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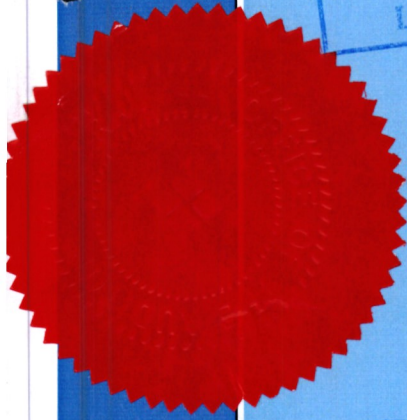



OAG



OFFICE OF THE AUDITOR-GENERAL

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|  THE NATIONAL ASSEMBLY PAPERS LAID | |
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| | DAY TUESDAY |
| TABLED BY: | Hon. Kimani Ichungwah, MP Leader of Majority Party |
| CLERK AT THE TABLE: | Inzofu Mwale |

REPORT

OF

THE AUDITOR-GENERAL

ON

**DEDAN KIMATHI UNIVERSITY OF
TECHNOLOGY**

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



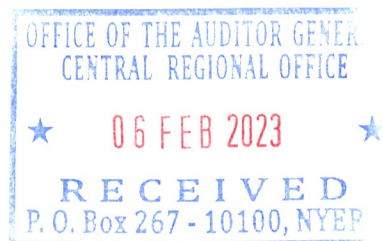
DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2022

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



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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Dedan Kimathi University of Technology (DeKUT) was established under the University's Act 2012 by the Government of Kenya in December 2012. It is a Public University that focuses exclusively on Technology and has a Campus based at the Nairobi Central Business District, Pension Towers, along Loita street. It is the successor of Kimathi University College of Technology (KUCT), a constituent college of Jomo Kenyatta University of Agriculture and Technology (JKUAT), which was established in 2007. The University offers a wide range of programmes both at the undergraduate and postgraduate level in various Schools and Institutes.

These include: Computer Science and Information Technology, Engineering, Applied Sciences, Food Science and Technology, Health Science, Business Management and Economics, Geothermal Energy Technology, Geomatics, Geospatial Information Systems and Remote Sensing, Tourism and Hospitality and Technical and Professional Studies. The University also offers diploma and Certificate courses for mid-level technical skills. The programmes offered by the University are approved by Senate and other designated bodies like the Engineers Board of Kenya (EBK) and the Commission for University Education (CUE).

(b) Principal Activities

DeKUT's mandate is derived from the overriding objectives of University education in Kenya as stipulated in the Universities' Act 2012. These include: -

- a) Advancement of knowledge through teaching, scholarly research and scientific investigation;
- b) Promotion of learning in the student body and society generally;
- c) Promotion of cultural and social life of society;
- d) Support and contribution to the realization of national economic and social development;
- e) Promotion of the highest standards in, and quality of, teaching and research;
- f) Dissemination of the outcomes of the research conducted by the university to the general community;
- g) Facilitation of life-long learning through provision of adult and continuing education;
- h) Fostering of a capacity for independent critical thinking among its students;
- i) Promotion of gender balance and equality of opportunity among students and employees.

- j) Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

In the discharge of her mandate, the University is further guided by the National Values and Principles of Governance as set out in Article 10 of the Constitution. The University also takes cognizance of other relevant legal, regulatory guidelines and Government Circulars.

Vision

The Vision of the University is to be a premier technological University excelling in quality education, research, and technology transfer.

Mission

The mission of the University is to provide academically stimulating, culturally diverse and quality learning environment that engenders research, innovation and technology transfer for national development.

Motto

Better life through Technology

Philosophy

Dedan Kimathi University of Technology is founded on the belief that self-actualization, and solutions to global challenges are attainable through a spirit of dedication, self-confidence, determination, and best utilization of resources. The Institution also believes in being globally competitive through the employment of global competency skills. To actualize its beliefs and goals, the University is committed to investing in facilities and services that ensure an internationally excellent environment for education and for the furtherance of its aims and objectives.

The ultimate goal of this philosophy is to mould Dedan Kimathi University of Technology into an Institution known for world class research, academic excellence, an exceptional student body, and one that harbours the highest level of innovation, creativity, scholarship and enterprises.

Core Values

Core values constitute the fundamental bedrock beliefs that drive the University. In pursuit of her mission, DeKUT is guided by the following core values: -

1. Teamwork
2. Integrity
3. Diversity
4. Scholarship

5. Innovation
6. Reliability

Quality Policy

DeKUT's management and staff are committed to offering quality education, quality research and quality community services through timely and accurate provision of services to the satisfaction of customers and stakeholders.

In pursuit of this commitment, DeKUT has established and communicated a quality management system that complies with requirements of the international standard ISO 9001:2015 and other Government, statutory and professional requirements to all employees, customers and stakeholders. DeKUT continues to improve the effectiveness of the Quality Management System and its strategic objectives through regular review of its QMS in accordance with appropriate quality standards.

Quality Objectives

- 1) To produce quality graduates in line with the University's mandate.
- 2) To generate research and innovations outputs with impact on the national development goals.
- 3) To transfer and commercialize technology from the University, for the benefit of the students, the University and industry.
- 4) To mobilize financial resources to support the University's mandate.

(c) Key Management

Dedan Kimathi University of Technology undertakes its mandate through the following key organs:

- (a) Council
- (b) Vice-Chancellor
- (c) Management Board; and
- (d) Senate

(e) Fiduciary Management

The key Management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|------------|------------------------------|----------------------------------|
| 1. | Vice-Chancellor | Prof. Paul Ndirangu Kioni |
| 2. | Deputy Vice-Chancellor (A&F) | Prof. Esther Magiri |

| No. | Designation | Name |
|-----|---------------------|--------------------|
| 3. | Head of Finance | Mr. Abraham Mwangi |
| 4. | Head of Procurement | Ms. Gladys Thuku |

(f) Fiduciary Oversight Arrangements

i) Audit Committee Activities

The University Council has an Audit Risk and Compliance Committee that meets every quarter to consider written audit reports by the Chief Internal Auditor. The reports are generated at the conclusion of each quarter and they examine University's strategies and operations. The Committee also discusses the management letter by the Kenya National Audit office and the responses by the University Management at the end of each financial year's audit. The Committee also ensures that corrective actions are taken on internal and external audit recommendations. They also monitor and ensure timely implementation of the recommended corrective actions.

The Committee is also responsible for the implementation of the risk management framework in the University and compliance to statutory laws, rules and regulations. The Committee approves the internal audit work plan for the year and supervises the plan's implementation. They also approve all relevant policies supporting the Audit Risk and Compliance Department.

DeKUT has an established Audit, Risk and Compliance Department which supports this oversight role.

ii) Finance committee activities

The University Council has a Finance Committee which provides oversight and advices on matters relating to the financial position of the University. The Committee meets in every quarter to monitor the University's financial key performance indicators and performance against the annual budget. It also advices Council on the financial performance and sustainability of the University. In the periodic meetings, the Committee also discusses and determines the University's financial policies and regulations that are to be applied in a fiscal year.

At the beginning of each financial year/ the Finance Committee recommends to Council the approval of the annual University's budget and the medium term financial forecasts which are forwarded to the parent Ministry and to Treasury for approvals and funding. At the end of the financial year, the Committee receives the annual accounts of the University discusses them and recommends their approval to Council.

DeKUT has an elaborate staffing structure and facilities that support the finance operations of the University.

(g) Entity Headquarters

Along Nyeri-Mweiga Road
Dedan Kimathi, Private Bag- 10143
Nyeri, Kenya

(h) Entity Contacts

Tel: 061-2050000
Website: www.dkut.ac.ke
Email: vc@dkut.ac.ke

(i) Entity Bankers

1. Consolidated Bank Nyeri Branch
P. O. Box 935-10100,
Nyeri-Kenya.
2. Kenya Commercial Bank Nyeri Branch
P.O Box 215-10100,
Nyeri-Kenya.
3. Standard Chartered Bank Nyeri Branch
P. O. Box 1-10100,
Nyeri-Kenya.
4. Equity Bank Nyeri Kimathi Way Branch
P.O. Box75104-10100
Nyeri-Kenya.
5. Family Bank Nyeri Branch
P.O. Box 74145-10100
Nyeri-Kenya.

(j) Independent Auditors

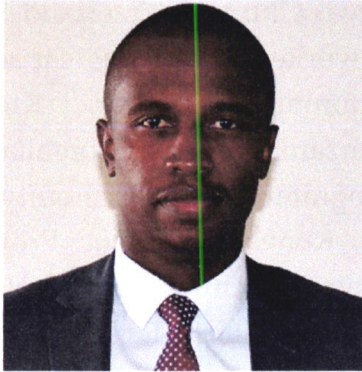

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(k) Principal Legal Adviser

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

2. THE UNIVERSITY COUNCIL MEMBERS

| | |
|--|---|
| <p>1. Dr. Jane Nyakang'o - Council Chairperson</p>  <p>Dr. Jane was born on 1st January, 1967. She holds a B. Sc in Chemistry from Kenyatta University, M. Sc Environmental Science & Technology, with distinction, from IHE-Delft,</p> | <p>Netherlands, an MBA Strategic Management and PhD Environmental Policy from the University of Nairobi.</p> <p>Currently, she is the Managing Director, Kenya National Cleaner Production Centre. She has previously worked as a Research Officer, Kenya Industrial Research & Development Institute (KIRDI) and the Head, Energy & Environment Division, Kenya Industrial Research & Development Institute (KIRDI).</p> |
| <p>2. Dr. Janet Kabeberi Macharia - Council Member</p>  <p>Dr. Janet was admitted as an advocate, High Court of Kenya, in September 1987. She holds a degree in law from the University of Nairobi, a diploma in law from Kenya School of Law, a master of law from Columbia University, New York, USA, a Diploma in Women's Law, Women's Law Institute, Oslo Norway and a Ph.D. in Law from University of</p> | <p>Warwick, England.</p> <p>She is currently the Head, Gender and Social Safeguards Unit & Senior Gender Adviser United Nations Environment, (UNEP), Nairobi, Kenya (Global). She has previously worked in various capacities as the Regional Gender and Development Specialist/Policy Advisor: United Nations Development Programme, Regional Service Centre, Johannesburg, South Africa; National Programme Officer: United Nations Development Fund for Women (UNIFEM), Regional Office for East, Central and Horn of Africa, in Nairobi, Kenya; Regional Coordinator and Founder: Women and Law in East Africa (WLEA) Research Network, based in Nairobi, Kenya covering Kenya, Uganda and Tanzania and a Senior Lecturer Faculty of Law, University of Nairobi, Kenya.</p> |

| | |
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| <p>3. Mr. Raphael Anampiu - Independent Council Member</p>  <p>Mr. Anampiu was born on 22nd March, 1984. He holds a Bachelor of Commerce Degree, Finance Option as well as an MBA, Strategic Management from the University of Nairobi. He is also an affiliate member of the Association of Chartered Certified Accountants.</p> | <p>Currently, he serves as an Executive Director at Alpha Commercial Bank based in South Sudan and is also a Founding Partner of Flex Money Transfer, an entity focused on Global Remittances that is regulated and licensed by the Central Bank of Kenya. He previously worked with Stanbic Bank in various senior roles including heading the Banks Transactional Banking business in South Sudan and its Cash Management Business in Kenya.</p> |
| <p>4. Prof. Ruthie C. Rono- Independent Council Member</p>  <p>Prof. Ruthie was born on 15th August, 1954. She holds a MA in Educational Psychology from the University of Cincinnati, Ohio, USA and a PhD in</p> | <p>Educational Psychology from Kenyatta University. Currently, she is the Deputy Vice Chancellor Academic Affairs, United States International University - Africa. Previously, she has served as a High Commissioner of the Republic of Kenya to The Republic of Zambia and Republic of Malawi and the Kenya Permanent Representative to COMESA, an Ambassador of Kenya to the Kingdom of the Netherlands and the Czech Republic and the Dean, School of Arts & Sciences, United States International University.</p> |

| | |
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| <p>5. Mr. Kennedy Adongo-Independent Council Member</p>  <p>Mr. Kennedy was born on 18th May, 1984. He holds B. Ed, from Moi University and a Master's in International Studies, from the University of Nairobi.</p> | <p>Currently, he is the Programme Officer, United Nations Environment Programme, Kenya, Korea, China, Switzerland. He has previously worked in various capacities as the Programme Manager, Kinghorne Limited, Tanzania, Uganda, Somalia, Kenya (TUSK); Programme Officer, Equity Group Foundation, Kenya, Tanzania; Programme Officer, Kenya Institute of Professional Counseling, Tanzania, Uganda, Somalia, Kenya, Southern Sudan and Project Assistant (pro bono), Federation of Women Lawyers in Kenya (FIDA-Kenya)</p> |
| <p>6. Dr. Roselida Owour-Council Member</p>  <p>Dr. Roselida Owur was born on 13th June 1968. She holds a Bachelor of Sciences, in Biological Sciences from Egerton University, Master of Philosophy in Reproductive Biology from University of Nairobi and PhD in Cell and Molecular Biology from Maseno University. Currently, she is a Deputy Director of Research in the State Department for University Education and Research.</p> | <p>She has previously worked in various capacities as the Alternate Liaison Officer of International Centre for Genetic Engineering and Biotechnology (ICGEB) and Alternate National Contact Point of Biological and Toxin Weapons Convention and also represented the Government of Kenya in ICGEB Board of Governors and United Nations Office for Disarmament Affairs Advisory Committee on implementation of Biological and Toxin Convention by the States Parties.</p> |

7. Mr. Calleb O. Ogot-Council Member



Calleb O. Ogot was born on 18th September, 1965. He holds a Master of Business Administration with concentration in Finance from Kenyatta University; a professional Diploma in Procurement and Supplies from the Chartered Institute of Procurement and Supplies (UK); a bachelor's degree in Education (Economics/Business) from Kenyatta University.

He is a member of the CIPS/Chartered Institute of Procurement and Supplies (UK) and Kenya Institute of Supplies Management (KISM).

Currently, serves at the National Treasury and Planning as Senior Deputy Director - Public Procurement Department; He previously worked at the Teacher Service Commission in various capacities including serving as Acting Head of Supply Chain Function, Deputy Director Finance among others.

Before joining the TSC Secretariat, he served the Commission in the following capacities: District Staffing Officer; Lecturer, Kitale Technical Training Institute and Moi Institute of Technology. He had a brief stint as Senior Education Officer, Ministry of Education.

8. Prof. Eng. P. Ndirangu Kioni - Vice Chancellor



Prof. P. Ndirangu Kioni was born on 16th March, 1966. He holds a B.Sc. degree in Mechanical Engineering from University of Nairobi and a PhD degree from Cambridge University, UK.



He is currently is serving as the first Vice-Chancellor of Dedan Kimathi University of Technology since its award of charter on 14th December, 2012. He is a professional engineer with industrial experience gained from working in different engineering positions at Unilever Kenya Limited (East African Industries), Nairobi, before joining academia, and from being involved in a wide range of engineering consultancy projects while working in academia.



He has steadily grown through the ranks in academia to his position as a Professor of Mechanical Engineering. His research interests are combustion and computational fluid dynamics.

He has published widely and supervised many research students, and benefitted from research fellowships taken in Ruhr-University, Bochum, Germany, Tottori University, Japan. He has also served in many University administrative positions: Chairman of Mechanical Engineering, Dean, Faculty of Engineering at Jomo Kenyatta University of Agriculture and Technology, Principal of Kimathi University College of Technology. He has also served on various boards. He was a member of board of directors of Africa Laser Centre, based in South Africa, board of trustees and board of governors for Kimathi Institute of Technology; Chairman of board of governors for Nyandarua Institute of Science and Technology; founding chairman, Central Kenya branch and member of Council of Institution of Engineers of Kenya; Patron, Council of Deans and Principals of Engineering in Kenya.

3. UNIVERSITY MANAGEMENT BOARD

| | |
|---|---|
| <p>1. Prof. Eng. P. Ndirangu Kioni - Vice Chancellor</p>  <p>Prof. P. Ndirangu Kioni holds a B.Sc. degree in Mechanical Engineering from University of Nairobi and a PhD degree from Cambridge University, UK.</p> | <p>Prof. Kioni is serving as the first Vice-Chancellor of Dedan Kimathi University of Technology since its award of charter on 14th December, 2012.</p> |
| <p>2. Prof. Esther N. Magiri - Deputy Vice Chancellor (Administration & Finance)</p>  <p>She attended Tel Aviv University, Israel for her postdoctoral studies, having graduated with a PhD degree in applied Molecular Biology in Plant Pathology from Zhejiang University, PR, China. Before this, she had graduated with MSC</p> | <p>in Biochemistry and BSc. (Biochemistry major and Zoology minor) from University of Nairobi. She is an associate member of Kenya Institute of Management (KIM).</p> <p>Prof. Magiri is the Deputy Vice Chancellor (Administration and Finance) in Dedan Kimathi University of Technology.</p> |

| | |
|---|--|
| <p>3. Prof. J.W. Khamasi, EBS - Registrar (Academic Affairs and Research)</p>  <p>Jennifer W. Khamasi (Ph. D) is an Associate Professor of Family and Consumer Sciences Education and has specialized in curriculum and instruction.</p> | <p>Prof. Khamasi is currently the Registrar Academic Affairs, Dedan Kimathi University of Technology.</p> |
| <p>4. Dr. Paul K. Mbote - Ag. Registrar (Administration and Finance)</p>  <p>Dr. Paul K. Mbote holds a PhD in Business Administration from DeKUT, Master's Degree in Computer Based Information System (MSc CBIS) (University of Sunderland) and Bachelor</p> | <p>Science (Mathematics and Computer) degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p> <p>Dr. Mbote is currently serving as Acting Registrar Administration and Finance at Dedan Kimathi University of Technology</p> |

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| <p>5. Mr. Abraham Mwangi - Ag. Finance Officer</p>  <p>Mr. Mwangi holds a Masters Degree in Business Administration (Finance) and a Bachelors degree in Business Administration. He is also a registered member of ICPAK.</p> | <p>Mr. Mwangi is currently serving as the Acting Finance Officer at Dedan Kimathi University of Technology</p> |
| <p>6. Ms. Nelius Mwangi - Principal Legal Officer</p>  <p>Ms. Nelius Mwangi, holds a Bachelors of Laws degree from University of Nairobi, a Post Graduate Diploma from Kenya School of Law and a Masters in Laws degree from the University of Nairobi.</p> | <p>She is also a member of the Law Society of Kenya.</p> <p>Ms. Mwangi is currently serving as the Dedan Kimathi University of Technology's Principal Legal Officer</p> |

4. CHAIRMAN'S STATEMENT



It is my great pleasure to present the Annual Report and Financial Statements for the 2021/22 financial year to our various stakeholders.

As the University Council, we have continued to support policies and initiatives that enhance a vibrant Research, Development, and Innovation Ecosystem at the University. This ecosystem is crucial to the success of the ongoing Dedan Kimathi Science and Technology Park (DeST-Park). In line with this, we have approved the establishment of nineteen (19) centres that are already operational.

The Science and Technology Park, which has attracted three anchor clients, will catalyze the development of new companies, attract international partners, and create high-quality jobs for young people. As it evolves, it will provide employment opportunities not only to our graduates but also to the country and beyond.

The University signed an agreement with the United Nations Educational, Scientific and Cultural Organization (UNESCO) to establish a UNESCO Chair on Anticipatory Socio-Technical Systems at the University.

The chair will disseminate the knowledge and methods of understanding anticipatory systems and processes used to imagine futures, advance future studies, and enhance societal resilience by cultivating conditions for a capability-based approach to well-being and sustainability. This will enhance an integrated research, training, information, and community management system to study anticipatory socio-technical systems.

It will also engage in research, teaching, and community engagement that enhances future literacy capacities and the integration of the discipline of anticipation to support the development of a resilient and sustainable Africa.

I acknowledge the progress and strides of the year in review largely due to our dedicated staff, students, parents, sponsors and collaborators for their continued commitment and support of the DeKUT brand. During the year under review, the University has been passionately implementing the 2019/2023 Strategic Plan which is aimed at addressing the long-term development plans of the University.

Further, on 6th August 2022, ground breaking ceremony for the DeKUT Comprehensive Cancer Management Centre was launched. The construction is expected to take 18 months, on completion, this hospital is expected to serve Nyeri county and the neighbouring counties in provision of treatment and care to cancer patients. This facility will immensely support training of health sciences, research and providing of health care to cancer patients in the region.

