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DATE: 25 APR 2023

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TUESDAY

TABLED
BY:

Hon. Kimani Ichungwaa, MP
Leader of the Majority Party

OF

CLERK-AT
THE TABLE:

Inzofu Mwale

THE AUDITOR-GENERAL

ON

**MURANG'A UNIVERSITY OF
TECHNOLOGY**

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



MURANG'A UNIVERSITY OF TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

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



MUT IS ISO 9001:2015 CERTIFIED

TABLE OF CONTENTS	PAGE
KEY UNIVERSITY INFORMATION AND MANAGEMENT	ii
UNIVERSITY CHANCELLOR AND COUNCIL MEMBERS	v
MANAGEMENT TEAM	ix
CHAIRMAN'S STATEMENT	xi
REPORT OF THE VICE CHANCELLOR.....	xii
STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	xiii
CORPORATE GOVERNANCE STATEMENT	xv
MANAGEMENT DISCUSSION AND ANALYSIS	xx
ENVIRONMENT AND SUSTAINABILITY REPORTING	xxviii
REPORT OF THE COUNCIL.....	xxxix
STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES	xl
REPORT OF THE INDEPENDENT AUDITORS	xli
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS	3
STATEMENT OF CASHFLOWS.....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
NOTES TO THE FINANCIAL STATEMENTS.....	11
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	36
APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY.....	38
APPENDIX III: INTER-ENTITY TRANSFERS.....	39
APPENDIX IV: RECORDING OF TRANSFERS FROM MINISTRY OF EDUCATION	40



VISION

A Leading University in Technological Innovation, Research and Training

MISSION

To advance knowledge and technological transfer through teaching, training, learning, research and innovation for sustainable development

CORE VALUES

Innovation and Creativity
Professionalism
Teamwork
Freedom of inquiry
Integrity
Fairness and Non-discrimination



KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

Murang'a University of Technology (MUT) is a public university in Kenya, chartered on 7th October, 2016. The University operates under the provision of the Universities Act No. 48 of 2012 of the Laws of Kenya. It is a successor to Murang'a University College, a former Constituent College of Jomo Kenyatta University of Agriculture and Technology (JKUAT), and Murang'a College of Technology based in Murang'a County. The University is strategically located 1.5 km from Murang'a Town, 85 km North East of Nairobi, 70 km South East of Nyeri and 50 km South West of Embu.

The University offers postgraduate studies at Masters and PhD levels, undergraduate programmes, and Diploma and Certificate courses in Engineering, Information Technology, Computer Science, Business, Commerce, Human Resource Management, Hospitality, Tourism Management, Education, Humanities, Social Sciences, Agriculture, and Pure and Applied Sciences, among others. The programmes are innovative in design and curricula implementation focuses on the development of graduates with sound knowledge, professional competencies and values that enable them to fit in the job market both locally and internationally. This is achieved through concerted and collaborative efforts in teaching, training, research, innovation, scholarship, entrepreneurship, and consultancy. The University is committed to developing and reviewing courses in order to address changing market demand and thus increase student enrollment. The University has built technology and innovation into its programmes and aligned them to the Medium-Term Plan (MTP) III, the Big Four Agenda initiatives as well as the Kenya Vision 2030.

(b) Principal Activities

The principal activities of the University are derived from the core functions as set out in the Universities Act 2012 and the University Statutes. The mandate of MUT is to provide quality teaching, training, scholarship, entrepreneurship, innovation, research and consultancy services.

(c) Key Management

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

- University Council
- University Management Board
- Senate



(d) Fiduciary Management

The key Management personnel who held office during the financial year ended 30th June, 2022 and who had direct fiduciary responsibility were:

No.	Name	Designation
1	Prof. Dickson M. Nyariki, PhD	Vice Chancellor
2	Prof. Beatrice W. Mugendi, PhD	Deputy Vice Chancellor, Finance and Development
3	Prof. Prisca J. Tuitoek, PhD	Deputy Vice Chancellor, Academic, Research and Student Affairs
4	Prof. Richard Juma, PhD	Registrar, Academic, Research and Student Affairs
5	Dr. Peace Byrne Agufana, PhD	Registrar, Administration and Planning
6	Mr. Joseph Gachanja	Ag. Registrar, Finance and Development
7	CPA. Moffat K. Njoroge	Finance Officer

(e) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements of the University are carried out by the Council through the following Committees:

- i. Finance and General Purposes
- ii. Audit, Governance and Risk Management
- iii. Physical Infrastructure, Planning and Development
- iv. Human Resource

The composition and roles of the above Committees are explained under Corporate Governance Statement on pages xv to xix.

(f) Headquarters

Murang'a University of Technology
P.O. Box 75 – 10200
MURANG'A, KENYA

(g) Contacts

Telephone: (254) 0771463515, (254) 0771370824
E-mail: info@mut.ac.ke
Website: www.mut.ac.ke



(h) Bankers

1. Kenya Commercial Bank Limited
Murang'a Branch
P.O. Box 112 – 10200
Murang'a
2. Equity Bank Limited
Murang'a Branch
P.O. Box 1060 – 10200
Murang'a
3. Co-operative Bank of Kenya
Murang'a Branch
P.O. Box 954-10200
Murang'a

(i) Independent Auditors

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 CHANCELLOR AND COUNCIL MEMBERS

The University governing body comprises the Chancellor and the Council. The Chancellor is the Titular Head of the University.

Name	Key Responsibility, Date of Birth, Key qualifications and Work experience	Period Served
 <p>Prof. Justin Irina, PhD, EBS</p>	<p>University Chancellor</p> <p>Date of birth: 1941 PhD (University of Nairobi - 1971) May 2017 to date: Chancellor, MUT 2013 – 2017: Chairman of Council, Meru University of Science and Technology Vice Chancellor, Moi University Council member, Maseno University Council member, Western University College of Science and Technology (WEUCO) Chairman, Board of Governors of the Coast Institute of Technology CEO, Commission for Higher Education (CHE) Principal, Chepkoilel College Secretary to the Public Universities Inspection Board Chairman, Kenya Plant Health Inspectorate Service (KEPHIS) Chairman, Kenya Chemical Society</p>	<p>Up to 18th May, 2022</p>
 <p>Prof. Joachim Osur, MBChB, PhD</p>	<p>Chairman of Council</p> <p>Date of Birth: 21st June, 1971 PhD in Reproductive Health, Kenyatta University, 2012 MSc Public Health, Kenyatta University, 2005 MBChB. Medicine and Surgery, University of Nairobi, 1998 Director of Regional Offices and field offices at AMREF Health Africa Fellow of the European Committee on Sexual Medicine (FECSM) Renowned public and reproductive health specialist with wide experience in health programming on the African continent. Vice Chancellor AMREF University.</p>	<p>Throughout the year</p>

