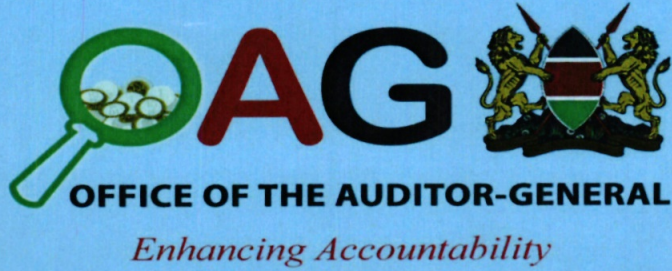


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

UNIVERSITY OF EMBU

**FOR THE YEAR ENDED
30 JUNE, 2019**



UNIVERSITY OF EMBU

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019

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

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University of Embu academic staff in a procession during the University's third graduation ceremony, in September, 2018

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2019

KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

(i) Establishment

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

(ii) Commencement of operations

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

(iii) Student population

The first group of students was admitted in April, 2013 through Joint Admission Board. The pioneer group had only 120 students. With time, the Student population grew to 6,444 in the 2018/2019 financial year. The growth is mainly attributed to rigorous marketing of the University, and introduction of new academic programmes.

During the first year of existence, University offered mainly agricultural based academic programmes. Additional market-driven programmes were later introduced, including Business and Economics, Nursing and Education.

(b) Mandate of University of Embu

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

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

Vision

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

Mission

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

Philosophy

Enhancing human capacity through relevant education, research and training.

Core Values

Integrity, Innovativeness, Professionalism, Teamwork and Customer focus

c) Key Management

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

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2019 are:

Designation

Name

1) Vice-Chancellor	Prof. Daniel Mugendi Njiru
2) Deputy Vice-Chancellor (Planning, Adm. & Finance)	Prof. Eucharika Unoma Kenya
3) Deputy Vice-Chancellor (ARE)	Prof. Kotut Kiplagat
4) Registrar (Vice-Chancellor's Office)	Mrs. Margaret Otolo
5) Registrar (Planning, Adm. & Finance)	Dr. Paul Nthakanio
6) Registrar (Academic Research & Extension)	Dr. Jackson Wachira
7) Head of Finance	Mr. Lawrence Kamonjo
8) Head of Human Resources	Ms. Gladys Atambo
9) Head of Procurement	Mrs. Purity Chege

e) Fiduciary oversight arrangements

(i) Public Accounts Committee

The Committee oversees the expenditure of public funds by ministries, state departments and corporations, commissions and independent offices, to ensure value for money and adherence to government financial regulations and procedures. The Committee executes its mandate on the basis of annual and special audit reports prepared by the Office of the Auditor General. University of Embu being a public entity is overseen by the Committee, by having its Financial Statements examined and discussed by the Committee to determine whether affairs of the University are managed with sound financial principles and prudent practices.

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

The University has Audit, Risk and Compliance Committee of the University Council. The committee plays an oversight role in the University operations by independently reviewing financial and non-financial operations of the University and reports to the University Council on quarterly basis. The Committee executes its mandate on the basis of regular reports prepared by the Internal Auditor.

(iii) Ethics and Anti-Corruption Commission

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

f) Head office/Registered Office

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

g) University of Embu contacts

P.O. Box 6-60100 Embu, Kenya
Email: vc@embuni.ac.ke/info@embuni.ac.ke
Website: www.embuni.ac.ke
Tel: +254 20 244 4136/+254 727 933 950/ +254 788 199 505

h) Bankers

- | | | |
|-------------------------------|---|-------------|
| (a) Barclays Bank of Kenya | - | Embu Branch |
| (b) KCB Bank Kenya Limited | - | Embu Branch |
| (c) Equity Bank | - | Embu Branch |
| (d) Cooperative Bank of Kenya | - | Embu Branch |
| (e) National Bank of Kenya | - | Embu Branch |

i) Auditors

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

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

j) Principal Legal Adviser

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

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

 <p>Dr. Margaret Gikuhi – Council Chairperson</p>	<p>Date of Birth: 23rd February 1954</p> <p>Holds a Doctorate Degree in Philosophy of Education. Has a wide experience in academics and administration.</p> <p>Has held various leadership positions with the Teachers Service Commission. She is currently serving as a director in a consultancy firm.</p>
 <p>Mrs. Margaret Iyasi Lesuuda Principal Secretary Representative, Ministry of Ed. State Department for University Ed.</p>	<p>Date of Birth: 24th October, 1964</p> <p>Holds a Master of Arts, in Peace Building from Coventry University, United Kingdom; Master of Education in Administration from University of Nairobi and a Bachelor of Education degree from Kenyatta University.</p> <p>She has vast experience in Education and Administration. She is currently the Regional Coordinator of Education, Eastern.</p>
 <p>Mr. Samuel Kiiru - Cabinet Secretary Representative, National Treasury</p>	<p>Date of Birth: October 20, 1969</p> <p>He holds a Master Degree in Economics. He is currently working at the National Treasury as the Head of Budget Policy. Has a wealth of experience in policy review, fiscal analysis, Macro level planning, program and performance budgeting, project appraisal, monitoring and evaluation and is a trainer on programme and performance budgeting.</p>
 <p>Mr. James Njeru Kaburu – Member</p>	<p>Date of Birth: 2nd May, 1969</p> <p>He holds a Master in Business Administration, Strategic Management and a Bachelor in Business Administration (Accounting), both from the United States International University (USIU). Has a wealth of experience spanning over 20 years in Financial Management and Strategy in Financial Services sector. In addition, he is a full member of the Institute of Certified Public Accountants of Kenya.</p>

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 <p>Dr. Jane Wanjiru Mugai – Member</p>	<p>Date of birth: 1953</p> <p>She holds a Doctorate degree in Special Needs Education from Mt. Kenya University, Masters in Guidance and Psychological Counselling from Kenyatta University, Bachelors’ degree in Special Education from Makerere University and a Diploma in Special Needs Education.</p>
 <p>Mr. Abdulhamid Saleh Said – Member</p>	<p>Date of birth: 21st April, 1964</p> <p>He holds a Masters of Public Health, Health Care Management from Emory University, USA, Masters of Science in Agricultural Economics, Postgraduate Diploma in Agricultural Economics, both from University of Aberdeen in UK and a Diploma in Agriculture Food Marketing from Egerton University.</p>
 <p>Ms. Beatrice Amolo Oluoch – Member</p>	<p>Date of birth: 6th February, 1962</p> <p>She holds a Masters of Business Administration from Daystar University, Bachelor of Laws from University of Nairobi, Diploma in Legal Education from Kenya School of Law, and a Diploma in Counselling from Amani Counselling Centre and Training. In addition, she is a Certified Public Secretary of Kenya.</p>
 <p>Ms. Karen Basiye Itela – Member</p>	<p>Date of birth: 17th November, 1978</p> <p>She holds a Joint Master of Environmental Science, Policy and Management degree from Lund University (Sweden), University of Manchester (UK), Central European University (Hungary) and University of the Aegean (Greece) and a Bachelor of Environment Science degree from Kenyatta University.</p> <p>Currently at Safaricom, Karen leads the Sustainability agenda for the company. She is passionate about the interplay between People, Purpose and Profits.</p>

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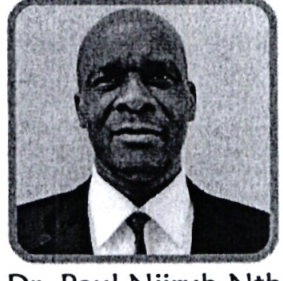

 <p>Prof. Daniel Mugendi – Council Secretary</p>	<p>Date of Birth: 8th September 1961</p> <p>Holds a PhD in Agroforestry from University of Florida, Gainesville, Florida, USA; In addition, he has a Master of Science Degree in Crop Science from the University of Nairobi; and Bachelor of Science (BSc) Degree in Forestry from Moi University.</p> <p>Has vast experience spanning over 30 years in Administration, Academic & Research in Universities, and Research Institutions.</p>
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UNIVERSITY MANAGEMENT BOARD

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

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

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 <p>Mrs. Margaret Otolo</p>	<p>Registrar, Office of the Vice-chancellor</p> <p>Holds a Master of Business Administration Degree and B.Ed (Arts) Degree from Kenyatta University. Presently pursuing Doctorate studies in Entrepreneurship.</p>
 <p>Dr. Jackson Wachira</p>	<p>Registrar – Academic Research & Extension</p> <p>Holds a PhD in Chemistry, a Master of Science Degree in Chemistry and Bachelor of Education (Science) Degree, all from Kenyatta University.</p>
 <p>Dr. Paul Njiruh Nthakanio</p>	<p>Registrar Planning, Administration and Finance</p> <p>Holds a PhD in Genetics and Plant Breeding from Zhejiang University, China. In addition, he has a Master of Science Degree in Genetics and Plant breeding, and a Bachelor Degree in Agronomy from Zhejiang Agricultural University.</p>
 <p>Mr. Lawrence Kamonjo</p>	<p>Head of Finance</p> <p>Holds a Master Degree in Finance, and a Bachelor of Education (Arts); both from Kenyatta University. In addition, he is a Certified Public Accountant of Kenya.</p>

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UNIVERSITY COUNCIL CHAIRMAN'S REPORT

It is my great honor and pleasure to present annual report of University of Embu (UoEm) for the period ended 30th June, 2019. During the year under review, UoEm recorded remarkable improvement in its financial and operational performance, owing to steadfast commitment and coordinated effort of all players.

Key activities during the financial year under review

The following are the key activities that took place at the UoEm during the FY 2018/2019:

- a) Held the second state of the University address by the University Chancellor on 26th March, 2019.
- b) Accreditation audit was conducted by the Council for Legal Education held to determine whether the University was ready to offer Bachelor of Laws degree on 26th February, 2019.
- c) Held peaceful elections of a 2019/2020 student government on 19th March, 2019.
- d) Held a successful cultural festival and careers day in February, 2019.
- e) University relocated its administrative offices from the old and crowded offices to the new administration block in February, 2019.
- f) A successful surveillance ISO audit was conducted by the Kenya Bureau of Standards, which confirmed that University's quality and information systems are sufficient and running reliably on 29th May, 2018.
- g) Launched Endowment Fund for the University on 25th October, 2018.
- h) Launched University's 2018-2028 strategic plan on 5th October, 2019.
- i) 2017/2018 Performance Contract evaluation by the Performance Management and Coordination Office on 17th December, 2018.
- j) Held a successful 3rd Graduation ceremony on 14th September, 2018.
- k) Rolled out ERP system to automate University operations in September 2019.
- l) Conducted a successful fire drill to ascertain preparedness towards addressing the risk of fire on 21st March, 2019.

Achievements

During the year under review, UoEm made various achievements in its performance, which include the following:

- (i) Accreditation by the Council for Legal Education to offer Bachelor of Laws (LL.B.) programmes.
- (ii) Provision of requisite facilities to support training and research.
- (iii) Growth of student population from 5464 students to 6444
- (iv) Good governance which made the university remain calm without any incidence of strike by students and/or staff.
- (v) Having in place tight controls that helped in safeguarding university resources.
- (vi) Timely completion of 2017/2018 audit and getting an unqualified audit opinion.
- (vii) Graduated **593** students during the third graduation ceremony of the University.

Key Challenges

The following are the main challenges faced by the University faced during the year under review:

- 1) Increased competition from well-established Universities.
- 2) Escalating cost of operation against decreasing Government funding.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
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the 2017/2018 financial year, the University's development budget was reduced by 75%. This reduction adversely affected completion of the ongoing projects. In the FY 2018/2019, the University received a recurrent budgetary allocation that underestimated the student population by 536; i.e. instead of the 3,872 student population, 3,336 students were used to determine our recurrent allocation. This translated to a reduced allocation by about KES 76 million. Further, in Supplementary Estimate No. 1 the recurrent allocation was reduced from KES 480,545,162 to KES 470,934,259

- 4) Inability to retain highly qualified academic staff to support academic programs.
- 5) Inability to achieve projected student numbers, due to reduced national catchment that mainly depends on performance in the KCSE examinations.

