from accommodation given to students, rent and hire of facilities.

12. Other Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Gain on disposal	41,218	71,250
Interest Income	46,290	-
Miscellaneous Income	2,660	47,806
Bad & Doubtful Debts	-	1,090,010
Total Other Income	90,168	1,209,066

13. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs	Kshs
Academic Trips	299,290	177,800
Admission Expenses	407,500	416,870
Advertisements & Publicity	470,385	1,548,084
Anti-corruption Expenses	-	6,000
Audit Fees	928,000	928,000
Bank Charges	414,331	514,156
Research innovation and Incubation expenses	-	72,300

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Description	2023/2024	2022/2023
	Kshs	Kshs
Cleaning Materials	474,778	557,125
Coaching and Mentoring	16,500	-
Cultural Week/Tamasha Expenses	450,035	396,350
Disability and Gender Mainstreaming	-	77,600
Examination Expenses	3,445,894	1,902,403
External Examiners	2,185,270	2,907,440
Fees Waiver Expense	39,360	71,360
Fuel & Lubricants	5,058,442	4,173,726
Fumigation	400,000	640,000
Group Life Cover	1,770,000	1,489,613
Hire of Transport, Plants, Tents & Machinery	-	36,000
HIV/Aids	-	270,300
ICT Operating Expense	301,400	268,220
Inter-University Games	748,200	741,100
ISO Certification	1,576,245	2,321,790
KAFUSO	995,000	916,250
KUCCPS Admission	2,052,000	-
Laboratory Materials	2,234,350	2,260,820
Library expenses	239,025	362,340
Subscriptions, License & Affiliation Expenses	1,823,340	1,570,790
University Management Board Expenses	1,741,900	1,154,399
Purchase of Medical Drugs and reagents	1,962,016	4,415,708
Curriculum development/review expenses	243,300	15,000
Office Expenses	358,927	533,298
Consultancy/Professional Services	-	1,000,000
Performance Contracting Services	272,690	757,577
Professional & Legal Charges	-	5,138,000
Property Insurance Expenses	935,841	627,525
Bad & Doubtful Debts	2,129,932	-
Public Celebrations & Funerals	63,225	543,510
Printing & Publications	1,507,920	3,598,100
Purchase of Cutlery & Crockery	498,319	-
Purchase of Stationary	4,716,143	5,501,837
Recruitment, Appointments and Promotions	-	47,400
University College research fund	450,000	1,840,214
Sanitary Services Expenses	443,384	600,000
Teaching Practice	4,473,250	3,899,050
Security Services	16,498,745	15,137,170
SGC Elections & Training	649,930	661,670
Sports Equipment	149,880	-
Staff Training & Development	5,364,190	1,650,900
Seminars & Conference	508,299	219,850
Strategic Planning & Training expenses	1,629,634	433,250
Teaching Materials	631,052	624,020
Tender Expenses	1,298,400	1,000,000
Travelling & Accommodation expenses	10,279,329	10,101,110
Loss on Disposal	80,000	-
Graduation Expenses	3,853,020	3,974,874
Contracted Cleaning Services	5,524,993	6,719,999
Corporate social Responsibility / Community Outreach	170,440	249,750

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Description	2023/2024	2022/2023
	Kshs	Kshs
Research Expenses	784,000	11,850
Staff ID	-	372,300
Admission related expenses (KUCCPS)	-	1,434,000
Staff Uniform & protective gears	212,800	46,000
Student Work Study	64,000	268,500
Payment of Medical Bills	23,994,608	23,486,504
Development/Review of Policies and Statutes	1,477,600	424,370
Collaborations and Linkages	-	42,550
Industrial Attachment	1,999,678	1,805,240
National Cohesion	692,800	27,400
Public Complains	-	59,660
Transport expense	44,100	100,190
Curtains and mattresses	600,000	499,970
IGU Operating Expenses	2,288,101	3,199,971
Catering Expense-Others	2,506,036	11,181,717
ODEl Expense	983,447	749,444
CUE Quality assurance expenses	1,401,000	1,156,500
Career services expenses	94,000	18,050
Sponsorship development programme	154,700	258,400
University Drama	488,000	713,540
Industrial workshop materials	370,755	199,964
Pension expenses	1,671,324	1,574,520
Risk Management Expenses	-	67,900
Road Safety Mainstreaming	386,400	-
Professional Centre Expenses	-	900
Outsourced Landscaping & Lawn Mowing	2,149,629	2,149,629
Student Smart Cards	968,000	634,000
Charter Expenses	-	831,300
Competence Development Framework	275,100	1,500
Clinical Placement & Attachment	552,920	207,960
Directorate of Post Graduate studies	85,000	65,430
Thesis/Project Exam expense	88,000	2,373,100
University senate board expenses	101,240	271,500
Loss on exchange rate transactions	-	7,479
University Choir	514,790	-
Asset Management	305,808	-
Competency Based Curriculum Mainstreaming	99,710	-
CBA Related Expenses	501,900	-
Verification of academic documents	487,600	-
Internet Charges	7,760,680	8,076,634
Postal and courier expenses	71,455	75,965
Electricity expenses	6,263,871	5,445,089
Water & Sewerage	4,398,464	4,607,550
Purchase of Equipment	804,300	-
Purchase of Turn-it-in-Software	999,950	-
Total Use of goods and services	159,405,869	167,517,223

Variations in expenditure are due to the late Supplementary II Budget FY 2023/2024 and need for adherence to treasury guidelines of ensuring all commitments for supply of goods and services are done by 31st May 2024.