 <p>CPA. Simon N. Mundu</p>	<p>Council Member</p> <p>Chairperson-Finance, and General Purposes Committee from 23rd August, 2021</p> <p>Date of Birth: 12th March, 1967</p> <p>MBA (Accounting & Finance), The University of Nairobi, 1997</p> <p>Bachelor of Commerce (Accounting option) The University of Nairobi, 1992</p> <p>Certified Public Accountant of Kenya (CPA (K))</p> <p>Member, Institute of Certified Public Accountants of Kenya (ICPAK)</p>	<p>Throughout the year</p>
 <p>Planner. Peter M. Kibinda</p>	<p>Council Member</p> <p>Date of Birth: 2nd February, 1954</p> <p>Post Graduate Diploma in Urban Survey and Human Settlements, ITC – Netherlands, 1993</p> <p>Post Graduate Diploma in Housing, Planning and Building HIS – Netherlands 1983</p> <p>MA Urban Planning, University of Nairobi, 1981</p> <p>BA Land Economics, University of Nairobi, 1978</p> <p>Fellow Kenya Institute of Planners</p> <p>Registered Planner</p>	<p>Until 16th August 2021</p>
 <p>Ms. Lucy N. Kaburia</p>	<p>Council Member</p> <p>Chairperson-Human Resource Committee from 23rd August, 2021</p> <p>Date of Birth: 13th December, 1974</p> <p>MBA Marketing, Strathmore University, 2011</p> <p>B. Com Marketing, University of Nairobi, 1999</p>	<p>Throughout the year</p>

 <p>Ms. Naomi W. Matheri</p>	<p>Council Member</p> <p>Rep. Cabinet Secretary National Treasury and Planning</p> <p>Date of Birth: 1981 Strategic Leadership Development Programme, KSG July-Aug 2019. Master of Arts in (Economics) University of Nairobi, 2011. Bachelor of Science (Statistics) Moi University, 2005.</p>	<p>Throughout the year</p>
 <p>Prof. Chris Macoloo, PhD</p>	<p>Council Member</p> <p>Chairperson-Physical Infrastructure, Planning and Development Committee from 23rd August, 2021</p> <p>Date of Birth: 3rd February 1956 Cambridge University, UK (PhD in Urban Geography and Planning), 1990 McGill University, Montreal Canada (Visiting Graduate Student), 1983 University of Nairobi (MA in Urban Geography), 1983.</p>	<p>Up to 25th April, 2022</p>
 <p>Ms. Mary Kibuka</p>	<p>Council Member</p> <p>Chairperson-Audit, Governance and Risk Management Committee from 23rd August, 2021</p> <p>Date of Birth: 29th October 1952 M.Sc. in Management and Implementation of Development Projects, (MIDP), University of Manchester, 1991 Bachelor of Education and Home Economics (B. Ed. Sc. Hons.), University of Nairobi, 1976.</p>	<p>Up to 25th April, 2022</p>

 <p>Mr. Darius M. Ogutu</p>	<p>Council Member</p> <p>Rep. Principal Secretary State Department for University Education and Research</p> <p>Date of Birth: 1972 Capacity Development for the education policy formulation and analysis for learning improvement – JICA/ Hiroshima University, 2018. M.ED, Educational Communication and Technology, Kenyatta University, 2001 B. ED English and Literature, Egerton University, 1996.</p>	<p>Throughout the year</p>
 <p>Prof. Dickson M. Nyariki, PhD</p>	<p>Vice Chancellor/Secretary to Council</p> <p>PhD in Agricultural Economics University of Reading, United Kingdom, 1997; MSc Agricultural Economics University of Nairobi, 1990; BSc Range Management University of Nairobi, 1986; Vice Chancellor, Murang'a University of Technology, February 2018 to date; Ag. Vice Chancellor, Murang'a University of Technology, October 2016 to January 2018 Principal, Murang'a University College, March 2016 to September 2016; Deputy Vice Chancellor (Administration and Human Resource Management), South Eastern Kenya University, March 2013 to February 2016; Deputy Principal (Administration and Finance), South Eastern University (Constituent College of the University of Nairobi), January 2010 to March 2013; Sub-Regional Coordinator, FAO Initiative on Soaring Food Prices (ISFP), April 2009 to January 2010; Regional Coordinator, IGAD Water Harvesting Pilot Project for Crop and Livestock Production to Enhance Food Security, February 2005 to December 2008.</p>	<p>Throughout the year</p>

MANAGEMENT TEAM

Name	Key profession, Academic qualifications and Work Experience	Area of Responsibility	Period Served
 Prof. Dickson M. Nyariki, PhD	<p>PhD Agricultural Economics, University of Reading, United Kingdom January 2018 to date: Vice Chancellor, Murang'a University of Technology October 2016 to January 2018: Ag. Vice Chancellor, Murang'a University of Technology</p>	Vice Chancellor	Throughout the year.
 Prof. Beatrice W. Mugendi, PhD	<p>PhD in Food Biochemistry, Kenyatta University, 2008 MBA Strategic Management, Kenya Methodist University, 2015</p>	Deputy Vice Chancellor (Finance and Development)	Up to 22 nd February and from 1 st June, 2022
 Prof. Prisca J. Tuitoek, PhD	<p>PhD in Human Nutrition, University of Alberta, Canada, 1995 MSc in Human Nutrition and Food Service Management, University of Nebraska, USA, 1986; BSc in Biology/Chemistry Oral Roberts University, USA, 1985</p>	Deputy Vice Chancellor (Academic, Research and Student Affairs)	Up to 22 nd February and from 1 st June, 2022
 Prof. Richard Juma, PhD	<p>PhD in Development Studies, Victoria University of Wellington, New Zealand, 2009</p>	Registrar (Academic, Research and Student Affairs)	Throughout the year.

 <p>Dr Peace Agufana, PhD</p>	<p>PhD in Educational Communication and Technology, Moi University-Eldoret, Kenya, 2015</p>	<p>Registrar, (Administration and Planning)</p>	<p>Throughout the year.</p>
 <p>Mr. Joseph Gachanja</p>	<p>MBA Strategic Management, Kenyatta University, 2008</p>	<p>Ag. Registrar (Finance and Development)</p>	<p>Throughout the year.</p>
 <p>CPA. Moffat K. Njoroge</p>	<p>MBA Financial Management, Catholic University of Eastern Africa, CPA (K)</p>	<p>Finance Officer</p>	<p>Throughout the year</p>

CHAIRMAN'S STATEMENT

I am delighted to present the Annual Report and Financial Statements for Murang'a University of Technology for the financial year ended 30th June, 2022 on behalf of the Council.

University developments have taken cognizance of the Government's initiative that gives attention to the "Big Four" priorities, the Kenya Vision 2030, Sustainable Development Goals, and African Agenda 2063. The University is committed to providing quality education to all its students that will equip them with knowledge and skills to succeed in future studies, employment and entrepreneurship. The University is also positioning itself to develop a distinctive profile as a premier University in technology and innovation.

Notwithstanding the financial and operational challenges due to the effects of Covid-19, the University realized significant achievements during the year under review. Notably, among the realizations included holding of the University's fifth graduation ceremony whereupon one thousand and forty eight graduates were awarded degrees and conferred diplomas, hosting of an International Conference and maintaining Performance Contract composite scores at Very Good. Being a growing public institution, the University is also highly dependent on Government funding. The financial year under review has been a difficult one as the economy continues to recover from the effects of Covid-19 disease coupled with delayed and inadequate Government capitation.

Currently, the University has the following Schools: Business and Economics; Pure, Applied and Health Sciences; Computing and Information Technology; Hospitality and Tourism Management; Engineering and Technology; and Education, Humanities and Social Sciences. Each School offers a variety of Postgraduate and Undergraduate Degree, Diploma and Certificate programmes. The University established Open, Distance and e-Learning (ODeL) and MUT-TVET Institute aimed at growing student numbers in its niche of technology courses besides continued increase in facilities and infrastructure to support its core mandate. Despite the outlined challenges, the University will endeavour to develop more interdisciplinary courses, embedding opportunities for collaboration and enterprise in curriculum development and assessment.