Despite the above challenges, the University Council managed to keep the University afloat. The key focus of the Council during the year was to maintain quality in training and enhancing positive student experience at the University.

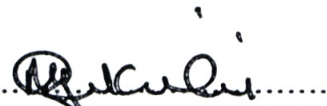
Future outlook

In October 2018, the University launched its 10-year (2018-2028) Strategic plan which captures the aspirations of the University in the realization of Kenya Vision 2030 and the Big Four Agenda. Implementation of the Strategic Plan will see the University achieve: financial stability, long term sustainability, enhanced infrastructure, governance, partnerships and increased collaborations.

The University Council is committed to continual execution of its expansion strategy, while efficiently managing its resources to support enhancement of quality in service delivery.

Appreciation

I wish to express my sincere appreciation and deep gratitude to the Government of Kenya through the Ministry of Education, and the National Treasury and Planning, for the support accorded to the University of Embu during the year under review. Further, my sincere appreciation goes to my colleagues who served in the University Council during the year, and the University Management for their invaluable contribution and dedication in service delivery.



Dr. Margaret Mumbi Gikuhi
CHAIRMAN

Date: 27th September, 2019

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2019

REPORT OF THE VICE-CHANCELLOR FOR THE PERIOD ENDED 30TH JUNE 2019

It is my pleasure to present the Annual Report and Financial Statements of the University of Embu for the financial year ended 30th June, 2019. The report contains financial and non-financial information of the University for the year.

NON – FINANCIAL INFORMATION

(a) Academic schools and programmes

During the year under review, University of Embu had six academic schools, namely: School of Pure and applied Sciences, School of Agriculture, School of Education and social sciences, School of Business and economics, School of Nursing, School of Law.

Following an accreditation audit by the Council for Legal Education held on 25th and 26th, February, the University was accredited by the Council of Legal Education on 16th April, 2019 as a legal education provider for Bachelor of Laws (LL.B). Unfortunately, the approval was received after Kenya Universities and Colleges Central Placement Service (KUCCPS) had completed placement of the 2018 KCSE candidates. Hence the University is targeting the inter-institution transfer window for the 2019 placements to recruit students to the new programme. The programme had attracted a total of forty-one (41) candidates by the end of the year, against an approved capacity of 120 students.

(b) Student welfare

University of Embu is widely recognized for its outstanding teaching, research and general student welfare services. The University Management and members of staff strive to provide the best experience to all our students. The University has a vibrant students Council (University of Embu Students Association) that looks into the welfare of students in general. The Council works closely with the University management to ensure that issues appertaining to student welfare are addressed in a satisfactory manner.

Elections for the student council for the academic year 2019/2020 were held in March, 2019, and the elected leaders sworn in, in the same month. Induction workshop for the new leaders was done, to equip the leaders with necessary skills for running the Council. The University Management is committed to working in collaboration with the student leaders for enhanced student satisfaction.

(c) ISO certification

University of Embu is ISO 9001:2015 and ISO 27001:2013 certified. During the year under review, a successful surveillance ISO audit was conducted by the Kenya Bureau of Standards, which confirmed that University's quality and information systems in place are sufficient and running reliably.

(d) Infrastructural development

University of Embu recognizes the importance of having adequate infrastructure for its operations. As a strategy towards increasing competitive advantage, the University Management continued developing new demand driven infrastructure to accommodate academic programmes and business activities. During the FY under review, the following projects were ongoing:

S/No.	Name of the project	Funding during the year by the Government
1)	New administration block	KES. 104,430,000=
2)	Tuition Block	KES. 121,930,000=
	TOTAL	KES 226,360,000

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(e) Performance Contracting (PC)

At the commencement of the year under review, the University Council signed Performance Contract for the year 2018/2019 with the Government of Kenya, represented by the Ministry of Education. The signed contract was cascaded to all staff by the University Management for implementation. The University Management remained committed during the financial year in ensuring that all targets in the contract were properly executed. The University has over the years recorded very impressive results in performance contracting activities, ranging from “very good” to “excellent” score. Self-evaluation that was conducted internally by the Directorate of Performance Contracting and ISO indicated that performance of the University for the year 2018/2019 is in the excellent category. The actual performance will be determined after final evaluation by the Office of the Chief of Staff and Head of Public Service and Performance Management and Co-ordination Office.

(f) Financial sustainability

University of Embu is committed to fulfilling its vision through realization of academic excellence. Effort towards this noble course is usually limited due to the constrained financial resources at the disposal of the University. It is worth noting that in the recent past, there has been serious economic hardship nationally, emanating from unfavourable global macro-economic factors. This has adversely affected the University, in light of decreasing funding from the Government of Kenya, and decreasing student enrollment due to reduced national catchment that mainly depends on performance in the KCSE examinations. For self-sustainability, the University Council is exploring alternative funding options such as Public Private Partnership, and also enhancing efforts for rolling out new streams of internal revenues. The University launched its endowment fund in October, 2018 in a ceremony that was officiated by the H.E. Dr. William Ruto (Ph.D), the Deputy President. The main objective of the Fund is to mobilize resources, to support the core business of the University.

(g) Strategic Focus of UoEm

University of Embu launched its 2018 - 2028 Strategic Plan in the month of October, 2018. The Strategic Plan provides a clear focus and defines priorities of the University, and specific strategies to achieve them.

The following are the key focus areas that are stipulated in the Strategic Plan:

- i. Development & enhancement of Infrastructure and security, for effective service delivery.
- ii. Enhancement of human capital management through the integration of best practice in the recruitment, management and optimization of the workforce.
- iii. Promotion of effective Governance and leadership practices.
- iv. Expansion of capacity of University operations and services.
- v. Establishment and expansion of linkages, partnerships and collaborations with other institutions.
- vi. Achievement of financial stability and enhancement of long-term sustainability.

The University will adopt innovative approaches to mobilize resources, and ensure full implementation of the Strategic Plan.

FINANCIAL INFORMATION

(h) Sources of University revenues

The main source of University revenue is the funding from the Government of Kenya, in form of recurrent grants and development grants. To supplement the grants from the GoK, the University also generates revenues internally, from sources such as fees, hire of facilities, farm and catering sales. During the FY 2018/2019, University of Embu received a total of KES 740,107,315 from the Government of Kenya as follows:

Recurrent grants:	KES 513,747,315
Development grants:	KES 226,360,000
TOTAL	KES 740,107,315

Internally, the University generated revenue of KES 385,297,280 from its various sources.

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(ii) Financial challenges

A major challenge that University has been facing since its inception is lack sufficient financial resources to cater for its operations, as well as to develop requisite infrastructure. The main concern is that of inadequate budgetary allocations, and sometimes unexpected reduction of the budget by the Government. Some of the recent cases of budget cuts are:

- a) In the FY 2015/2016 the development budget was reduced by KES 116, 860,000, from the initial allocation of KES 313,720,000/= to KES 196,860,000.
- b) In the FY 2017/2018, development budget was reduced by 75% from the initial allocation of KES 237, 302,214 to 59,325,554.
- c) In the 2018/2019 financial year, the University received a Recurrent Budgetary allocation that underestimated the student population by 536; i.e. instead of the 3,872 student population, 3,336 students were used to determine our allocation for Recurrent Budget. As a result of this anomaly, the University was underfunded by approximately KES 76 million.
- d) During the 2018/2019 Supplementary Estimate number 2, the recurrent budget was reduced from KES 480,545,162 to KES 470,934,259.

In addition to reduction in funding from the Government, revenue from internal sources has also decreased, owing to inability to achieve projected student numbers, due to reduced student enrolment catchment that mainly depends on performance in the KCSE examinations. In the last two years, all students who scored a minimum of C+ in KCSE were absorbed by the Kenya Universities and Colleges Central Placement Services in private and public institutions. The University was therefore not able to generate any revenue from module two programmes, popularly known as parallel courses. Further, the University is likely to face the risk of operating below its student capacity in future, if the enrollment challenge is not addressed.

To mitigate on the above challenges, the University Council, and the Management constantly appeals to the Government of Kenya through the Ministry of Education to boost budgetary allocation to the University.

Conclusion

Despite the challenges faced by the University, its financial health remained sound during the year under review. This is clearly reflected in the financial statement contained in this annual report. The good performance and the enhanced reputation of the University is attributed to the commitment and dedication of members of staff who worked tirelessly to support Management in achieving set objectives. Adherence to ISO 2008:2015 standards on Quality Management System and ISO 27001:2013 on Information Security Management System also contributed immensely to the realization of the great success that was achieved during the year.

Appreciation

I wish to express my sincere and deep gratitude to the Ministry of Education, the National Treasury and Planning and the University Council for their continued support and guidance to the University Management, without which the achievement so far made would not have been possible.

My special recognition and gratitude goes to the University Management and staff for the tireless effort and dedicated service, which led to exemplary performance in the academic, administrative and performance contracting activities.

To our valued students, esteemed customers and other stakeholders, we are grateful for choosing University of Embu. We appreciate your steadfast support and contribution towards the successes that we have so far realized.



Prof. Daniel Mugendi Njiru, (Ph.D)
VICE-CHANCELLOR

Date: 27th September, 2019

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CORPORATE GOVERNANCE

Introduction

University of Embu Council recognizes the importance of applying high standards of corporate governance as a key contributor to its long term success, value and prosperity. This enables effective and efficient decision making and creates a conducive atmosphere for the Council to discharge its duty to promote success, while taking into account the interest of various stakeholders. The University Council has established effective governance through a combination of strong systems, processes and structures, underpinned by the right attitude, values and culture.

Corporate Governance Statement

Good corporate governance entails establishment and enhancement of sustainable value for the stakeholders, through adoption of ethically driven business structures, procedures and processes. The Council and the Management of University of Embu ensures that corporate governance guidelines and best practices are followed in the delivery of the University mandate, and that all corporate affairs are managed in a fair and transparent manner, and in compliance with the applicable Laws of the Republic of Kenya and the Mwongozo Code of Governance which was established by the Government of Kenya to provide guidance on effective leadership, governance and management of public resources.

Corporate Governance at the University of Embu Council

(i) Roles and functions

The University of Embu Council is at the centre of good governance practice, for protection of long-term interests of all the stakeholders of the University. The Council provides leadership, oversight to management, integrity and good judgment in directing university operations in the best interest of the stakeholders for continued viability and sustainability. The University Council is vested with powers and authority by relevant laws of Kenya, to discharge its mandate, and to effectively fulfill its corporate governance responsibility towards stakeholders. The University Council ensures adoption of corporate governance best practices in support of the university vision and to provide world-class services that delight customers, create value for money and meet stakeholders' expectations. Detailed responsibilities of the University Council are provided in the University of Embu Statutes.

(ii) Appointment

The Council served at the University of Embu during the year under review was appointed by the Cabinet Secretary, Ministry of Education and appeared in the Kenya Gazette Notice No.7600 and 7601 dated 7th August, 2017, and inaugurated on 6th September 2017.

Positions in the Council were advertised on 4th May, 2017, and appointment done thereafter. The names of the Council were published in Kenya Gazette Vol. CXIX—No. 112, Gazette Notice number 7600 and 7601 of 7th August, 2017.

(iii) Induction and capacity building for Council members

Members of the Council regularly attend trainings on corporate governance and other relevant fields, to equip them with the knowledge that is required to effectively discharge their

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responsibilities. Induction for new Council members is conducted to enhance their understanding of the University business and operations. During the year under review, Council members attended relevant trainings to help enhance their competencies.



Members of Embu University Council and the Management during a training that was held at Nokras Riverine in Sagana.

(iv) Succession planning of the University Council

University of Embu Council has reliable mechanisms for developing skills of the Council members, to ensure seamless continuity of the University business in the event some members leave the University. All members are prepared to assume different roles, to make them effective in various positions. University of Embu runs University business through committees. As part of succession planning, Council members are assigned more than one committees, to expose them to various operations of the University. In addition, induction and other Council trainings are designed to cover a wide range of fields, relevant to the University governance to help the members serve in different capacities within the Council.