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14. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Basic salary	208,788,514	206,861,515
House Allowance	84,114,457	82,724,571
Commuting Allowance	12,304,000	12,476,474
Car Allowance	16,680,608	15,975,823
Responsibility Allowance	8,130,609	8,369,806
Acting Allowance	4,003,334	3,576,299
Entertainment allowance	5,458,126	5,263,333
Telephone Allowance	2,821,622	2,887,333
Domestic workers	1,204,827	1,320,000
Professorial Allowance	219,587	120,000
Risk Allowance	928,768	862,550
Extraneous Allowance	7,511,091	5,158,666
Passage and Baggage allowance	272,170	12,000
Part-time Teaching Payments	20,418,000	16,344,000
Gratuity	5,577,795	5,667,725
EMPLOYERS NSSF	4,385,531	1,691,430
Employers Pension Contributions	31,056,960	29,811,069
Leave Allowance	1,981,700	1,933,000
Casual Labour expenses	123,294	364,968
Water Allowance	54,742	-
Electricity Allowance	70,421	111,982
Research/Book Allowance	335,000	335,000
NITA Employer Contribution	147,850	141,600
Uniform Allowance	90,000	70,000
Employer housing Fund Contribution	5,250,818	-
Special Allowance	5,044	-
Management support allowance	350,345	-
Security Allowance	261,444	-
Academic Support	175,172	-
Total Employee costs	422,721,829	402,079,144

These are expenses in relation to remuneration of employees.

15. Council Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Sitting Allowance	5,010,400	4,974,000
Honoraria	1,080,000	900,000
Subsistence Allowance	3,694,600	3,824,800
Other Council Expenses	4,081,180	5,193,778
Council Insurance	985,789	-
Total Council Expenses	14,851,969	14,892,578

Expenses relate to costs incurred on board activities. Costs were almost the same since council activities are done within the approved almanac.

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16. Depreciation and Amortization Expense

Description	2023/2024	2022/2023
	Kshs	Kshs
Depreciation on Building	18,803,507	18,740,795
Depreciation on Computers, Copiers & Printers	4,466,035	6,712,327
Depreciation on Furniture, Fixtures & Fittings	4,295,854	4,262,100
Depreciation on Motor Vehicles	6,402,059	5,378,700
Depreciation on Plant, Machinery and Equipment	16,110,061	15,665,482
Amortisation on ERP System	1,294,980	5,446,800
Depreciation on Books & Journals	1,785,723	1,353,725
Amortization on Computer Software	182,288	182,288
Total Depreciation and amortization Expense	53,340,507	57,742,215

These relates to depreciation and amortization of assets held by the University, during the year.

17. Repairs and Maintenance

Description	2023/2024	2022/2023
	Kshs	Kshs
Maintenance of Buildings & Stations	2,333,144	2,799,125
Maintenance of Computers & Other Electronics	688,185	994,875
Maintenance of Motor Vehicles-Other Repairs	2,712,023	2,470,296
Maintenance of Plant & Equipment	3,343,760	1,436,652
Maintenance of ERP system and other software	2,122,800	4,312,292
Maintenance of Networks	-	1,588,595
Total Repairs & Maintenance	11,199,912	13,601,834

Reduced costs is as a result of proper planning and adoption of improved maintenance strategies.

18. Contracted Services

Description	2023/2024	2022/2023
	Kshs	Kshs
Property Valuation Expense	6,000	7,160
Total Contracted Services	6,000	7,160

The variation was occasioned by a reduced cost on valuation of biological assets

19. Cash and Cash Equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Current account	330,934,194	179,388,561
Savings account	-	-
On - call deposits	-	-
Fixed deposits account	-	-
Un-deposited Funds	-	-
Staff car loan/ mortgage	-	-
Total cash and cash equivalents	330,934,194	179,388,561

Variations are due to retention money held, funds for development project, student fee prepayments.

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Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
a) Current account			
CO-OP PSSP FEES A/C	1129698,477700	32,025,217	23,813,525
EQUITY KUCCPS FEES	960271081548	72,957,655	40,562,811
KCB-KAFUCO Deposit A/C	1203735065	71,581,659	45,412,448
KCB-KAFUCO CAPITAL DEVELOPMENT A/C	1203709862	45,871,453	25,758,687
KCB-KAFUCO PAYMENTS A/C	1203735030	64,413,817	14,428,310
EQUITY RETENTION ACCOUNT	960279158643	42,062,936	27,691,781
KCB BANK GUARANTEE AC		1,142,000	1,082,000
ABSA RESEARCH ACCOUNT-A/C	2042616160	461,256	230,000
STANDARD CHARTERED ACCOUNT	102489010900	418,200	409,000
Sub- Total		330,934,194	179,388,561
b) Others(specify)			
Petty Cash		-	-
Un-deposited Funds		-	-
Sub- total		-	-
Grand total		330,934,194	179,388,561

20. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2023/2024	2022/2023
	Kshs	Kshs
Student Debtors	35,899,783	14,600,467
Prov. for Doubtful Debts	(3,589,978)	(1,460,047)
Sundry Debtors	410,000	625,742
E-Citizen Payment	166,057	-
Total Current Receivables	32,885,862	13,766,162

These are current receivables from students, Kenya Commercial Bank, NABCOS Co. and E-Citizen payments.