The going concern of the University was not at stake and the University will continue its operations in the future without liquidating or being forced to discontinue operations due to any reason. No indication is available to believe that it will cease its activities in the foreseeable future. The liquidity position of the University was stable with minimal difficulties in meeting its maturing obligations attributable to limited resources. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

My appreciation goes to the Government of Kenya for funding our projects during the financial year. Special acknowledgments also go to my fellow Council Members, the Management Team, Staff, Students and all other stakeholders for their contribution and support.


Prof. Joachim Osur, PhD

Council Chairman



REPORT OF THE VICE CHANCELLOR

I hereby present the Annual Report and Financial Statements of MUT for the year ended 30th June, 2022. During the year under review, total revenue increased by Kshs.130.82M (18%) while total expenditure increased by Kshs.216.12M (31%) resulting in a deficit of Kshs.44.67M.

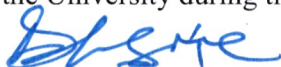
Exchequer recurrent grants during the year were Kshs.535.11M. This was higher than the originally expected grants of Kshs.533.55M. The recurrent budget was mainly utilized in funding recurrent expenditure to the tune of Kshs.917.21M and purchase of plant and equipment amounting to Kshs.16.92M.

The approved budget for development grants was Kshs.182.00M. Kshs.149.05M was utilized in funding development projects using previously received funds and from internally generated income. The Government funded only Kshs.88.38M, being forty eight percent (48%) of allocated amounts, leading to a deficit of Kshs.93.62M. This slowed down the construction of projects during the year. Students' fees grew by Kshs.86.30M (41%) attributable to increased enrolment of Government sponsored students as compared to the previous year. Other incomes grew slightly by Kshs.0.57M (3%) due to an increase in revenue from income generating activities.

As part of its strategy to achieve operational sustainability, the University continued to rationalize and manage costs. Personnel emoluments went up by Kshs.162.44M (32%) owing to partial payment and accrual of 2017-2021 National CBA basic salary arrears amounting to Kshs.104.22M while the rest was a result of recruiting more academic staff to support teaching of new academic programmes that were mounted to meet market needs, gratuities and annual salary increments. In order to enhance human resource capacity, the University has continued to identify skills gaps in the existing human resource which are bridged by skills enhancement through training and workshops. Also, to enhance skills for the existing staff, tuition fee was waived for staff members who were willing and qualified to undertake Masters or PhD programmes in the University. In general, operating expenses increased during the year due to the re-opening of the University. The Management employed tight austerity measures with comprehensive cost management strategies to ensure that the University is able to finance all the budgeted activities without recourse to borrowing against the backdrop of inadequate Government funding and declining self-sponsored student enrolment. The Management has continued to equip the University with library materials, computers and internet facilities to support learning, teaching and research.

As part of our obligation, the University will continue to share knowledge and research outcomes as widely as possible to inform and inspire the society. The long-term outcome of our mission includes increased quality of life for our staff and students and supporting the aspirations of the youth by demonstrating the value of research, innovation and entrepreneurship. Some of the major achievements recorded in the year included good ranking on webometrics at position 10 among universities in Kenya and spearheading the process of ensuring that the University is certified to Information Security Management Systems (ISMS) based on ISO 27001:2013.

I would like to conclude by thanking the Government for financial support, the Council for providing strategic guidance, and the staff and students for working meticulously to ensure successful operation of the University during the year. I thank all of them and look forward to their further support.



Prof. Dickson M. Nyariki, PhD
Vice chancellor/ Council Secretary



STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Murang'a University of Technology Strategic Plan 2019-2023 (revised 2021) outlines the priorities, operations and actions to be undertaken in the remaining plan period.

The plan is premised on the University's mandate of providing relevant and accessible quality education, and engaging in teaching, training, learning, research, innovation, consultancy, and community outreach that impact on national development through the generation of new knowledge and know-how for the benefit of humankind.

It has also taken cognisance of the Government's initiative that gives attention to the "Big Four" priorities and actions in the formulation of this Plan. The Plan has also integrated the relevant requirements stipulated in the MTP III priority programmes, Kenya Vision 2030, Sustainable Development Goals, and African Agenda 2063.

In order to guide the pursuit of the University's mission, four broad strategic themes have been identified, namely Academic Excellence and Quality Research to reflect our teaching and research activities while Innovation and Consultancy, and Institutional Capacity Development and Technology represent the enabling condition of sufficient infrastructure and resource base.

During the year under review, the University attained an impressive record in teaching, research and community service, contributing to the socio-economic development of the country despite the interruptions caused by Covid-19 Pandemic and inadequate Exchequer funding.

The University has experienced significant growth in student enrolment, academic programmes, staff numbers, and infrastructure and facilities. The University's on-going involvement in broad areas of national development, together with an institutional emphasis on quality, will ensure that its endeavours continue to bear fruit.

Table 1 indicates that the University has four strategic themes and objectives within the current Strategic Plan for the period 2019- 2023. The strategic themes, as already outlined, are:

- i) Academic Excellence
- ii) Quality Research
- iii) Innovation and Consultancy
- iv) Institutional Capacity Development and Technology

The annual work plan is based on the above themes. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2021-2022 period for its four strategic pillars and maintained Performance Contract composite scores at Very Good.

Table 1: Performance Targets Highlights.

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
Academic Excellence	To promote academic excellence	No. of laboratories	Equip laboratories and workshops	Eight



		No. of reports on academic advisory and career services	Enhance academic advisory and career services	Eight
		No. of new programmes	Develop and mount programmes	Three
		No. of reviewed programmes	Review academic programmes	Three
		Accreditation certificate	Accreditation by TVETA	Accredited
Quality Research	To promote quality research	No. of collaborative research proposals submitted for funding	Increase local and international collaborative research	Three
		No. of awarded scholarships	Increase internal postgraduate funding	Ten
		Workstation and space	Provide research labs	Five
Innovation and Consultancy	To promote innovation and consultancy	No. of conferences and workshops held	Conducting conferences and workshop	Five
		Innovation centre	Establishment of innovation and incubation Hub/Centre	One
		No. of funded internal research/innovation proposal	Improve internal Research/innovation funding	Fifteen
Institutional Capacity Development and Technology	To provide appropriate and adequate infrastructure	Hostel Block Phase 3	Construct Hostel Block Phase 3	Completed
		Science Complex Phase 1	Construct Science Complex Phase 1	Completed
	To expand resource mobilization and management	Endowment fund	Establish an endowment fund and solicit for funds	Established

A mitigation plan has been put in place to address identified gaps in each key result area that was not achieved due to financial constraints.

CORPORATE GOVERNANCE STATEMENT

Murang'a University of Technology is committed to exhibiting best practices in all aspects of corporate governance. Our structures, policies and procedures are anchored on transparency, accountability, responsibility and fairness, which are the tenets of good governance. The University operates directly under the Ministry of Education, which is the line Ministry, and receives funding mainly from the National Treasury through the line Ministry.



Figure 1: Chancellor awarding the first PhD students in the 2020/21 Graduation

The University Corporate Governance role is guided by the Universities Act No.42 of 2012, and its amendments; Mwongozo Code, 2015; Commission for University Education Universities Standards and Guidelines, 2014; Murang'a University of Technology Charter; and University Statutes, 2016 (and its amendments). The University has three governing organs as provided for by the Act and the Charter—the Council, the Senate and the Management Board—and each has clearly defined functions and responsibilities to oversee and manage University activities.