(v) Meetings of the University Council

Dates for University Council meetings in the ensuing year are decided in advance and scheduled in an annual work plan. The Council holds its regular meetings on quarterly basis to transact planned business of the University. However, special meetings of the Council may be called when there is significant business to transact. During the FY 2018/2019, the Council held four regular and 1 special meeting. Members of the Council received adequate notices and detailed documents on issues to be discussed, in good time, to enable them prepare for the meetings. The table that follows gives a summary of the meetings held by the University Council and its committees:

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Committee	Members	Number of meetings held	Number of meetings attended
Full Council	<ol style="list-style-type: none"> 1. Dr. Margaret Gikuhi – Chairperson 2. Mr. Samuel Kiiru 3. Mrs. Margaret Iyasi Lesuuda 4. Ms. Beatrice A. Oluoch 5. Mr. James N. Kaburu 6. Dr. Jane W. Mugai 7. Mr. Abdulhamid A. Saleh 8. Ms. Karen Basiye 9. Prof. Daniel Mugendi – Secretary 	5	5 5 1 5 4 5 5 4 4
Finance, Resource Mobilization and General Purposes Committee	<ol style="list-style-type: none"> 1. Mr. James N. Kaburu – Chairperson 2. Mr. Samuel Kiiru 3. Mrs. Margaret Iyasi Lesuuda 4. Ms. Karen Baiye 5. Prof. Daniel Mugendi – Secretary 	6	6 6 2 3 6
Building and Infrastructure Committee	<ol style="list-style-type: none"> 1. Mr. Patrick Abelle – Chairperson 2. Mr. Samuel Kiiru 3. Mrs. Margaret Iyasi Lesuuda 4. Dr. Jane W. Mugai 5. Prof. Daniel Mugendi – Secretary 	2	2 1 1 2 2
Audit, Risk & Compliance Committee	<ol style="list-style-type: none"> 1. Ms. Beatrice A. Oluoch – Chairperson 2. Mr. Samuel Kiiru 3. Mrs. Margaret Iyasi Lesuuda 4. Mr. Abdulhamid A. Saleh 5. Mr. Francis Ngure – Secretary 	4	4 3 3 4 4
Human Resource Management Committee	<ol style="list-style-type: none"> 1. Dr. Jane W. Mugai – Chairperson 2. Mr. Samuel Kiiru 3. Mrs. Margaret Iyasi Lesuuda 4. Ms. Beatrice A. Oluoch 5. Prof. Daniel Mugendi – Secretary 	3	3 2 1 3 2

(vi) Conflict of interest

As a routine, “Conflict of interest” appears as an item in the agenda of each University Council meeting. The Council has a conflict of interest register for recording any declared conflict of interest. Each Council member indicates by signing, whether they are conflicted in any way. A conflicted member takes leave during deliberations of any issues that may lead to conflict of interest.

(vii) Remuneration of University of Embu Council

Council members are entitled to sitting allowance for every meeting attended. Each member also receives lunch allowance, accommodation allowance and mileage reimbursement where

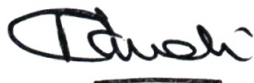
applicable, using the set rates for state corporations. In addition, the Chairman of the University Council is paid a monthly honorarium and telephone allowance, also at the rates approved for state corporations.

(viii) Ethical standards

University of Embu Council is committed to ensuring that members of the University Management and all employees, conduct themselves with integrity and professionalism in accordance with the approved Staff Code of Conduct, and holds them individually accountable for their conduct.

The University through the office of the Human Resources Manager, and the Integrity Committee, regularly conducts integrity awareness training, corruption risk assessments and enforcements of corruption prevention measures. The University Management has a well-established and reliable mechanism for receiving complaints, and making follow-ups on every allegations and reported cases of unethical conduct. Analysis of reported cases is normally done objectively, and appropriate action instituted to control and discourage unethical behaviour.

University of Embu collaborates with Ethics and Anti-Corruption Commission to entrench a culture of ethics and integrity at the University.



.....
Prof. Daniel Mugendi Njiru, (Ph.D)
VICE-CHANCELLOR

Date: 27th September, 2019

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MANAGEMENT DISCUSSION AND ANALYSIS

(a) Academics, Research and Extension

During the financial year 2018/2019, the University remained committed to enhancing access to Higher Education, in a bid to support the existing priorities of the Government of Kenya, and to meet the demand of the labour market. The University has established various market driven courses in order to address the demand for the same. In the development and review of market driven course, and to avoid duplication of existing courses offered in other Universities, the University of Embu carries out a feasibility studies in order to ascertain the following:

- i. The demand for the program: University of Embu, often carries out needs assessment through continuous interaction with stakeholders, organized fora and market scan in order to capture demand or need of an academic program.
- ii. The skills gap and niche areas a program is desired to have. World over, challenges and demands keep changing and evolving. The University has therefore to keep abreast to the dynamisms.

All programs offered at the University of Embu are aligned to National and global agenda including but not limited to the Kenyan Vision 2030, the Big Four Agenda, Agenda 2063 and Sustainable Development Goals.

(b) Establishment of School of Law

The University was accredited by the Council of Legal Education on 16th April, 2019 as a legal education provider for Bachelor of Laws (LL.B). The program has been designed with niche areas that capture agriculture, devolution, land, cooperatives, alternative dispute resolution among other emerging trends. Agriculture is the main economic backbone of our Nation. Unfortunately, very little attention is given in matters addressing issues that may arise from the same which directly relate to devolution, community disputes and land. Cooperatives, in most parts of the country, are formed from agricultural activities. The University of Embu LL.B program therefore is designed to capture legal education in the field of agriculture which interacts with the other niche areas. The program has received a lot of interest from various stakeholders within and outside the country. The University has therefore planned to have legal aid clinics where the law students will be assisting communities around the region with advise and directions on legal matters.

The University has a modern state of the art moot court that is designed to give students a real life experience of court practices. The University is planning to partner with the Judiciary so that selected cases can be held at the University moot court. This will give students desired learning experiences.

(c) Partnering for provision of higher education and community outreach

The University of Embu has partnered with various stakeholders in order to ensure that it meets the demands of the community. Among the partners include international scholars and donors in order to boost research and provision of higher education. Among the partners include: Kirk House trust, Swedish University of Agricultural Scientist, Swiss National Science Foundation, Flemish Inter-University Council (Vlir Uos), Government of Australia and National Research Foundation.

(d) Facilitating research - Establishment of Vice-Chancellor's Research Grant.

During the year under review, the University established Vice-Chancellor Research grant in a bid to grow and develop young scientists. The internal grant will assist new graduates in understanding the basic requirements for scouting for grants, proposal writing skills, management of grants and publications. The grants are awarded competitively, where research proposals are subjected to a thorough scrutiny by external reviewers drawn from renown Universities.

(e) Student and Employees safety

The University put in place mechanisms for ensuring safety of students, employees and other stakeholder while within the University compound.

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(f) Embracing the Big Four Agenda

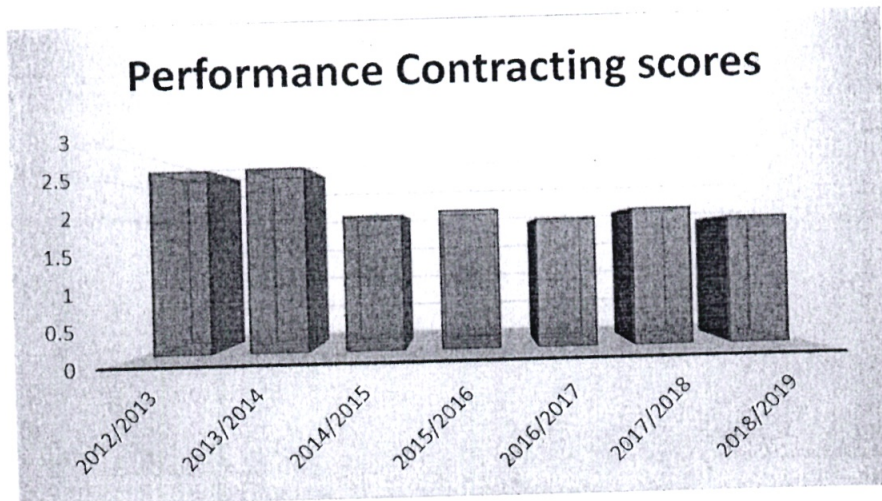
The University's 2018 - 2028 strategic plan is aligned to the Government economic medium term plan as outlined in the Big Four Agenda. In doing this, the University is operationalizing the concept of industrial park as part of the University's resource mobilization strategy. This will consist of water bottling unit, yoghurt, animal feed and detergent production units. During the financial year 2018/2019, Yoghurt and water bottling units were operationalized, and form the initial part of the University industrial park. The park will cover manufacturing, food security and nutrition components of the Big Four Agenda. It will serve both as a source of income to the University, as well as a training facility for the University of Embu students, and the external communities on value addition and manufacturing.

(g) Performance Contracting

University of Embu has over the years since its inception recorded very impressive results in performance contracting activities, ranging from "very good" to "excellent" score, as shown below. Evaluation of performance for 2018/2019 has not been done. Internal Self-evaluation that was conducted internally by the Directorate of Performance Contracting and ISO indicated that performance of the University for the year 2018/2019 is in the excellent category.

The table below shows the performance contracting rating for the University since its inception.

2012/2013	2013/2014	2014/2015	2015/ 2016	2016/2017	2017/2018	2018/2019 Self- assessment
2.6897 (Very good)	2.7063 (Very good)	1.9826 (Excellent)	2.0334 (Excellent)	1.8762 (Excellent)	1.9965 (Excellent)	1.8471 (Excellent)



(h) Financial analysis

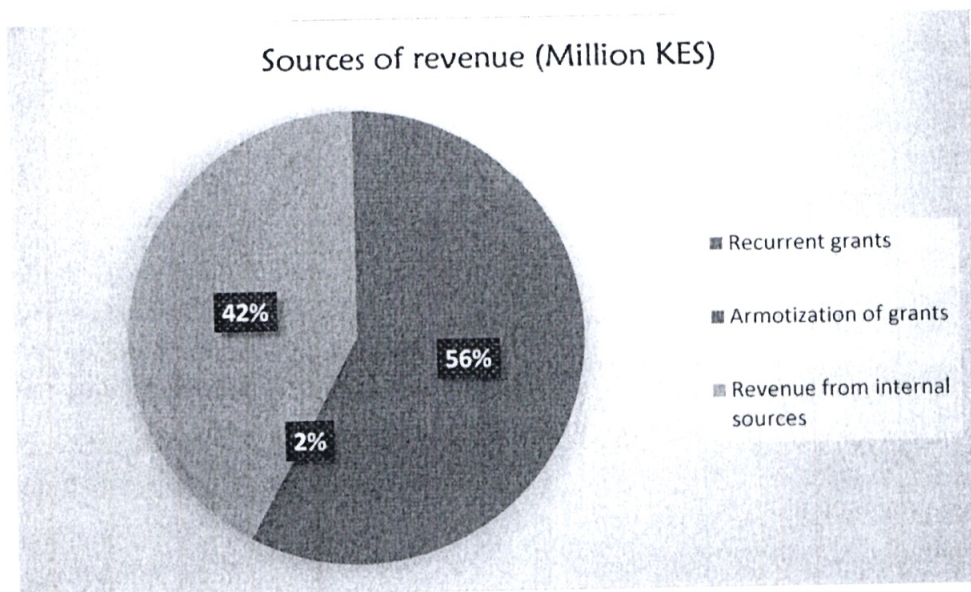
University revenues

During the FY 2018/2019, University of Embu received KES 740,107,314 from the Government of Kenya as follows:

Recurrent grants:	KES 513,747,314
Development grants:	KES 226,360,000
TOTAL	KES 740,107,314

Internally, the University generated revenue of KES 384,037,016 from its various sources.