The Constitution requires the University to be guided by the national values. In order to comply with this constitutional requirement, the Council has passed various policies and the University has continued to uphold the national values in all her administrative and policy decisions and in governance.

The University also implemented the University's Performance Contract with the Ministry of Education. This has assured a cooperative relationship between the University Council, Management, Senate, staff and students.

To ensure that our students' needs are catered for, the University established two offices this year. One is the Office of Career Services, which was officially launched in February by the Principal Secretary, State Department for Post Training and Skills Development, Mr. Alfred Cheruiyot. The office seeks to help students explore and develop their careers through industry linkages and mentorship programs. It will also engage our alumni and help them secure employment opportunities.

To ensure timely completion of studies, the University has created a Financial Aid Office, (DeFAO), to assist the needy students through robust work-study programs that allow students to work while studying within the University. This helps them earn an income and also learn from various departments.

The University has aligned its objectives with those of the Ministry of Education by complying with the performance contract requirements and it is thereby contributing to the national socio-economic development. Further, it has ensured that there is performance contract cascading to every member of staff whose review is conducted quarterly. This ensures that staff members are able to work towards the achievement of the University's strategic intentions which are;

1. To produce quality graduates in line with the University's mandate through innovative curriculum delivery mechanisms which ensure that students attain marketable skills to adequately contribute to national development
2. To develop world class research capacity for both faculty members and students

in order to enhance research networks and innovation outputs, collaborations and partnerships for the realisation of the national development goals.

3. Transfer and commercialise technology from the University and other institutions by building innovation, entrepreneurship, and business development capacities for the realisation of Vision 2030 flagship projects and the "Big Four" initiatives.

In conclusion, the University continues to excel in more than one way which is a clear sign of its growth towards being a premier University excelling in quality education, research and technology transfer for national development.



Dr. Jane Nyakang'o
DeKUT Council Chairman

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



University Council.

On behalf of Dedan Kimathi University of Technology Council, it is with great pleasure that I present the Annual Report and Financial Statements for the year ended 30th June 2022. I wish to state that during the financial year, the University maintained prudent financial management strategies and controls to avoid wastage of resources. This effort worked out well as is reflected in the results hereby presented with the direction and support provided by the

The University has continued to implement the 2019-2023 Strategic Plan which is aimed at addressing the long-term development plans of the University. It also responds to the political, legal and economic changes at the national and global level. The direction taken through the plan's implementation ascertains that the University is continually contributing to the realisation of Vision 2030 and the long-term national development goals. The objectives of the Strategic Plan are as follows:

- (a) To produce quality graduates in line with the University's mandate.
- (b) To generate research and innovation outputs with impact on the national development goals.
- (c) Transfer and commercialise technology from the University for the benefit of the students, University and industry.
- (d) To mobilise financial resources to support the University mandate.

The COVID-19 pandemic awakened our innovation potential seeing the University venture into the development of ventilator machines, hazmat suits and other innovations meant to assist the nation to combat the pandemic. The University has continued with the same streak, increasingly inculcating skills in innovation to our students who are the heartbeat of every innovation project that we undertake. In this regard we celebrated the launch of the Industrial Scale Automated Maize Drier (ISAMD) which was an innovation partnership between the University, the laikipia County Government and Small and medium sized

enterprises in Laikipia County. The event was graced by Prof. Magoha CBS, Cabinet Secretary for Education and H.E. Nderitu Muriithi, Governor of laikipia County. Through the maize drier project, the University is impacting the community by creating jobs, promoting best practice in post-harvest management, increasing food safety and overall health of the people, transferring of skills to the SMEs and encouraging the growth of SMEs. With the growth of the internet and new technologies, work and work environments are changing at a very rapid rate. Some roles are getting automated, and new careers have been established. The COVID-19 pandemic has further accelerated the shift of work and this has led to more people working remotely. Digital platforms, and other innovations are also changing the fundamental nature of work.

In line with this, the University has put measures to promote online work through platforms such as the Ajira Digital Club, which operates under the Office of Career Services. This is a partnership between the Kenya Private Sector Alliance (KEPSA) and the Ministry of Information Communication Technology that aims to bridge the gap between skills demanded by offering training and mentorship to the youth.

Through the Science and Technology Park, the University has created an ecosystem for the development and nurturing of start ups. DeST-Park encourages cooperation and synergy between universities, research institutions, the government and the private sector to create a favorable environment for innovation, renovation, and training. DeST-Park covers three thematic areas under which start ups are supported, they are: Agri-tech (Food bio-resources and natural products value-addition), Information and Communication Technology (ICT), and Design, Materials and Manufacturing (DMM). So far, DeST-Park has attracted anchor clients; Snowcap Development Limited, Asytec, and Semiconductor Technologies Limited. The University has also established seventeen (19) specialized research and innovation centres to support the Science and Technology Park. We now have, among others,

The following three centers have been established to support the manufacturing theme of the park and to work closely with Semiconductor Limited – the STP flagship partner.

- Centre for Development of Electronic Devices that engineers design circuits for various electronic devices depending on functionalities specified.
- Centre for Nano-materials and Nanoscience Research that creates capacity for

research and development in thin film deposition, nanofabrication, and characterization.

- Centre for Polymers and Mold Designs to support the development of plastic engineering and polymer technology required in the manufacturing of electronic devices

For the Digital Theme of the park we have:

- Centre for Data Science and Artificial Intelligence that develops diagnostics tools for medical imaging, develops systems for natural ecosystems and water resources monitoring and also develops sensor systems and mobile applications for precision farming.
- Centre of Geospatial Information Systems and Remote Sensing These centers already have projects with industry and government institutions. They have projects supported by Kenya Space Agency; Safaricom Limited; Google; electronics giant ARM among others.
- DeKUT/KFC Film, Gaming and Animation Hub that builds local capacity in animation, game development and film production in readiness for the establishment of a digital media city within the park. Over 30 graduate interns have benefitted from training on filmmaking, animation, and gaming over the last one year.
- Software Development Centre that provides local software solutions.

The University has continuously supported its staff members in a number of ways and this has led to a high number of staff acquiring their PhDs and more are in the process of acquiring them. With support from our international partners such as France and Hungary, we have been able to strengthen our postgraduate development by providing scholarships. Some of our staff members have also been recognized at regional and country levels for their outstanding performance in research and innovation

There exists a cooperative relationship between the University Council, Management, Senate, staff and students. This cooperation has sustained a collegiate working relationship on important University matters leading to the phenomenal growth that has been achieved by this University in terms of quality programmes and facilities. In this regard, policies

approved by Council have been implemented by Management and Senate. Further, there is a free flow of information from Council to Management and vice versa.

The University has endeavoured to ensure that the funds allocated to her are prudently and transparently utilised which has resulted to financial stability and sustainability of the University. In this regard, Council has developed innovative strategies of generating income and reducing costs. The University has also embraced cost cutting measures. Further, the University always adheres to the planned budget and this has made the University receive a clean bill of health from the Auditor General on the utilisation of public funds, every financial year.

The University is evolving its uniqueness, through education, research, and technology transfer, to meet the technological needs of Kenya for Vision 2030 and beyond. To successfully achieve this; we are seeking to contribute towards the Government's Big Four Agenda which include manufacturing, universal healthcare, affordable housing and food security. In terms of providing universal healthcare, the University is working closely with the Ministry of Health towards the construction of the National Cancer Hospital in the University which will not only serve the nation but will also serve as a fully equipped medical education and research centre.

Challenges being faced and the way forward

The above achievements were not without challenges. These included: -

a) **Inadequate infrastructure:** - Quality teaching must be supported by adequate infrastructure, the University with the support of the Government endeavours to put up more lecture halls, laboratories, offices and other related infrastructure. Council appreciates the Government for the support granted in the ongoing development of the Resource Centre, the Academic Block, and the Hall. Their completion will give students ample learning facilities and a conducive working environment to staff.

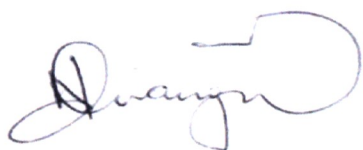
In the coming years, the University will be putting across proposals to the government for additional facilities to accommodate the growing number of students.

b) **Financial Constraints:** - Council appreciates the adoption of a fair financing system by the Government through the Funding Board. This has been achieved through the introduction of the Differentiated Unit Cost (DUC) model, where the allocation of funds

is based on the students per program. However, in the recent years the funding per program has declined to 41%, if this was to be raised to 80% of the program cost, financial status of the University can improve thus impacting on improved service delivery.

- c) Amid the Covid 19 pandemic, the global financial crash, 2017-2021 CBA and Russia/Ukraine war, the University has experienced slow payment of tuition fees by the students, increased operational costs. This has necessitated the University management to come up with innovative ways to increase the revenues and reduce cost for sustainability.

In conclusion I wish to take this opportunity to thank the Council, the University Management Board, Senate and other organs of the University for their leadership and commitment to the course of this institution in the FY 2021/2022 despite a number of challenges. I wish to thank all our students who remained calm to ensure smooth running of the University programmes. My appreciation also goes out to the entire staff for their steady commitment that realized the progress recorded in the year ended 30th June 2022. Finally, I wish to particularly appreciate the support of the National Government and other stakeholders in fulfilling their commitments to our university and we assure you of our continued cooperation and prudent utilization of resources bestowed on us.



Prof. P. Ndirangu Kioni, Ph.D, R. Eng.

Vice-Chancellor, DeKUT

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/22

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

Dedan Kimathi University of Technology has four strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Teaching

Pillar 2: Research

Pillar 3: Technology Transfer

Pillar 4: Resource Mobilisation

The University develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2021/2022 period for its four strategic pillars, as indicated in the diagram below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------|---|---|--------------------------------------|---|
| Teaching | To produce quality graduates in line with the University's mandate. | Complete 1,500 pax lecture theatre | Construction of Main Lecture Theatre | 1500 pax lecture theatre completed |
| | | Completed construction of Academic block | Construction of Academic Block | Completed, and in use 3150 SqM. |
| | | Increase the number of photocopiers and printers by 1:1 | Procure photocopiers and printers | Procured Computers acquired, raised ratio to 1:1 45 staff computers and 19 laptops purchased |
| | | Teaching software | Procure | Provided 40 VDI lab for |

| | | | | |
|-----------------|---|---|--|--|
| | | | teaching software in Mechanical Engineering | installation of the relevant software. |
| Research | To generate research and innovations outputs with impact on the national development goals. | Number of patents, innovative products and services | Use incentives to motivate research on innovative outputs and patents Operationalize and sensitize on the IP policy Advance innovations to the STP for incubation and commercialisation Increase the IPs and innovative products and services | Staff were sensitized by K.I.P.I facilitator and the IP policy. |
| | | Develop IP Policy | Operationalise and sensitize on the IP policy | IP policy in place |
| | | Number of publication | Enhance and operationalize the research fund for research, publications and conferences Publications in peer referred journals Develop Msc. And PhD programmes | <ul style="list-style-type: none"> - Published 1 77 papers in - 2021/ 2022 - - Cumulative 51 8 referred journals published between - 20 1 8 /202 2 |
| | | | | Cumulative 7 PhD , 23 Master , 4 post graduate by 2022 |
| | | Increase the number of signed and active local MoUs | Develop collaborative research at | 31 local and 24 international CAs / MOUs a s at 2 021/ 2022 |

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| | | | | |
|-----------------------|---|---|---|---|
| | | | institutional, national and international levels | |
| Technology Transfer | To transfer and commercialize technology from the University, other institutions and collaborators, | Built capacity for entrepreneurship | Offer consultancy services | Two consultancy services offered <ul style="list-style-type: none"> - Laikipia County and - NYEWASCO |
| | | University Income Generating Units | Commercialisation of DeKUT products | Products commercialized such as <ul style="list-style-type: none"> - DeKUT hand wash soap - Yoghurt, sanitizers, Face Mask |
| | | Established the directorate of Research, innovation management and linkages | Set up the directorate of Research, innovation management and linkages allocate funds for establishment of the Directorate of Research, Innovation Management and Linkage | The Directorate of RIMCL was allocated a budget of Ksh 5M for the year 2021/2022 (internal) The total research fund KES 55M |
| Resource Mobilisation | Increased revenue from training | Continuous improvement of revenue | Upscale income generation per annum in the next 5 years | Generated 620 m 2021/2022 from Ksh 412 M in 2020/2021 |
| | | Increase students' enrolment | Increase enrolment from the new post | The students enrolment stands at 9,456 from 8,700 2018/2022 |

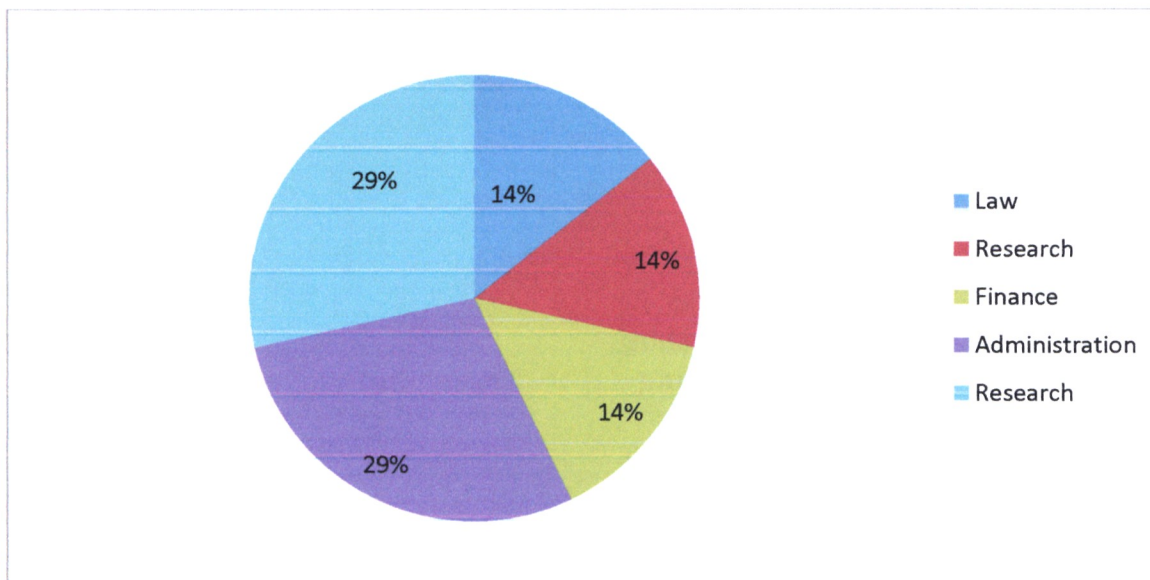
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| | | | | |
|--|----------------|---|--|---|
| | | | graduate programmes | |
| | Increased IGUs | Prioritize on coffee production for more revenue | Make the farm profitable | Farm generated 7 0M 2021/2022 up from Kshs. 25.3 M in 2020/2021 |
| | | Income generated DeKUT products and services - Yogurt - Coffee - Soap - Laboratory services - Bookshop - Catering services - Press unit - Training on short courses - Hire of facilities | To make an effort to grow revenue generated from other sources | Income generated amounted to Kshs. 4 0 M in 2021/2022 |

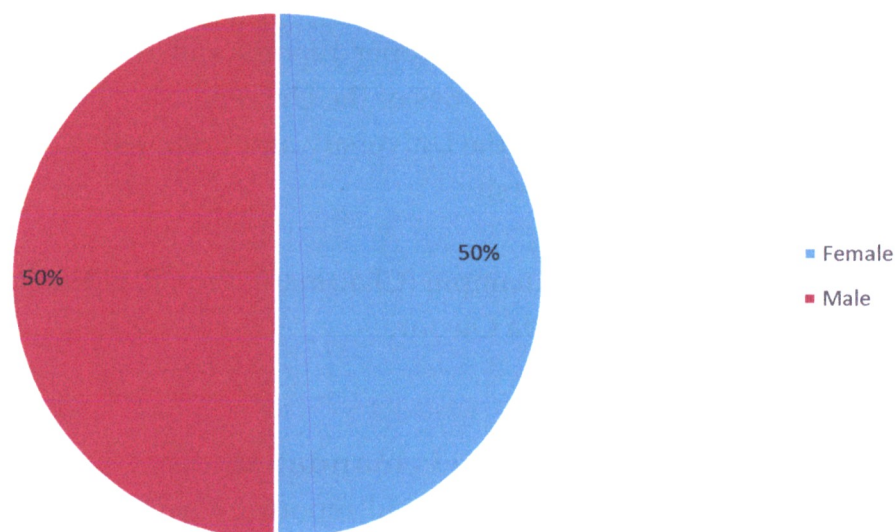
7. CORPORATE GOVERNANCE STATEMENT

DeKUT's Council is established under Section 35 of the Universities Act and comprises of the Chairman, 4 independent members, and Principal Secretary to the State Department responsible for University Education. The Vice Chancellor is an *ex-officio* member and secretary to the Council. The Board brings together members from different professional backgrounds with diverse skills, competences and complies broadly with the constitutional and gender balance requirements as shown in Pie Chart 1 and 2, below:

Pie Chart 1: Board Competences



Pie Chart 2: Board gender representation



Role of the Chairman

The Chairman utilises his/her expertise, experience, skills and leadership to facilitate the governance process. The Chairman is responsible for ensuring that meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for the University.

The Chairman chairs Council meetings and may also attend all other Council Committees meetings by invitation.

Board Committees

There are five standing committees of the Board, which assist the Chairman to discharge its functions and responsibilities effectively. The operations of each committee are defined in the Statutes. The Council Committees are as follows: -

Finance Committee

The Finance Committee is responsible for: -

1. the oversight of the University's entire finances and recommends to Council for approval, the University's annual budget and certain items of major expenditure;
2. the administration of special funds benefactions;
3. the investment policy;
4. the University budget;
5. the quarterly financial reports and final accounts;
6. staff loan schemes;

7. Analysing the financial consequences of the decisions of the Terms of Service Committee;
8. considering reports on fee revisions;
9. ensuring the preparations of proper reports and records of accounts of income and expenditure, assets and liabilities of the University;
10. receiving and considering the University audit reports
11. fundraising for the University.

Its members are; Mr. Raphael Anampiu (Chairman), Prof. P. Ndirangu Kioni (Vice Chancellor), Mr. Caleb Ogot, and Dr. Roselida Owour.

Risk and Audit Committee

The Risk and Audit Committee is mandated to:-

1. Independently monitor, review and report to Council on the processes of governance and, where appropriate, to facilitate and support through its independence, the attainment of effective processes.
2. Monitor, review, and report to the Council as to whether the University's processes in the following areas are efficient and effective: - internal control and risk management; internal audit; and financial reporting.
3. Review the management letter provided by the Auditor General on any weaknesses in internal accounting, organization and operating controls, and consider the recommendations made by the Auditor General and analyse the action taken by the Management Board in response to the suggestions.
4. Review the Audit, Risk and Compliance Department's reports on any weaknesses in internal accounting, organization and operating controls, and consider their commendations made by the Chief Internal Auditor and analyse the action taken by the Management Board in response to the suggestions.
5. Review and or initiate any other act necessary to ensure: - compliance with policies, plans, procedures, laws and regulations; safeguarding of University assets; Economic and efficient use of resources; and accomplishment of established objectives and goals for operations or programs.
6. Ensure that attention is drawn to any failure to take prompt remedial action relating to previously identified shortcomings.
7. Review the proposed scope of the internal and the external audit function.
8. Review performance of the internal audit function.
9. Appraise the effectiveness of the audit by discussing the approach to the examination and areas where special attention is considered necessary.
10. Approve annual audit plans for the year.
11. Identify, assess, and evaluate the University's risk areas and ensure that all the risks identified are mitigated and more so in the major risks which are: -

- (a) Financial risks.
- (b) Technical risks.
- (c) Managerial risks.
- (d) Behavioral risks.
- (e) Legal risks.

12. to perform any other duty delegated to the Risk and Audit Committee by the Council.

Its members are; Dr. Janet Kabebere-Macharia (Chairman), Prof. Ruthie C. Rono, Dr. Roselida Owour and P. Ndirangu Kioni (Vice-Chancellor).