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Total Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
	-	-
Current portion transferred to current receivables	(-)	(-)
Total non-current receivables	-	-
Total receivables (a+b)	32,885,862	13,766,162

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(c) Ageing analysis for Receivables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year	25,098,797	69	5,315,259	35
Between 1-2 Years	1,343,690	4	9,339,208	61
Between 2-3 Years	1,698,000	5	-	-
Over 3 Years	8,335,353	23	571,742	4
Total (a+b)	36,475,840	100	15,226,209	100

(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/Provision	2023/2024	2022/2023
	Kshs	Kshs
At the beginning of the year	1,460,047	2,550,057
Additional provision during the year	2,129,932	
Recovered during the year	-	(1,090,010)
Written off during the year	-	
At the end of the year	3,589,978	1,460,047

Provision for doubtful debts on student debtors is provided for at 10%.

21. Receivables from Non-Exchange Transactions

Description	2023/2024	2022/2023
	KShs	KShs
Grant receivable	32,555,021	69,337,069
Staff Advances	175,449	389,900
Total receivables from non- exchange transactions	32,730,470	69,726,969

Ageing Analysis-Receivables from Non-Exchange Transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year	32,730,470	100	69,726,969	100
Between 1-2 Years				
Between 2-3 Years				
Over 3 Years				
Total	32,730,470	100	69,726,969	100

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Impairment allowance/Provision	2023/2024	2022/2023
	Kshs	Kshs
At the beginning of the year	-	-
Additional provision during the year		
Recovered during the year		
Written off during the year		
At the end of the year	-	-

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22. Inventories

Description	2023/2024	2022/2023
	KShs	KShs
Central Stores:- Stationary	1,595,257	1,568,849
Medical Drug Stores	1,913,141	1,128,949
Maintenance Stores	2,062,400	2,895,636
Central Stores :- Catering Stores (Foodstuff)	167,005	416,665
Central Stores:- Cleaning	105,932	109,100
Farm Stores	2,461,463	909,158
Total Inventories at the lower of cost and net realizable value	8,305,198	7,028,356

These are stocks held as at end of the financial year

23. Prepayments

Description	2023/2024	2022/2023
	KShs	KShs
Prepaid Nssf	6,000	6,000
VAT @ 16%	52,470	52,470
Withholding Vat 2%	2,995	2,995
Total Prepayments	61,465	61,465

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24. Property, Plant and Equipment

Particulars	Land	Buildings	Motor vehicles	Furniture, Fixtures & fittings	Computer & Accessories	Plant, Machinery & Equipment	Books & Journals	Capital Work In Progress	Total
		2.5%	20%	12.5%	25%	20%	12.5%		
Cost:	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2022	204,000,000	737,485,957	39,574,550	33,350,135	34,289,062	89,302,021	8,263,145	39,596,276	1,185,861,146
Additions	-	-	-	1,016,700	2,189,000	1,005,000	6,022,636	65,649,935	75,883,271
Disposals	-	-	-	-	-	-	-	-	-
Valuation/Transfer/adjustments		12,659,473	(12,681,050)				-	(12,659,473)	(12,681,050)
At 30th June 2023	204,000,000	750,145,430	26,893,500	34,366,835	36,478,062	90,307,021	14,285,781	92,586,738	1,249,063,366
Additions	-	-	20,467,179	-	4,490,000	7,886,594	-	70,466,363	103,310,136
Disposals	-	-	-	-	-	-	-	-	-
Valuation/Transfer/adjustments		2,659,794	-				-	(2,659,794)	-
At 30th June 2024	204,000,000	752,805,224	47,360,679	34,366,835	40,968,062	98,193,615	14,285,781	160,393,307	1,352,373,500
Depreciation and impairment:									
At 1 July 2022	-	15,958,488	37,049,424	13,842,346	22,075,071	33,697,358	2,772,509	-	125,395,196
Depreciation for the year	-	18,740,795	5,378,700	4,262,100	6,712,327	15,665,482	1,353,725	-	52,113,127
Disposals									-
Impairment									-
Transfers/ adjustments	-	-	(37,049,424)						(37,049,424)
At 30th June 2023	-	34,699,283	5,378,700	18,104,446	28,787,398	49,362,840	4,126,234	-	140,458,899
Depreciation for the year	-	18,803,507	6,402,059	4,295,854	4,466,035	16,110,061	1,785,723	-	51,863,239
Disposals									-
Impairment									-
Transfers/ adjustments	-	-							-
At 30th June 2024	-	53,502,790	11,780,759	22,400,300	33,253,433	65,472,901	5,911,956	-	192,322,138
Net Book Values:									
At 30 June 2024	204,000,000	699,302,434	35,579,920	11,966,535	7,714,629	32,720,714	8,373,825	160,393,307	1,160,051,362
At 30 June 2023	204,000,000	715,446,147	21,514,800	16,262,389	7,690,664	40,944,181	10,159,547	92,586,738	1,108,604,467

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WIP of Kshs. 160,393,307 relates to works on Ultra-Modern Library, Construction of Perimeter Fence, LPG Installation and ICT Infrastructure.