The University Council

This is the governing body of the University. The Council is constituted taking into account the requirements of the sector, diversity of skills, age, value addition, gender, academic qualifications and experience necessary to help achieve the University's goals and objectives.

a. Appointment of the Council

The University Council was appointed by the Cabinet Secretary for Education vide Gazette Notice No. 4412 of 10th May, 2019 and Gazette Notices No. 9004 and No. 9005 of 6th November, 2020 for a term of three years with effect from 26th April, 2019 and 4th November, 2020 respectively. The Representatives of the Ministry of Education and the National Treasury were appointed for three years with effect from 10th February, 2020 and 23rd April, 2020 respectively. The Council members have a combination of skills and competencies necessary for effective University Governance as required by the Mwongozo Code.



Figure 2 : Council Members bidding the Chancellor farewell at the end of his term in May, 2022

b. Size and Composition of Council

The Council consists of eight members with some degree of balance of skills, knowledge and experience in a variety of disciplines appropriate for the oversight of the University. All the members participated in effective decision making throughout the year.

c. The Role of the Council

As guided by the State Corporations Act, Cap 446 and other relevant laws of Kenya, the Council's role is to provide effective leadership and control, in terms of approving the University policies and ensuring the best practice of corporate governance. The Council retains full and effective control over the University by monitoring and evaluating performance, and reviewing management accounts and all expenditure. It reviews processes for the identification and management of risks as well as legal and statutory compliance. As the governing body of the University, the Council has a responsibility of maintaining a sound system of internal controls that support the achievement of goals, aims and objectives, whilst safeguarding University resources.

d. The Power and Authority of the Council

The University Council is vested with powers and authority by the Charter and the Universities Act, 2012. In discharging its mandate, the Council is guided by the Charter, Mwongozo Code, 2015 and Commission for University Education Standards and Guidelines to effectively fulfil its corporate governance responsibility towards its stakeholders.

The Council is also the executive governing body responsible for the academic and strategic direction of the University, including her external relations and the administration of the University. In addition, the Council is responsible for the oversight of the management of the University's resources in accordance with the Public Finance Management Act, 2012 and Public Finance Regulations, 2015.

e. Council Effectiveness

The independence of the Council from the University's corporate management is ensured by the separation of the functions of the Chairman of Council and the Vice-Chancellor and a clear definition of their responsibilities. The Chairman is primarily responsible for providing leadership to the Council while the Vice-Chancellor is responsible for the day-to-day management of the University. This achieves an appropriate balance of power, increased accountability and improved capacity for decision making.



Figure 3: Council Members retreat to consider over 10 policies and other documents in February, 2022

f. Council Committee and Meetings

The University Council meets at least once every quarter unless urgent matters arise which call for a special meeting. The Council oversees the operations of the University using various Committees. These Committees meet quarterly or as per need. The Council receives reports from the Committees that will have considered the matters in detail. The recommendations of these Committees are formally reported to the Council meeting for approval. These Committees are as follows:

1. Finance and General Purposes

The primary responsibility of the Finance, and General Purposes Committee is strategic oversight, insight and foresight with respect to all significant financial matters; budget, financial performance, financial position and financial implications. University teaching and research affairs, student health and wellness, and future educational expectations and challenges. The Committee reviews quarterly and annual financial reports and recommends to the Council ways of raising and utilizing University funds, and the establishment of systems and procedures for efficient financial management.

2. Audit, Governance and Risk Management

The scope of this Committee includes provision of strategic oversight, insight, and foresight with respect to all auditing, financial reporting and internal control functions; occupational health, safety, environmental stewardship, and security of the University community; university-wide risk management; and the effectiveness, impact, organization, and procedures of the Council, to enhance its performance. The Audit Committee broadly oversees the University's standards of integrity and behaviour, reporting of financial information, and internal control systems.

3. Human Resource

The mandate of the Committee is to provide strategic oversight, insight, and foresight with respect to University Human Resources, policies, procedures, and trends; collective bargaining and related service contracts; review, compensation, and succession planning; propose and review the terms and conditions of staff, career progression structures, performance management scheme, retirement benefit and pension scheme, and policies and regulations governing staff to the Council. The Committee reviews quarterly and annual reports on staff welfare and general University performance and recommends to Council for final direction.

4. Physical Infrastructure, Planning and Development

The Committee provides strategic oversight, insight and foresight with respect to all investments and property matters of the University; University reputation, identity, strategic communication, community engagement, philanthropy and advancement; sale, purchase, exchange and lease, or take-on of movable and immovable property; annual capital plans; changes in land use; and overseeing the development and review of the University Strategic Plan.

Table 2 indicates the composition and number of meetings attended by the above Committee members during the year.

Table 2: Composition and Meeting Attendance

	Council Committee	Members	Area of responsibility	No. of meetings attended
1	Council			
	i.	Prof. Joachim Osur	Chairman	8
	ii.	Planner Peter Kibinda	Member- up to 16th August 2021	1
	iii.	CPA. Simon Mundu	Member	7
	iv.	Ms. Lucy Kaburia	Member	8
	v.	Prof. Chris Macoloo	Member- up to 25 th April, 2022	8
	vi.	Mr. Darius Ogutu	Rep. Principal Secretary State Department for University Education and Research	8
	vii.	Ms. Mary Ndiga Kibuka	Member- until 25 th April, 2022	8
	viii.	Ms. Naomi Matheri	Rep. Cabinet Secretary National Treasury and Planning	8
	ix.	Prof. Dickson Nyariki	Secretary to the Council	8
2	Finance and General Purposes			
	i.	CPA. Simon Mundu	Chairman from 23 rd August, 2021	4
	ii.	Planner Peter Kibinda	Member up to 16th August 2021	1
	iii.	Ms. Lucy Kaburia	Member	5
	iv.	Ms. Naomi Matheri	Rep. CS, National Treasury and Planning	5
	v.	Prof. Dickson Nyariki	Secretary to the Council	5
3	Audit, Governance and Risk Management			
	i.	Ms. Mary Kibuka	Chairman up to 25 th April, 2022	4
	ii.	Prof. Chris Macoloo	Member	4
	iii.	Ms. Naomi Matheri	Rep. CS, National Treasury and Planning	4
	iv.	Head Internal Audit	Secretary to the Council	4
4	Human Resource			
	i.	Ms. Lucy Kaburia	Chairman from 23 rd August, 2021	5
	ii.	Ms. Mary Kibuka	Member up to 25 th April, 2022	5



	Council Committee	Members	Area of responsibility	No. of meetings attended
	iii.	Mr. Darius Ogutu	Rep. PS, State Department for University Education and Research	5
	iv.	Prof. Dickson Nyariki	Secretary to the Council	5
5	Physical Infrastructure, Planning and Development			
	i.	Prof. Chris Macoloo	Chairman up to 25 th April, 2022	5
	ii.	CPA. Simon Mundu	Member	4
	iii.	Planner Peter Kibinda	Member up to 16th August 2021	1
	iv.	Mr. Darius Ogutu	Rep. PS, State Department for University Education and Research	5
	v.	Prof. Dickson Nyariki	Secretary to the Council	5

g. Remuneration of the Council

In accordance with guidelines provided by the State Corporations Act, Council Members, other than the Vice Chancellor/Secretary, do not receive a salary. The Chairman receives a monthly honorarium of Kshs.80,000.00. Council members receive a sitting allowance for every meeting attended at the rate of Kshs.20,000.00 per meeting as well as reimbursement for transport, lunch and accommodation.

h. Statement of Compliance

The Council Members confirm that Murang'a University of Technology has complied with the statutory and regulatory requirements and has been managed in accordance with the principles of Corporate Governance throughout the financial year.