Strategic Planning and Development Committee

The Strategic, Planning and Development Committee is responsible for: -

1. The management of the University's planning, building, farm development, and other development projects;
2. Receiving and considering progress proposals of development plans from the University Management Board on issues of development planning, academic affairs, income generating activities and cause them to receive approval by Council;
3. The general supervision of campus development including such issues as the use of planning and location of building;
4. Receiving, considering and processing proposals of development plans from the University Management Board;
5. Causing the University Development Plans to be prepared and approved by the Council; and
6. Receiving and reviewing performance contract reports.

Its members are; Mr. Kennedy Adongo (Chairman), Prof. P. Ndirangu Kioni (Vice-Chancellor), and Mr. Raphael Anampiu.

Human Resource and Staff Welfare Committee

The Human Resource and Staff Welfare Committee is responsible for appointments, staff welfare and disciplinary matters as indicated below:-

1. Staff Appointment

- (a) To consider staff and recommend to Council for appointment and promotions into all established academic and administrative posts provided that the Vice-Chancellor can make temporary appointments to such posts for renewable contractual periods not exceeding one year. When this is done, due care should be taken regarding relevance and adequacy of qualification of the persons being so appointed.

2. Staff Welfare matters

- (a) To initiate and review amendments to the disciplinary procedure.

- (b) To review and approve those materials published either in the handbooks or other such compilation affecting the welfare of Administrative/Academic Staff for purposes of providing current and accurate information to staff.
3. **Staff Housing matters**
- (a) To set up and review the University's housing policies and schemes as and when necessary and make recommendations thereon to Council
- (b) To review staff entitlement to housing as and when necessary and make recommendations there on to Council.
4. **Staff disciplinary matters** - To consider charges and evidence of staff in disciplinary cases and recommend to Council appropriate action to be taken.

Its members are; Prof. Ruthie C. Rono (Chairman), Prof. P. Ndirangu Kioni (Vice Chancellor), and Dr. Janet Kabeberi-

Sealing Committee

The Sealing Committee is mandated to authorize, on behalf of Council, the application of the University Seal on documents.

Its members are; Dr. Janet Kabeberi- Macharia (Chairman), Prof. P. Ndirangu Kioni (Vice Chancellor), and Mr. Kennedy Adongo.

a) Board meetings held and the attendance to those meetings by members

Council holds meetings at least four times annually. The meetings are held on a quarterly basis, in accordance with the calendar of meetings approved by Council. Council has established five standing Committees which also meet quarterly. Council and its Committees held meetings as follows:

- Full Council - 4 meetings
- Special Full Council - 3 Meetings
- Human Resource & Staff Welfare - 3 meeting
- Finance - 4 meetings
- Sealing - 2 meeting
- Audit, Risk & Compliance - 4 meetings
- Strategic, Planning & Development - 3 meetings

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| Council Member | Classification | Designation | HR& Staff Welfare Committee | Finance Committee | Audit, Risk & Compliance Committee | Strategic, Planning & Development Committee | Full & Special Council | Sealing Committee |
|------------------------------------|--------------------------------|--|-----------------------------|-------------------|------------------------------------|---|------------------------|-------------------|
| Dr. Jane Nyakang'o | Independent | Council Chair | | | | | 7 | |
| Amb. Prof. Ruthie C. Rono | Independent | Chairperson, Human Resource & Staff Welfare | 3 | | 4 | | 7 | |
| Dr. Janet Wahito Kabeberi-Macharia | Independent | Chairperson, Audit, Risk & Compliance, and Sealing | 3 | | 4 | | 7 | 2 |
| Mr. Raphael Anampiu | Independent | Chairman, Finance | | 4 | | 3 | 7 | |
| Mr. Kennedy Adongo | Independent | Chairman, Strategic, Planning & Development | | | | 3 | 7 | 2 |
| Dr. Roselida Owour | Rep. PS. Ministry of Education | Council Member | | 4 | 3 | | 7 | |
| Prof. P. N Kioni | Vice-Chancellor | | 3 | 4 | 4 | 3 | 7 | 2 |

b) Succession Plan

Council has put in place a succession plan for top Management and staff across the University and reviews the same regularly. This is through the Succession Planning Policy, 2018, which focuses on ways of building capacity by ensuring that vacancies are filled from within the organisation while at the same time encouraging competitiveness in filling such positions. Some of the succession management strategies include:

- i. Replacement of retiring staff through promotion of serving staff, and recruitment in key service areas.
- ii. Introduction of management trainee programmes to facilitate annual recruitment at entry level for purposes of succession, through graduate assistantship programme, appointment of adjunct professors, mentorship and coaching, among others.
- iii. Addressing staff turnover through provision of conducive working environment and reviewing of terms and conditions.
- iv. Continuous human resource planning through workload analysis, reconciliation of staff establishment records and keeping of skills inventory.
- v. Addressing staff stagnation through reviewing of scheme of service, and strengthening of human resource audit.
- vi. Ensuring recruitment and selection process is competence-based and is supported by human resource plans.
- vii. Continuous training and development of the staff through upgrading of skills, induction and graduate assistantship programmes.
- viii. Introduction of leadership training and development programmes through bonding, benchmarking, sabbatical leave and secondment.
- ix. Reviewing of performance management framework, to effectively measure institutional and individual performance.
- x. Creation of knowledge and talent management systems, to help in attraction and retention of right employees.

c) Existence of a Board Charter

Council has an approved Board Charter, which serves as a reference guide on Council's operations. It seeks to expound and explain to each Council Member the collective and individual powers, duties, obligations, responsibilities and liabilities of Council. It also highlights the requirements of good corporate governance which are necessary to bring the level of standards of corporate governance in DeKUT to international best practice.

The Charter also helps Council in directing the University to maximise on the long term value of services that are provided to all stakeholders. It assists the Council members to understand their individual and collective roles with the purpose of helping the University fulfil its mandate.

The Charter has been adopted by the University, acting in accordance with *Mwongozo, Code of Governance for State Corporations* ('the Code'), and is complementary to the statutory requirements of Council as contained in applicable Kenyan Laws and regulations.

d) Process of Appointment and removal of Council Members

Council members are appointed by the Cabinet Secretary and they hold office for a period of three years. They are eligible for re-appointment.

The office of a member of the Council shall become vacant if not being an ex-officio member, where the member resigns his/her office by writing to the Cabinet Secretary.

e) Roles and functions of the Board

Council has authority to exercise all the powers conferred upon it by the Universities Act 2012, the DeKUT Charter and the DeKUT Statutes.

Council also exercises leadership, enterprise, integrity, and sagacious judgment in directing DeKUT so as to achieve continuing prosperity and always acts in the best interest of DeKUT. Council is also responsible for ensuring that DeKUT is financially viable and properly managed so as to protect and enhance its (DeKUT) interests at all times. In achieving this purpose, Council carries out the following key tasks:

- (a) Subject to the provisions of the Act to make new or additional regulations, and alter, amend or revoke existing Statutes;
- (b) making and approving Statutes for gazettelement in accordance with the Act, for any purpose in respect of which Statutes are required;
- (c) Subject to the Act and the Statutes, to determine the method of recruitment, appointment and promotion of all staff of the University;
- (d) making the appointments authorized by the Act and the Statutes and to determine the terms and conditions of service for all staff of the University;
- (e) conferring after a report from the Senate, the title of Emeritus Professor, Visiting Professors, Honorary Professor, Honorary Lecturer or Honorary Fellow;
- (f) approving the budget;
- (g) promoting and to make financial provisions and facilities for execution of the functions of the University;
- (h) Subject to the laid down Government procedures, to approve the investment of any money belonging to the University including any unutilized income, in such stocks, funds, fully paid shares or securities as Council may from time to time deem fit, in accordance with the general Law for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rents and subject to the Act with the powers of varying such investment from time to time by sale or re-investment or otherwise;
- (i) Subject to the laid down Government procedures, to approve sale, purchase, exchange, take on, or lease of movable and immovable property on behalf of the University;
- (j) Subject to the laid down Government procedures, to approve the borrowing of money on behalf of the university, and for that purpose and subject to the Act, to mortgage or charge all or any part of the property unless the conditions of the property so held

- provide otherwise, and to give such other security whether upon movable and immovable property or otherwise as the Council may deem fit;
- (k) On the recommendation of Senate to provide in accordance with the Statutes, for the creation of new Divisions, Faculties, Schools, Institutes, Departments, Centres or other bodies of learning, research and production in the University, whether formed by the sub-division of any one or more than one of any such new body or otherwise, and for the abolition from time to time of any such body, and to approve the establishment, abolition or subdivision of any such body however so described;
 - (l) instituting on the recommendation of Senate fellowships, scholarships, studentships, exhibitions, bursaries, prizes and other aids to study and research;
 - (m) To approve the terms and conditions upon which Internal and External examiners shall be appointed by Senate;
 - (n) The Council may empower any such committees to act jointly with any Committees appointed by Senate, provided that Council shall not delegate to the Chairperson or to a Committee the powers to approve without further reference to the Council the annual estimates of expenditure;
 - (o) Approve regulations governing the conduct and discipline of the students of the University;
 - (p) Shall receive, on behalf of the University, donations, endowments, gifts, grants or other moneys and make legitimate disbursements wherefrom;
 - (q) To approve the Constitution of the Students Organization and so far as is reasonably practicable, to ensure that the Students' Organization operates in a fair and democratic manner and is accountable for its finances;
 - (r) Shall provide for the welfare of the staff and students of the University;
 - (s) May, after consultations with the University Management Council approve regulations governing the recruitment, conduct and discipline of the staff of the University;
 - (t) Recommend for appointment of the Vice-Chancellor, Deputy Vice-Chancellors and Principals of constituent colleges through a competitive process
 - (u) Monitor and evaluate the implementation of strategies, policies, and the management criteria and plans of the University;
 - (v) *Constantly review the viability and financial sustainability of the University, and shall do so once every year;*
 - (w) Ensure that the University complies with all the relevant Laws, Regulations, governance practices, accounting and auditing standards;
 - (x) Subject to the Act and the Statutes, the Council may refer any matters affecting the academic policy of the University to Senate for advice.
 - (y) Undertake other functions as set out under the Universities Act 2012, DeKUT Charter and the DeKUT Statutes.

f) Induction and Training

Training and development programs are developed to equip Council with the necessary skills for effective discharge of their mandate. Members have undergone a detailed induction process that enhanced their understanding of the University's Mandate and their obligations under all Statutes underpinning the University's operations and the Mwongozo Code of Governance for State Corporations. Each Council member was provided with sufficient information on appointment to enable him perform his or her duties. These included copies of:

- a) The Constitution of Kenya 2010;
- b) The Universities Act 2012;
- c) The DeKUT Charter;
- d) The DeKUT Council Charter;
- e) The DeKUT Statutes;
- f) The DeKUT Code of Conduct and Ethics;
- g) The State Corporations Act;
- h) The Public Procurement and Disposal Act 2015;
- i) The Public Officer Ethics Act 2003;
- j) The Ethics and Anti-Corruption Act;
- k) The DeKUT Strategic Plan 2019-2023;
- l) The Performance Contracts between the Council and the Government of Kenya and Vice Chancellor; and
- m) The Council calendar and work plan for the year.

g) Board and Member performance

Board evaluation is key in assessing the performance, efficiency and effectiveness of an organisation. Council undertakes regular annual performance evaluation to enable it to review its strategies to ensure continuous growth and sustainability. This evaluation exercise is conducted by the State Corporation Advisory Committee (SCAC). In previous reviews, the Council performed remarkably well.

h) Conflict of Interest

Council members and staff are obligated to fully disclose and declare any potential or real conflict of interest, which comes to their attention, whether direct or indirect. At any meeting of the University, Council members and staff are expected to declare any interest they may have in any agenda item under discussion. In case of conflict of interest, the affected member or staff is excluded from any discussion or decision on the matter in question.

i) Board Remuneration

Council Members are entitled to a sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable. This is done within the limits set by the Government for State Corporations. In addition, the Chairman is paid a monthly honorarium.

j) Ethics, Conduct and Governance Audit

Council ensures that a governance audit of the University is undertaken on an annual basis. The purpose of the governance audit is to ensure that the University conforms to the highest standards of good governance. The governance audit covers the following parameters among others:-

- (a) Leadership and strategic management;
- (b) Transparency and Disclosure;
- (c) Compliance with Laws and Regulations;
- (d) Communication with stakeholders;
- (e) Council independence and governance;
- (f) Council systems and procedures;
- (g) Consistent shareholder and stakeholders' value enhancement; and
- (h) Corporate social responsibility and investment

i) Internal Audit and Assurance

The University has an Internal Audit department whose main objective is to provide assurance of the risk management, internal control and governance processes. The assurance is meant to deepen good governance practices and support the achievement of the best internal controls through continual improvement and engagement. The University's system of internal controls has been defined by approved policies and procedures which contain operational and financial controls that ensure that the assets are safeguarded, transactions authorized and accurately recorded. Further, they ensure that material errors and irregularities are either prevented or detected within a reasonable time.

ii) Corruption Prevention Strategies

The University continued to implement the Anti- Corruption Policy and Corruption prevention strategies through the guidance of the Corruption Prevention Committee. The main objectives of the anti-corruption policy is to marshal the efforts and resources of various stakeholders to progressively and systematically reduce to the extent possible, the causes and the destructive effects of corruption in the institution.

The specific objectives are;-

1. To involve all departments and stakeholders in fighting and preventing corruption where they are, wherever it is or is expected to surface.
2. To create awareness of the causes and terrible effects of corruption and the role of the stakeholders in the prevention and eradication.
3. To promote good governance in all the functional departments of the institution in order to fight and prevent corruption.
4. To encourage all functional departments to develop their strategies for preventing and fighting corruption.
5. To encourage all departments and stakeholders to contribute towards the evaluation, improvement and reinforcement of the policy.
6. To create an environment where corrupt activity is seen and expressed as a social aberration.
7. To enhance collaboration among all stakeholders in ensuring that all corruption cases are reported, effectively and expeditiously investigated and prosecuted.

Further, the University carried out a Corruption Risk Assessment in all its functional areas, developed and implemented appropriate mitigation plans. As a result, zero cases of corruption were reported during the year under review.

iii) Whistle Blowing Policy

The University is committed to protecting the identity and well-being of all employees and stakeholders when they provide information regarding corruption related activities or participate in investigations towards this, it has established reporting channels through which anonymous reports on unethical/fraudulent behaviour can be made without fear of retaliation from the suspected individuals. The channels are the corruption reporting hotline, email and corruption reporting boxes.

iv) Code of Conduct

Council has developed and put in place a code of ethics outlining the values, ethics and beliefs that guide the policy and behaviour of DeKUT and define the ethical standards applicable to it and to all who deal with it.

v) Risk Management

Risk Management is one of the strategic functions and is applied in the day -today operations of the University. This ensures that all risks are managed optimally. In the year under review, the University continued to implement the various mitigation strategies to ensure that the risk levels were minimised.

8. MANAGEMENT DISCUSSION AND ANALYSIS

(a) (Operational performance of the University as at 30th June 2022

i) Staff Welfare

By offering competitive packages, workplace incentives and training opportunities, DeKUT has created a great University culture and we have positioned ourselves as an employee of choice for all the whole country. In 2021/2022 FY, we recruited 24 Graduate Student in various academic departments as indicated below.

The University has representation in 38 counties out of 47. The University gender representation remained the same. 7 staff on PhD Training completed their studies. In 2021/2022 FY, we recruited 6 and promoted 19 academic staff, 2 administrative staff were promoted to higher grades, and 20 new staff joined the University in various departments. In 2021/2022 FY, we offered 118 attachments and 13 internships opportunities.

The Public Service Commission (PSC) deployed 18 interns to the University, who deployed sent to various departments for coaching and mentorship. The second cohort completed their one-year internship in January 2022.

ii) Students Welfare

The Directorate of Students' Welfare (DSW) has always been on the frontline to champion seamless service delivery to the students and promote their welfare, in a bid to give them a great University experience. During 2021/2022 academic year, DSW diligently provided services to its customers by utilizing its budgetary allocation in the most practical way.

The University operationalized a Financial Aid Office(DeFAO) whose mandate is to assist DeKUT needy students to meet their fee payment obligation. During the year, DeFAO served over 7000 students for various needs ranging from accommodation issues, tuition fee, upkeep, HELB enquiries, Work study, CDF & County bursaries and University Bursaries. Breakdown per quarters: Q2(1730); Q3 (2322) and Q4 (2948)

During the year, the office managed to profile about 369 cases of needy students; Most of the profiled cases have been assisted in one way or another. The current list of the students requiring further financial support has greatly reduced.

iii) Quality teaching programs

To enrich and broaden the student experience and to fill gaps which are not easy to bridge, DeKUT has a number of MOUs with the industry and other public education institutions. Under the auspices of these MOUs, students and staff are able to access the equipment necessary to fulfil academic programme requirements.

The University has a total land area of approximately 347.37 Ha (858 acres) on which physical facilities have been developed for teaching and learning. These include lecture halls of various capacities, seminar rooms, lecture theatres, science laboratories, computer laboratories, engineering workshops among others. These are accessible by people with disability.

iv) Disability issue

The University has a conducive environment for people living with disability by, representation in the students' leadership, construction of a ramp at the Resource Centre III and the Lecture theatre and procurement of a TukTuk for ferrying by the PWDS. During the year that ended, a sensitization workshop on disability issues was also conducted.

v) Gender and diversity

DeKUT adhered to the provisions of the Constitution of Kenya 2010 and the National Cohesion and Integration Act on Ethnic Diversity and the rights of the minorities and marginalised groups. The University has embraced strategies like coming up with an Affirmative Action Policy and taking steps to institutionalise diversity in the University

Further, the University has an established Gender, Disability and Equity Affairs Directorate which handles upcoming issues on ethnic diversity and inclusivity. This office has accomplished the following: -

- a. Trained 30 gender violence and recovery champions
- b. Conducted a Peer counsellor's gender mainstreaming awareness.
- c. Established a clear Gender Violence reporting and recovery mechanism
- d. Review of the curriculum on HIV aids to handle reproductive health and

- sexuality
- e. Conducted quarterly Seminars to students on reproductive health
 - f. Mentorship to High schools on inclusion of Female in STEM.
 - g. Senate Representation:
 - h. Empowered mom graduates

The University has progressively improved on diversity compliance and had a representation of 37 counties in its staff population as per the table below:-

STAFF COUNTY DISAGGREGATION

| S/No | County | Top Mngt | Admin (Grade 1-7) | Admin (Grade 8-15) | Academic staff | GAs | Total |
|------|---------------|----------|-------------------|--------------------|----------------|-----|-------|
| 1 | Mombasa | - | - | 1 | 2 | - | 3 |
| 2 | Kwale | - | - | - | - | - | - |
| 3 | Kilifi | - | 1 | - | 1 | - | 2 |
| 4 | Tana River | - | - | - | - | - | - |
| 5 | Lamu | - | - | - | 1 | - | 1 |
| 6 | Taita Taveta | - | 1 | 2 | 1 | - | 4 |
| 7 | Garissa | - | - | - | - | - | - |
| 8 | Wajir | - | - | - | - | - | - |
| 9 | Mandera | - | - | - | - | - | - |
| 10 | Marsabit | - | 1 | 1 | - | - | 2 |
| 11 | Isiolo | - | - | - | - | - | - |
| 12 | Meru | 1 | 9 | 10 | 9 | 1 | 30 |
| 13 | Tharaka Nithi | - | 1 | 2 | - | 1 | 4 |
| 14 | Embu | - | 5 | 4 | 1 | - | 10 |
| 15 | Kitui | - | - | 1 | 2 | - | 3 |