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Valuation

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

25 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	204,000,000	-	204,000,000
Buildings	752,805,223	(53,502,789)	699,302,434
Furniture, Fixtures and Fittings	34,366,833	(22,400,301)	11,966,532
Computer, Copiers & Printers	40,968,062	(33,253,432)	7,714,630
Motor Vehicles	47,360,679	(11,780,759)	35,579,920
Plant, Machinery and Equipment	98,193,614	(65,472,901)	32,720,713
Books and Journals	14,285,781	(5,911,956)	8,373,825
Total	1,191,980,192	(192,322,138)	999,658,054

25. Intangible Assets

Description	2023/2024	2022/2023
	Kshs	Kshs
ERP System	-	1,294,980
Computer Software Systems	136,706	318,994
Total Intangible Assets	136,706	1,613,974

25. a. Intangible Assets

Description	ERP System	Computer software systems	TOTAL
	Kshs	Kshs	Kshs
Cost			
As at 1st July 2022	27,234,000	911,430	28,145,430
Additions	-	-	-
As at 30th June 2023	27,234,000	911,430	28,145,430
Additions	-	-	-
As at 30th June 2024	27,234,000	911,430	28,145,430
Amortization and impairment			
As at 1st July 2022	20,492,220	410,148	20,902,368
Amortization	5,446,800	182,288	5,629,088
As at 30th June 2023	25,939,020	592,436	26,531,456
Amortization	1,294,980	182,288	1,477,268
As at 30th June 2024	27,234,000	774,724	28,008,724
NBV	-	136,706	136,706

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26. Biological Assets

Description	2023/2024	2022/2023
	KShs	KShs
Cows	1,965,000	1,559,880
Total Biological Assets	1,965,000	1,559,880

26.a. Biological Assets

Details	Kshs
Balance b/d 01/07/2023	1,559,880
Disposal of biological assets	(223,880)
Fair Value adjustment on Biological Assets	629,000
Total Revaluation Reserve as at 30/06/2024	1,965,000

27. Trade and Other Payables

Description	2023/2024	2022/2023
	KShs	KShs
General Creditors	(1,162)	(1,162)
Capital Creditors	(1)	(1)
Total trade and other payables	(1,163)	(1,163)

Ageing analysis: Trade and other payables

Details	2023/2024	% of the Total	2022/2023	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	(1,163)	100	(1,163)	100
Total	(1,163)	100	(1,163)	100

There were no pending trade payables as at end of the financial year.

28. Refundable Deposits and Prepayments from Customers

Description	2023/2024	2022/2023
	KShs	KShs
Caution Money-Refundable Deposit	5,156,000	4,135,000
Fees Prepayments	47,562,447	37,089,143
Total deposits	52,718,447	41,224,143

Ageing analysis :(Refundable Deposits)

Details	2023/2024	% of the Total	2022/2023	% of the Total
Under one year	52,718,447	100	41,224,143	100
1-2 years		-		-
2-3 years		-		-
Over 3 years		-		-
Total	52,718,447	100	41,224,143	100

These are funds held in respect to caution money from students and fee prepayments

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29. Current Provisions

Description	Provision for CBA Arrears	Provision for Audit Fee	Provision for Fuel & Lubricants	Provision for Electricity	Provision for Graduation
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	1,258,041	1,856,000	15,903	404,892	4,449,920
Additional Provisions	-	928,000	-	381,832	-
Provision utilised	-	(928,000)	(15,903)	(404,892)	(4,449,920)
Change due to discount and time value for money	-	-	-	-	-
Transfers from non-current provision	-	-	-	-	-
Total Provisions year end	1,258,041	1,856,000	-	381,832	-

Description	Provision for External Examiners expense	Provision for Postal and Courier Expenses	Provision for Responsibility Allowance	Provision for Entertainment Allowance	Provision for Special Duty Allowance
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	1,609,640	-			
Additional Provisions	240,700	11,840	667	333	5,044
Provision utilised	(1,609,640)	-			
Change due to discount and time value for money	-	-			
Transfers from non-current provision	-	-			
Total Provisions year end	240,700	11,840	667	333	5,044

Description	Provision for Acting Allowance	Provision for Telephone Allowance	Provision for Part-time Teaching Payments	Provision for Library Expenses	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f					9,594,396
Additional Provisions	1,101	200	252,000	38,080	1,859,797
Provision utilised					(7,408,355)
Change due to discount and time value for money					-
Transfers from non-current provision					-
Total Provisions year end	1,101	200	252,000	38,080	4,045,838

30. Deferred Income

Description	2023/2024	2022/2023
	Kshs	Kshs
National Government	9,500	26,500
International Funders	538,795	311,860
Public Contributions and Donations	-	-
Total Deferred Income	548,295	338,360

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These are research grants received in respect to different researches and researchers. The amount is held as a liability in our accounts as at 30th June, 2024.