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The financial performance of the University of Embu for the FY 2018/2019 was as follows in comparison to the FY 2017/2018:

Total revenue increased by 5% from KES 872,505,355 in 2017/2018 to KES 912,611,125 in 2018/2019, while the total expenditure decreased by 1 % from KES 849,541,345 in 2017/2018 to KES 842,491,073 in 2018/2019. The net surplus for the year increased by 194% from KES 24,386,010 in 2017/2018 to KES 71,720,013 in 2018/2019.

Current assets increased by 2% from KES 103.9 million in 2017/2018 to KES 106 million in 2018/2019. The total assets increased by 14.7 % from KES 2.537 billion in 2017/2018 to KES 2.911 billion. Current liabilities increased by 80.66 % from KES 54.5 million to 98.4 million, while the total liabilities increased by 24.15 % from 1.092 billion in 2017/2018 to 1.356 billion in 2018/2019.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

University of Embu voluntarily integrates sustainability, social and environmental concerns in its core operations and interactions with its stakeholders for a high positive impact on the society. This encourages a positive relation and impact on the environment by the stakeholders, who include students, employees, other customers, investors and the neighboring communities. The University Council and the Management are committed to maintaining a healthy relation with the University stakeholders at all times, for mutual benefit.

During the year under review, University of Embu undertook the following activities in the fulfilment of its corporate social responsibility objectives:

1. Environmental Conservation initiatives

(a) Tree planting

In the year 2018/2019, University of Embu conducted various tree planting initiatives within the University and the Community in an effort to meet the constitutional target of 10% national forest cover by the year 2022, besides greening our environment. Staff and students voluntarily joined hands with Kenya Forest Services and other stakeholders in planting trees at various places with Embu County. Some of the initiatives include, Jeremiah Nyaga Technical Training Institute tree planting activities on 20th and 24th November, 2018 and the National tree planting launch at the University of Embu, guided by the theme “Panda Miti, Penda Kenya” and “Panda Miti Boresha Maisha”. In addition, over 3,000 trees have been planted strategically within the University at different times, all in recognition that environment and forests protection is a shared responsibility that all must tirelessly pursue.

(b) Team building retreat

University of Embu held a very successful team building retreat for its employees. The retreat which was held outside the University presented an informal environment for staff interaction and bonding. The main objective of retreat was to bring all staff together, have fun, break personal barriers and learn problem solving techniques from each other.

(c) Environmental clean-up

The University of Embu recognizes it has a role in protecting the environment by keeping it clean. In this spirit, the University collaborated with the County Government of Embu and Tenri Embu on 25th May, 2019 in conducting clean-up activities in Embu Town. This was aimed at reducing the menace of litter within the town while demonstrating to the general public that caring for the environment, is a responsibility for all.

2. Promoting Education

University of Embu recognizes the fact that the future of the republic of Kenya depends on education of children, and therefore there is need to care for them. The University participated in commemorating the Day of the African Child on 14th June, 2019, at Moi Stadium in Embu County. The University took part in championing for children rights in Kenya and Africa under the theme, “*Humanitarian Action in Africa: Children’s Rights First*”. The University supported the children in kind during the celebration by providing consumables, and in sensitizing the public on the basic rights of children such as, education.

3. Promoting welfare of the needy

University of Embu participates in various humanitarian activities aimed at assisting those without ability to meet their basic requirements in their lives. During the financial year 2018/2019, the University in recognition

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of the need to support prosperity of the Children, the University visited and offered support in kind, to St. Angela Embu Children Home. In addition, the University fraternity led by the Vice-Chancellor Prof. Daniel Mugendi visited Embu GK Prison to share Christmas joy with the Prisoners and Warders. Various items were donated courtesy of the University and voluntary contributions from staff members in support of the initiative.

4. Water and Sanitation Initiatives:

The University, under Corporate Social Investment, established a partnership with CARITAS Embu (The Socio-economic Development Arm of the Catholic Diocese of Embu). Students from the University's Department of Land and Water Management, joined CARITAS Embu, to serve Embu community while on attachment. They were involved in a **Drinking Water and Sanitation** project, being implemented in Mbeere South Sub-county through construction of small dams, wells and argumentation of strategic boreholes. They served in the project with the aim of contributing to the overall goal of enabling the community members to access safe and clean drinking water.

5. Promoting peaceful co-existence in communities

In an effort to promote world peace and positively impact on humanity, University of Embu hosted a peace talk and exhibition, on 28th June 2019. The talk was championed by a Japanese World Peace Ambassador Mr. Yuchiro Morishita. The forum was attended by the University staff and students, as well as by the neighbouring institutions. As an institution of higher learning, the University takes a leading role in championing peaceful co-existence of communities.

The University also held its third annual Cultural Festival during the year, as a way of promoting peaceful co-existence between different communities. The festival provided an opportunity for students and invited artists to showcase their diverse talents. The event created an opportunity for students to present and celebrate diverse cultures.



University of Embu students performing a Mijikenda traditional dance during Culfest

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6. University Scholarships

In order to develop highly qualified professionals, University of Embu has embarked on awarding scholarships to its best performing undergraduates. The applicants are subjected to a very rigorous selection process in order to tap into the best graduates of the University. The awardees are coupled with mentors in their respective academic fields, who hone the awardees skills in research, publications and general scholarly etiquettes.

7. Wellness clinics

University of Embu held a very successful HIV & AIDS Prevention Campaign and Wellness Clinics at the University, in partnership with National Aids Control Council, Embu Teaching and Referral Hospital, Embu County Clinical Officers Association. The following services were offered to staff and their dependents:

- i. Information on HIV & AIDS prevention, Condom use and hygienic disposal, Adherence to medication and ending stigma and discrimination.
- ii. Information on nutrition in relation to HIV & AIDS, Cancer, diabetes and Hypertension
- iii. Information on Human papilloma virus in relation to different kinds of cancers
- iv. free medical tests covering the following:
 - Blood sugar checks
 - Blood pressure checks
 - Weight and BMI checks
 - HIV and AIDS counselling and testing

8. Other CSR initiatives

- a) Offered research grants and 40% fee waivers to employees of the UoEm studying at the University of Embu.
- b) Held a career day in November, 2018 that was organized to guide secondary school students on career choices. The event was attended by 1532 students from over twenty-eight schools from Embu and surrounding counties. The students were addressed by University staff and other invited professionals from diverse specializations.
- c) Held a farmers' training where farmers from the neighboring communities were trained on modern farming technics.
- d) Participated in various activities such as prize giving and education forums for schools within Embu County.
- e) Organised a workshop to sensitize women, youth and people living with disabilities, on Access to Government Procurement Opportunities, at the University of Embu.
- f) Gave financial aid to support education of the needy students at the UoEm, in form of bursaries.
- g) Hosted various schools, both secondary and primary, on educational visits and trained them on various aspects in sciences and Agriculture.
- h) Offered library support and related services to various secondary schools, by:
 - i. Installing and configuring KOHA system in their libraries.
 - ii. Training librarians on various aspects of the KOHA System.
 - iii. General training to staff and students on the following: online registration of users, charging and discharging of library materials, fines of overdue materials, borrowers' maintenance, categories of users, public Catalogue management, user borrowing history and keeping vigilance of the library materials.

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REPORT OF THE COUNCIL MEMBERS

University of Embu Council submits its report together with the financial statements for the period ended 30th June, 2019 which show the state of affairs of the University.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the University of Embu for the period ended 30th June, 2019 are set out on pages 27 to 67

UNIVERSITY OF EMBU COUNCIL MEMBERS

The members of the Council who served during the year are shown on pages 5 to 7

AUDITORS

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

By Order of the University of Embu Council



Prof. Daniel Mugendi Njiru
SECRETARY, UNIVERSITY OF EMBU COUNCIL

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STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

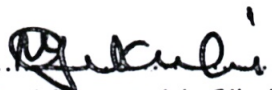
The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act No. 42, of 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2019, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements, as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Council on 27th September, 2019 and signed on its behalf by:


.....
Dr. Margaret M. Gikuhi
CHAIRMAN


.....
Prof. Daniel MugendiNjiru
SECRETARY

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF EMBU FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of University of Embu set out on pages 27 to 65, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of University of Embu as at 30 June, 2019, 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.

Emphasis of Matter

Material Uncertainty Related to Going Concern

As disclosed in Note 37 to the financial statements, the statement of financial position reflects a balance of Kshs.81,560,000 under non-current liabilities relating to CBA refund. The CBA refund represents the balance of Kshs.106,000,000 received from the Ministry of Education in 2012/2013 and 2013/2014 financial years for CBA implementation. However, the Ministry of Education later directed the University to refund the money, out of which the University refunded a sum of Kshs.24,440,000 leaving a balance of Kshs.81,560,000.

Although the statement of financial position reflects Kshs.98,482,926 in respect to total current liabilities and Kshs.106,053,104 in respect to total current assets and therefore reflecting a positive working capital, the University is at risk of having liquidity problems

that would threaten its going concern if the Ministry of Education demands the Kshs.81,560,000 in respect of the outstanding CBA refund.

In the circumstances, the going concern of the University is based on the assumption that the University will continue getting financial support from the National Government and creditors.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of University of Embu 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 opinion.

Key Audit Matters

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

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 of Conclusion

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2019 reflects budgeted revenue of Kshs.1,162,994,197 and actual revenue of Kshs.1,098,116,850 resulting to a net revenue shortfall of Kshs.64,877,348. Similarly, the statement reflects a budgeted expenditure of Kshs.1,162,994,197 compared to an actual expenditure of Kshs.1,209,675,783 resulting to a net over-expenditure of Kshs.46,681,586.

The University overspent on its budget without approval contrary to Regulation 44 (2) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan with the

exception of unforeseen and unavoidable spending dealt with through the Contingencies Fund, or supplementary estimates.

The University was therefore, in breach of the Regulations.

2. Endowment Fund Accounts

The statement of financial position reflects a balance of Kshs.32,495,959 under payables from non-exchange transactions which, as disclosed in Note 30 to the financial statements, includes an amount of Kshs.16,785,574 in respect of Endowment Fund. The Endowment Fund was established by the University in September, 2016 as an alternative source of funds but came into operations in October, 2018. However, although the University was granted authority by The National Treasury to open and operate a bank account for the Fund at Equity Bank, the University did not open the account but deposited collections amounting to Kshs16,785,574 in the University's Kenya Commercial Bank (KCB) operations account number 1141890933. Further, the University does not have a policy or guidelines in place management of the Fund.

In the circumstances, the regularity of the operations of the University's Endowment Fund could not be confirmed.

3. Presentation of Financial Statements

The Public Sector Accounting Standards Board (PSASB) template issued in June, 2019 stipulated that the University's statement of cash flows for the year ended 30 June, 2019 should reflect the cash and cash equivalents balance as at 1 July, 2018 and cash and cash equivalents balance as at 30 June, 2019. However, the University has not reflected the cash and cash equivalents balance of Kshs.74,793,328 as at 1 July, 2018 in the statement of cash flows for the year under review.

In the circumstances, the University's statement of cash flows is not prepared in accordance with the prescribed PSASB format.

4. Overdrawn Bank Account

Section 28(4) of the Public Finance Management Act, 2012 provides that an Accounting Officer for a national government entity shall not cause a bank account of the entity to be overdrawn beyond the limit authorized by The National Treasury or a Board of a national government entity. However, the statement of financial position reflects an overdrawn bank account balance of Kshs.52,166,353 under current liabilities. Although Management has explained, in Note 28 to the financial statements, that the overdrawn bank account was as a result of delayed transfers to the account and Exchequer releases not received at the close of the financial year, authority to overdraw the account was not provided for audit.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Increase in Fees Receivables

As disclosed in Note 20 to the financial statements, the statement of financial position reflects a balance of Kshs.27,269,404 under receivables from exchange transactions which includes an amount of Kshs.27,247,198 in respect to fees receivables which increased by Kshs.22,707,198 or 500% from the balance of Kshs.4,540,000 reported in the previous year. The significant increase in fees receivables could be an indication of weak internal controls in fees collection which if not addressed, could affect the liquidity of the University in future.