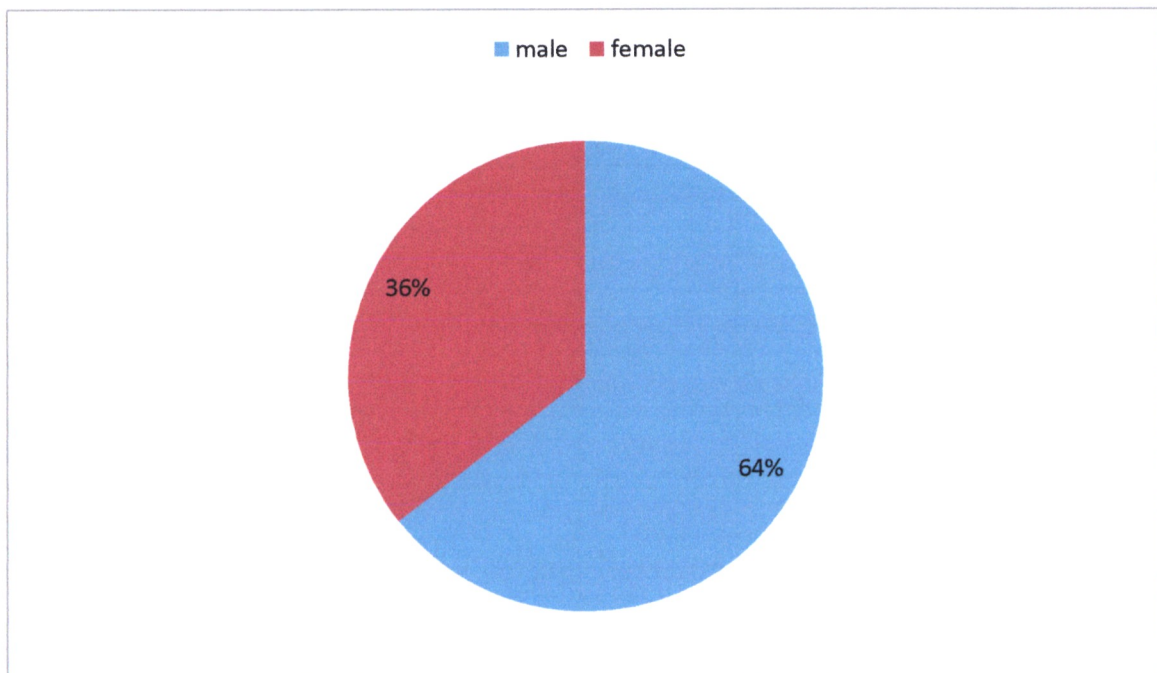
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| | | | | | | | |
|----|--------------------|---|----|----|----|---|-----|
| 16 | Machakos | - | 2 | 2 | 4 | - | 8 |
| 17 | Makueni | - | - | 1 | 1 | - | 2 |
| 18 | Nyandarua | 1 | 7 | 7 | 5 | - | 20 |
| 19 | Nyeri | - | 79 | 67 | 44 | 1 | 191 |
| 20 | Kirinyaga | - | 4 | 1 | 5 | - | 10 |
| 21 | Murang'a | - | 9 | 15 | 18 | 1 | 43 |
| 22 | Kiambu | 1 | 9 | 17 | 21 | - | 48 |
| 23 | Turkana | - | - | - | - | - | - |
| 24 | West Pokot | - | - | - | - | - | - |
| 25 | Samburu | - | - | - | - | - | - |
| 26 | Uasin Gishu | - | - | 4 | 6 | - | 10 |
| 27 | Trans Nzoia | - | 1 | 3 | - | - | 4 |
| 28 | Elgeyo Marakwet | - | - | - | - | - | - |
| 29 | Nandi | - | - | 1 | 4 | - | 5 |
| 30 | Baringo | - | 1 | - | 4 | - | 5 |
| 31 | Laikipia | - | 4 | 4 | - | - | 8 |
| 32 | Nakuru | - | 5 | 7 | 4 | - | 16 |
| 33 | Narok | - | - | - | 2 | 1 | 3 |
| 34 | Kajiado | - | - | - | 4 | - | 4 |
| 35 | Kericho | - | - | 1 | 7 | - | 8 |
| 36 | Bomet | - | 1 | 1 | - | - | 2 |
| 37 | Kakamega | - | 1 | 6 | 5 | - | 12 |

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| | | | | | | | |
|----|--------------|----------|------------|------------|------------|----------|------------|
| 38 | Vihiga | - | - | 1 | - | - | 1 |
| 39 | Bungoma | - | 2 | 2 | 5 | - | 9 |
| 40 | Busia | - | 1 | 1 | 1 | - | 3 |
| 41 | Siaya | - | - | 3 | 3 | 1 | 7 |
| 42 | Kisumu | - | - | 1 | 6 | - | 7 |
| 43 | Homa Bay | - | 2 | - | 1 | - | 3 |
| 44 | Migori | - | 1 | 1 | - | - | 2 |
| 45 | Kisii | - | 5 | 3 | 11 | - | 19 |
| 46 | Nyamira | - | 1 | 1 | 2 | - | 4 |
| 47 | Nairobi | - | 3 | 7 | 15 | - | 25 |
| 48 | Expatriate | - | - | - | 11 | - | 11 |
| | Total | 3 | 156 | 178 | 206 | 6 | 549 |

The staff establishment further met the Gender rule requirement as per the figure below



vi) DeKUT Enterprises Company (DeKUTES)

DeKUTES was operationalised as a corporate business entity that aspires to be more effective, efficient and sustainable. It is a company where the University professionals bring together their expertise with an objective of providing appropriate business, research and innovative solutions.

vii) Dedan Kimathi Science and Technology Park

The University has established the Dedan Kimathi Science and Technology Park on 177.8 acres of land and has already entered into agreements with two anchor clients.

viii) Automation

In view of leveraging on ICT to improve service delivery, efficiency of internal operations and engagement with stakeholders and the general public, the University continued to implement automation process. A dedicated team from the University has developed an ERP software (NAV 2018) which already in implementation stage by the University. We intend to be a solution provider to a number of public and private entities.

ix) Quality Management System

The University was certified to ISO 9001:2015. The Quality Management System (QMS) has been maintained and continually improved through regular internal audits as well as surveillance audits done by certifying body, SGS.

(b) Financial performance of the University as at 30th June 2022

The University financial performance has been negatively affected by the global crisis: Russia-Ukraine war, the COVID-19 pandemic among others which caused an unprecedented human and health crisis. The latest Global Financial Stability Report shows that the financial system has already felt a dramatic impact, and a further intensification of the crisis could affect global financial stability.

These factors have seen the rise in fuel prices and as a result all other costs of production rose sharply during the year leading to unbudgeted high expenditure. This contributed greatly to the deficit realised during the year in review. The existing 2017-2021 CBA is also a major factor that resulted to increased deficit, once the CBAs are negotiated and arrears settled, the Universities are not funded for the subsequent periods thus internally generated funds are utilized to finance the CBA, this has a negative effect to the financial performance of the University.

Through a collaborative process of management working together with staff, with the full support of the University Council, we have continuously worked to ensure that the University meets its financial obligations for sustainability and for expansion as a not-for-profit institution.

The University made a deficit of Kshs. 26,931,968 due to a number of factors explained above. More details about our performance are included in the financial statements from page 1.

As a University, we continue to explore other sources of revenues to avoid being over-reliant on student fees. One of the key areas we are venturing into is consultancies and short courses by collaborating and engaging with County Governments and Ministry of Education.

Resource Mobilisation

The University continues to rely on the exchequer for funding its activities. This is supplemented by internally generated revenues mainly from students and other investment incomes. During the year, the University received an allocation of Kshs 925,425,992 while Appropriation in Aid (AIA) was 634,836,733 against an original budget of Ksh. 658,524,023. This shortfall was as a result of post COVID effects which resulted to delayed admission of the first-year students, irregular semester schedules and also discontinuation of studies by a number of students.

The University continues to explore sustainability and ensuring implementation of planned activities in the wake of growing competition demands at the exchequer level. Prioritization and expected impact analysis will continue to inform our allocation of financial resources while our internal systems will be enhanced for efficiency, effectiveness and accountability.

For more information about our financial performance please refer to the Financial Statements Section.

(c) Key projects/investments decision implemented/ongoing

The university has three ongoing main projects i.e. construction of Lecture theatre, Academic block phase II and Resource centre phase III which are expected to be complete in financial year 2121/2022. The completion rate for the three projects are as follows:

- i) Construction of Resource Centre Phase III 99%
- ii) Construction of the Main Lecture Theatre 99%
- iii) Construction of Academic Block Phase II 90%

The lecture theatre will provide space for large groups of students and especially students taking common units this will lead to reduction of teaching costs.

The Academic block and Resource Centre III will increase access to education by providing space and facilities for quality education, learning and teaching which is in line with the Government of Kenya strategic objective of increasing access to University education in support of vision 2030. The University will also be in a position to increase the number of students it admits.

During the financial year 2021/2022 the following projects were financed as tabulated below:

- i. Construction of Resource Centre Phase III (Kshs. 20,628,731)
- ii. Construction of Academic Block Phase II (Kshs. 49,647,285)
- iii. Construction of Lecture theatre (Ksh. 28,564,712)

(d) Compliance with statutory requirements

The University Audit department conducts quarterly statutory compliance audits and tables the reports to the Audit, Risk and Compliance Committee and subsequently to the Full Council. Further, the University is also audited by the office of the Auditor General and is compliant with all her statutory requirements.

a) Major risks facing the University

The University's activities are exposed to a variety of financial risks including; Credit risk, Market risk and Liquidity risk. The University's overall risk management frameworks focus on unpredictability of changes in the business environment and seeks to minimise the potential advance effects of such risks on its performance by setting acceptable levels of risk. The specific details of each risk component have been discussed below:

(i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due resulting in financial loss to the University. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University Management based on prior experience and their assessment of the current economic environment. Credit risk on liquid funds with financial institutions is low because the counter parties are banks with high credit ratings and students whose balances are manageable since students are not allowed to sit for examinations or graduate with outstanding fees balances.

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The University Council sets the credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Liquidity risk is the risk to the University's financial condition or safety and soundness arising from her inability (whether real or perceived) to meet her conditional obligation. To manage this risk, Dedan Kimathi University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Ultimate responsibility for liquidity risk management rests with the entity's management, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements.

(iii) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity'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.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Effective risk management and control are essential pillars for the sustainable growth of the University. The role of risk management is to evaluate, respond to, and monitor risks in the execution of our strategy. The University Council is responsible for determining the system of internal control operated by the University and for monitoring its adequacy and effectiveness. Risk management is also a significant ongoing part of the University's system of internal control.

The University has implemented a global risk-based approach to the design, application and review of its risk management systems and internal controls. The risk assessment practices are incorporated into planning, budgeting and financial reporting processes through risk

registers which have been developed for all of the University operations. The risk register identifies, evaluates and manages all the material risks facing the University. A department that deals with Audit risk and compliance is fully operationalized.

The University's objectives for Audit risk and compliance are

1. Promoting constructive change and accountability through continuous appraisal of internal controls, processes and procedures
2. Managing the principal risks to the efficient and effective achievement of the University's aims and objectives;
3. Determining that systems have been established to ensure compliance with policies, procedures, plans, laws, regulations and controls

The University Council accepts that it is neither possible nor desirable to build a control environment that is free from risk. The University's system of internal control therefore only provides reasonable but not absolute assurance over the governance, operational, compliance, management, reputational and financial risks to the University. The University has established policies and supporting structures designed to prevent and detect corruption, fraud, bribery and other irregularities.

DeKUT's Council recognises that risk management cannot eliminate all risk, particularly where risks are outside the University's control. The following processes have been established to review the adequacy and effectiveness of the system of internal Control for the University:

- Each operational unit in the University assess risks inherent in its operations and records them in the list Register
- The University's risk working committee aggregates risks to a University wide register and is in charge of implementing the Enterprise Risk Management initiative
- The University council meets at least four times in the year to discuss reports on audit risk and compliance
- The council reviews the effectiveness of the University's system of internal control risk management and compliance to ensure systems have generally operated as intended up to the date of approval of the audited financial Statements.
- The University monitors areas of high risk and has set in place a programme of activities to minimize the impact of these risks.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Dedan Kimathi University of Technology was established as a public institution offering education and transferring knowledge for transformation of lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant educational and research services while improving operational excellence. Below is an outline of the University's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The University is proud of its long-standing commitment to sustainability, and the international recognition we have secured for our leadership on this critical challenge for the 21st century. We see sustainability as a force for transformative change across our academic activities, business operations, public outreach and the entire student experience. As a University of Technology, we recognize that we impact the world we live in and the people we interact with. Our actions affect our students, employees, suppliers, the communities in which we live and work, and the environment. CSR represents the University's commitment to operate in an economically, socially, and environmentally sustainable manner while recognizing the interests of its stakeholders.

Sustainability in Dedan Kimathi University is about understanding the wider consequence of our current activities while using learning, imagination and leadership to support societies towards more sustainable futures. The concept of sustainability is like a prism with different facets. Looking through the sustainability lens requires an interconnected view of the three pillars of sustainability - financial, social and environmental - known as the 'triple bottom line'. Our shared understanding of sustainability is based on internationally agreed principles of learning and change for sustainability, providing a working definition adaptable to different areas of professional and academic practices.

Sustainability is ultimately a challenge of learning and change. As a university, our most important contribution to sustainability is through education, by building the

capability and confidence of our students to shape the future for the development of national goals.

ii) Environmental performance

Dedan Kimathi University recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all of her essential strategies and operations consider their environmental and ecological aspects and impacts.

To support the surrounding community and maintain a conducive environment for students and the local community, the University has provided sewer connections. This has significantly impacted the community around the University since there is proper waste management in the area. The community is able to live in a clean and sanitary environment.

The University in her strategic plan 2019-2023 continues with the transformative initiatives of providing a green environment, which will in turn enhance the employee work environment. To achieve the green agenda, the University aims to continue pursuing sustainable best practices in waste management, creation of pedestal walkways, construction of new buildings with solar systems, and adequate window space to enhance use of natural lighting and promote green procurement. The university will also continue managing its lawns and planting more trees to provide a fresh air circulation.

The Centre for Biomass Energy Studies (CBES) is implementing two projects: Climate Friendly Cooking Project in Kenya and Senegal, a Green Climate Fund project locally implemented by GIZ and Water and Energy for Food (WE4F) project, a Resource Efficiency Improvement and Circular Production in Tea Processing in Kenya project still under GIZ funding in Agriculture value chain.

Both projects are climate smart and are geared towards addressing climate change in households and tea value chain and enhancing mitigation measures the two sectors mitigation measures against increased carbon emissions from biomass fuel combustion, deforestation and change in land use. The climate friendly cooking

project involves professionalization of the sector through production of high quality cook stoves (jikos), improvement of combustion efficiency of the cook stoves and awareness creation amongst the sector stakeholders. The WE4F project involves use of solar thermal energy to season/dry fuel wood. By reducing the moisture content of the fuel wood before the same is burnt in steam generation boilers, the net calorific value of the fuel wood is increased resulting in lower fuel wood consumption for the same level of steam generation and final product production levels.

iii) Employee welfare

Dedan Kimathi University is committed to being a good employer. As an employer, the University is committed to ensuring that all staff members are fully supported by providing a conducive working environment and are fairly rewarded. The University engages with recognized trade unions that represent and protect the interests of its staff.

By offering competitive packages, workplace incentives and training opportunities, DeKUT has created an excellent University culture, and we have positioned ourselves as an employee of choice for the whole country. The University has representation in 37 counties out of 47. The University gender representation meets the constitutional threshold at 66% to 34% male to female ratio.

In 2021/2022 FY, more than 100 staff members were promoted thus raising their morale to work better and efficiently.

In order to achieve this, the University commits to;

- Providing an in-house quality medical scheme for her staff
- Encouraging staff to join staff welfare for the University
- Providing an operating and successful pension scheme
- Developing staff reward policy to recognize staff achievements in various areas
- Bringing staff together during planned staff fun days every year.

- Ensuring staff can achieve their full potential through training, mentoring and other staff development activities

The University is also striving to create a framework to ensure that DeKUT offers a supportive environment for all university community members. The University's commitment to all PWDs (students, staff and visitors) is to have an enabling environment that will foster University-led and university-specific strategies to make a deliberate effort to ensure that Persons with Disabilities are accorded equal opportunities in all spheres of their university of life. This means ensuring that disabled people have a voice in the future development of the university community, that they can benefit from the new opportunities that the said developments bring, have access to the resources needed, and share in higher education. For this purpose, the DeKUT has established the University Disability mainstreaming Committee, whose overall objective is to address the social, cultural and economic disadvantages experienced by many persons with disabilities. This is done by mainstreaming disability in all University's policies and programmes.

iv) Market place practices-

The Marketplace Responsibility Principles is a Corporate Social Responsibility (CSR) framework that maps out what the University should seek to achieve in relationship with customers, suppliers and governments, and terms of impacts of products and services on third parties.

a) Responsible competition practice.

Dedan Kimathi University is a chartered University and attracts students from all over the country due to her strategic investment in teaching facilities. Students apply for their programmes of choice, and KUCCPS usually does placement. The University has an established public relations department whose mandate is to publicize the University and uses the media, social media platforms, and face-to-face marketing strategies while adhering to all ethical issues on advertisement and publicity.

It is common for individuals to feel that they have chosen the wrong course or the wrong university. With the KUCCPS inter university transfer a student can apply to transfer to another university and pursue the course that they want. The KUCCPS inter university transfer procedure and forms can be easily found and filled online eliminating person interference thus reducing corruption and unfair practices.

b) Responsible Supply chain and supplier relations

At the beginning of every financial year, the University is supposed to recruit suppliers of goods and services, this is done through an open and competitive tendering process. These suppliers serve the University for specified period of time ranging from twelve to twenty-four months depending on the contract type. The University has a customer service charter, and the suppliers are supposed to be paid within 90 days. This process is free from internal and external interruptions, which may lead to corruption.

DeKUT continues to adopt best practices in its dealings with its suppliers and Creditors by performing the following:

- i. Carrying out prequalification of suppliers
- ii. Promoting transparency and competitiveness in the tendering process
- iii. Compliance with the law in procurement
- iv. Prompt settlement of supplier accounts
- v. Timely resolution of supplier complaints

c) Responsible marketing and advertisement

Ethical marketing refers to how the University markets her programs and services by focusing not only on how its products benefit customers but also how they benefit socially responsible or environmental causes. DeKUT focuses on offering education programs that are relevant to the market and self-reliance. DeKUT is one of the most progressive universities in Africa with a keen focus on quality education, holistic development of students, and the

production of relevant human resources and leaders to contribute to growth and development.

d) Product stewardship

Product Stewardship is part of DeKUT's sustainable and ethical business culture and includes all activities aimed at minimising the health, safety, environmental and social impacts of products throughout all the phases of their life-cycle. The Institution endeavours to provide an academically stimulating, culturally diverse and quality learning environment that fosters research, innovation and technology development towards producing relevant technical and managerial human resource and leaders to contribute to the attainment of national development goals.

The mix of academic programmes are spread over Engineering, ICT, Food Technology, Health Sciences, Applied Sciences, and Business Studies - fit for this purpose. Of critical importance is that all our Academic Programmes are accredited by both local and international accrediting bodies. Locally, the University's Programmes have been accredited by the Regulatory Body, Commission for University Education, and respective Professional Bodies where they apply.

Through the effective application of the trimester system of study, DeKUT ensures that her students complete their courses within the shortest time possible while not compromising quality.

e) Community engagements

Dedan Kimathi University has been engaged in various activities that benefit the community, among them are;

i. Laikipia maize drier project

The celebrated the launch of the Industrial Scale Automated Maize Drier (ISAMD) which was an innovation partnership between the University, the Laikipia County Government and Small and medium sized enterprises

in Laikipia County. Through the maize drier project, the University is impacting the community by creating jobs, promoting best practice in post-harvest management, increasing food safety and overall health of the people, transferring of skills to the SMEs and encouraging the growth of SMEs.

ii. Nyeri County Youth Empowerment program

The University in collaboration with the Nyeri County and the Kenya Film Commission (KFC) trained a total of 90 youth in areas of film animation, titling and sub-titling. This gave the youth skills in film creation and production of films in the spirit of job creation.

iii. Chia Project

In Kenya, demand for functional food with multiple health benefits has increased with increasing public health awareness worldwide. Chia (*Salvia hispanica L.*) is an exotic plant in Kenya whose health benefits have not been well understood by the public. It has a promising future for food security, improved nutrition and health.

The University has been undertaking a project on chia research where farmers are involved. The University holds a Chia Stakeholder workshop to educate farmers on the chia plant, its production, processing, and benefits through the project. This has seen farmers and consumer education take place and the development of chia enriched foods and recipes.

iv. Coffee Education, Processing and seedling growing

As part of the CSR activity, the University has been growing coffee seedlings supplied to farmers at affordable rates to improve the coffee varieties in the region. The University has also embarked into coffee processing to spur value addition in the industry as well as educate the cooperatives and farmers on coffee value addition. Through this program, the University has trained young

people from the cooperatives and the coffee growing regions in coffee processing.