The deferred income movement is as follows:

Description	National Government	International Funders	Public Contributions and Donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	26,500	311,860	-	338,360
Additions	5,994,000	2,956,679		8,950,679
Transfers to Capital Fund				-
Transfers to Income Statement		(22,468)		(22,468)
Disbursements	(6,011,000)	(2,707,275)		(8,718,275)
Balance Carried Forward	9,500	538,795	-	548,295

31. Special Accounts and Grants

Description	2023/2024	2022/2023
	KShs	KShs
Endowment Funds	419,400	409,000
HELB Loan Fund	2,339,000	1,583,390
CDF/Sponsorships	1,115,425	2,020,023
Direct bank deposits control account	485,203	212,800
Universities Fund	648,820	-
Alumni Fund	859,000	-
Total Special Accounts & Grants	5,866,848	4,225,213

32. Non-Current Provisions

Description	Provision for Gratuity	Total
	Kshs	Kshs
Balance at the Beginning of the Year	5,292,295	5,292,294.58
Additional Provision	5,577,795	5,577,795.28
Provision Utilised		-
Change Due to Discount and Time value for Money		-
Less: Current Portion		-
Balance at the end of the year	10,870,090	10,870,090

33. Capital Retentions

Description	2023/2024	2022/2023
	KShs	KShs
Retention Fees 10 %	22,756,412	15,842,765
CLOSED-Retention Account	2,427,601	2,427,601
Total Capital retentions	25,184,013	18,270,366

34. Reserves

Description	2023/2024	2022/2023
	KShs	KShs
Revenue Reserves	33,248,375	60,650,873
Opening Balance Equity	(5,812,293)	(5,812,293)
Total Reserves	27,436,082	54,838,580

35. Capital Fund

Description	2023/2024	2022/2023
	KShs	KShs
Capital Development Funds	892,309,837	871,059,837
Capital Donations	5,942,959	5,942,959
Total Capital Fund	898,252,796	877,002,796

36. Revaluation Reserves

Description	2023/2024	2022/2023
	KShs	KShs
Revaluation Reserves	401,068,344	400,439,344
Total Revaluation reserves	401,068,344	400,439,344

36.a. Revaluation Reserves

Description	Kshs
Balance b/d 01/07/2023	400,439,344
Additions during the year:	
Revaluation on PPE	
Fair Value adjustment on Biological Assets	629,000
Total Revaluation Reserve as at 30/06/2024	401,068,344

37. Surplus Remission (for category 3 entities)

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety percent of its surplus funds reported in the audited financial statements after the end of each financial year. The University does not remit to the Consolidated Fund since it does not fall under category 3.

38. Taxation

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

39. Cash Generated from Operations

	NOTES	2023/2024	2022/2023
		Kshs	Kshs
Cash Flows From Operating Activities			
Surplus/(Deficit) for the Period		141,080,667	(29,474,498)
Add:			
Depreciation	16	53,340,507	57,742,215
		194,421,174	28,267,717
Working capital adjustments			
(Increase)/Decrease in receivables from exchange transactions	20	(19,119,700)	10,244,970

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	NOTES	2023/2024 Kshs	2022/2023 Kshs
(Increase)/Decrease in receivables from non-exchange transactions	21	36,996,499	(19,725,169)
(Increase)/Decrease in inventory	22	(1,276,842)	4,849,519
(Increase)/Decrease in Prepayments	23	-	(555)
Increase/(Decrease) in Trade and other payables	27&31	1,641,635	(554,615)
Increase/(Decrease) in Provisions	29&32	29,237	(12,251,616)
Increase/(Decrease) in Deferred Income	30	209,935	(443,070)
Increase/(Decrease) in Revenue Reserve Adjustments	34	2,072,000	(10,108,950)
Total		20,552,765	(27,989,487)
Net Cash Flows From/(Used In) Operating Activities		214,973,939	278,230

39.a) Cash Generated from operations – Revenue from Customers

Revenue from Customers	NOTES	2023/2024 Kshs	2022/2023 Kshs
Levies, Fines and Penalties	7	27,444	126,230
Public Contributions and Donations	8	80,000	90,000
Rendering Of Services	9	399,308,168	151,601,181
Sale of Goods	10	1,734,002	7,549,245
Rental Revenue from Facilities and Equipment	11	10,706,725	9,431,858
Other Income	12	90,168	1,209,066
		411,946,507	170,007,580
Decrease in Receivables from Exchange Trans	20	(19,119,700)	10,244,970
Increase in Receivables from Non-exchange Trans	21	36,996,499	(19,725,169)
Increase in Prepayments	23	-	(555)
Decrease in deferred income	30	209,935	(443,070)
Total revenue from customers		430,033,242	160,083,755

39.b) Cash Generated from operations – Operational Expenditure

Operational Expenditure	NOTES	2023/2024 Kshs	2022/2023 Kshs
Use of Goods and Services	13	159,405,869	167,517,223
Repairs and Maintenance	17	11,199,912	13,601,834
Contracted Services	18	6,000	7,160
		170,611,782	181,126,217
Decrease in Inventories	22	1,276,842	(4,849,519)
Trade and Other Payables	27	-	-
Increase in Current Provisions	29	5,548,558	(264,244)
Decrease in Special Accounts & Grants	31	(1,641,635)	554,615
Decrease in Non-Current Provision	32	(5,577,795)	12,515,860
Revenue Reserve Adjustments	34	(2,072,000)	10,108,950
Total Operational Expenditure		168,145,751	199,191,879

40. Financial Risk Management

KAFU'S activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the

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potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. KAFU’s financial risk management objectives and policies are detailed below:

i) Credit risk

KAFU has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University’s management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the University’s maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions	32,885,862	32,885,862	0	0
Receivables from non-exchange transactions	32,730,470	32,730,470	0	0
Bank balances	330,934,194	330,934,194	0	0
Total	396,550,526	396,550,526	0	0
As at 30 June 2023				
Receivables from exchange transactions	13,766,162	13,766,162	0	0
Receivables from non-exchange transactions	69,726,969	69,726,969	0	0
Bank balances	179,388,561	179,388,561	0	0
Total	262,881,692	262,881,692	0	0