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

Responsibilities of Management and those charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the University's ability to continue as a going concern, disclosing as applicable, matters

related to going concern and using the applicable basis of accounting unless the Management either intends to liquidate 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 money is applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion with limited assurance as to 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 in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. 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 as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

31 March, 2021

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

STATEMENT OF FINANCIAL PERFORMANCE			
	Note	2018/2019	2017 /2018
		(Ksh)	(Ksh)
Revenue from non-exchange transactions			
Recurrent grants	6	513,747,314	512,346,055
Amortization of grants	42	14,826,795	8,158,126
		528,574,109	520,504,181
Revenue from exchange transactions			
Rendering of services	7	334,674,284	282,453,574
Rental revenue	8	6,752,680	6,682,800
Farm income	9	6,566,089	7,799,028
Finance Income	10	1,091,088	9,537,846
Other incomes	11	34,952,876	35,990,081
		384,037,017	342,463,329
Total revenue		912,611,125	862,967,510
Expenses			
Employee costs	12	536,505,898	545,034,617
Remuneration of University Council	13	14,120,966	15,475,062
Depreciation and amortization expense	26	52,759,246	45,022,076
Repairs and maintenance	14	12,137,383	29,618,050
Research expenses	15	29,522,936	22,188,394
Contracted Services	16	1,000,000	-
General expenses	17	196,444,643	192,203,146
Total expenses		842,491,073	849,541,346
Surplus/(Deficit) from operations		70,120,053	13,426,164
Other gains/(losses)	18	1,599,960	1,422,000
Surplus/(Deficit) for the period		71,720,013	14,848,164

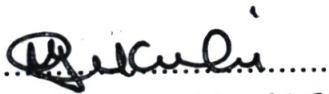
UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2019			
	Note	2018/2019	2017/2018
		(Ksh)	Ksh
ASSETS			
Current assets			
Cash and cash equivalents	19	8,623,379	74,793,328
Receivables from exchange transactions	20	27,269,404	4,564,795
Receivables from non-exchange transactions	21	60,788,684	13,767,981
Inventories	22	9,371,637	10,814,508
Total Current Assets		106,053,104	103,940,611
Non-current assets			
Property, plant and equipment	27	2,787,937,837	2,425,092,897
Biological assets	23	9,929,690	8,330,000
Intangible Assets	25	7,185,000	-
Total Non - current assets		2,805,052,527	2,433,422,897
Total assets		2,911,105,630	2,537,363,508
LIABILITIES			
Current liabilities			
Overdrawn bank account	28	52,166,353	25,575,494
Trade and other payables from exchange transactions	29	2,753,784	615,249
Payables from non-exchange transactions	30	32,495,959	23,166,019
Refundable deposits	31	850,314	750,950
Provision for audit fee	32	522,000	522,000
Payment received in advance	33	8,202,000	2,554,126
Students bursaries fund	34	1,492,516	1,326,575
Total current liabilities		98,482,926	54,510,413
Non-current liabilities			
Caution money	35	13,942,000	12,194,000
Retention money	36	41,320,365	34,853,288
CBA refund	37	81,560,000	81,560,000
Deferred income	41	1,120,196,688	908,663,483
Total non-current liabilities		1,257,019,053	1,037,270,770
Total liabilities		1,355,501,979	1,091,781,183
Net Assets		1,555,603,651	1,445,582,325

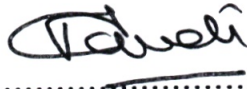
UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

Statement of Financial position (continuation)

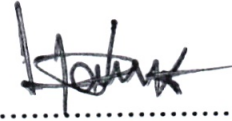
Revaluation reserves	43	1,327,024,973	1,289,348,660
Revenue reserve	44	228,578,678	156,233,665
Total Reserves		1,555,603,651	1,445,582,325
Total net assets and liabilities		2,911,105,630	2,537,363,508



Dr. Margaret Mumbi Gikuhi
CHAIRMAN



Prof. Daniel Mugendi Njiru
SECRETARY



Mr. Lawrence Kamonjo
HEAD OF FINANCE
ICPAK NUMBER: 7080

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

STATEMENT OF CHANGE IN NET ASSETS			
	Revaluation reserve	Revenue reserves	Total
	(Ksh)	(Ksh)	(Ksh)
Balance as at 1st July 2017	1,289,348,660	141,385,501	1,430,734,161
Surplus for the year	-	14,848,164	14,848,164
Balance as at 30th June, 2018	1,289,348,660	156,233,665	1,445,582,325
Balance as at 1st July 2018	1,289,348,660	156,233,665	1,445,582,325
Prior year adjustment	-	625,000	625,000
Deficit/Surplus for the period	-	71,720,013	71,720,013
Revaluation adjustment (Note 43)	37,676,313	-	37,676,313
Balance as at 30th June , 2019	1,327,024,973	228,578,678	1,555,603,651
Note: Prior year adjustment			
In the financial year 2017/2018, KES 5,000,000/= that was used to acquire ERP system was erroneously added to Plant and Equipment instead of adding to intangible assets. This was therefore depreciated at 12.5%, understating revenue reserve.			
12.5% of KES 5,000,000 = 625,000/=			

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

STATEMENT OF CASHFLOWS			
		2018/2019 (KES)	2017/2018 (KES)
Cash and cash equivalents at the beginning		74,793,328	143,738,683
Cash flows from operating activities	Note		
Receipts			
Government recurrent grants	6 & (i)	470,934,259	512,346,055
Rendering of services	7 (ii)	337,564,587	308,995,214
Rental income	8 & (iii)	6,852,044	6,668,850
Farm income	9	6,566,089	7,799,028
Finance income	10	1,091,088	-
Other income	11 & (iv)	25,338,361	56,074,890
		848,346,428	891,884,037
Payments			
Employees Costs	12 & (v)	532,897,615	544,422,694
University Council expenses	13	14,120,966	15,475,062
Repairs & maintenance	14	12,137,383	29,618,050
Research expenses	15	29,522,936	22,188,394
Contracted services	16	1,000,000	-
General expenses	17 (vi)	172,039,432	171,833,033
Trade creditors paid		615,249	2,867,472
Audit fee paid		522,000	815,035
		762,855,582	787,219,741
Net cash flows from operating activities		85,490,847	104,664,296.20
Cash flows from investing activities			
Property, plant, equipt and intangible assets	27 (vii)	378,020,797	232,935,206
Net cash flows used in investing activities		378,020,797	232,935,206
Cash flows from financing activities			
Government development grants	41	226,360,000	59,325,554
Net cash flows from financing activities		226,360,000	59,325,554
Net increase/(decrease) in cash & cash equivalents		(66,169,949)	(68,945,355)
Cash and cash equivalent as at 30th June, 2019		8,623,379	74,793,328
Balance as per Financial Statements		8,623,379	74,793,328

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

CASHFLOW NOTES FOR THE YEAR ENDED 30TH JUNE, 2019			
		2018/2019	2017/2018
(i) Government recurrent grants		(KES)	(KES)
Recurrent grants		513,747,314	512,346,055
Less: receivable c/f		(42,813,055)	-
		470,934,259	512,346,055
(ii) Rendering services		334,674,284	282,453,574
Add: Fees receivable b/f		4,540,000	43,423,345
Increase in caution money		1,748,000	2,616,000
Increase in students' union subscription		22,050	-
Deferred fees c/f		8,202,000	2,554,126
Farm income receivable b/f		24,795	-
Unclaimed fees c/f		1,391,415	-
Endowment fund		16,785,574	-
Less: Deferred fees b/f		(2,554,126)	(17,168,036)
Fees receivable c/f		(27,247,198)	(4,540,000)
Decrease in Students' union subscription		-	(319,000)
Farm income receivable c/f		(22,206)	(24,795)
		337,564,587	308,995,214
(iii) Rental income		6,752,680	6,682,800
Increase/(decrease) in commercial rental deposit		99,364	(13,950)
		6,852,044	6,668,850
(iv) Other income		34,952,876	45,527,927
Less: Deferred research grants b/f		(21,066,011)	(9,392,781)
Less: Imprest recovery		-	(1,031,552)
Add: Deferred research grants c/f		10,858,496	21,066,011
Increase/(decrease): Student clubs		-	5,285
Increase/(decrease): Staff insurance		-	(100,000)
Increase/(decrease): Alumni association		593,000	-
		25,338,361	56,074,890
(v) Employee costs		536,505,898	545,034,617
Less: Voluntary pay cut		(526,416)	(611,923)
Less: Payroll deductions		(328,083)	-
Less: Imprest recovery		(2,753,784)	-
		532,897,615	544,422,694
(vi) General expenses		196,444,643	192,203,146
Add: Increase in staff imprests		4,207,648	6,395,934
Increase in inventory		-	831,447
Less: Provision for audit fee		(522,000)	(522,000)
Provision for bursaries		(1,500,000)	(1,500,000)
Change in overdrawn account		(26,590,859)	(25,575,494)
		172,039,432	171,833,033

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

Cash flow notes (continuation)

(vii) Property, Plant and equipment		382,302,874	203,453,338
Less: Increase in retention		(6,467,077)	-
Less: Bearer plants capitalised		-	(1,404,000)
Add: Retention released		-	30,885,868
Add: Increase in intangible assets		2,185,000	-
		378,020,797	232,935,206

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2019							
	Original budget 2018-2019	Adjustments 2018-2019	Final budget 2018-2019	Actual on comparable basis 2018-2019	Performance difference 2018-2019	% of utilisation difference to final budget	Explanation of material variances (above 10%)
REVENUE							
Government recurrent grants	470,934,259	42,813,055	513,747,314	470,934,259	(42,813,055)	(8)	Variance not above 10%
Government devt grants	226,360,000	-	226,360,000	226,360,000	-	-	Variance not above 10%
Researcher's grants	10,000,000	20,239,037	30,239,037	29,239,037	(1,000,000)	(3)	Variance not above 10%
Accommodation fee	8,784,056	500,000	9,284,056	8,784,056	(500,000)	(5)	Variance not above 10%
Tuition fee	313,926,381	11,152,104	325,078,485	307,365,714	(17,712,772)	(5)	Variance not above 10%
Catering	19,000,000	1,300,000	20,300,000	18,524,514	(1,775,486)	(9)	Variance not above 10%
Farm	8,000,000	(1,491,474)	6,508,526	6,566,089	57,563	1	Variance not above 10%
Rent	6,682,800	136,143	6,818,943	6,752,680	(66,263)	(1)	Variance not above 10%
Other income	9,910,346	(4,681,010)	5,229,336	4,720,427	(508,909)	(10)	Variance not above 10%
Graduation fee	2,672,000	5,500	2,677,500	2,084,500	(593,000)	(22)	The amount in the budget included amount for Alumni Association of Kes 593,000=. Full amount was realized, however Ksh 593,000= was transferred to the Association.
Endowment fund	20,000,000	(3,249,000)	16,751,000	16,785,574	34,574	0.21	Variance not above 10%
Annual conference	700,000	(700,000)	-	-	-	-	No variance
Total income	1,096,969,842	66,024,355	1,162,994,197	1,098,116,850	(64,877,348)		
EXPENSES							
Employee costs	513,143,162	19,579,438	532,722,600	536,505,898	(3,783,298)	(1)	Variance not above 10%
Remuneration to the Council	13,674,499	1,066,902	12,607,597	14,120,966	(1,513,369)	(11)	The insurance for Council members was initially reported under General Expenses, but was moved through an adjustment to Council expenses, hence increasing the expenditure for the year.
Repairs and maintenance	14,000,000	2,162,697	11,837,303	12,137,383	(300,080)	(2)	Variance not above 10%
Research expenses	21,000,000	(6,522,139)	27,522,139	29,522,936	(2,000,797)	(7)	Variance not above 10%
General expenses	194,838,431	(7,278,601)	202,117,032	197,444,643	4,672,389	2	Variance not above 10%
Endowment fund	20,000,000	(3,249,000)	16,751,000	16,785,574	-	-	Variance not above 10%
Property, Plant & Equipment	61,953,750	(11,735,096)	50,218,654	56,514,711	(6,296,057)	(11)	More office equipment and furniture items were procured following completion and handing over of the Administration Block, necessitating expenditure as reported.
Minor works	15,000,000	5,308,664	20,308,664	20,772,982	(464,318)	(2)	Variance not above 10%
Development projects	243,360,000	45,549,208	288,909,208	325,870,690	(36,961,482)	(11)	Construction of the Tuition Block moved faster than initially scheduled, thus necessitated expenditure as reported.
Total expenditure	1,096,969,842	44,882,073	1,162,994,197	1,209,675,783	(46,647,012)		
Surplus for the period				(111,558,934)	(18,230,336)		

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2019</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.</p> <p>During the year under review, University of Embu did not enter into any arrangement involving combination. The standard is therefore not applicable to the University.</p>

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</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. <p>The standard will be relevant to the University of Embu, as it shall help in enhancing the value of information disclosed in the financial statements.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</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> <ol 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>The standard will be relevant to the University of Embu, as it shall help in enhancing the value of information disclosed in the financial statements.</p>

iii. **Early adoption of standards**

University of Embu did not early – adopt any new or amended standards in the year 2018/2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

(a) 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 Financial Performance.