Figure 4: The Chancellor planting a commemoration tree on the site of the proposed Mariira Campus land

MANAGEMENT DISCUSSION AND ANALYSIS

a. Financial Performance Highlights

The University shows a stable financial growth in its sixth year after the award of the Charter. The results of operations reflect the University's focus on achieving its mandate in the face of high competition for students, constrained Government funding, an increasing need for competitive staff, teaching and research facilities, and high operational costs due to high inflation. The University's financial performance recorded a deficit of Kshs.44.67M. Total revenue grew by Kshs.130.82M (18%) while expenditure increased by Kshs.216.12M (31%) in the year under review, majorly due to an increased level of activities after physical reopening of the University.

Income

Table 3 shows that total revenue from non-exchange transactions increased by Kshs.43.94M (9%). Exchequer recurrent grants rose by Kshs.20.00M (4%) due to an increase in exchequer recurrent grants allocation for FY2021-2022. The Exchequer released the balance of allocated 2017-2021 Collective Bargaining Agreement (CBA) basic salary arrears amounting to Kshs.17.12M recurrent grants that were to be received in the current financial year. Amortization of granted assets (based on straight line method of depreciation) increased from Kshs.9.98M to Kshs.16.80M due to capitalization of the Science Complex.

Tuition and tuition related income grew by Kshs.86.30M (41%) attributable to an increase in student enrolment compared to the previous year. Other incomes also increased by Kshs.0.57M (3%) due to growth in revenue earned from income generating activities. As a result, total revenue from exchange transactions rose by Kshs.86.88M (37%). Figure 5 shows a graphic comparison of revenue in financial years 2021-2022 and 2020-2021.

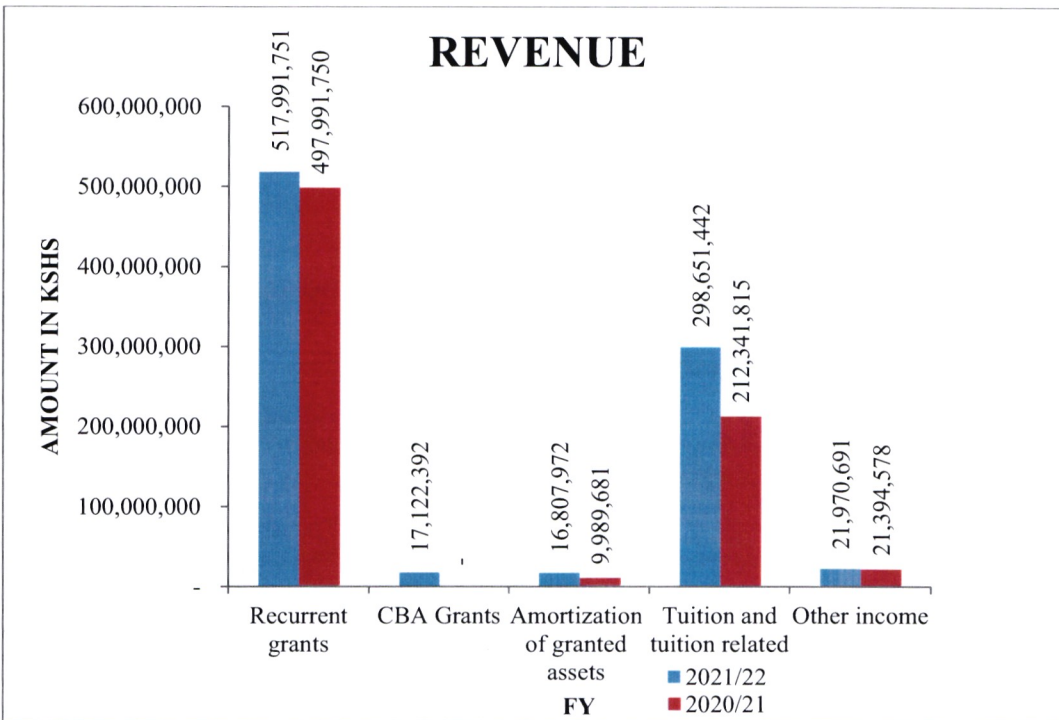


Figure 5: 2-year income analysis per category

The exchequer recurrent grants formed the largest proportion of total income during the year with 59%. Tuition and tuition related income contributed 34%, CBA grants 2%, other income 3%, and amortization of granted assets 2% of total revenue (Figure 6). This is an indication that the University relies majorly on Government funding.

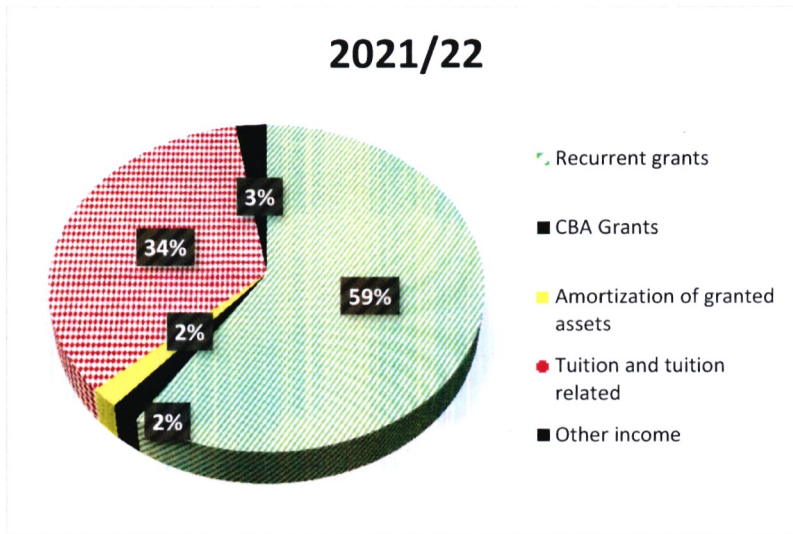


Figure 6: Composition of income during the financial year 2021-2022

i. Expenditure

Table 3 indicates that total recurrent expenditure increased by Kshs.216.12M (31%) mainly attributable to the physical re-opening of the University which increased general operating expenses in the year under review. Personnel emoluments increased by Kshs.162.44M (32%) compared to last year's. This is attributable to partial payment and accruing of 2017-2021 National CBA basic salary arrears. The CBA arrears were partly funded in 2021-2022. However, more academic staff were recruited to support the teaching of new academic programmes that were mounted to meet market needs. The Chancellor and Council expenses increased by Kshs.0.18M (2%) after the resumption of physical meetings and induction of new members, and depreciation and amortization rose by Kshs.0.39M (1%) due to the additional capitalization of completed projects. Teaching/academic expenses increased by Kshs.14.67M (57%) due to resumption of physical studies, students welfare expenses increased by Kshs.2.02M (15%), repairs and maintenance expenses increased by Kshs.12.25M (288%) as a result of refurbishment of Kenyatta Agricultural Training Centre-Mariira Campus, and general operating expenses increased by Kshs.24.59M (30%).