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

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University’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University’s Council, who have built an appropriate liquidity risk management framework for the management of the University’s short, medium and long-term funding and liquidity management requirements. KAFU manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the University under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	(1,163)	-	-	(1,163)
Current portion of borrowings	-	-	-	-
Provisions	4,045,838	-	10,870,090	14,915,928
Deferred income	548,295	-	-	548,295
Employee benefit obligation	-	-	-	-
Total	4,592,970	-	10,870,090	15,463,060
As at 30th June 2023				
Trade payables	(1,163)	-	-	(1,163)
Current portion of borrowings	-	-	-	-
Provisions	9,594,396	-	5,292,295	14,886,691
Deferred income	338,360	-	-	338,360
Employee benefit obligation	-	-	-	-
Total	9,931,592	-	5,292,295	15,223,887

iii) Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rates, equity prices and foreign exchange rates which will affect the University’s income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

a) Foreign currency risk

The University does not have any transactional currency exposures.

b) Interest rate risk

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

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates. However, the University's bank accounts are currently held in deposits.

Sensitivity analysis

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

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

The University does not hold any financial instrument

iv) Capital Risk Management

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

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Description	2023/2024	2022/2023
	Kshs	Kshs
Revaluation Reserve	401,068,344	400,439,344
Retained Earnings	168,516,749	25,364,082
Capital Reserve	898,252,796	877,002,796
Total Funds	1,467,837,889	1,302,806,222
Total Borrowings	-	-
Less: Cash and Bank Balances	(330,934,194)	(179,388,561)
Net Debt/(Excess Cash And Cash Equivalents)	(330,934,194)	(179,388,561)
Gearing	0%	0%

41. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) State Department for Higher Education and Research
- i) KAFU key management
- ii) KAFU Council.

Description	2023/2024	2022/2023
	Kshs	Kshs
Transactions with related parties		
a) Grants /transfers from the government		
Grants from national govt.	390,660,246	456,358,077
Total	390,660,246	456,358,077
b) Key management compensation		
Council emoluments	14,851,969	14,892,578
Compensation to key management	31,216,423	35,547,352
Total	46,068,392	50,439,930

N/B: Key Management includes the Vice Chancellor, Deputy Vice Chancellor- AFP& D and Deputy Vice Chancellor- ASA&R.

42. Segment Information

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

43. Capital Commitments

Capital Commitments	2023/2024	2022/2023
	Kshs	Kshs
Authorised and contracted for	1,096,350,570	1,162,870,305
Total	1,096,350,570	1,162,870,305

44. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

45. Ultimate and Holding Entity

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

46. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

FY 2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1 Receivables from Exchange Transactions	The statement of financial position reflects a net balance of Kshs. 13,766,162 in respect of receivables from exchange transactions which as disclosed in Note 20 to the financial statements reflects gross student debtors of Kshs. 14,600,467, which further includes student debtors of Kshs. 9,920,068 which had been outstanding for a period of over one (1) year and no reasons have been given for failure to collect the student debts. This was contrary to paragraph 8.8.3. of the University Finance Policy In the circumstances, the recoverability of the balance of Ksh 9,920,068 in respect of student debtors is doubtful.	Management implemented the Fee Policy at the start of the academic year 2021/2022 which significantly reduced student debtors to date. Management has also put other measures in place as below: i. Deans accounting for students ii. Deans providing information that determines student debtors iii. Correction of invoicing through management of deferments	ON-GOING	
2. Unutilized student funds	The statement of financial position reflects a balance of Kshs. 4,225,213 in respect to special accounts and grants which, as disclosed in note 31 to the financial statements includes an amount of Kshs. 1,583,390 and Kshs 2,020,023 for HELB loan funds and constituency Development fund (CDF)/sponsorship funds respectively. However, details in the list of beneficiaries provided by the sponsors differ with the names and registration numbers in the University student register making it difficult to match and allocate the funds to the beneficiaries. In the circumstances, the funds have not been utilized for the intended purpose of assisting needy students.	Management has noted and will make follow up with Higher Education Loans Board and Constituency Development Fund administrators to obtain the correct list of beneficiaries of the funds and allocate accordingly.	ON-GOING	