Most recently, the University embarked on a project to use natural coffee flavor in yoghurt production, birthing the natural coffee-flavoured yoghurt. This innovation led the University to partner with a small scale cooperative, Mukurwe-ini Wakulima Dairy Ltd, in a unique University-Industry partnership. Under this partnership, the University licensed its natural coffee-flavoured yoghurt innovation to the dairy cooperative under the product "Royal Coffee Flavored Yoghurt," available in outlets countrywide. This has empowered the cooperative, which serves small scale farmers in the region it is domiciled.

v. Security

The University also provides patrol services in liaising with local police posts to areas around the University, such as the external hostels where most of our students reside. This has impacted the community as it has led to the reduction of crimes around the University, making it safer for the community and our students.

vi. Development of Coffee Pulping Machines

The University recently partnered with Manufacturing on Wheels Ltd, an integrated agro-processing and trading start-up, to develop a drive system that taps Motorbike's power to drive a manual coffee pulper. This innovation will revolutionize the coffee subsector by enabling the farmers to sell parchment or green beans at farm-gate, and receive cash before their produce is picked by buyers and also create employment opportunities to our local bodaboda operators. The operators and farmers will also be trained in coffee processing and post-processing management by DeKUT's coffee technology program.

10. REPORT OF THE COUNCIL MEMBERS

The Council members submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the University's affairs.

Principal activities

The principal activities of the entity are as follows: -

- a) Advancement of knowledge through teaching, scholarly research and scientific investigation;
- b) Promotion of learning in the student body and society generally;
- c) Promotion of cultural and social life of society;
- d) Support and contribution to the realisation of national economic and social development;
- e) Promotion of the highest standards in, and quality of, teaching and research;
- f) Dissemination of the outcomes of the research conducted by the university to the general community;
- g) Facilitation of life-long learning through provision of adult and continuing education;
- h) Fostering of a capacity for independent critical thinking among its students;
- i) Promotion of gender balance and equality of opportunity among students and employees.
- j) Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

Results

The results of the University for the Year ended June 30, 2022 are set out from page 1 to 72

Directors

The Council members who served during the year are as shown on page viii - xii. During the year, the Council had five members who were appointed effective 10th March 2020 for a period of three years.

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.

The University did not make any surplus during the year (FY 2022 Kshs Nil) and hence no remittance to the Consolidated Fund.

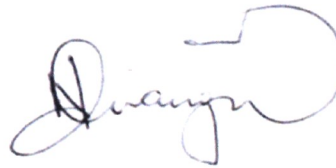
Auditors

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

By Order of the Council



**Dr. Jane Nyakang'o
DeKUT Council Chairman**



**Prof. P. Ndirangu Kioni, Ph.D, R. Eng.
Vice-Chancellor, DeKUT**

11. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Universities Act, 2012 require the Council members 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/period and the operating results of the University for that year/period. The Council members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council members are also responsible for safeguarding the assets of the University.

The Council members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2022. 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 the University; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

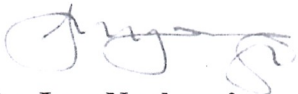
The Council members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act, 2012. The Council members are of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2022, and of the University's financial position as at that date. The Council members further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the

University's financial statements as well as the adequacy of the systems of internal financial control.

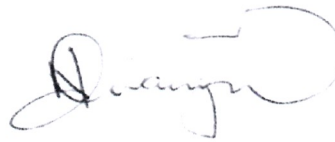
Nothing has come to the attention of the Directors to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The University's financial statements were approved by the Board on 22nd August 2022 and signed on its behalf by:



Dr. Jane Nyakang'o
DeKUT Council Chairman



Prof. P. Ndirangu Kioni, Ph.D, R. Eng.
Vice-Chancellor, DeKUT

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Dedan Kimathi University of Technology set out on pages 1 to 66, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes

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

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

Basis for Qualified Opinion

1. Long Outstanding Student Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.222,332,642 which includes student debtors of Kshs.173,707,110 as disclosed in Note 32 to the financial statements. The student's debtors include an amount of Kshs.168,668,015 that has been outstanding for more than one year despite being collectable within one financial year.

In the circumstances, the completeness and recoverability of student debtors of Kshs.168,668,015 as at 30 June, 2022 could not be confirmed.

2. Long Outstanding Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.252,625,511 as disclosed in Note 41 to the financial statements. The trade and other payables include a balance of Kshs.122,699,131 that has been outstanding for more than one year.

In the circumstances, Management strategies and controls put in place to clear payables balance of Kshs.122,699,131 as at 30 June, 2022 could not be confirmed.

3. Outstanding Employees Benefit Obligations

The statement of financial position as at 30 June, 2022 reflects employees' benefits obligations balance of Kshs.47,621,705 as disclosed in Note 46 to the financial statements, out of which Kshs.23,183,669, relates to pension arrears which have been outstanding since the 2010/2011 to 2016/2017 periods for unexplained reasons.

In the circumstances, the University is likely to incur interests and penalties on the non-remittance of pension contributions.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Dedan Kimathi University of Technology Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material Uncertainty Related to Going Concern

The University recorded a deficit of Kshs.26,931,968 for the year ended 30 June, 2022 compared to a deficit of Kshs.56,102,502 recorded in the previous year. This increased the accumulated deficit from Kshs.294,694,476 as at 30 June, 2021 to Kshs.321,626,444 as at 30 June, 2022. Further, the total current liabilities balance of Kshs.410,536,386 exceeded the total current assets balance of Kshs.266,858,918 resulting in negative working capital of Kshs.143,677,468.

The financial position and performance of the University is an indication of the existence of material uncertainty which may cast doubt on the University's ability to continue to sustain its services and to meet its obligations as and when they fall due. The financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive financial support from the National Government and its creditors.

Management has disclosed the material uncertainty related to going concern/sustainability of services in Note 5 to the financial statements with the following strategies to mitigate the material uncertainty:

- i. Increasing the students population through improving the existing infrastructural development and attract more capitation under differential unit cost model.
- ii. Savings on human resource operational costs through restructuring strategy of merging administrative units from the initial three to two divisions.
- iii. Raising more revenue through the commercial arm of the University (DeKUTES) from consultancies and conferences and rehabilitation of coffee farm to raise additional 70 million annually.

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. Delayed Completion and Cost Escalation on Construction of an Academic Block

The statement of financial position reflects property, plant and equipment balance of Kshs.6,035,466,103 and includes capital work-in-progress of Kshs.1,378,211,300 as disclosed in Note 36 and 37 to the financial statements respectively. As previously reported, included in the balance is an amount of Kshs.49,647,285 spent on construction of Academic Block Phase II during the year under review. The project has taken over 10 years and is still incomplete. Further, the construction cost for the project cumulatively amounts to Kshs.249,731,178, since inception, which is more than the initial contract cost of Kshs.157,100,200. This translates to a cost escalation of Kshs.92,630,978 or 59% of the original contract sum.

In the circumstances, the public may not have realised value for money on the delayed completion of the Academic Block Phase II and the cost escalation of Kshs.92,630,978.

2. Failure to Remit Income Tax (PAYE)

The statement of financial performance reflects remuneration of the Council amount of Kshs.7,415,731 as disclosed in Note 18 to the financial statements. However, Pay As You Earn (PAYE) amounting to Kshs.27,040 was deducted and not remitted to Kenya Revenue Authority, contrary to Section 37(1) of Income Tax Act Cap 470, which provides that 'an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed'.

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

3. Failure to Adhere to a Third Rule on Basic Salary

Audit review of the University's payroll revealed that, forty-six (46) employees earned net salaries which were below one-third of their basic pay. This is contrary to Section 19(3) of the Employment Act, 2007, which requires that, "without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by the employer from the wages of his employee at any time shall not exceed two-thirds of the basic salary".

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

4. Staff Ethnic Diversity

Audit review of the personnel records and establishment revealed that the University's total number of employees was 545, out of which 363 (66.6%) comprised staff from one dominant ethnic community. This is contrary to the requirements of Section 7(2) of the

National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

5. Delayed Filling of Acting Positions

Audit review of records of the University revealed that a total of Kshs.811,794 acting allowance was paid to five (5) employees who had been in an acting capacity positions for a period of more than six (6) months. This is contrary to the University's Human Resource Manual, which provides that the period of acting appointment shall not exceed a period of six months in any particular case.

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

6. Failure to Have Properly Constituted Inspection and Acceptance Committees

Note 16 to the financial statements reflects use of goods and services amount of Kshs.105,410,805, which includes payments made to two firms of Kshs.1,266,729 for the supply of goods and services. However, audit review of the respective payment vouchers revealed that only one member of the inspection and acceptance committee signed the inspection and acceptance certificates. Further, the appointment letters of the inspection and acceptance committee members were not provided for audit review. This was contrary to Section 48(2) of the Public Procurement and Asset Disposal Act, 2015 which provides that the inspection and acceptance committee shall be composed of a chairman and at least two other members appointed by the accounting officer or the head of the procuring entity on the recommendation of the procuring unit.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes

and systems of internal control, 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 such 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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

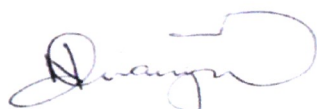
07 March, 2023

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

| | Notes | 2021-2022 | 2020-2021 |
|---|-------|----------------------|----------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from Government | 6 | 925,425,992 | 891,228,672 |
| Revenue from exchange transactions | | 0 | 0 |
| Rendering of services (tuition and other fees) | 11 | 485,463,111 | 413,541,216 |
| sales of goods | 12 | 97,182,938 | 39,598,963 |
| Rental revenue from facilities and equipment | 13 | 8,915,296 | 8,397,754 |
| Finance income | 14 | 940,890 | 567,053 |
| Other income | 15 | <u>42,334,498</u> | <u>18,038,715</u> |
| Total revenue | | 1,560,262,725 | 1,371,372,373 |
| Expenses | | | |
| Use of Goods and Services | 16 | 105,410,805 | 85,643,951 |
| Employee Costs | 17 | 1,124,027,953 | 1,088,321,062 |
| Remuneration of Council | 18 | 7,415,731 | 6,780,477 |
| Depreciation and Amortization | 19 | 54,647,614 | 53,173,238 |
| Repairs and Maintenance | 20 | 25,807,684 | 10,195,161 |
| Contracted Services | 21 | 18,940,968 | 2,754,632 |
| Grants and Subsidies | 22 | 37,862,184 | 12,397,520 |
| Academic costs | 23 | 49,597,473 | 30,638,330 |
| General Expenses | 24 | 135,106,957 | 117,317,088 |
| Farm expenses | 30 | 29,548,180 | 24,066,602 |
| Total expenses | | 1,588,365,549 | 1,431,288,061 |
| Other Gains/losses | | | |
| Decrease in provision for doubtful debt | 32(b) | 1,170,856 | 3,813,186 |
| Total gains/(losses) | | | |
| Net Surplus/(deficit) for the year | | (26,931,968) | (56,102,502) |

The notes set out on pages 7 to 64 form an integral part of these Financial Statements.

The Financial Statements set out on pages i to 72 were signed on behalf of the Board of Directors by:



Accounting Officer
 Prof. P. N. Kioni

Date: 15th December 2022



Head of Finance
 CPA A. Mwangi
 ICPAK Mbr. No. 9164

Date: 15th December 2022



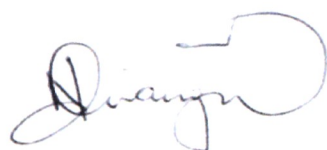
Chairman of Board
 Dr. Jane Nyakang'o

Date: 15th December 2022

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

| | Notes | 2021-2022 | 2020-2021 |
|---|-------|----------------------|----------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash & Cash Equivalents | 31(a) | 38,567,982 | 59,935,059 |
| Receivables from exchange Transactions | 32 | 222,332,642 | 236,778,692 |
| Receivables from non-exchange Transactions | 33 | 0 | 0 |
| Inventories | 34 | 5,958,294 | 4,016,554 |
| | | 266,858,918 | 300,730,305 |
| Non-current assets | | | |
| Property Plant and Equipment | 36 | 6,035,466,103 | 5,968,718,609 |
| Investments | 38 | 0 | 0 |
| Biological assets | 39 | 12,458,100 | 13,133,100 |
| | | 6,047,924,203 | 5,981,851,709 |
| Total assets | | 6,314,783,121 | 6,282,582,014 |
| Liabilities | | | |
| Current liabilities | | | |
| Bank Overdraft | 40 | 0 | 0 |
| Trade and other payables from exchange transactions | 41 | 252,625,511 | 291,991,227 |
| Trade and other payables from non-exchange transactions | 42 | 25,375,447 | 29,352,605 |
| Employee benefit obligations | 46 | 47,621,705 | 67,578,967 |
| Payments received in advance | 47 | 84,913,723 | 59,805,512 |
| Total liabilities | | 410,536,386 | 448,728,311 |
| Net asset | | 5,904,246,736 | 5,833,853,703 |
| Accumulated (deficit) | 48 | (321,626,444) | (294,694,476) |
| Revaluation reserve | 49 | 3,590,350,437 | 3,591,025,437 |
| Capital fund | 50 | 2,635,522,743 | 2,537,522,743 |
| | | 5,904,246,736 | 5,833,853,703 |

The Financial Statements set out on pages i to 72 were signed on behalf of the Board of Directors by:



Accounting Officer
 Prof. P. N. Kioni

Date: 15th December 2022



Head of Finance
 CPA A. Mwangi
 ICPAK Mbr. No. 9164

Date: 15th December 2022



Chairman of Board
 Dr. Jane Nyakang'o

Date: 15th December 2022

15. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2022

| | Capital Fund | Revaluation reserve | Accumulated Surplus | Total |
|---------------------------------------|---------------|---------------------|---------------------|---------------|
| Balance as at 01/07/2020 | 2,506,571,719 | 3,591,561,639 | (233,404,975) | 5,864,728,383 |
| Surplus/(deficit) for the period | | | (56,102,502) | 56,102,502) |
| Revaluation additions | | (536,200) | | (536,200) |
| Capital development grants | 28,427,524 | | | 28,427,524 |
| Prior year restatement of receivables | | | 5,187,000 | 5,187,000 |
| Capital Donation | 2,523,500 | | | 2,523,500 |
| Balance as at 30/06/2021 | 2,537,522,743 | 3,591,025,437 | (294,694,476) | 5,833,853,704 |
| Balance as at 01/07/2021 | 2,537,522,743 | 3,591,025,437 | (294,694,476) | 5,833,853,704 |
| Surplus/(deficit) for the period | 0 | 0 | (26,931,968) | (26,931,968) |
| Revaluation additions | 0 | (675,000) | 0 | (675,000) |
| Capital development grants | 98,000,000 | 0 | 0 | 98,000,000 |
| Capital Donation | 0 | 0 | 0 | 0 |
| Balance as at 30/06/2022 | 2,635,522,743 | 3,590,350,437 | (321,626,444) | 5,904,246,736 |

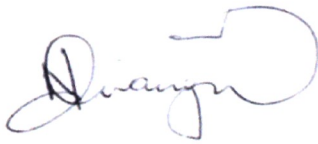
16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2022

| | | 2021-2022 | 2020-2021 |
|---|--------------|----------------------|----------------------|
| | Notes | Kshs | Kshs |
| Cash-flows from operating activities | | | |
| Receipts | | | |
| Transfers from Government | | 925,425,992 | 891,228,672 |
| Rendering of services (tuition and other fees) | | 533,988,440 | 507,771,577 |
| sales of goods | | 8,815,274 | 39,655,563 |
| Rental revenue from facilities and equipment | | 2,043,136 | 1,579,550 |
| Finance income | | 940,890 | 567,053 |
| Other income | | <u>34,964,317</u> | <u>16,959,220</u> |
| | | | |
| Total Receipts | | 1,506,178,049 | 1,457,761,635 |
| Payments | | | |
| Use of Goods and Services | | 108,652,422 | 84,522,947 |
| Employee Costs | | 1,142,302,220 | 1,148,568,819 |
| Remuneration of Council | | 7,350,341 | 6,455,366 |
| Repairs and Maintenance | | 23,368,000 | 11,952,479 |
| Contracted Services | | 19,391,358 | 2,304,242 |
| Grants and Subsidies | | 36,766,873 | 12,397,520 |
| Academic costs | | 52,099,512 | 28,184,606 |
| General Expenses | | 90,477,104 | 105,312,642 |
| Farm expenses | | 23,742,188 | 30,681,978 |
| Total Payments | | 1,504,150,018 | 1,430,380,599 |
| Net cash flows from operating activities | 53 | 2,028,031 | 27,381,036 |
| Cash-flows from investing activities | | | |
| Investing in fixed assets | | <u>(121,395,108)</u> | <u>(51,155,602)</u> |
| Net cash-flows used in investing activities | | (121,395,108) | (51,155,602) |
| Cash-flows from financing activities | | | |
| Development grant | | 98,000,000 | 28,427,524 |
| Bank Overdraft | | <u>0</u> | <u>0</u> |
| Net cash-flows used in financing activities | | 98,000,000 | 28,427,524 |
| Net increase/(decrease) in cash and cash equivalents | | (21,367,077) | 4,652,958 |
| | | | |
| Cash and cash equivalents as at 1 JULY | | 59,935,059 | 55,282,101 |

Dedan Kimathi University of Technology
Annual Reports and Financial Statements
For the year ended June 30, 2022.

| | | 2021-2022 | 2020-2021 |
|---|-------|------------|------------|
| | Notes | Kshs | Kshs |
| Cash and cash equivalents as at 30 JUNE | | 38,567,982 | 59,935,059 |

The Financial Statements set out on pages i to 72 were signed on behalf of the Board of Directors by:



Accounting Officer
Prof. P. N. Kioni

Date: 15th December 2022



Head of Finance
CPA A. Mwangi
ICPAK Mbr. No. 9164

Date: 15th December 2022



Chairman of Board
Dr. Jane Nyakang'o

Date: 15th December 2022

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|---|----------------------|-------------------|----------------------|----------------------------|------------------------|------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Revenue | A | b | C=(a+b) | d | e=(c-d) | F=d/c |
| Transfers from Government | 922,317,149 | 3,108,848 | 925,425,997 | 925,425,992 | 5 | 0 |
| Rendering of services (tuition and other fees) | 465,933,597 | 36,707,418 | 502,641,015 | 485,463,111 | 17,177,904 | 3 |
| sales of goods | 51,000,000 | 40,000,000 | 91,000,000 | 97,182,938 | (6,182,938) | (7) |
| Rental revenue from facilities and equipment | 8,795,200 | 12,400 | 8,807,600 | 8,915,296 | (107,696) | (1) |
| Finance income | 1,050,000 | | 1,050,000 | 940,890 | 109,110 | 10 |
| Other income | 37,752,548 | 17,272,860 | 55,025,408 | 42,334,498 | 12,690,910 | 23 |
| Total income | 1,486,848,494 | 97,101,526 | 1,583,950,020 | 1,560,262,725 | | |
| Expenses | | | | | | |
| Use of Goods and Services | 85,890,393 | 9,428,848 | 95,319,241 | 105,410,805 | (10,091,564) | (11) |
| Employee Costs | 1,094,985,279 | 29,382,241 | 1,124,367,520 | 1,122,022,438 | 2,345,082 | 0 |
| Remuneration of Council | 8,435,800 | (1,581,828) | 6,853,972 | 7,415,731 | (561,759) | (8) |
| Depreciation and Amortization | 0 | | 0 | 54,647,614 | (54,647,614) | 0 |
| Repairs and Maintenance | 22,200,000 | 6,600,000 | 28,800,000 | 25,807,684 | 2,992,316 | 10 |
| Contracted Services | 21,200,000 | (3,200,000) | 18,000,000 | 18,940,968 | (940,968) | (5) |
| Grants and Subsidies | 32,342,572 | 21,347,202 | 53,689,774 | 37,862,184 | 15,827,590 | 29 |
| Academic costs | 53,123,850 | 1,822,101 | 54,945,951 | 51,602,988 | 3,342,963 | 6 |
| General Expenses | 115,170,600 | 31,302,962 | 146,473,562 | 135,106,957 | 11,366,605 | 8 |
| Farm expenses | 25,000,000 | 2,000,000 | 27,000,000 | 29,548,180 | (2,548,180) | (9) |
| Transfer to Capital | 28,500,000 | | 28,500,000 | | | |
| Total expenditure | 1,486,848,494 | 97,101,526 | 1,583,950,020 | 1,588,365,549 | | |
| Surplus/Deficit for the period | | | | | | |

18. BUDGET NOTES:

- 1. Other income:** With the slowing down of economic activities in the country, DeKUT was also affected such that the level of income from research activities went down and also management income from DeKUTES also was down since the staff in the company who are seconded from the University were not fully utilised and as such they just worked for a number of hours in the company while the rest of the time was dedicated to serving the University.
- 2. Use of goods and Services:** As a result of the financial global crises, COVID-19 and the Russia-Ukraine war, operation costs of goods and services went up resulting to overspending. High cost of electricity tariffs and the start of utilization of a new building (Resource centre III) where lifts are in operation resulted to increased costs. On the other hand, medical expenditure rose more than was expected.
- 3. Grants and subsidies:** Due to reduced income in research activities during the year, expenditure on grants and subsidies slowed since this expense is subject to the levels of income.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Dedan Kimathi University of Technology was established by and derives its authority and accountability from University Act 2012 (No 42 of 2012). The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide education, research and effective application of knowledge and skills to life, work and welfare of citizens of Kenya.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the 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 2022.*

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Notes to the Financial Statements (Continued)

| Standard | Effective date and impact: |
|--|--|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |

| Standard | Effective date and impact: |
|---|--|
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |

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| Standard | Effective date and impact: |
|------------------------------------|--|
| <p>Other improvements to IPSAS</p> | <p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> |
| <p>IPSAS 43</p> | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |

| Standard | Effective date and impact: |
|--|---|
| 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. |

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Entity 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 Entity 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 Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The Entity 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 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 Entity.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity'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 FY 2021-2022 was approved by the National Assembly. 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 Entity upon receiving the respective approvals in order to conclude the final budget.