Table 3: Financial Performance Highlights

	2021/ 2022	2020/21	Change	% Change
	Kshs	Kshs	Kshs	
Income				
Revenue from non-exchange transactions				
Exchequer Recurrent Grants	517,991,751	497,991,750	20,000,001	4%
Exchequer CBA Grants	17,122,392	-	17,122,392	100%
Amortization of granted assets	16,807,972	9,989,681	6,818,291	68%
Total Revenue from non-exchange transactions	551,922,115	507,981,431	43,940,684	9%
			-	
Revenue from exchange Transactions				
Tuition Income	298,651,442	212,341,815	86,309,627	41%
Other Incomes	21,970,691	21,394,578	576,113	3%
Total Revenue from exchange transactions	320,622,133	233,736,393	86,885,740	37%
Total Revenue	872,544,248	741,717,824	130,826,424	18%
			-	
Expenditure	2021/ 2022	2020/21		Change
	Kshs	Kshs	Kshs	
Personnel Emoluments	676,533,176	514,085,100	162,448,076	32%
Board Expenses	10,285,339	10,095,938	189,401	2%
Depreciation and Amortization	52,038,034	51,647,287	390,747	1%
Students Welfare Expenses	15,555,041	13,530,839	2,024,202	15%
Teaching/Academic Expenses	40,403,768	25,726,386	14,677,382	57%
Repairs and Maintenance expenses	16,516,865	4,257,754	12,259,111	288%
General Operating Expenses	105,689,366	81,099,104	24,590,262	30%
Increase in Provision for Doubtful Debts	193,250	647,686	(454,435)	-70%
Total Expenditure	917,214,840	701,090,094	216,124,747	31%
Surplus /(Deficit) for the year (a-b)	(44,670,593)	40,627,730	(85,298,323)	-210%

The composition of expenditure during the financial year 2021-2022 is shown in Figure 7. Personnel emoluments had the largest proportion (74%) of expenditure, followed by general operating expense (11%), depreciation (6%), teaching/academic (4%), students' welfare expenses (2%), Chancellor and Council expenses (1%) and repairs and maintenance (2%).

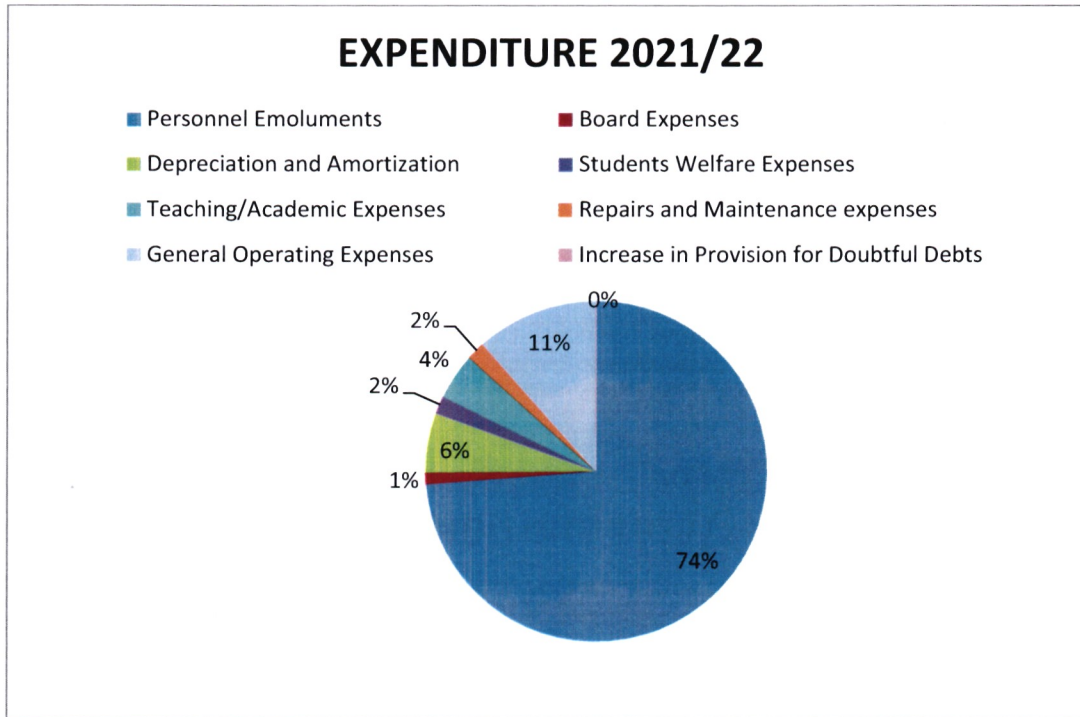


Figure 7: Composition of expenditure during the financial year 2021-2022

b. Financial Position Highlights

Table 4 shows that cash and cash equivalents reduced by Kshs.50.85M (29%) as the University continued to pay certified works while inventory increased by Kshs.2.35M (61%). Plant, property and equipment grew by Kshs.384.69M (23%) due to capitalization of the Science Complex. Receivables from exchange transactions increased by Kshs.3.67M (9%) due to growth in recoverable students' debtors recognised during the year. Consequently, total assets improved by Kshs.66.20M (3%).

Payables from exchange transactions increased by Kshs.18.89M (8%) due to accruing of 2017-2022 CBA basic pay arrears during the year under review compared to the previous financial year. Payables from non-exchange transactions increased by Kshs.23.63M (89%) largely due to an increase in accrued statutory deductions which were partially remitted in the current financial year after receipt of recurrent grants.

Net assets increased by Kshs.23.68M (1%).

Table 4: Financial Position Highlights

	2021/22	2020/21	Change	% Change
	Kshs	Kshs	Kshs	
ASSETS				
Cash & Cash equivalents	126,624,652	177,482,752	(50,858,100)	-29%
Receivables from exchange transactions	42,368,065	38,696,307	3,671,758	9%
Inventory	6,190,950	3,834,941	2,356,009	61%
Property, Plant & Equipment	2,053,594,599	1,668,897,785	384,696,814	23%
Work in Progress	338,257,004	611,916,750	(273,659,746)	-45%
Long Term Investments	25,318,800	25,318,800	-	0%
Total Assets	2,592,354,070	2,526,147,335	66,206,735	3%
Liabilities				
Payables from exchange transactions	242,347,226	223,454,760	18,892,466	8%
Payables from Non-exchange transactions	50,182,602	26,550,235	23,632,367	89%
Total Liabilities	292,529,828	250,004,995	42,524,833	17%
Net Assets	2,299,824,241	2,276,142,340	23,681,902	1%

i. Composition of Assets

Figure 8 shows that assets comprised property, plant and equipment (79%), work-in-progress (13%), cash and cash equivalents (5%), receivables from exchange transactions (2%), long-term investments (1%), and inventory (<1%).

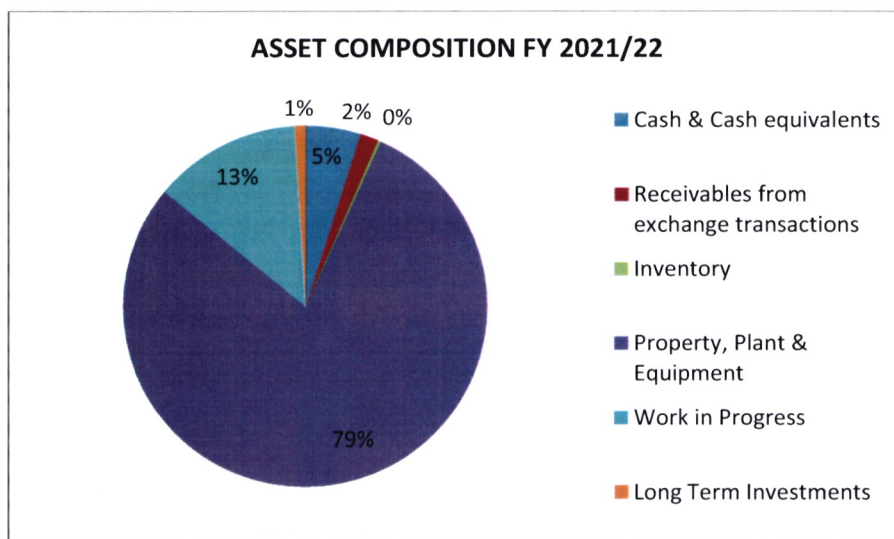


Figure 8: Composition of Assets during the financial year 2021-2022

ii. Composition of Liabilities

In Figure 9, the liabilities comprised payables from exchange transactions (83%) and payables from non-exchange transactions (17%).