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BASIS FOR CONCLUSION				
1. Delay in Completion of Library Construction	The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs. 1,108,604,465 which includes capital work in progress of Kshs. 92,586,738 which further includes Kshs. 74,321,310 for construction of Ultra-modern library, whose Tender was awarded to a contractor at contract sum of Kshs. 454,697,725. The twenty-four (24) months contract was to commence on 5 January, 2022 and end on 5 January 2024 but the completion period was revised to 29 November 2024. However, review of the project's technical status report as at 30 June, 2023 indicated amounts certified as Kshs. 74,205,590 which translates to 16% completion. Physical verification carried out on February, 2024 revealed the project is ongoing and the contractor is on site. In addition, it was observed that the University budgeted for a total of Kshs. 97,823,775 for the construction of the library against an actual expenditure of Kshs. 43,258,920 leading to underutilization variance of Kshs. 54,546,855 arising from delay in funding from the Government. Further, the University budgeted for a total of Kshs. 160,714,335 only for development projects while a contract of over Kshs. 454,697,725 had been signed for the construction of the library alone. This implies that the development budget approved was not consistent with the real development requirements of the University. In the circumstances, the low development expenditure budget and slow work progress may subsequently result in cost overruns and value for money will not be achieved.	i. The variance in underutilization of Ksh 54,546,855 is a result of a delay in receipt of Government Development Grants that were received in the subsequent financial year. However, the funds have been rolled over for continuous utilization. ii. The proposed university budget for development projects was Kshs 762,000,000. However, the approved budget for the year under review by the National Treasury was Kshs. 102,837,069. The university is therefore limited only to the approved budget. iii. Management acknowledges the need for the contractor to increase workmanship. During the year under review there is an effort through monthly meetings conducted to show communication to the contractor is made and project resolutions of adjusting program of works and increase workmanship is discussed.	ON-GOING	
2. Weaknesses in the procurement plan.	Review of the procurement plan for the year 2022/2023 which was provided for audit revealed the following inadequacies: i. A schedule of planned delivery, implementation or completion dates of all goods, works or services was not attached to the plan contrary to Regulation 41(b) of the Public Procurement and Asset Disposal Regulations, 2020.	i) Management has noted that the procurement plan did not have schedule of the planned delivery, implementation or completion dates of all goods, works or services contrary to Regulation 41(b) of the Public Procurement and Asset Disposal Regulations, 2020 and has addressed with the current procurement plan incorporating the sections. ii) The Procurement plan indicated that the procurement will be done on quarterly basis.	RESOLVED	JUNE 2024

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	ii. The plan did not indicate whether some procurements were to be procured within a single year period or under a multi-year period. iii. There was no indication as to whether any items could be aggregated for procurement as a single package or for procurement through any applicable arrangement for common user items. iv. The annual procurement plan was not done in accordance with the format specified in Regulation 42 of the Public Procurement and Asset Disposal Regulations, 2020 and pursuant to Section 53(2) of the Act that requires annual procurement plan be done in accordance with the format specified in the Third Schedule. In the circumstances, Management was in breach of the law.	iii) There was indication that common user items were aggregated for procurement as a single package as evidenced from the consolidated procurement plan which was arrived at after compiling different departmental procurement plans. iv) The annual procurement plan was done in accordance with the format specified in Regulation 42 of the Public Procurement and Asset Disposal Regulations, 2020 apart from the bid opening, bid evaluation, tender award, notification of award, contract signing, total time to contract signature and date of completion of tender which has been incorporated in the current procurement plan.	
3.Unsupported Payments to Inter-Public Universities Council Consultative Forum (IPUCCF)	The statement of financial performance reflects an amount of of ksh 14,892,578 in respect to council expenses which includes two expenditure amounts of Ksh 1,154,399 and Kshs. 300,000 being payment to Public Universities Council Consultative Forum (IPUCCF). The Payments were made to Technical University of Kenya KCB Bank as communicated from the Chairperson of the Vice-chancellors 'Committee to all vice-chancellors and college principals vide a letter dated 31 March 2023. the contributions were to aid in the following activities. i. Payment of legal fees for the representation of IPUCCF in court matters. ii. Outstanding and current vice-chancellors' Committee and IPUCCF Secretariat Honoraria. iii. Support the function of the IPUCCF, Joint Negotiations Committee (JNC) up to the financial year 2024/2025. However, no circular or authority from the Ministry of Education to authorize the payment was provided for audit review. Further, the regularity of this expenditure could not be confirmed. In addition, the expenditure was not budgeted for as it was expensed under University management board expenses. In the circumstances, the management was in breach of law.	Included in expenditure on University Management Board Expenses of Kshs. 1,154,399 is Kshs. 300,000 and not ksh. 14,892,578 incurred on council expenses. The kitty is used for meeting cross cutting costs that affect all universities in Kenya for instance negotiation of National University CBAs. The kitty has no direct budget line from the parent ministry and also from National treasury. However, Management has noted and will ensure that necessary authorizations are sought before making payments.	ON-GOING

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4. Non- Compliance to Fiscal Responsibility Principles	The statement of financial performance and as disclosed in Note 14 to the financial statements reflects expenditure on compensation of employees of Kshs. 402,079,144 which represents 64% of the total revenue of Kshs. 625,365,657 this is in excess of the set limit of 35% as per Regulation 26(1) of the Public Finance Management (National Government) Regulations, 2015. In the circumstances, the management was in breach of law.	The core mandate of the University is teaching, research and community service. Being a service institution, the University invests more in human capital in order to meet the regulatory requirements hence most of the expenditure are in human capital. Since the university is still in its initial growth, some unavoidable fixed costs such as employee expenses will be incurred regardless of the entity size. The overall percentage cost is expected to reduce proportionately as the university grows. However, this is a policy issue and the matter has been escalated to the Parent Ministry	ON-GOING
5.Non-Compliance with law on ethnic composition	The National cohesion and integration commission Act,2008 Section 7(1) and (2) states that all public establishments seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third (30%) of its staff from the same ethnic community. Review of the staff establishment and documents provided revealed that the University had two hundred and seventeen (217) out of which one hundred and fifty-two (152) or 70% are from one dominant community in the County. This is contrary to the provisions of Section 7(1) and (2) the National Cohesion & Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community. In the circumstances, the management was in breach of law.	The University inherited a number of staff from MMUST while it was still a Constituent College and majority of staff were from one ethnic community. However, the University will strive to comply with the provisions of the National Cohesion and Integration by ensuring that during subsequent recruitments, ethnic balancing is adhered to as per the constitution.	ON-GOING

Prof. Peter. N. Mwita - Ag. Vice Chancellor, KAFU

Date:

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Appendix II: Projects implemented by KAFU

Projects implemented by the State Corporation/ SAGA Funded by the Government.