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 section 5 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 Entity 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

Summary of Significant Accounting Policies (Continued)

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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an *xx*-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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 Entity 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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 Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

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

Held-to-maturity.

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

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized

initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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.

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 *Entity*.

k) Provisions

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

of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

The University operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University. The University also contributes to the National Social Security Fund (NSSF) Contributions to this fund are determined by the local statutes.

The contributions made to the above schemes by the University are charged to the income statement during the year in which they relate

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

r) 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.

s) 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 the University, or vice versa. Members of the University Council are regarded as related parties.

t) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private

party contributes an asset to the arrangement, the *Entity* 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 *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) 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 at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised officers which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

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

w) 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, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Entity'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 Entity 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 Entity. 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

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 40.

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. e.g provision for bad debts.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Going Concern

The University like any other sector of the economy is on the recovery period after being heavily affected by the COVID-19 pandemic, increased basic salaries, pension and gratuity as a result of the 2017-21 CBA and the high cost of goods and services due to inflation. This has negatively affected the operations of the University in a great way; thus, the University was not in a position to balance her current assets with the current liabilities. (For example, the effect of the CBA is way above 100 million per year). However, the University has come up with innovative ways to make sure that the entity is operating as a going concern, the following strategies have been applied and it is expected that they will work in the coming years.

- i. As a strategy to increase the student population, the University management is considering increasing and improving the existing infrastructural development, this will be achieved through construction of an additional laboratory and Academic block. All processes are complete and the necessary documentation forwarded to treasury for approval and inclusion in the budget for 2023-2024. This strategy will enable the University serve additional 1,000 students who will bring an additional revenue of Ksh. 144 million.
- ii. The university has over the last three years realized savings on human resources operational costs which has been achieved through implementation of a restructuring strategy which merged administrative units from the initial three to two divisions. These strategies are helping the university improve on the working capital through cost savings amounting to more than ten million per year. This is a process that will see the University save and boost her working capital.
- iii. The university has also embarked on increasing the student population under STEM in order to attract more capitation under the Differentiated Unit Cost (DUC) model. Currently the University is offering over 70% of her programs under STEM, and if the DUC is implemented at the expected level at 80%, the University will be at an advantage and will comfortably meeting all her obligations as well as improve on the working capital. With this strategy working, the University is therefore expected to raise an additional 800 million per year.
- iv. The University through her commercial arm (DeKUTES) has plans to raise more money from consultancies and conferences. We are in the process of renovating our conference facility in

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our conservancy which is expected not only improve conferencing but also local and international tourism since the conservancy lies between two rich tourism corridors, these are the Mt. Kenya and the Aberdares.

- v. The university farm has been on a recovery path due to the effort put in place to rehabilitate the coffee trees. During the financial year under review, the University earned a total of Ksh 60 million from sale of coffee. It is therefore expected that in the coming years the farm could raise revenue of about Ksh.60 to Ksh.70 million annually.

These among other strategies has the indication that the University will remain a going concern for at least the next twelve months from the date of this statement.

Other Income (DEKUTES)

DEKUTES is a newly established company wholly owned by Dedan Kimathi University of Technology Limited by Guarantee. DEKUTES is on its initial operating stages hence the University Management decided to charge management fees to cater for Salaries of the personnel who are deployed to work in the Company.

Notes to the Financial Statements (Continued)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

| Description | 2021-2022 | 2020-2021 |
|--|----------------------|--------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | 925,425,992 | 891,228,672 |
| Other grants | 98,000,000 | 28,427,524 |
| Total Unconditional Grants | 0 | 0 |
| Conditional grants | 0 | 0 |
| National housing grant | 0 | 0 |
| National infrastructure grant | 0 | 0 |
| Provincial health grant | 0 | 0 |
| Social services grant | 0 | 0 |
| Basic services subsidy | 0 | 0 |
| Transportation fund (international funding) | 0 | 0 |
| Other organizational grants | 0 | 0 |
| Total government grants and subsidies | 1,023,425,992 | 918,656,196 |

b) Transfers from Ministries, Departments and Agencies (MDAs)

| Name of the Entity sending the grant | Amount recognized to Statement of Financial performance KShs | Amount deferred under deferred income KShs | Amount recognised in capital fund. KShs | Total transfers 2021/22 KShs | Prior year 2020/2021 KShs |
|--|--|--|---|------------------------------|---------------------------|
| Ministry of Education Science and Technology | 925,425,992 | | | 925,425,992 | 891,228,672 |
| Ministry of Education Science and Technology | | | 98,000,000 | 98,000,000 | 28,427,524 |
| Total | 925,425,992 | | 98,000,000 | 1,023,425,992 | 918,656,196 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Levies, Fines and Penalties

| Description | 2021-2022 | 2020-2021 |
|------------------------|------------------|------------------|
| | KShs | KShs |
| Fuel levy | 0 | 0 |
| Other levies (Specify) | 0 | 0 |
| Fines | 0 | 0 |
| Penalties | 0 | 0 |
| Total | 0 | 0 |

8. Public Contributions and Donations

| Description | 2021-2022 | 2020-2021 |
|---|------------------|------------------|
| | KShs | KShs |
| The Green Belt Movement | 0 | 0 |
| Health donations | 0 | 0 |
| Research donations | 0 | 0 |
| Other public donations (specify) | 0 | 0 |
| Total transfers and sponsorships | 0 | 0 |
| Reconciliation of public contributions and donations | | |
| Balance unspent at beginning of the year | 0 | 0 |
| Current year receipts | 0 | 0 |
| Conditions met - transferred to revenue | 0 | 0 |
| Conditions to be met - remain liabilities | 0 | 0 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Property Taxes Revenue

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|-----------|-----------|
| | KShs | KShs |
| Taxable land and buildings | | |
| Residential | 0 | 0 |
| Commercial | 0 | 0 |
| State | 0 | 0 |
| Penalties | 0 | 0 |
| Sub- total property and taxes | 0 | 0 |
| Income forgone | 0 | 0 |
| Total property taxes revenue | 0 | 0 |

10. Licenses, Fees and Permits

| Description | 2021-2022 | 2020-2021 |
|--------------|-----------|-----------|
| | KShs | KShs |
| Licenses | 0 | 0 |
| Fees | 0 | 0 |
| Permits | 0 | 0 |
| Total | 0 | 0 |

11. Rendering of Services

| Description | 2021-2022 | 2020-2021 |
|---|--------------------|--------------------|
| | KShs | KShs |
| Tuition and other fees | 480,950,691 | 396,510,251 |
| Short courses training | 4,512,420 | 17,030,965 |
| Total revenue from the rendering of services | 485,463,111 | 413,541,216 |

Tuition and other fees are the fees collected from the students who have enrolled in the programs offered by the University.

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12. Sale of Goods

| Description | 2021-2022 | 2020-2021 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Sale of goods | | |
| Kitchen sales | 26,979,075 | 14,203,704 |
| Farm sales (12b) | 70,203,863 | 25,395,259 |
| Total revenue from the sale of goods | 97,182,938 | 39,598,963 |

b) FARM SALES

| Description | 2021-2022 | 2020-2021 |
|------------------|-------------------|-------------------|
| | KShs | KShs |
| Coffee | 60,326,301 | 16,345,092 |
| Milk | 3,290,385 | 2,215,984 |
| Horticulture | 2,468,734 | 2,368,186 |
| Livestock Sales | 1,113,885 | 1,602,763 |
| Miscellaneous | 20,950 | 39,596 |
| Charcoal Sales | 195,778 | 190,944 |
| Piggery Sales | 205,850 | 380,389 |
| Coffee seedlings | 2,581,980 | 2,252,305 |
| | 70,203,863 | 25,395,259 |

Farm sales is the income generated by the University farm.

13. Rental Revenue from Facilities and Equipment

| Description | 2021-2022 | 2020-2021 |
|----------------------------------|------------------|------------------|
| | KShs | KShs |
| Staff Quarters Rent | 329,600 | 1,579,550 |
| Science and Technologically Park | 8,585,696 | 6,818,204 |
| Total rentals | 8,915,296 | 8,397,754 |

14. Finance Income

| Description | 2021-2022 | 2020-2021 |
|--|----------------|----------------|
| | KShs | KShs |
| Interest from call deposit | 940,890 | 567,053 |
| Total finance income-external investments | 940,890 | 567,053 |

(This in interest generated from money held on call deposit)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Other Income

| Description | 2021-2022 | 2020-2021 |
|----------------------------|-------------------|-------------------|
| | KShs | KShs |
| Miscellaneous income (15b) | 5,401,578 | 4,927,897 |
| Research grants | 32,825,406 | 9,120,550 |
| DeKUTES Management fees | 4,107,514 | 3,990,268 |
| Total other income | 42,334,498 | 18,038,715 |

(b) MISCELLANEOUS INCOME

| Description | 2021-2022 | 2020-2021 |
|---------------------------------|------------------|------------------|
| | KShs | KShs |
| Bookshop Sales | 10,305 | 97,985 |
| Conservancy Sales | 117,700 | 94,800 |
| Coffee Sales | 24,000 | 18,500 |
| DeHUB | 0 | 30,000 |
| Legal fee | 138,780 | 0 |
| Library | 30,894 | 18,950 |
| Medical Fee | 159,200 | 48,655 |
| Utility fee | 282,609 | 26,289 |
| Transport Hire by student clubs | 25,160 | 0 |
| Hire by of teaching facilities | 1,132,917 | 0 |
| Sewer | 44,220 | 427,013 |
| IEK Grant | 0 | 250,000 |
| The president's award | 200,000 | 0 |
| Certification of documents | 1,500 | 0 |
| Hire of Gowns | 60,200 | 184,300 |
| Hire of Facilities | 0 | 795,338 |
| Endowment funds | | 138,185 |
| Design income | 25,000 | 0 |
| Hawking | 12,000 | 0 |
| Cultural Vistas | 3,077,993 | 1,037,367 |
| Team building | 41,200 | 0 |
| Conference income | 0 | 1,740,000 |
| Sale of tree-seedlings | 17,900 | 20,515 |
| Total | 5,401,578 | 4,927,897 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Use of Goods and Services

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|--------------------|-------------------|
| | KShs | KShs |
| Electricity | 25,951,031 | 15,754,947 |
| Water | 5,717,420 | 7,421,519 |
| Contracted Professional services | 4,256,588 | 4,719,970 |
| Subscriptions to professional bodies | 816,397 | 1,104,617 |
| Internet services | 10,432,344 | 15,327,030 |
| Gas and fuel | 2,080,081 | 790,347 |
| Fumigation services | 0 | 135,955 |
| Utensils and crockery | 390,690 | 0 |
| Purchase of Drugs | 3,316,742 | 1,584,894 |
| Medical expenses | 41,968,303 | 33,546,040 |
| Tax Paid | 4,948,466 | |
| Optical and Dental | 4,292,613 | 4,390,029 |
| Bank Charges | 710,911 | 808,603 |
| Marketing Expenses | 529,219 | 60,000 |
| Total good and services | 105,410,805 | 85,643,951 |

17. Employee Costs

| | 2021-2022 | 2020-2021 |
|--------------------------------|----------------------|----------------------|
| | KShs | KShs |
| Basic Salaries | 562,945,460 | 552,411,077 |
| Casual workers | 28,076,597 | 40,439,174 |
| Part time teaching | 21,270,000 | 20,580,000 |
| Gratuity and pension | 87,671,322 | 77,589,292 |
| House to Office allowance | 59,591,292 | 55,693,505 |
| Other personal allowances | 75,231,261 | 76,610,757 |
| Passage and Baggage | 222,000 | 382,195 |
| Group life (pension) insurance | 12,421,061 | 4,399,998 |
| House allowances | 248,983,825 | 241,733,979 |
| Graduate sponsorship programme | 22,536,700 | 13,112,156 |
| Internship | 2,005,515 | 2,645,164 |
| Leave allowance | 3,072,920 | 2,723,765 |
| Employee costs | 1,124,027,953 | 1,088,321,062 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. REMUNERATION OF COUNCIL MEMBERS

| Description | 2021-2022 | 2020-2021 |
|------------------------------------|------------------|------------------|
| | KShs | KShs |
| Chancellor Allowance | | 0 |
| Chairman's Allowance | 1,044,000 | 1,044,000 |
| Council Sitting Allowance | 4,301,258 | 3,530,000 |
| Council Insurance | 699,172 | 724,073 |
| Council travelling & Accommodation | 1,371,301 | 1,482,404 |
| Total director emoluments | 7,415,731 | 6,780,477 |

19. Depreciation and Amortization Expense

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Property, plant and equipment | 54,647,614 | 53,173,238 |
| Total depreciation and amortization | 54,647,614 | 53,173,238 |

20. Repairs and Maintenance

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Buildings | 11,942,665 | 3,557,718 |
| Water and sewerage | 652,951 | 894,488 |
| Equipment and machinery | 3,653,871 | 1,307,151 |
| Vehicles | 2,592,840 | 3,459,581 |
| Computers and accessories | 206,366 | 290,400 |
| Roads and grounds | 6,319,491 | 412,223 |
| Asset tagging | 439,500 | 273,600 |
| Total repairs and maintenance | 25,807,684 | 10,195,161 |

21. Contracted Services

| Description | 2021-2022 | 2020-2021 |
|----------------------------------|-------------------|------------------|
| | KShs | KShs |
| Hygiene services | 8,478,370 | 537,510 |
| Ground Maintenance Services | 3,828,000 | 0 |
| Security | 6,081,152 | 0 |
| Legal expenses | 528,166 | 2,217,122 |
| ISO Certification Expenses | 25,280 | 0 |
| Total contracted services | 18,940,968 | 2,754,632 |

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22. Grants and Subsidies

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Internal research grants | 2,631,270 | 710,950 |
| International Conference | 0 | 0 |
| Innovation and technology | 1,962,733 | 2,477,690 |
| CMED Centre for Mechanical Eng. & Design | 98,809 | 0 |
| CIPE Centre for Industrial | 212,529 | 0 |
| DESTAC Centre | 17,400 | 0 |
| DeHub | 131,310 | 88,330 |
| KENET Project | 413,826 | 279,457 |
| LEISHMACURE Project | 295,857 | 0 |
| NRF Project | 2,641,199 | 3,666,481 |
| Data Science Africa Project | 3,499,083 | 2,365,003 |
| BMBF Project | 5,631,515 | 747,840 |
| Mental Health project | 1,002,800 | 0 |
| DePUK Project | 1,431,181 | 234,000 |
| CBES-/water and energy | 8,789,778 | 0 |
| CBES/Cook stove | 8,289,199 | 0 |
| International Foundation Science Grant | 288,767 | 555,710 |
| DAAD Project | 0 | 1,272,059 |
| KSA-SSCM Project | 342,120 | 0 |
| Heart Pilot Project | 97,000 | 0 |
| LEAP-RE Project | 85,808 | 0 |
| Total grants and subsidies | 37,862,184 | 12,397,520 |

23. ACADEMIC COSTS

| Description | 2021-2022 | 2020-2021 |
|-----------------------|------------------|------------------|
| | KShs | KShs |
| External Examiners | 4,898,534 | 3,073,463 |
| Examination materials | 1,796,519 | 4,929,759 |
| Attachment expenses | 11,229,568 | 2,191,676 |
| Teaching Practicum | 902,150 | 0 |
| Payment of use of lab | 15,000 | 0 |
| Library | 1,307,314 | 885,291 |
| Field courses | 2,159,660 | 272,120 |
| Graduation expenses | 3,559,300 | 528,582 |
| Teaching materials | 10,273,682 | 2,336,710 |
| CUE Quality Assurance | 0 | 5,569,000 |

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|---------------------------------|-------------------|-------------------|
| Renewal of software licenses | 1,042,751 | 961,883 |
| IHTOM/Coffee Expenses | 0 | 305,425 |
| CUE Institutions Accreditations | 640,000 | 1,875,000 |
| KUCCPS admission expenses | 3,197,000 | 2,789,859 |
| Hire of teaching facilities | 98,750 | 0 |
| Purchase of Gowns | 3,255,900 | 0 |
| Curriculum Development | 438,300 | 116,740 |
| Siemens | 3,122,419 | 3,406,570 |
| Graduate assistant Expenses | 408,620 | 13,471,294 |
| TIVET | 0 | 0 |
| Film Hub Centre | 676,292 | 0 |
| Final year project | 575,714 | 1,396,252 |
| Total academic costs | 49,597,473 | 44,109,624 |

24. GENERAL EXPENSES

| Description | 2021-2022 | 2020-2021 |
|-------------------------------------|------------------|------------------|
| | KShs | KShs |
| Advertising and Publicity | 438,012 | 2,873,408 |
| Conferences and seminars | 4,099,695 | 1,952,297 |
| Vehicle fuel and oil | 8,028,874 | 4,729,951 |
| Insurance premiums | 6,457,445 | 4,939,266 |
| Vehicle licenses & insurance | 1,725,010 | 425,853 |
| Postal expenses | 234,271 | 168,382 |
| Publishing & Printing | 915,160 | 1,154,200 |
| Stationery and stores | 7,433,304 | 5,654,077 |
| Smart Card | 1,500,000 | 0 |
| Adimin Travelling and accommodation | 5,315,092 | 5,408,539 |
| Committee Facilitation | 798,056 | 107,590 |
| Staff Welfare | 1,867,653 | 1,779,765 |
| Guest house Expenses | 14,050 | 0 |
| Alumni Association | 1,554,000 | 1,133,027 |
| Telephone expenses | 2,085,902 | 1,415,889 |
| Purchase of uniforms | 404,970 | 542,568 |
| Demise | 779,499 | 403,068 |
| University Public Functions | 253,025 | 26,700 |
| Exchange Programme | 381,085 | 192,218 |
| Catering | 31,186,159 | 16,766,894 |
| Cleaning materials | 516,502 | 1,649,089 |
| Set up of ICT infrastructure | 4,105,173 | 1,178,015 |
| External travelling | 2,712,211 | 509,814 |