(b) Development grants

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

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Rental income

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

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

b) Budget information

The original budget for the FY 2018-2019 was approved by the National Assembly on 22nd June, 2018. Subsequent revisions 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. Accordingly, the entity recorded additional appropriations of KES. 42,813,055 on the 2018-2019 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented in these financial statements.

c) 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. The depreciation is calculated on the reducing balance to write down the cost of each asset to its residual value over its estimated useful life using the following rates:

Land	0%
Buildings	2.5%
Motor Vehicles	25%
Furniture & Fittings	12.5%
Computer & Printers	30%
Plant & Equipment	12.5%
Library books	20%
Bearer plants	10%

d) 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.

e) Research and development costs

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

- a) The technical feasibility of completing the asset so that the asset will be available for use or sale
- b) Its intention to complete and its ability to use or sell the asset
- c) How the asset will generate future economic benefits or service potential
- d) The availability of resources to complete the asset
- e) The ability to measure reliably the expenditure during development

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

f) Financial instruments

Initial recognition and measurement

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

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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

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

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

Financial liabilities

Initial recognition and measurement

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

g) 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:

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

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

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

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

h) Provisions

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

i) Contingent liabilities

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

j) Contingent assets

University of Embu 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.

k) Nature and purpose of reserves

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

(i) Accumulated surplus

The accumulated surplus is used to absorb retained earnings reported at the end of the year, in the Statement of Financial Performance.

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(ii) Revaluation reserve

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

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

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash petty cash floats given to authorized public officers/offices which had not been surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

(i) Useful lives and residual values

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

- 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.

(ii) Provisions

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

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

a) Provision for depreciation

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

b) Provision for audit fee

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

c) Provision for bursaries.

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

(iii) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
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NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE, 2019		
	2018/2019	2017/2018
	(Ksh)	(Ksh)
Note 6(a): Transfer from Ministry of Education		
Unconditional (Recurrent) grants	513,747,314	512,346,055
Conditional (Capital) grants	226,360,000	59,325,554
Total	740,107,314	512,346,055

Note 6(b) Transfer from the Ministry of Education

Name of the entity sending	Amount recognized to the Statement of Financial Performance (KES)	Amount deferred under deferred income (KES)	Amount recognized in Capital Fund (KES)	Total grant income during the year (KES)	2017/2018 (KES)
Ministry of Education	513,747,314	226,360,000	Nil	740,107,314	512,346,055

Note 7: Rendering of services		
Tuition fees	307,365,714	251,092,375
Accommodation Fees	8,784,056	8,784,056
	316,149,770	259,876,431
Catering	18,524,514	22,577,143
Total	334,674,284	282,453,574
Note 8: Rental revenue		
Residential and commercial	6,558,480	6,608,700
Guest House	194,200	74,100
Total	6,752,680	6,682,800
Note 9: Farm revenue	6,566,089	7,799,028
Note 10: Finance income		
Interest from call deposits	1,091,088	9,537,846
Previously, <i>Bank interest</i> was reported under "Other Incomes". However, during the year, it was moved to "Finance Income", in compliance with the revised Annual Financial Reporting Template for Regulatory and other Non-Commercial Government owned entities, dated 30th June, 2019.		

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
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Notes to the Financial Statements (continued)

	2018/2019	2017/2018
	(Ksh)	(Ksh)
Note 11: Other incomes		
Tender application forms	76,100	106,000
Research income	29,239,037	31,581,175
Administrative fee - research grants	401,225	929,841
Hire of Facilities	527,631	599,967
Health Unit fee	88,400	259,910
Miscellaneous income	1,749,126	493,538
Disposal of obsolete items	70,300	31,324
Graduation fee	2,084,500	973,500
Library services	322,457	109,458
Conferences & Seminars income	-	480,668
Supplimentary examination fee	394,100	424,700
Total	34,952,876	35,990,081
Note 12: Employee costs		
Salaries and wages	248,873,841	235,664,766
Responsibility allowance	34,489,975	40,868,276
Commuter allowance	39,145,405	40,187,982
Leave allowance	2,288,145	2,887,046
House allowance	125,526,218	132,365,323
Part time teaching	35,704,443	31,555,246
Temporary employees	-	13,560,982
Pension	39,901,872	40,045,297
NSSF	4,564,080	4,456,080
Interns honoraria	4,837,070	2,051,571
External examiners	932,199	955,301
National Ind' Training Authority	242,650	436,747
Total	536,505,898	545,034,617
Note 13: Remuneration of Council		
Chairman's honoraria	1,044,000	1,044,000
Chancellor's honoraria	1,200,000	1,200,000
Council Capacity buiding	1,774,499	-
University Council's emoluments	10,102,467	13,231,062
Total	14,120,966	15,475,062
Note 14: Repairs and maintenance		
Maintenance of buildings	7,495,532	9,068,512
Maintenance of equipment	1,767,002	910,558
Maintenance of grounds	2,874,849	3,001,311
Total	12,137,383	12,980,381

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
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Notes to the Financial Statements (continued)

	2018/2019	2017/2018
	(Ksh)	(Ksh)
Note 15: Research expenses		
Research grant expenses	29,522,936	22,188,394
Note 16: Contracted Services		
Asset Valuation	1,000,000	-
Note 17: General expenses		
Academic Board & Senate	1,436,320	2,020,801
Advertisement and publicity	8,522,593	4,885,141
Audit fees	522,000	522,000
Bank charges	539,336	439,446
Celebration & ceremonies	8,865,487	7,053,314
Cleaning materials	8,777,331	6,036,729
Corporate Social responsibility	-	-
Conferences & seminars	670,713	2,366,157
Culfest	1,430,990	-
Electricity	7,467,876	6,414,118
Farm activities (Commercial)	6,876,370	7,491,086
Farm activities (research)	-	75,347
Field course	1,297,057	1,137,531
Food stuff & kitchen supplies	27,923,005	34,991,016
Fuel and oil	2,122,593	1,617,824
Funeral	60,000	141,800
Games & sports	2,827,467	2,869,084
Hire of security	5,944,234	4,196,714
HIV, AIDS & disability	229,042	218,975
Honors and award	23,840	18,770
ICT expenses	841,091	932,541
General insurance	3,645,452	4,902,998
Internet expenses	5,103,865	3,451,911
ISO expenses	1,667,090	6,645,813
Kitchenware/cutlery	314,851	742,829
Legal expenses	375,990	570,800
Library expenses	698,150	898,217
Local exhibition	685,371	888,328
Management board	3,202,184	2,443,228
Medical expenses	16,262,282	18,625,367
Membership subscription	335,580	320,728

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
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Notes to the Financial Statements (continued)

	2018/2019	2017/2018
	(KES)	(KES)
Non-pharmaceuticals	577,179	822,328
Other office expenses	1,778,276	1,570,630
Pharmaceuticals	3,361,312	3,151,366
Postage	116,108	101,363
Printing and publishing	1,673,816	1,491,289
Professional/consultancy services	1,349,462	2,164,593
Staff uniform	369,756	5,000
Stationery expenses	7,832,868	8,258,209
Statutory payment	3,447,825	5,035,000
Provision for bursary	1,500,000	1,500,000
Student welfare & mentorship	2,266,114	1,737,290
Teaching materials	3,062,187	925,174
Teaching practice	3,921,666	2,066,073
Telephone	442,712	430,970
Transport operating	7,406,237	6,995,462
Water & conservancy	4,623,840	3,353,419
Internal roads	-	230,000
Programme accreditation	3,216,996	1,320,688
Programme development cost	697,789	814,740
Protective gear	105,348	115,287
Public relations	651,115	827,397
Staff training & development	6,142,622	3,094,633
Travel and subsistence allowance	13,131,221	11,503,253
External travel	3,290,539	2,974,789
Quality assurance	30,600	61,500
Detergent-making materials	162,205	149,980
Direct marketing	1,331,361	1,011,800
Examination stationery	1,139,997	4,136,077
Performance management	2,107,000	1,948,496
Team building	2,040,333	1,487,727
Total general expenses	196,444,643	192,203,146
Note 18: Other gain/loss	1,599,960	1,422,000
This represents the difference between the value of the biological assets at the beginning and at the end of the financial year.		

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
2019

Notes to the Financial Statements (continued)

	2018/2019	2017/2018
Note 19: Cash and cash equivalents	(KES)	(KES)
Current accounts	7,491,668	74,303,619
Student Paybill - A/C 418888	673,674	416,328
Cash in hand	-	-
Farm Paybill 414444	12,275	73,381
Library buy Goods	24,242	
Endowment Paybill 233320	421,520	
Total	8,623,379	74,793,328
Detailed analysis of cash and cash equivalents		
a) Current accounts		
Financial institution		
KCB Fees - A/C 1140846019	747,989	890,816
KCB Dollar - A/C 1146975716	4,695,997	4,604,473
KCB Salary - A/C 1141890933	-	-
Equity Fees - A/C 0190260737294	1,322,317	67,743,619
Barclay Fees A/C 2027527410	78,565	109,833
NBK Fees - A/C 01001081259300	442,524	788,252
Co-op Fees - A/C 01129408325000	16,982	166,626
KCB - EURO	187,294	
Sub- total	7,491,668	74,303,619
b) Others		
Cash in hand	-	-
Student Paybill a/c number 418888	673,674	416,328
Farm Paybill account number 414444	12,275	73,381
Endowment Fund Paybill number 233320	421,520	-
Library buy Goods account number 699901	24,242	-
Sub- total	1,131,711	489,709
GRAND TOTAL	8,623,379	74,793,328
Note 20: Receivables from exchange transactions		
Fees receivable	27,247,198	4,540,000
Farm income receivable	22,206	24,795
	27,269,404	4,564,795
Note 21: Receivables from non-exchange transactions		
Government recurrent grant	42,813,055	-
Staff debtors (temporary imprests)	5,916,180	13,767,981
Staff debtors (Research imprest)	12,059,449	-
Total receivables from non-exchange transactions	60,788,684	13,767,981

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
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Notes to the Financial Statements (continued)

	2018/2019	2017/2018
	(KES)	(KES)
Note 22: Inventories		
Stationery	1,688,777	1,285,387
Hardware	1,702,173	3,351,241
Farm	499,514	198,765
Food store	540,859	705,207
Health Unit	1,041,428	1,090,637
Accommodation	351,509	225,736
Laboratory	3,547,377	3,957,535
Total	9,371,637	10,814,508
Note 23: Biological assets		
Cows	4,337,000	3,890,000
Chicken	774,830	700,000
Goats	164,000	135,000
Pigs	2,624,000	1,045,000
Bananas	272,160	1,060,000
Maize	230,000	660,000
Irish Potatoes	84,000	-
Tomatoes	353,000	-
Sweet potatoes	-	240,000
Kales	106,000	100,000
Cabbages	296,200	200,000
Gorgets	55,500	-
Carrots	7,000	-
cow peas	20,000	-
Black night shade	30,000	-
Spinach	76,000	-
Napier grass	500,000	250,000
Pumpkin	-	50,000
Sub-total	9,929,690	8,330,000
(ii) Bearer plants		
Avocados	405,000	162,000
Mangoes	52,000	48,000
Macadamia	50,000	84,000
Coffee stumps	374,500	1,110,000
Sub-total	881,500	1,404,000

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE,
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Notes to the Financial Statements (continued)

Bearer plants are living plants used in the supply of agricultural produce and are expected to bear produce for more than one financial year, and has a remote likelihood of being sold as agricultural produce. Bearer plants are accounted for as property, plant and equipment and depreciated at the rate of 10%.		
Note 24: Investments		
As at the end of FY under review, the University did not have any investments in treasury bills/bonds, investments in any bank or any equity investment.		