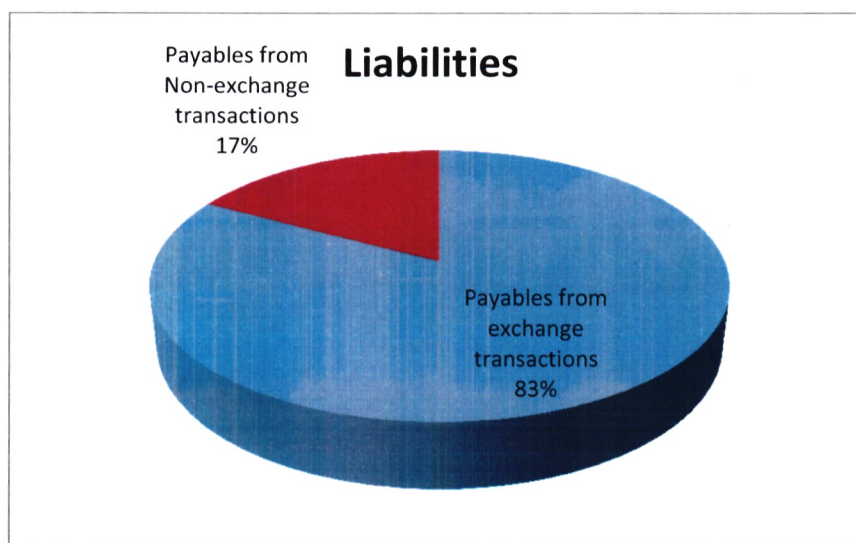


Figure 9: Composition of Liabilities during the financial year 2021-2022

c. Financial Performance Ratios

Table 5 presents the financial performance ratios of the University.

i) Working capital ratio

This represents operating liquidity available to the University. Along with fixed assets such as plant, property and equipment, working capital is considered a part of operating capital. In general, the management of working capital involves managing inventories, accounts receivables/payables and cash.

The University's working capital ratio in the financial year 2021/2022 was 0.6:1 compared to 0.9:1 at the end of the previous financial year, indicating below desired availability of funds to meet maturing short-term obligations.

ii) Quick /Acid test ratio

This is an indicator of an entity's short-term liquidity position and measures an organization's ability to meet its short-term obligations with its most liquid assets, since it indicates the University's ability to instantly use its near-cash assets (assets that can be converted quickly to cash) to pay down its current liabilities.

The University's Quick/Acid test ratio in the financial year 2021/2022 was 0.6:1 compared to 0.9:1 at the end of the previous financial year indicating ability to instantly use its near-cash assets to pay down its current liabilities.

The decline was due to the University's support of construction projects using internally generated funds during the year. The funds are to be reimbursed once capital development funds are received from the Government. This led to decline in funding of internally funded capital projects.

iii) Operating cash flow ratio

Operating cash flow ratio is a metric that denotes the number of times the University can pay off its current liabilities with the cash generated in a given period. It gauges the short-term liquidity position of an organization.

The University's operating cash flow ratio in the FY 2021/2022 was 0.1:1 compared to 0.4:1 at the end of the previous financial year, indicating stability but the need to source for more funding after considering all current liabilities.

Table 5: Financial Performance Ratios

Description	FY 2021/ 2022	FY 2020/ 2021
Working capital ratio	0.6:1	0.9:1
Acid Test Ratio	0.6:1	0.9:1
Operating Cash flow Ratio	0.1:1	0.4:1

c. Development Projects

During the year under review, the University had several projects that are on-going, namely:

1. Hostel Block Phase 1 Wing 2 at 73%
2. completion from 68% at the beginning of the year
3. Hostel Block Phase 3 at 99% completion from 74% at the beginning of the year
4. Science Complex at 100% completion from 96% at the beginning of the year
5. Perimeter Wall at 80% completion from 50% at the beginning of the year
6. Asbestos removal and replacement at 100% from 5% at the beginning of the year
7. Refurbishment of Kenyatta Agricultural Training Centre-Mariira Campus at 78%

The approved budget for Development grants was Kshs.182.00M with an intention of completing the ongoing capital projects as per the expected date in the University Strategic Plan. However, the Government funded only Kshs.88.38M (48%) of the allocated amount leading to a deficit of Kshs.93.62M, which ultimately slowed down the construction of projects during the year.

All the projects other than refurbishment of Kenyatta Agricultural Training Centre-Mariira Campus are expected to be funded up to completion by the Government of Kenya. To ensure sustainability, the University is implementing the projects within the Treasury approved budget. Hostel Block Phase 3 project works continued while Hostel Block Phase 1 Wing 2 stalled after the contractor left site. Work on the Perimeter Wall is continuing at the sections where there is no encroachment on the University land.

During the year under review, the Science Complex building was commissioned and capitalised to form part of Property, Plant and Equipment. This provided the much needed teaching and research laboratories, seminar rooms, faculty offices, meeting rooms and support amenities, making it the signature building of the University. The offices of Management members and Council boardroom are temporarily located in this building.





Figure10: Front view of the Science Complex



ENVIRONMENT AND SUSTAINABILITY REPORTING

Murang'a University of Technology exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the University's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The University is committed to sustainable development of the environment and to supporting the communities in which it operates. Indeed, as a University our contribution towards the attainment of sustainable development of our environment remains one of our core values and aims to be a leader in environmental and sustainability issues.

One of our key Strategic Objective is to promote Linkages, Collaboration and Outreach through enhancing linkages, collaboration, partnerships and outreach initiatives with all relevant stakeholders. This involves use of knowledge and resources to make a positive and decisive difference to people, organisations and the community.

During the year under review, the University signed additional Memorandums of Understanding (MOUs). These included:

- a) MOU with Huawei ICT Academy whereby MUT students will access free ICT training from Huawei ICT Academy.
- b) MOU between MUT and Konza Technopolis, in Collaboration with Konza Technopolis Development Authority. MUT is expected to benefit in the areas of research projects, capacity building, knowledge disseminations, joint seminars, workshops, conferences, public lectures, as well as exploring and identifying other engagements.
- c) MUT and Supergen Energy Network. the University is collaborating with Supergen Energy Network in areas of technical and non-technical activities, such as conducting research on network architectures, network modelling, and energy network and climate adoption.
- d) MUT and KATC-Mariira Farm to establish Mariira Campus. This will improve capacity building of the local community through training in modern agricultural practices, improved agricultural production and environmental conservation.



Figure 5: Signing of an MOU between VC, MUT and the Governor, MCG, for the establishment of Mariira Campus

- e) Murang'a University of Technology hosted the first International Conference entitled

“International Conference on Technology and Innovation for Sustainable Development” which was held in November, 2021. The conference served as a platform where researchers, industry participants, academia and the general public exchanged ideas on their areas of expertise. The presentations focused on five sub-themes which included Engineering Technologies for the 4th Industrial Revolution, ICT for Development and Disruptive Innovations, Entrepreneurship and Community Development, Natural Resource and Climate Change for Management of Enhanced Food Security and Nutrition, and Covid-19 Pandemic.