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|---------------------------------------|--------------------|--------------------|
| Training expenses | 6,864,610 | 4,945,983 |
| Book shop expenses | 0 | 22,515 |
| Booked Meal | 3,543,570 | 0 |
| Performance Contract | 28,000 | 0 |
| Show and Exhibitions Expenses | 9,000 | 0 |
| Staff Entertainment | 88,444 | 56,745 |
| Work permit | 744,866 | 1,048,300 |
| Linkages | 2,869,126 | 1,037,365 |
| Levies (NEMA/NITA/Energy board) | 361,200 | 232,900 |
| DKUT Affiliation Associations | 0 | 1,718,397 |
| National Cancer Hospital | 2,070,485 | 440,205 |
| Newspapers | 166,380 | 359,290 |
| Conservancy Expenses | 306,809 | 4,600 |
| Audit Fee | 870,000 | 870,000 |
| Sports and Games | 4,294,644 | 1,667,571 |
| Students insurance | 1,278,758 | 1,051,450 |
| Student benevolent fund | 427,480 | 90,200 |
| Mt. Kenya expedition climb to educate | 100,395 | 108,432 |
| Students conference/ workshops | 70,940 | 317,300 |
| Student dependant fees waiver | 618,860 | 0 |
| Patent Right | 16,000 | 0 |
| Work-study | 1,660,943 | 531,965 |
| Science Park | 917,779 | 94,250 |
| Student Awards | 17,200 | 445,912 |
| Student bursary | 651,033 | 474,961 |
| Counselling expenses | 193,390 | 8,340 |
| Endowment Fund | 498,200 | 0 |
| Entertainment | 25,025 | 192,730 |
| Licences and other Municipal Charges | 136,400 | 0 |
| Rent | 19,936,699 | 29,283,390 |
| Kimathi students union allow | 2,059,736 | 1,440,298 |
| Sports equipments | 670,870 | 0 |
| Corporate social responsibilities | 454,567 | 2,135,000 |
| COVID 19 | 350,400 | 2,257,085 |
| Total general expenses | 135,106,957 | 103,845,794 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Finance Costs

| Description | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| | KShs | KShs |
| Borrowings (amortized cost)* | 0 | 0 |
| Finance leases (amortized cost) | 0 | 0 |
| Unwinding of discount | 0 | 0 |
| Interest on Bank overdrafts | 0 | 0 |
| Interest on loans from commercial banks | 0 | 0 |
| Total finance costs | 0 | 0 |

26. Gain on Sale of Assets

| Description | 2021-2022 | 2020-2021 |
|-------------------------------------|-----------|-----------|
| | KShs | KShs |
| | 0 | 0 |
| Property, plant and equipment | 0 | 0 |
| Intangible assets | 0 | 0 |
| Other assets not capitalised | 0 | 0 |
| Total gain on sale of assets | 0 | 0 |

27. Unrealized Gain on Fair Value Investments

| Description | 2021-2022 | 2020-2021 |
|---------------------------|-----------|-----------|
| | KShs | KShs |
| Investments at fair value | 0 | 0 |
| Total gain | 0 | 0 |

28. Impairment Loss

| Description | 2021-2022 | 2020-2021 |
|-------------------------------|-----------|-----------|
| | KShs | KShs |
| Property, plant and equipment | 0 | 0 |
| Intangible assets | 0 | 0 |
| Total impairment loss | 0 | 0 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. Taxation

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | KShs | KShs |
| Current income tax charge | 0 | 0 |
| Tax charged on rental income | 0 | 0 |
| Tax charged on interest income | 0 | 0 |
| Deferred tax: [Note 53] | 0 | 0 |
| Original and reversal of temporary differences | 0 | 0 |
| Income tax expense reported in the statement of financial performance | 0 | 0 |

30. FARM EXPENSES

| Description | 2021-2022 | 2020-2021 |
|------------------------------|------------------|------------------|
| | KShs | KShs |
| Seeds-Hort | 340,713 | 239,257 |
| Horticulture - Labour | 2,036,744 | 1,872,092 |
| Chemicals-Hort | 522,480 | 205,866 |
| Fertilizers-Hort | 109,900 | 73,150 |
| Farm inputs | 324,040 | 165,370 |
| Coffee Labour | 6,582,352 | 5,887,621 |
| Coffee picking expenses | 3,199,000 | 1,646,000 |
| Fertilisers-coffee | 2,568,936 | 2,078,310 |
| Herbicides-Coffee | 786,950 | 1,171,976 |
| Fungicides-coffee | 154,646 | 510,727 |
| Insecticides-coffee | 667,423 | 262,785 |
| Coffee nylex & sisal twine | 259,623 | 339,820 |
| Farm Tools | 11,000 | 100 |
| Certified Coffee Seeds | 0 | 22,500 |
| Feeds/Fodder | 2,234,849 | 1,528,406 |
| Labour - Livestock | 2,221,156 | 1,686,079 |
| Veterinary bills & A.I | 273,420 | 333,123 |
| Grooming and local treatment | 81,967 | 74,512 |
| Acaricides | 46,410 | 74,080 |
| Piggery feeds | 355,395 | 321,705 |
| Polythene & Twine-Dairy | 25,395 | 138,400 |
| Fish rearing expenses | 0 | 0 |

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| | | |
|---|-------------------|-------------------|
| Buildings maintenance | 228,557 | 242,041 |
| Machinery maintenance | 985,542 | 645,585 |
| Machinery plant and equipment maintenance | 91,812 | 0 |
| Electricity-irrigation | 389,334 | 302,416 |
| Electricity-wet mill | 129,579 | 55,401 |
| Electricity- office/stores/dairy | 162,339 | 105,935 |
| Travel & Subsist | 203,415 | 85,055 |
| Stationery & printing | 3,688 | 170,520 |
| Security | 39,354 | 21,000 |
| Licences and legal fees | 26,000 | 26,000 |
| Insurance | 174,833 | 60,300 |
| Staff entertainment | 40,478 | 248,993 |
| Hired Transport | 40,000 | 130,000 |
| Fuel and oils | 1,810,639 | 1,529,187 |
| Telephone | 7,840 | 6,260 |
| Protective clothing | 227,041 | 265,997 |
| Cleaning Materials | 34,629 | 34,547 |
| Packaging materials | 23,109 | 23,895 |
| Printing & Publishing | 181,000 | 0 |
| Indirect labour | 1,946,593 | 1,481,591 |
| Total Farm Expenses | 29,548,181 | 24,066,602 |

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31. Cash and Cash Equivalents

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Current account | 31,358,460 | 59,935,059 |
| Overdraft | (390,478) | |
| On- call deposits | 7,600,000 | 0 |
| Total cash and cash equivalents | 38,567,982 | 59,935,059 |

31 (a) Detailed Analysis of the Cash and Cash Equivalents

| | | 2021-2022 | 2020-2021 |
|--------------------------------|-----------------|-------------------|-------------------|
| Financial institution | Account number | KShs | KShs |
| Standard chartered bank | | | |
| DEKUT Fee collection A/C | 0102045131200 | 308,734 | 171,252 |
| DEKUT Fee collection A/C | 0102045131201 | 1,320,690 | 195,407 |
| DEKUT Farm Operating A/C | 0102045131202 | 702,562 | 58,784 |
| DEKUT Fee collection A/C | 0102045131203 | 2,089,407 | 514,439 |
| Consolidated bank | | | |
| DEKUT Payment main A/C | 10061200000061 | 23,254,628 | 6,525,850 |
| DEKUT Fee collection A/C | 10061200000062 | 1,632,660 | 24,872,239 |
| DeKUT Project A/C | 10061203000003 | 0 | 19,277,313 |
| DEKUT TIVET A/C | 10061203000002 | 0 | 0 |
| Call Deposit | | | |
| Family Bank | | | |
| DEKUT Payment A/C | 055000028807 | 0 | 343,891 |
| DEKUT Mathira TTI A/C | 055000031309 | 144,767 | 144,767 |
| DEKUT Farm Operating A/C | 055000032397 | 10 | 10 |
| Kenya commercial bank | | | |
| DEKUT Fee collection A/C | 1121318274 | 796,186 | 39,680 |
| DEKUT Coffee research Fund A/C | 1158874847 | 339,002 | 7,534,032 |
| Call Deposit | | 7,600,000 | |
| Equity bank | | | |
| DEKUT Fee collection A/C | 1150297300480 | 769,814 | 257,395 |
| Cash balances | | 0 | - |
| Sub- total | | 38,958,460 | 59,935,059 |
| | | KShs | KShs |
| Consolidated Payment main A/C | 100612000000061 | 0 | 16,581,864 |
| Consolidated Payment main A/C | 10061203000003 | 257,639 | 0 |
| Family Bank Payment A/C | 055000028807 | 132,839 | 65,610 |
| Total | | 390,478 | 16,647,474 |

32. Receivables from Exchange Transactions

32(a) Current Receivables from Exchange Transactions

| | 2021-2022 | 2020-2021 |
|--|---------------------------|---------------------------|
| | KShs | KShs |
| Current receivables | | |
| Student debtors | 173,707,110 | 197,124,228 |
| Provision/release of provision for doubt-full debt | <u>(8,685,356)</u> | <u>(9,856,211)</u> |
| | 165,021,754 | 187,268,017 |
| Sundry debtors | 54,556,745 | 46,740,531 |
| Farm debtors (coffee sales) | | 217,896 |
| Staff debtors | 399,000 | 285,105 |
| Deposits | 2,355,143 | 2,267,143 |
| V.A.T. arrears | 2,985,164 | 2,985,164 |
| Impairment of VAT receivables | <u>(2,985,164)</u> | <u>(2,985,164)</u> |
| Total Exchange transactions | <u>222,332,642</u> | <u>236,778,692</u> |

32(b) Provision for doubtful debt

| Description | 2021-2022 | 2020-2021 |
|---|-------------------------|-------------------------|
| | KShs | KShs |
| Provision | | |
| Provision at the beginning of the year | 9,856,211 | 13,669,397 |
| Movement during the year | <u>(1,170,856)</u> | <u>(3,813,186)</u> |
| Provision at the end of the year | <u>8,685,356</u> | <u>9,856,211</u> |

32(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

| Impairment Allowance/ Provision | 2021-2022 | 2020-2021 |
|---------------------------------------|-----------|-----------|
| | KShs | KShs |
| At the beginning of the year | 0 | 0 |
| Additional provisions during the year | 0 | 0 |
| Recovered during the year | 0 | 0 |
| Written off during the year | 0 | 0 |
| At the end of the year | 0 | 0 |

33. Receivables from Non-Exchange Transactions

| Description | 2021-2022 | 2020-2021 |
|----------------------------------|-----------|-----------|
| | KShs | KShs |
| Current receivables | | |
| CBA Salary Arrears | 0 | 0 |
| Total current receivables | 0 | 0 |

33(b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

| Description | 2021-2022 | 2020-2021 |
|---------------------------------------|-----------|-----------|
| | KShs | KShs |
| At the beginning of the year | 0 | 0 |
| Additional provisions during the year | 0 | 0 |
| Recovered during the year | 0 | 0 |
| Written off during the year | 0 | 0 |
| At the end of the year | 0 | 0 |

34. Inventories

| Description | 2021-2022 | 2020-2021 |
|--|-------------------------|-------------------------|
| | KShs | KShs |
| Farm stocks | <u>5,958,294</u> | <u>4,016,554</u> |
| Total inventories at the lower of cost and net realizable value | <u>5,958,294</u> | <u>4,016,554</u> |

35. Investments

| Description | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| | KShs | KShs |
| a) Investment in Treasury bills and bonds | | |
| Financial institution | | |
| CBK | 0 | 0 |
| CBK | 0 | 0 |
| Sub- total | 0 | 0 |
| b) Investment with Financial Institutions/ Banks | | |
| Bank x | | |
| Bank y | 0 | 0 |
| Sub- total | 0 | 0 |

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| | | |
|--|----------|----------|
| c) Equity investments (specify) | 0 | 0 |
| Equity/ shares in entity | | |
| Sub- total | | |
| Grand total | 0 | 0 |

d) Movement of Equity Investments

| Impairment Allowance/ Provision | 2021-2022 | 2020-2021 |
|---|------------------|------------------|
| | KShs | KShs |
| At the beginning of the year | 0 | 0 |
| Purchase of investments in the year | 0 | 0 |
| Sale of investments during the year | 0 | 0 |
| Increase / (decrease) in fair value of investments | 0 | 0 |
| At the end of the year | 0 | 0 |

e) Shareholding in other entities

For investments in equity share listed under note 32 above, list down the equity investments under the following categories:

| Name of entity where investment is held | No of shares | | | Nominal value of shares | Fair value of shares | Fair value of shares |
|--|----------------------------|------------------------------|-------------------------------|--------------------------------|-----------------------------|-----------------------------|
| | Direct shareholding | Indirect shareholding | Effective shareholding | | | |
| | % | % | % | Shs | Current year | Prior year |
| | | | | | Shs | Shs |
| Entity A | 0 | 0 | 0 | 0 | 0 | 0 |
| Entity B | 0 | 0 | 0 | 0 | 0 | 0 |
| Entity C | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. Property, Plant and Equipment

| | Land Shs | Buildings Shs | Motor vehicles Shs | Computers Shs | Plant and machinery) Shs | Tractor Shs | Furniture and equipment Shs | Capital Work in progress Shs | Total Shs |
|--------------------------------------|---------------|------------------|--------------------------|------------------|--------------------------------|----------------|--------------------------------------|---------------------------------------|---------------|
| Depreciation rates | NIL | 2% | 25% | 30% | 12.5% | 37.5% | 12.5% | NIL | |
| Cost | | | | | | | | | |
| At 30th June 2020 | 3,432,000,000 | 823,353,412 | 78,859,199 | 82,098,625 | 24,992,766 | 12,887,572 | 570,319,647 | 1,577,542,685 | 6,602,053,906 |
| Additions | | | | 2,573,000 | | | 8,985,124 | 42,120,978 | 53,679,102 |
| Disposals | | | | | | | | | |
| Valuation | 0 | (117,239,465) | 0 | 0 | 0 | 0 | 0 | (117,239,465) | 0 |
| At 30th June 2021 | 3,432,000,000 | 940,592,877 | 78,859,199 | 84,671,625 | 24,992,766 | 12,887,572 | 579,304,771 | 1,502,424,198 | 6,655,733,008 |
| Additions | | | | 5,131,464 | | | 9,227,138 | 107,036,506 | 121,395,108 |
| Disposals | | | | | | | | | |
| Valuation | 0 | 231,249,404 | 0 | 0 | 0 | 0 | 0 | (231,249,404) | 0 |
| 0At 30th June 2022 | 3,432,000,000 | 1,171,842,281 | 78,859,199 | 89,803,089 | 24,992,766 | 12,887,572 | 588,531,909 | 1,378,211,300 | 6,777,128,116 |
| Depreciation and impairment | | | | | | | | | |
| At 30th June 2020 | - | 122,290,177 | 72,049,180 | 72,179,734 | 19,360,952 | 12,390,643 | 335,570,473 | - | 633,841,159 |
| Depreciation | - | 16,366,054 | 1,702,505 | 3,747,567 | 703,977 | 186,348 | 30,466,787 | - | 53,173,238 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - | - | - |
| At 30th June 2021 | - | 138,656,231 | 73,751,685 | 75,927,301 | 20,064,929 | 12,576,991 | 366,037,260 | - | 687,014,397 |
| Depreciation | 0 | 20,663,721 | 1,276,879 | 4,162,736 | 615,980 | 116,468 | 27,811,831 | - | 54,647,614 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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| | Land Shs | Buildings Shs | Motor vehicles Shs | Computers Shs | Plant and machinery) Shs | Tractor Shs | Furniture and equipment Shs | Capital Work in progress Shs | Total Shs |
|-------------------------------|----------------------|----------------------|--------------------------|------------------|--------------------------------|----------------|--------------------------------------|---------------------------------------|----------------------|
| Depreciation rates | NIL | 2% | 25% | 30% | 12.5% | 37.5% | 12.5% | NIL | |
| Cost | | | | | | | | | |
| Transfer /adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th June 2021 | 0 | 159,319,952 | 75,028,564 | 80,090,037 | 20,680,909 | 12,693,459 | 393,849,091 | | 741,662,011 |
| Net book values | | | | | | | | | |
| At 30th June 2022 | <u>3,432,000,000</u> | <u>1,012,522,329</u> | <u>3,830,636</u> | <u>9,713,051</u> | <u>4,311,857</u> | <u>194,113</u> | <u>194,682,818</u> | <u>1,378,211,300</u> | <u>6,035,466,103</u> |
| At 30 th June 2021 | <u>3,432,000,000</u> | <u>801,936,646</u> | <u>5,107,514</u> | <u>8,744,323</u> | <u>4,927,837</u> | <u>310,580</u> | <u>213,267,511</u> | <u>1,502,424,198</u> | <u>5,968,718,609</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Land was valued by Ministry of Land and physical planning (Kirinyaga county) independent valuer. The new land value was established at Kshs 3,432,000,000 from the initial value of Kshs 435,000,000. These amounts were adopted on financial year 2019/2020

36(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:

| | Cost | Accumulated Depreciation | NBV |
|---|-------------|---------------------------------|-------------|
| | Kshs | Kshs | Kshs |
| Land | 0 | 0 | 0 |
| Buildings | 0 | 0 | 0 |
| Plant and machinery | 0 | 0 | 0 |
| Motor vehicles, including motorcycles | 0 | 0 | 0 |
| Computers and related equipment | 0 | 0 | 0 |
| Office equipment, furniture, and fittings | 0 | 0 | 0 |
| | 0 | 0 | 0 |

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

| | Cost or valuation | Normal annual depreciation charge |
|--|--------------------------|--|
| Plant and machinery | 0 | 0 |
| Motor vehicles, including motor cycles | 0 | 0 |
| Computers and related equipment | 0 | 0 |
| Office equipment, furniture and fittings | 0 | 0 |
| Total | 0 | 0 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. WORK-IN PROGRESS

| Description | | | | | |
|-------------------|-------------|----------------------|--------------------|----------------------|----------------------|
| WORK-IN-PROGRESS | Description | BAL B/F | ADDITIONS | Transfer to building | TOTAL |
| Academic Block P1 | Buildings | 385,679,549 | - | 0 | 385,679,549 |
| Academic Block P2 | Buildings | 200,083,893 | 49,647,285 | 0 | 249,731,178 |
| Dining Hall | Buildings | 231,249,404 | 0 | (231,249,404) | 0 |
| Resource III | Buildings | 434,392,878 | 20,628,731 | 0 | 455,021,609 |
| Lecture Hall | Buildings | 164,583,333 | 28,564,712 | 0 | 193,148,045 |
| Engineering Annex | Buildings | 86,435,142 | 3,915,355 | 0 | 90,350,497 |
| University Gate | Buildings | | 4,280,423 | 0 | 4,280,423 |
| Bal c/d | | <u>1,502,424,199</u> | <u>107,036,506</u> | <u>(231,249,404)</u> | <u>1,378,211,301</u> |

38. Investment Property

| Description | 2021-2022 | 2020-2021 |
|--|-------------|-------------|
| | KShs | KShs |
| i)One (1) ordinary shares of Ksh 20.00 in Kenya Farmers Association | 20 | 20 |
| ii)130175 redeemable ordinary shares of ksh 10.00 each with Kenya Planters Co-operative Union ltd. | 1,301,750 | 1,301,750 |
| Impairment of investment | (1,301,770) | (1,301,770) |
| | <u>0</u> | <u>0</u> |

39. Biological Asset

| Description | 2021-2022 | 2020-2021 |
|-------------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Livestock | 4,111,000 | 4,611,000 |
| Coffee trees | | |
| Number of coffee trees 170,442 @ 50 | 8,347,100 | 8,522,100 |
| Total | 12,458,100 | 13,133,100 |

This was net realisable value

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. Bank Overdraft

| Description | Account Number | 2021-2022 | 2020-2021 |
|-------------|----------------|-----------|-----------|
| | | KShs | KShs |
| | | 0 | 0 |
| | | 0 | 0 |
| | | 0 | 0 |
| | | <u>0</u> | <u>0</u> |

41. Trade and Other Payables from Exchange Transactions

| Description | 2021-2022 | 2020-2021 |
|---------------------------------------|--------------------|--------------------|
| | KShs | KShs |
| Trade and other payables | 225,217,175 | 262,015,460 |
| Provisions (audit fees) | 870,000 | 870,000 |
| Research grants | <u>26,538,336</u> | <u>29,105,767</u> |
| Total trade and other payables | 252,625,511 | 291,991,227 |

42. Trade and Other Payables from Non Exchange Transactions

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Prepayment (AFDB, CUE & HELB) | 14,281,814 | 11,125,414 |
| Capital Development Retention Funds | 11,093,633 | 18,227,191 |
| Total Non-Exchange Transactions | 25,375,447 | 29,352,605 |

43. Current Provisions

| Description | Leave provision | Bonus provision | Gratuity Provision | Other provision | Total |
|---|-----------------|-----------------|--------------------|-----------------|-------|
| | KShs | KShs | Kshs | KShs | KShs |
| Balance b/d (1.07.2020) | 0 | 0 | 0 | 0 | 0 |
| Additional Provisions | 0 | 0 | 0 | 0 | 0 |
| Provision utilised | 0 | 0 | 0 | 0 | 0 |
| Change due to discount and time value for money | 0 | 0 | 0 | 0 | 0 |