Note 25: Intangible Assets - ERP System			
	ERP work in progress	Total	2017/2018
Description	(KES)	(KES)	(KES)
Cost			
At beginning of the year	-	-	-
Additions	7,185,000	7,185,000	-
At end of the year	7,185,000	7,185,000	-
Additions—internal development	-	-	-
At end of the year	7,185,000	7,185,000	-
Amortization and impairment			
	33%		33%
At beginning of the year	-	-	-
Amortization	-	-	-
At end of the year	-	-	-
Impairment loss	-	-	-
At end of the year	-	-	-
Net Book Value	7,185,000	7,185,000	-

Note 26: Depreciation and Amortization Expense		
Description	2018-2019 (KES)	2017-2018 (KES)
Property ,plant and equipment (Note 27)	52,759,246	45,022,077
Intangible assets (Note 25)	-	-
Total Depreciation and amortization	52,759,246	45,022,077

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2019

Notes to the Financial Statements (continued)

Note 27: Property, plant and equipment										
	Land	Building	Motor Vehicle	Furniture & Fittings	Computer & hardware	Library books	Plant and Equipment	Bearer plants	Capital In Progress	TOTAL
Cost		(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)
As at 1st July, 2017	1,087,695,000	320,804,803	69,686,526	40,389,787	62,479,950	47,582,942	54,298,625	-	742,298,582	2,425,236,215
Additions	-	-	9,117,860	10,630,727	7,076,978	3,554,183	21,499,524	1,404,000	150,170,066	203,453,338
At 30 June, 2018	1,087,695,000	320,804,803	78,804,386	51,020,514	69,556,928	51,137,125	75,798,149	1,404,000	892,468,648	2,628,689,553
Prior year adjustment for Intangible assets	-	-	-	-	-	-	(5,000,000)	-	-	(5,000,000)
Additions	-	-	13,133,750	11,183,568	6,952,327	7,925,986	17,319,080	-	325,788,163	382,302,874
Transfers	-	317,120,860	-	-	-	-	-	-	(317,120,860)	-
Revaluation	112,305,000	(112,925,663)	-	-	-	-	-	(522,450)	-	(1,143,113)
At 30th June 2019	1,200,000,000	525,000,000	91,938,136	62,204,082	76,509,255	59,063,111	88,117,229	881,550	901,135,951	3,004,849,314
Depreciation and impairment										
Depreciation rate		2.50%	25.00%	12.50%	30.00%	20.00%	12.50%	10.00%	-	
At 1 July, 2017	-	31,445,032	39,131,632	14,266,477	37,093,126	23,017,420	13,620,893	-	-	158,574,580
Depreciation charge	-	7,233,994	9,918,189	4,594,255	9,739,141	5,623,941	7,772,157	140,400	-	45,022,077
At 30th June, 2018	-	38,679,026	49,049,821	18,860,732	46,832,267	28,641,361	21,393,050	140,400	-	203,596,657
Prior year adjustment for Intangible assets	-	-	-	-	-	-	(625,000)	-	-	(625,000)
Adjusted balance	-	38,679,026.00	49,049,821.00	18,860,732.00	46,832,267.00	28,641,361.00	20,768,050.00	140,400.00	-	202,971,657.00
Revaluation adjustment	-	(38,679,026)						(140,400)		(38,819,426)
Adjusted balance	-	-	49,049,821.00	18,860,732.00	46,832,267.00	28,641,361.00	20,768,050.00	-	-	164,152,231.00
Depreciation charge	-	13,125,000	10,722,079	5,417,919	8,903,096	6,084,350	8,418,647	88,155	-	52,759,246
At 30th June, 2019	-	13,125,000	59,771,900	24,278,651	55,735,363	34,725,711	29,186,697	88,155	-	216,911,477
Net book values										
At 30th June, 2019	1,200,000,000	511,875,000	32,166,236	37,925,431	20,773,892	24,337,400	58,930,532	793,395	901,135,951	2,787,937,837
At 30th June, 2018	1,087,695,000	282,125,777	29,754,566	32,159,782	22,724,661	22,495,764	54,405,099	1,263,600	892,468,648	2,425,092,897
Note:	The University land and buildings were revalued as follows during the year:		Note: Prior year adjustment							
	(KES)		In the financial year 2017/2018, KES 5,000,000/= used to acquire ERP system was erroneously added to plant and equipment instead of adding to intangible assets. This was depreciated at 12.5%, therefore understating revenue reserve.							
Land	1,200,000,000									
Buildings	525,000,000									
Total	1,725,000,000									

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Notes to the Financial Statements (continued)

	2018/2019	2017/2018
	(KES)	(KES)
Note 28: Overdrawn bank account	(52,166,353)	(25,575,494)
The University operates various revenue collection bank accounts, and one operations account. Revenue collected through collection accounts is regularly transferred to operations account (number 1141890933) for purposes of making payments. By the end of the year, some transfers had not been done. Further, the University was allocated KES 42,813,055/= in Supplementary Estimate number 2, which had been factored in the budget, but not received by the close of the FY. The two factors led to overdrawing of the account.		
Note 29: Trade and other payables from exchange transactions		
Trade payables	2,753,784	615,249
Note 30: Payables from non-exchange transactions		
Deffered donor research grants	10,858,496	21,066,011
Vice-Chancellor's Fund	1,357,339	611,923
Student Union subscription - UESA	1,213,075	1,191,025
Students' clubs	19,060	19,060
Unclaimed deposits	1,391,415	-
Alumni Association	871,000	278,000
Endowment Fund	16,785,574	-
Total	32,495,959	23,166,019
Note 31: Refundable deposits from customers		
Rental deposits	850,314	750,950
Note 32: Provision for audit fee		
Balance b/f	522,000	815,035
Add: Provision for the year	522,000	522,000
Less: Payments during the year	(522,000)	(815,035)
	522,000	522,000
Note 33: Payment received in advance		
Deferred fee income	8,202,000	2,554,126
Note 34: Bursary fund	1,492,516	1,326,575
This is a fund from which bursaries to the needy students are drawn.		
Note 35: Caution Money	13,942,000	12,194,000
These are refundable funds received from new students to cater for any loss/damage to University property.		

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	2018/2019	2017/2018
	(KES)	(KES)
Note 36: Retention money	41,320,365	34,853,288
The retention money was previously reported as a current liability, but has been moved to non-current liabilities due to its nature.		
Note 37: CBA Refund	81,560,000	81,560,000
CBA refund represents the balance of Ksh 106 million received in the FYs 2012/2013 and 2013/2014 for CBA implementation. At that time the University was new and did not have CBA arrears to pay. The amount was reallocated to other University votes, and spent. The Ministry of Ed. later directed that the money be refunded to other Universities. Ksh 24.44 million was refunded, leaving the above balance.		

Note 38: Employee benefit obligations					
	(KES)	(KES)	(KES)	(KES)	(KES)
Current obligation	Nil	Nil	Nil	Nil	Nil
Non-current benefit obligation	Nil	Nil	Nil	Nil	Nil
Total employees obligations	Nil	Nil	Nil	Nil	Nil

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Notes to the Financial Statements (continued)

	2018/2019	2017/2018
	(KES)	(KES)
Note 39: Borrowings		
The University did not have any borrowing during the FY under review.		
Note 40: Cash generated from operations	(KES)	(KES)
Surplus/(deficit) for the year before tax	71,720,013	14,848,164
Adjusted for:		
Depreciation	52,759,246	45,022,076
Provision for bursary	1,500,000	1,500,000
Provision for audit fee	522,000	522,000
Audit fee paid	(522,000)	(815,035)
Amortized grant	(14,826,795)	(8,158,126)
	39,432,452	38,070,915
Adjusted surplus	111,152,464	52,919,079
Working Capital adjustments:		
(Increase)/ Decrease in biological assets	(1,599,690)	(1,422,000)
(Increase)/ Decrease in inventory	1,442,871	(831,447)
Decrease/(increase) in receivables	(69,725,312)	65,033,503
Increase/(decrease) in deferred fee income	5,647,874	(14,613,910)
Increase/(decrease) in bursary fund	165,941	755,270
Increase in caution money	1,748,000	2,616,000
Increase in payables	9,968,475	(25,353,743)
Increase/(decrease) in refundable deposits	99,364	(13,950)
Increase/(Decrease) in overdrawn account	26,590,859	25,575,494
	(25,661,618)	51,745,217
Net cash flow from operating activities	85,490,847	104,664,296

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Note 41: Deferred Income				
	Development grants from the GoK	Other Grants		Total
	Buildings	Equipment	Library books	
	(KES)	(KES)	(KES)	(KES)
Balance as at 1st July 2017	820,584,096	10,511,959	26,400,000	857,496,055
Additions	59,325,554	-	-	59,325,554
Amortization for the year	(1,564,131)	(1,313,995)	(5,280,000)	(8,158,126)
Balance as at 30th June 2017	878,345,519	9,197,964	21,120,000	908,663,483
Additions	226,360,000	-	-	226,360,000
Amortization for the year (note 26)	(9,453,049)	(1,149,746)	(4,224,000)	(14,826,795)
Balance as at 31 stJune 2019	1,095,252,470	8,048,219	16,896,000	1,120,196,688
Note 42: Amortization of deferred grants				
Description	Development grants from the GoK	Other Grants		TOTAL
	Buildings	Equipment	Library books	
Cost	(KES)	(KES)	(KES)	(KES)
As at 1st July, 2017	64,169,474	12,013,667	33,000,000	109,183,141
Additions	-	-	-	-
As at 30th June, 2018	64,169,474	12,013,667	33,000,000	109,183,141
Transfer from WIP	317,120,860	-	-	317,120,860
As at 31st June 2019	381,290,334	12,013,667	33,000,000	426,304,001
Amortization rate	2.50%	12.50%	20%	
As at 1st July, 2017	1,604,237	1,501,708	6,600,000	9,705,945
Add: amortization for the year	1,564,131	1,313,995	5,280,000	8,158,126
As at 30th June, 2018	3,168,368	2,815,703	11,880,000	17,864,071
Add: amortization for the Year	9,453,049	1,149,746	4,224,000	14,826,795
As at 31st June, 2019	12,621,417	3,965,449	16,104,000	32,690,866
Balance as at 30th June 2018	61,001,106	9,197,964	21,120,000	91,319,070
Balance as at 31st June 2019	368,668,917	8,048,219	16,896,000	393,613,135

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	2018/2019	2017/2018
	(KES)	(KES)
Note 43: Revaluation Reserve		
Balance bbf	1,289,348,660	1,289,348,660
Less: Revaluation loss (PPE)	(1,143,113)	-
Add: Revaluation adjustment for depreciation	38,819,426	-
	1,327,024,973	1,289,348,660
Note 44: Revenue reserves		
Balance b/f	156,233,665	141,385,501
Prior year adjustment	625,000	-
Current surplus	71,720,013	14,848,164
Balance c/f	228,578,678	156,233,665
In the year 2017/2018, KES 5,000,000/= used to acquire ERP system was erroneously added to plant and equipment instead of adding to intangible assets. This was depreciated at 12.5%, therefore understating revenue reserve.		