S/No	Project Title	Project Number	Donor	Period/ Duration	Donor Commit ment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Proposed Construction of Ultra-Modern Library and Associated Works	KAFU/LIB/001/2021-2022	GOK	104 Weeks	None	No	Yes
2	Construction of Perimeter Wall	KAF/LIB/001/2021-2022	GOK	156 Weeks	None	No	Yes
3	Renovation of Buildings and Associated works	KAFU/EST/D.HALL/001/2022-2023	GOK	36 Weeks	None	No	Yes
4	Supply, Installation and Commissioning of LPG Gas	KAFU/DN/01/18-19	GOK	56 Weeks	None	No	Yes
5	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University	KAFU/ICT/T04/2018-19	GOK	52 Weeks	None	No	Yes

Status of Projects completion

QUARTER 1 FY 2023-2024

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Ultra-Modern Library and Associated Works	645,555,963	74,205,590	11%	100,000,000	0	GOK
2.	Construction of Perimeter Wall	598,928,587	7,292,935	1%	71,548,680	0	GOK
3.	Renovation of Buildings and Associated works	2,890,560	1,525,635	53%	1,400,000	0	GOK
4.	Supply, Installation and Commissioning of LPG Gas	10,000,000	6,179,722	62%	4,000,000	0	GOK
5.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College	3,986,185	3,382,857	85%	3,000,000	0	GOK

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QUARTER 2 FY 2023-2024

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Ultra-Modern Library and Assoc. Works	645,555,963	115,541,470	18%	100,000,000	41,335,880	GOK
2.	Construction of Perimeter Wall	598,928,587	32,592,510	5%	71,548,680	25,299,575	GOK
3.	Renovation of Buildings and Associated works	2,890,560	2,659,794	92%	1,400,000	1,134,159	GOK
4.	Supply, Installation and Commissioning of LPG Gas	10,000,000	8,876,471	89%	4,000,000	2,696,749	GOK
5.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College	3,986,185	3,382,857	85%	3,000,000	0	GOK

QUARTER 3 FY 2023-2024

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Ultra-Modern Library and Assoc. Works	645,555,963	115,541,470	18%	100,000,000	0	GOK
2.	Construction of Perimeter Wall	598,928,587	32,592,510	5%	71,548,680	0	GOK
3.	Supply, Installation and Commissioning of LPG Gas	10,000,000	8,876,471	89%	4,000,000	0	GOK
4.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College	3,986,185	3,382,857	85%	3,000,000	0	GOK

QUARTER 4 FY 2023-2024

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Ultra-Modern Library and Assoc. Works	645,555,963	115,541,470	18%	100,000,000	0	GOK
2.	Construction of Perimeter Wall	598,928,587	32,592,510	5%	71,548,680	0	GOK
3.	Supply, Installation and Commissioning of LPG Gas	10,000,000	8,876,471	98%	4,000,000	0	GOK
4.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College	3,986,185	3,382,857	85%	3,000,000	0	GOK

N/B: Percentage completion is as per paid and certified works.

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Appendix III- Inter-Entity Confirmation Letter

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

Name of Beneficiary entity: Kaimosi Friends University

Confirmation of Amounts received by Kaimosi Friends University as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT23222NKNKD	10.08.2023	32,555,021		32,555,021	
FT232423DXGS	30.08.2023	32,555,021		32,555,021	
FT23255JP3JJ	12.09.2023	32,555,019		32,555,019	
FT233055FK83	01.11.2023	32,555,021		32,555,021	
FT23347L4MVX	13.12.2023	32,555,021		32,555,021	
FT24008WYCN9	08.01.2024	32,555,020		32,555,020	
FT24043VFYVB	12.02.2024	32,555,021		32,555,021	
FT240608D5Z9	29.02.2024		2,500,000	2,500,000	
FT24060Q226D	29.02.2024		10,000,000	10,000,000	
FT24060VX7XS	29.02.2024		8,750,000	8,750,000	
FT24073C5J8G	13.03.2024	32,555,021		32,555,021	
FT24103GJSTR	12.04.2024	32,555,019		32,555,019	
FT24138JM5T7	17.05.2024	32,555,021		32,555,021	
FT241647GXX6	12.06.2024	32,555,020		32,555,020	
FT241834CNSL	01.07.2024	32,555,021		32,555,021	
Total		390,660,246	21,250,000	411,910,246	

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

Head of Accounts Department - Disbursing Entity:

Name Margaret Kariuki Sign [Signature] Date 5/8/2024

Head of Accounts Department - Beneficiary Entity:

Name: CPA, CS IRINE LUMATETE Sign [Signature] Date 2/8/2024

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KAIMOSI FRIENDS UNIVERSITY



P.O. BOX 385-50309 KAIMOSI, KENYA



www.kafu.ac.ke



Kaimosi Friends University



info@kafu.ac.ke



Kaimosi Friends University