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|---|----------|----------|----------|----------|----------|
| Transfers from non-current provisions | 0 | 0 | 0 | 0 | 0 |
| Total provisions as at 30.6.2021 | 0 | 0 | 0 | 0 | 0 |

44. Finance Lease Obligation

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|-----------|-----------|
| | KShs | KShs |
| At the start of the year | 0 | 0 |
| Discount interest on lease liability | 0 | 0 |
| Paid during the year | 0 | 0 |
| At end of the year | 0 | 0 |

Maturity Analysis

| Period | Amount |
|-------------------------|--------|
| Year 1 | 0 |
| Year 2 | 0 |
| Year 3 | 0 |
| Year 4 | 0 |
| Year 5 and onwards | 0 |
| Less: Unearned interest | 0 |
| | 0 |

| Description | Amount |
|--------------|----------|
| Current | 0 |
| Non- Current | 0 |
| Total | 0 |

45. Deferred Income

| Description | 2021-2022 | 2020-2021 |
|-----------------------|-----------|-----------|
| | KShs | KShs |
| National government | 0 | 0 |
| International funders | 0 | 0 |

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| | | |
|------------------------------------|----------|----------|
| Public contributions and donations | 0 | 0 |
| Total deferred income | 0 | 0 |

The deferred income movement is as follows:

| | National government | International funders | Public contributions and donations | Total |
|-------------------------------|---------------------|-----------------------|------------------------------------|-------|
| Balance brought forward | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 |
| Transfers to Capital fund | 0 | 0 | 0 | 0 |
| Transfers to income statement | 0 | 0 | 0 | 0 |
| Other transfers | 0) | 0) | 0) | 0) |
| Balance carried forward | 0 | 0 | 0 | 0 |

46. Employee Benefit Obligations

| Description | Defined benefit plan | Post-employment medical benefits | Other Benefits | 2021-2022 | 2020-2021 |
|-----------------------------|----------------------|----------------------------------|----------------|-------------------|-------------------|
| | KShs | KShs | KShs | KShs | KShs |
| Pension arrears | 0 | 0 | 0 | 23,183,670 | 23,183,670 |
| CBA Salary Arrears | | | | | 0 |
| June 2022 Salary deductions | 0 | 0 | 0 | 24,438,035 | 44,395,297 |
| | | | | 47,621,705 | 67,578,967 |

Retirement benefit Asset/ Liability

The University operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| | 2021-2022 | 2020-2021 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Discount rates | 0 | 0 |
| Future salary increases | 0 | 0 |
| Future pension increases | 0 | 0 |
| Mortality (Pre- retirement) | 0 | 0 |
| Mortality (Post- retirement) | 0 | 0 |
| Withdrawals | 0 | 0 |
| Ill health | 0 | 0 |
| Retirement | 0 | 0 |

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

| | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| Description | Kshs | Kshs |
| The return on defined plan assets | 0 | 0 |
| Actuarial gains/ losses arising from changes in demographic assumptions | 0 | 0 |
| Actuarial gains/ losses arising from 0020 changes in financial assumptions | 0 | 0 |
| Actuarial gains and losses arising from experience adjustments | 0 | 0 |
| Others (Specify) | 0 | 0 |
| Adjustments for restrictions on the defined benefit asset | 0 | 0 |
| Re measurement of the net defined benefit liability (asset) | 0 | 0 |

b) Amounts recognised in the Statement of Financial Position

| | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| Description | Kshs | Kshs |
| Present value of defined benefit obligations(a) | 0 | 0 |
| Fair value of plan assets(b) | 0 | 0 |
| Funded Status(=a-b) | 0 | 0 |
| Restrictions on asset recognised | 0 | 0 |

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| | | |
|--|---|---|
| Others | 0 | 0 |
| Net Asset or liability arising from defined benefit obligation | 0 | 0 |

The University also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The University's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 400 per employee per month.

47. Payment received in advance

| Description | 2021-2022 | 2020-2021 |
|--------------------|-------------------|-------------------|
| | KShs | KShs |
| Students creditors | 84,913,723 | 59,805,512 |
| Total | 84,913,723 | 59,805,512 |

48. ACCUMULATED SURPLUS

| Description | 2021-2022 | 2020-2021 |
|---|----------------------|----------------------|
| | KShs | KShs |
| Bal as at 1/7/2020 | (294,694,476) | (233,404,974) |
| University Surplus/deficit for the period | (26,931,968) | (56,102,502) |
| Prior year adjustment | 0 | (5,187,000) |
| Bal as at 30/6/2021 | (321,626,444) | (294,694,476) |

49. REVALUATION ACCOUNTS

| Description | 2021-2022 | 2020-2021 |
|----------------------|----------------------|----------------------|
| | KShs | KShs |
| Bal as at 1/7/2020 | 3,591,025,437 | 3,591,561,637 |
| Addition in the year | (675,000) | (536,200) |
| Bal as at 30/6/2021 | 3,590,350,437 | 3,591,025,437 |

50. CAPITAL FUND

| Description | 2021-2022 | 2020-2021 |
|---------------------|----------------------|----------------------|
| | KShs | KShs |
| Bal as at 1/7/2021 | 2,537,522,743 | 2,506,571,719 |
| Development fund | 98,000,000 | 28,427,524 |
| Donation | 0 | 2,523,500 |
| Bal as at 30/6/2022 | 2,635,522,743 | 2,537,522,743 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

51. Borrowings

| Description | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| | KShs | KShs |
| a) External Borrowings | | |
| Balance at beginning of the year | 0 | 0 |
| External borrowings during the year | 0 | 0 |
| Repayments of during the year | 0 | 0 |
| Balance at end of the year | 0 | 0 |
| b) Domestic Borrowings | | |
| Balance at beginning of the year | 0 | 0 |
| Domestic borrowings during the year | 0 | 0 |
| Repayments during the year | 0 | 0 |
| Balance at end of the year | 0 | 0 |
| Balance at end of the period- Domestic and External borrowings c = a+b | 0 | 0 |

The analyses of both external and domestic borrowings are as follows:

| | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| | KShs | KShs |
| External Borrowings | | |
| Dollar denominated loan from 'xxx organization' | 0 | 0 |
| Sterling Pound denominated loan from 'yyy organization' | 0 | 0 |
| Euro denominated loan from 'zzz organization' | 0 | 0 |
| Domestic Borrowings | | |
| Kenya Shilling loan from KCB | 0 | 0 |
| Kenya Shilling loan from Barclays Bank | 0 | 0 |
| Kenya Shilling loan from Consolidated Bank | 0 | 0 |
| Total balance at end of the year | 0 | 0 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Description | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | KShs | KShs |
| Short term borrowings(current portion) | 0 | 0 |
| Long term borrowings | 0 | 0 |
| Total | 0 | 0 |

52. Service Concession Arrangements

| Description | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | KShs | KShs |
| Fair value of service concession assets recognized under PPE | 0 | 0 |
| Accumulated depreciation to date | 0 | 0 |
| Net carrying amount | 0 | 0 |
| Service concession liability at beginning of the year | 0 | 0 |
| Service concession revenue recognized | 0 | 0 |
| Service concession liability at end of the year | 0 | 0 |

53. Cash Generated from Operations

| | 2021-2022 | 2020-2021 |
|--|--------------|---------------|
| | KShs | KShs |
| Surplus/Deficit for the year before tax | (26,931,968) | (56,102,502) |
| Adjusted for: | | |
| Depreciation | 54,647,614 | 53,173,238 |
| Gain/Loss in revaluation | 0 | (5,187,000) |
| | 27,715,646 | (8,116,264) |
| Working Capital adjustments | | |
| Increase in inventory | (1,941,740) | (805,278) |
| Increase in receivables | 14,446,050 | 148,637,500 |
| Increase in payables | (63,300,136) | (135,994,096) |
| Increase in payments received in advance | 25,108,211 | 23,659,174 |
| Net cash flow from operating activities | 2,028,031 | 27,381,036 |

54. Financial Risk Management

The University'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 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.

The University's financial risk management objectives and policies are detailed below:

i) Credit risk

The University 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

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:

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|------------------------------|----------------------------------|--------------------------|--------------------------|
| At 30 June 2022 | | | | |
| Receivables from exchange transactions | 222,332,642 | 222,332,642 | 0 | 0 |
| Receivables from non exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 38,567,982 | 38,567,982 | 0 | 0 |
| Total | 260,900,624 | 260,900,624 | 0 | 0 |
| At 30 June 2021 | | | | |
| Receivables from exchange transactions | 253,029,416 | 253,029,416 | 0 | 0 |
| Receivables from non exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 59,935,059 | 59,935,059 | 0 | 0 |
| Total | 312,964,475 | 312,964,475 | 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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity 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.

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|--------------------|--------------------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30 June 2022 | | | | |
| Trade payables | 34,125,070 | 46,145,520 | 282,644,091 | 362,914,681 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 0 | 0 | 0 | 0 |
| Employee benefit obligation | 24,438,035 | | 24,183,670 | 47,621,705 |
| Total | 58,563,105 | 46,145,520 | 306,827,761 | 410,536,386 |
| As at 30 June 2021 | | | | |
| Trade payables | 31,769,060 | 42,417,649 | 311,207,973 | 385,394,682 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 0 | 0 | 0 | 0 |
| Employee benefit obligation | 44,395,297 | 0 | 23,183,670 | 67,578,967 |
| Total | 76,164,357 | 42,417,649 | 334,391,643 | 452,973,649 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

c) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

| | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| Description | Kshs | Kshs |
| The return on defined plan assets | 0 | 0 |
| Actuarial gains/ losses arising from changes in demographic assumptions | 0 | 0 |
| Actuarial gains/ losses arising from changes in financial assumptions | 0 | 0 |
| Actuarial gains and losses arising from experience adjustments | 0 | 0 |
| Others (Specify) | 0 | 0 |
| Adjustments for restrictions on the defined benefit asset | 0 | 0 |
| Re measurement of the net defined benefit liability (asset) | 0 | 0 |

d) Amounts recognised in the Statement of Financial Position

| | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| Description | Kshs | Kshs |
| Present value of defined benefit obligations(a) | 0 | 0 |
| Fair value of plan assets(b) | 0 | 0 |
| Funded Status(=a-b) | 0 | 0 |
| Restrictions on asset recognised | 0 | 0 |
| Others | 0 | 0 |

55. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* 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 the University, holding 100% of the University'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) The National Government;
- ii) The Parent Ministry;
- iii) Council Members
- iv) DeKUTES

Related Party Disclosures

| | 2021-2022 | 2020-2021 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) | | |
| Sales to related parties | | |
| DEKUTES | | |
| Sales of goods | - | - |
| Sales of services | 4,107,514 | 3,990,268 |
| | | |
| Total | 4,107,514 | 3,990,268 |
| Grants from the Government | | |
| | | |
| Grants from National Govt | 925,425,992 | 919,656,196 |
| Grants from County Government | | - |
| Donations in kind | | 2,523,500 |
| Total | 925,425,992 | 922,179,696 |
| b) | | |
| Expenses incurred on behalf of DEKUTES | | |
| | | |
| Payments of salaries and wages | 4,107,514 | 3,990,268 |
| Payments for goods and services | | - |
| c) Total | 4,107,514 | 3,990,268 |
| Council Members | | |

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| | 2021-2022 | 2020-2021 |
|--------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Council' emoluments | 7,415,731 | 6,780,477 |
| d) Compensation to the CEO | | - |
| Compensation to key management | | - |
| Total | 7,415,731 | 6,780,477 |

56. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)

57. Contingent Assets and Contingent Liabilities

Contingent Assets

| | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Contingent Assets | | |
| Insurance Reimbursements | 0 | 0 |
| Assets Arising from Determination Of Court Cases | 0 | 0 |
| Reimbursable Indemnities and Guarantees | 0 | 0 |
| Receivables From Other Government Entities | 0 | 0 |
| Others (Specify) | 0 | 0 |
| Total | 0 | 0 |

(Give details)

Contingent Liabilities

| | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Contingent Liabilities | 0 | 0 |
| Court Case xx against the Entity | 0 | 0 |
| Bank Guarantees in Favour of Subsidiary | 0 | 0 |

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| | | |
|--|----------|----------|
| Contingent Liabilities arising from Contracts Including PPPs | 0 | 0 |
| Others (Employment cases) | 0 | 0 |
| Total | 0 | 0 |

As at 30th June 2022, the University had twenty (25) litigations filed on 16th May 2022 where applicants who were casual employees in the University sued claiming unlawful termination, unpaid claims of overtime worked, house allowance, annual leave, and one month's salary in lieu of notice totalling to Ksh. 39,097,249. However, the outcome of these cases cannot be determined at the moment.

58. Capital Commitments

| Capital Commitments | 2021-2022 | 2020-2021 |
|-------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Authorised for | 0 | 0 |
| Authorised and Contracted for | | 0 |
| Total | 0 | 0 |

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

59. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act 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. The University did not make any surplus during the year 2021/22 and hence no remittance to the Consolidated Fund.

The Surplus Remission has been computed as follows:

| | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Surplus for the period | 0 | 0 |
| Less: Allowable deductions by NT | 0 | 0 |
| 90% Computation (Included in Statement of Financial Performance) | 0 | 0 |

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Surplus Remission Payable

| | 2021-2022 | 2020-2021 |
|--------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Payable at the beginning of the year | 0 | 0 |
| Paid during the year | 0 | 0 |
| Payable at end of the year | 0 | 0 |

Notes to The Financial Statements (Continued)

60. Taxation

| | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| At beginning of the year | 0 | 0 |
| Income tax charge for the year (note 27) | 0 | 0 |
| Under/(over) provision in prior year/s (note 27) | 0 | 0 |
| Income tax paid during the year | 0 | 0 |
| At end of the year | 0 | 0 |

61. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

| | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Accelerated capital allowances | 0 | 0 |
| Unrealised exchange gains/(losses) | 0 | 0 |
| Revaluation surplus | 0 | 0 |
| Tax losses carried forward | 0 | 0 |
| Provisions for liabilities and charges | 0 | 0 |
| Net deferred tax liability/(asset) | 0 | 0 |
| The movement on the deferred tax account is as follows: | | |
| Balance at beginning of the year | 0 | 0 |
| Credit to revaluation reserve | 0 | 0 |
| Under provision in prior year | 0 | 0 |
| Income statement charge/(credit) | 0 | 0 |
| Balance at end of the year | 0 | 0 |

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(In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes on surplus funds. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

62. Events after the Reporting Period

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

63. Ultimate and Holding Entity

The University is a State Corporation under the Ministry of Education and Technology. Its ultimate parent is the Government of Kenya.

64. Currency

The financial statements are presented in Kenya Shillings (Kshs).

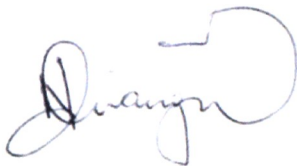
I. APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

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

| 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) |
|---|--|---|---|---|
| A1 | Long outstanding student debtors | The University has written demand notice and letters to the long outstanding debtors as the first step. The University is also in the process of following up on the students long outstanding debts. | Not Resolved | March 31 st 2023 |
| A2 | Long outstanding payables | The management has appealed to Government for a review of the recurrent expenditure funding allocation and full adoption of the Differentiated Unit Cost model (DUC). | Not Resolved | March 31 st 2023 |
| B1 | Delayed completion of Academic Block | The University management has written to the Ministry of Education to appeal for release of development funds. | Not Resolved | June 30 th 2023 |

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| | | | | |
|----|---|--|--------------|---------------------------|
| B2 | Failure to deduct and remit Income Tax(PAYE) | The graduate assistants stipend is now subjected to taxation | Resolved | |
| B3 | Failure to adhere to a third rule on basic salary | The HR with the lending banks monitors staff loans to ensure compliance with one third rule | Resolved | |
| B4 | Affirmative action on gender, ethnicity and regional distribution | Management has developed affirmative action policy with a view to ensure fair and equitable representation of all regions. | Not Resolved | May 31 st 2023 |
| B5 | Delay in filling of acting position | The University management has advertised for the positions awaiting interviews and recruitment. | Resolved | |



Vice chancellor

15th December 2022

II. APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------------|----------------|-------|------------------|------------------|---|---|
| 1 Resource III | | GOK | 3 Years | 100% | NO | YES |
| 2 Lecture Theatre | | GOK | 3 Years | 100% | NO | YES |
| 3 Academic Block P2 | | GOK | 3 Years | 100% | NO | YES |

Status of Projects completion

| | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|---|-------------------|--------------------|------------------------|----------------------|------------|------------|------------------|
| 1 | Resource III | 475,096,810 | 455,021,609 | 99% | 20,500,000 | 20,628,731 | GOK |
| 2 | Lecture Hall | 234,428,237 | 193,148,045 | 99% | 28,500,000 | 28,564,712 | GOK |
| 3 | Academic Block P2 | 285,899,378 | 249,731,178 | 90% | 49,000,000 | 49,647,285 | GOK |

For the year ended June 30, 2022.

III. APPENDIX III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| ENTITY NAME: Break down of Transfers from the State Department of University Education | | | |
|---|----------------------------|----------------------|--|
| a. Recurrent Grants | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | 3/8/2021 | 76,859,762 | 2021/2022 |
| | 1/9/21 | 76,859,762 | 2021/2022 |
| | 29/9/21 | 76,859,762 | 2021/2022 |
| | 02/11/21 | 76,859,762 | 2021/2022 |
| | 26/11/21 | 76,859,762 | 2021/2022 |
| | 28/12/21 | 76,859,762 | 2021/2022 |
| | 1/02/22 | 76,859,762 | 2021/2022 |
| | 2/03/22 | 76,859,762 | 2021/2022 |
| | 1/04/22 | 76,859,762 | 2021/2022 |
| | 28/04/22 | 76,859,762 | 2021/2022 |
| | 06/06/22 | 78,414,186 | 2021/2022 |
| | 28/06/22 | 78,414,186 | 2021/2022 |
| Total | 925,425,992 | | |
| b. Development Grants | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | 12/08/2021 | 49,000,000 | 2021/2022 |
| | 16/03/2022 | 49,000,000 | 2021/2022 |
| | Total | 98,000,000 | |
| | | | |
| c. Direct Payments | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | Total | 0 | |

IV. APPENDIX IV- INTER-ENTITY CONFIRMATION LETTER

[Insert your Letterhead]

[Insert name of beneficiary Entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by *[Insert name of beneficiary Entity]* as at 30th June 2022

| Reference Number | Date Disbursed | Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022 | | | | Total (D)=(A+B+C) | Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2022 (E) | Differences (F)=(D-E) |
|------------------|----------------|---|-------------------|-----------------------|----------------------|----------------------|---|-----------------------|
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | | | | |
| | 03-08-21 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 12-08-21 | - | 49,000,000 | - | 49,000,000 | 49,000,000 | - | |
| | 01-09-21 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 29-09-21 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 02/11/21 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 26/11/21 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 28/12/21 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 01/02/22 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 16/03/22 | - | 49,000,000 | - | 49,000,000 | 49,000,000 | - | |
| | 02/03/22 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 01/04/22 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 28/04/22 | 76,859,762 | - | - | 76,859,762 | 76,859,762 | - | |
| | 06/06/22 | 78,414,186 | - | - | 78,414,186 | 78,414,186 | - | |
| | 28/06/22 | 78,414,186 | - | - | 78,414,186 | 78,414,186 | - | |
| Total | | 925,425,992 | 98,000,000 | - | 1,023,425,992 | 1,023,425,992 | - | |

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

Finance Officer

Name: Abraham Mwangi
Date 15th December 2022

Sign:



V. APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |

VI. APPENDIX VI: DISASTER EXPENDITURE REPORTING TEMPLATE

| | | | | | | |
|--|-----------------------------|----------------------|---|----------------------------------|-----------------------|-------------------|
| Date: | | | | | | |
| Entity | | | | | | |
| 2021/2022 | 2022 | | | Quarter | | |
| Prof. P. N. Kioni | | | | | | |
| Contact details of the reporting officer: | Email: vc@dkut.ac.ke | | | Telephone | | |
| Column I | Column II | Column III | Column IV | Column V | Column VI | Column VII |
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
| COVID-19 | | Pandemic | Preparedness | Hand wash and proactive clothing | 350,400 | |
| | | | | | | |