Note 45: Contingent Liability

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

S/No.	Parties	Estimated contingent liability (Kes)
1.	Embu University College vs. Lillian Wanyaga Njagi	Will be determined after the case is heard and finally determined.
2.	Catherine Wanja Difatha vs. Embu University College	Will be determined after the case is heard and finally determined.

(i) Mrs. Lilian Njagi sued University of Embu seeking damages for alleged wrongful termination of employment. The matter is in Nyeri Employment and Labour Relations Court.

(ii) Catherine Wanja Difatha, is an employee of the UoEm. A report from the Internal Auditor implicated her for misuse of housekeeping materials. She was subjected to the existing disciplinary processes of the University, and surcharged KES 151,305/=-, which was recovered from her salary. She sued the University in Nyeri Employment and Labour Relations Court challenging the surcharge.

Note 46: Financial Risk management

The University's activities expose it to a variety of financial risks including credit and liquidity, and effects of foreign currency changes and changes in market prices. The University's overall risk management focuses on unpredictability of changes in business

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environment and seeks to minimize the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks, and has in place policies to ensure that credit is extended to students and staff with an established credit history.

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

(i) Credit risk

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

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

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

	Fully performing	Past due	Impaired	Total
As at 30th June, 2018				
Cash & bank balance	74,793,328	-	-	74,793,328
Fee receivable	-	4,540,000	-	4,540,000
Farm income receivable	-	24,795	-	24,795
Staff debtors	13,767,981	-	-	13,767,981
Total	88,561,309	4,564,795	-	93,126,104
As at 30th June, 2019				
Cash & bank balance	8,623,379	-	-	8,623,379
Fee receivable	-	27,247,198	-	27,247,198
Farm income receivable	22,206	-	-	22,206
Government grants receivable	42,813,055	-	-	42,813,055
Staff debtors (temporary imprests)	5,916,180	-	-	5,916,180
Staff debtors (research imprests)	12,059,449	-	-	12,059,449
Total	69,434,269	27,247,198	-	96,681,467

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

(ii) Concentration risk

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

(iii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University Management, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding, and liquidity management requirements. University of Embu manages liquidity risk by maintaining banking facilities and through continuous forecasts and monitoring of actual cash flows. Prudent liquidity risk management includes maintaining sufficient cash to meet the University's obligations. University of Embu management reviews its cash forecasts regularly and determines the University's cash requirement. However, the University as a government funded institution, faces the risk of inadequate and/or delayed funding by the National Treasury. This implies that sometimes the University operates with insufficient cash to cater for operational costs and obligations, on timely basis.

The table below analyses the University's financial liabilities, into relevant maturity groupings, based on the remaining period at the end of the financial year to the contractual maturity. The reported balances equal their carrying amounts, as the impact of discounting is not significant.

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Note 47: Liquidity risk management				
The table below analyses the University's financial liabilities into relevant maturity groupings,				
as at 30th June, 2019				
	Less than 1 month	Between 1-3 months	Over 5 months	Total
As at 30th June, 2018				
Overdrawn bank account	25,575,494	-	-	25,575,494
Trade payables	615,249	-	-	615,249
Retention on constructions	-	-	34,853,288	34,853,288
Deferred Research grants	-	-	21,066,011	21,066,011
Vice-Chancellor's Fund	-	-	611,923	611,923
UESA Subscription	-	-	1,191,025	1,191,025
Students' clubs	19,060	-	-	19,060
Allumni association	-	-	278,000	278,000
Rental deposits	-	-	750,950	750,950
Provision for audit fees	-	-	522,000	522,000
Deferred fee income	-	-	2,554,126	2,554,126
Students' bursary fund	-	-	1,326,575	1,326,575
Caution Money	-	-	12,194,000	12,194,000
CBA refund	-	-	81,560,000	81,560,000
Deferred income	-	-	908,663,483	908,663,483
Total	26,209,803	-	1,065,571,381	1,091,781,183
	Less than 1 month	Between 1-3 months	Over 3 months	Total
As at 30th June 2019				
Overdrawn bank account	52,166,353	-	-	52,166,353
Trade payables	2,753,784	-	-	2,753,784
Deferred Research grants	-	-	10,858,496	10,858,496
Vice-Chancellor's Fund	-	-	1,357,339	1,357,339
UESA Subscription	-	-	1,213,075	1,213,075
Students' clubs	19,060	-	-	19,060
Unclaimed deposit	-	-	1,391,415	1,391,415
Allumni association	-	-	871,000	871,000
Endowment fund	-	-	16,785,574	16,785,574
Rental deposits	-	-	850,314	850,314
Provision for audit fees	-	-	522,000	522,000
Deferred fee income	-	-	8,202,000	8,202,000
Students' bursary fund	-	-	1,492,516	1,492,516
Caution Money	-	-	13,942,000	13,942,000
CBA refund	-	-	81,560,000	81,560,000
Retention on constructions	-	-	41,320,365	41,320,365
Deferred income	-	-	1,120,196,688	1,120,196,688
Total	54,939,197	-	1,300,562,782	1,355,501,979

(iv) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage

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and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

Foreign exchange risk

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

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

	(KES)	Other currencies		Total
		Dollars (USD)	Euros	(KES)
At 30 June, 2019				
Financial assets (cash)	4,883,290	45,339	1,632	4,883,290
Net foreign currency asset/ (liability)	Nil	Nil		Nil

Price risk

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

Interest rate risk

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

Management of interest rate risk

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

Capital risk management

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

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	2018/2019	2017/2018
	(KES)	(KES)
Revaluation reserve	1,327,024,973	1,289,348,660
Revenue reserves	228,578,678	156,233,665
Total funds	1,555,603,651C	1,445,582,325
Total borrowings	Nil	Nil
Less: Cash and bank balances	8,623,379	74,793,328
Net debt/(excess cash and cash equivalents)	8,623,379	74,793,328
Gearing	Nil	Nil

Note 48: Related party disclosures

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

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

Related party transactions

(i) Government of Kenya

Transaction with the Government of Kenya

Nature of transaction	Amount in 2018/2019	Amount in 2017/2018
Transfer from the GoK	740,107,314	571,671,604
Transfer to the GoK	Nil	Nil

(ii) University Council and the Management Board.

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

S/no.	Category	Number of people	Amount
1.	University Chancellor	1	1,200,000
2.	University Council expenses	9	11,876,966
3.	Council member on full time equivalent	1	1,044,000
4.	Management Board - emoluments	9	60,637,220
	TOTAL		71,470,310

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(iii) Due from related parties

Nature of transaction	Amount in 2018/2019 (KES)	Amount in 2017/2018 (KES)
Due from the MoEST	42,813,055	Nil

(iv) Due to related party

Nature of transaction	Amount in 2018/2019 (KES)	Amount in 2017/2018 (KES)
Due to the MoEST	Nil	Nil

Note 49: Segment reporting

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

Note 50: Capital commitments

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

Note 51: Ultimate and Holding entity

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

Note 52: Currency

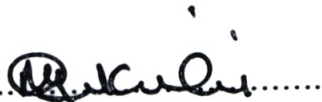
The financial statements are presented in Kenya Shilling (KES).

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

The following issues were raised by the Auditor General in the report for the financial year 2017/2018, and were all addressed:

S/No.	Issues	Action taken	Status
1.0	Irregular expenditure		
	1.1 Teaching practice Allowances paid in respect of teaching practice were based on the May 2013 University of Embu Terms of Service for Academic Staff which was contrary to Article 230 (4)(a) of the Constitution of Kenya, 2010 which empowers the Salaries and Remuneration Commission (SRC) to set and regularly review the remuneration and benefits of all state officers.	The University Management wrote to the Salaries and Remuneration Commission (SRC), seeking advise on the rates to use. The advice given has been implemented.	Resolved.
	1.2 Payment of per diem to University Staff Travel and subsistence allowance paid included payment of half per diems based on the May 2013 University of Embu Terms of Service for Academic Staff, while working outside the workstation.	The University Management wrote to the Salaries and Remuneration Commission (SRC), seeking advise on the rates to use. The advice given has been implemented.	Resolved.



 Dr. Margaret Mumbi Gikuihi
 CHAIRMAN



 Prof. Daniel Mugendi Njiru
 SECRETARY

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APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY OF EMBU

(i) Projects implemented by the University of Embu funded by the development partners
University of Embu does not have any project that is funded by the development partners.
All its projects are funded by the GoK through exchequer.

(ii) Status of projects completion

S/No.	Project	Total project Cost (KES)	Total expended to date (KES)	Completion % to date	Budget (KES)	Actual (KES)	Source(s)
1.	Administration block	646,253,858	630,322,181	99.5%	104,430,000	630,322,181	GoK
2.	Tuition block	899,035,682	248,655,900	35%	136,479,737	248,655,900	GoK

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Appendix III: Inter-entity transfers

Name of the entity: University of Embu				
Break down of Transfers from the State Department of University Education and Research for the financial year 2018/2019				
a.	Recurrent Grants			
		Bank statement date	Amount (KES)	Financial year
	2 nd Aug, 2018	Recurrent	40,045,430	2018/2019
	30 th Aug, 2018	Recurrent	40,045,430	2018/2019
	1 st Oct, 2018	Recurrent	40,045,430	2018/2019
	7 th Nov, 2018	Recurrent	40,045,430	2018/2019
	3 rd Dec, 2018	Recurrent	37,642,705	2018/2019
	27 th Dec, 2018	Recurrent	37,642,705	2018/2019
	1 st Feb, 2019	Recurrent	39,244,522	2018/2019
	7 th March, 2019	Recurrent	39,244,522	2018/2019
	28 th March, 2019	Recurrent	36,841,795	2018/2019
	2 nd May, 2019	Recurrent	40,045,430	2018/2019
	6 th June, 2019	Recurrent	40,045,430	2018/2019
	28 th June, 2019	Recurrent	40,045,430	2018/2019
	9 th July, 2019	Recurrent	42,813,055	2018/2019
		Total	513,747,314	
b.	Development Grants			
		Bank statement date	Amount (KES)	Financial year
	30 th Oct, 2018	Development	107,903,636	2018/2019
	27 th Nov, 2018	Development	5,276,364	2018/2019
	22 nd March, 2019	Development	52,215,000	2018/2019
	28 th May, 2019	Development	60,965,000	2018/2019
		Total	226,360,000	
c.	Direct Payments			
		Bank statement date	Amount (KES)	Financial year
		N/A	N/A	N/A
d.	Donor Receipts			
		Bank statement date	Amount (KES)	Financial year
		N/A	N/A	N/A

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

HEAD OF FINANCE
UNIVERSITY OF EMBU

Sign:



UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2019

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	02/08/2018	Recurrent	40,045,430	√					40,045,430
	30/08/2018	Recurrent	40,045,430	√					40,045,430
	01/10/2018	Recurrent	40,045,430	√					40,045,430
	30/10/2018	Development	107,903,636			√			107,903,636
	07/11/2018	Recurrent	40,045,430	√					40,045,430
	27/11/2018	Development	5,276,364			√			5,276,364
	03/12/2018	Recurrent	37,642,705	√					37,642,705
	27/12/2018	Recurrent	37,642,705	√					37,642,705
	01/02/2019	Recurrent	39,244,522	√					39,244,522
	07/03/2019	Recurrent	39,244,522	√					39,244,522
	22/03/2019	Development	52,215,000			√			52,215,000
	28/03/2019	Recurrent	36,841,795	√					36,841,795
	02/05/2019	Recurrent	40,045,430	√					40,045,430
	28/05/2019	Development	60,965,000			√			60,965,000
	06/06/2019	Recurrent	40,045,430	√					40,045,430
	28/06/2019	Recurrent	40,045,430	√					40,045,430
09/07/2019	Recurrent	42,813,055	√			√		42,813,055	
Total			740,107,314						740,107,314