The conference attracted over 750 participants and over 100 presenters. The presenters were drawn from the academia and the industry. Eleven keynote speakers who made presentations are among the best researchers in their areas of expertise.



Figure 12a: The CS, Ministry of Education, Prof. George Magoha, Opening the Conference



Figure 12b: The CS, Ministry of Education and VC, MUT, Viewing Stands Showcasing Technological Innovation by the School of Engineering

The Universities Act No. 42 of 2012, and amendments thereto, and the Commission for University Education guidelines (CUE, 2014), state that a University shall engage in community service, which may include but not limited to extension, consultancies, public lectures, environmental conservation and promotion of cultural and social life of the society, and disseminate outcomes of research to the community. In order to achieve these objectives and functions, the University has established and developed linkages, extensions and community outreach frameworks to guide it in the establishment of these programmes.

The University continued to support various educational initiatives, community outreach and other institutions particularly those catering for the aged, prisoners and children's homes. Among the initiatives the University supported included:

ii) Environmental performance

a) World Environment Day 2022, County celebrations on 3rd June, 2022

Murang'a University of Technology was invited by NEMA to participate in the World Environment Day 2022, County Celebrations at Maragua, Murang'a County. The celebrations took place at Maragua Primary School grounds where trees were planted. The Directorate of Linkages, Outreach and Partnerships organized for representation of MUT at the event and the Coordinator, Career Services, represented the University.

b) Participated in planting of trees

During the year 2021-2022 financial year, one of the performance targets was to plant trees to conserve the environment. The University partnered with Equity Group Foundation on a tree planting / growing activity. Equity Group Foundation donated ten thousand (10, 000) tree seedlings to MUT comprising of Fruit trees (30%), Exotic trees (40%) and Indigenous trees (30%). Out of this partnership, three (3) tree planting activities took place at Mariira Campus as follows:



Tree planting activity by MUT Council Members during the Launch of Mariira Campus on Friday 22nd April 2022 at Mariira Campus. MUT Council members planted trees in the compound of Mariira Campus and in the Mariira Campus plot in the forest area. The University Management Board members and other staff present also participated in the tree planting exercise.



Figure 13a: MUT Vice Chancellor introducing MUT staff to the MUT Council members at MUT-KATC-Mariira Campus



Figure 13b: The Rep. Principal Secretary State Department for University Education and Research during tree planting exercise at the Mariira Campus land

University Tree Planting Day at Mariira Campus Plot which took place on Friday, 13th May 2022. This was done in collaboration with Equity Group Foundation where members of staff from Equity Bank, Murang'a Branch and MUT staff and students participated in the event.



Figure 14: Ag. DVC-F&D making his opening remarks during the tree planting event at Mariira campus

Tree Planting Event in Partnership with the Ministry of Education at Mariira Campus on Friday, 20th May 2022. The Principal Secretary, State Department for University Education and Research, Ambassador Simon Nabukwesi, Director, University Education, Mr. Darius Ogutu, MUT, Vice Chancellor, Prof. Dickson Nyariki, members of the University Management Board and staff participated in planting trees at Mariira Campus.



Figure 15: The PS, MOE, Amb. Simon Nabukwesi, watering a tree he planted at MUT-KATC, Mariira Campus

iii) Employee welfare

The University has a set of policies aligned to relevant statutory laws that guides recruitment and general welfare of staff. This includes The Constitution of Kenya 2010, Employment Act 2007, and Collective Bargaining Agreements for all unionisable unions, Human Resource Policy, Scheme of



Service, Statutes, Terms of Service and Staff Establishment. Formulation of University policies takes a stakeholder participatory approach and are always reviewed by Council from time to time as need arises.

Murang'a University of Technology is an equal opportunity employer and gives opportunities to Women, persons with disability and from minority groups free of discrimination and disregarding gender, religion, race, tribe, region, or origin, historical background, nepotism, or position held.

Employees are subjected to regular trainings both external and internal in their various functional areas in order to keep them abreast with emerging technologies and improve on skills as part of competency and career development. Furthermore, the University has a structured system for evaluating staff through annual staff appraisals. All members of staff are evaluated on a regular basis by a Promotion and Appraisal Committee appointed by the Vice Chancellor, and those who merit or demonstrate outstanding performance are rewarded with promotions, awards, and tokens. This is intended to motivate employees to provide better service to the institution and to advance their careers.

In addition, the University ensures that staff, students, and stakeholders are provided with a safe environment in order to maximize productivity. There is a policy in place that is in accordance with the Occupational Safety and Health Act of 2007 for the environment, occupation, health, and safety. The goal in occupational health and safety is to proactively take preventive measures to assure employees and other stakeholders of a safe and good working environment, free of accidents, injuries or ill-health.

iv) Market place practices-

a) Responsible competition practice

We operate in a manner that delivers improved social, environmental and economic outcomes through public policies, societal norms, and customer actions. This has been made possible through implementation and adherence to corruption prevention policy, public service code of conduct and ethics 2016 and treating our competitors with the respect any great competitor owes another.

b) Responsible Supply chain and supplier relations

The University has fully adopted the Public Procurement and Asset Disposal Act, 2015 policies to achieve a standard procurement and asset disposal system that is fair, equitable, transparent, competitive, sustainable and cost effective. We have ensured that performance and payment obligations are met in line with contract terms and conditions.

c) Responsible marketing and advertisement

We have marketed our products and services by focusing not only on how they benefit customers but also how they benefit socially responsible. Our promotions are done in a way that aligns with our not values and morals by not making inflated claims, as well as practicing full transparency and openness.

d) Product stewardship

The University has ensured Consumer protection to safeguards the well-being and interests of consumers through education, mobilization and representation. This ensures that consumers make well-informed decisions about their choices and have access to effective redress mechanisms as well as pushing for the institution to guarantee quality of the products and services been offered.

The Council has put in place adequate policies, laws and regulations to ensure that consumers are protected from harmful practices in addition to refraining from fraudulent or unfair conduct that misleads or negatively affects consumers. We encourage the consumers to be well-informed about



their rights and be able to proactively assert them.

v) Corporate Social Responsibility / Community Engagements

a) Visit to Murang'a Children's Remand home on 5th February, 2022

The Home has children from various sub counties in Murang'a County. The University staff spent time with them listening to their experiences and challenges and encouraged the children to accept themselves and learn from the experiences. This was followed by an open session where the children led by one staff member presented song. The children were encouraged on the value of accepting correction and staying focused on their dreams in life. The formal session was closed with a word of prayer and the Officers presented MUT donations including foodstuffs as shown in Figures 16a.



Figure 16a: MUT staff donation to Murang'a Children's remand home received by the in-charge and the children

b) A Visit to Murang'a Female and Male Prisons Remand on 5th February, 2022

MUT staff volunteered to visit the Murang'a Female and Male Prison Remands and they were well received by the Prison staff. The Team appreciated the manual work that they undertake at the University. Prisoners were encouraged to learn from their experiences and take corrective measures so that they could be useful in building up the society. The value of forgiving oneself was underscored. They were also directed to focus on building their lives up in a valuable manner such as studying and looking forward to engage in meaningful ways of building up their lives, the community and the Society at large. The staff then received the donations from MUT and gave a vote of thanks appreciating the warm gesture of the University as shown in Figures 16b.



Figure 16b: MUT staff donations to Murang'a Remand Prison received by the Wardens and inmates

c) Education and Research activities

Murang'a University of Technology participated in a two days physical farmers training exhibition in Kenyatta ATC, Mariira on Friday 11th and Saturday 12th March 2022. University programmes were marketed and brochures issued. The Department of Agriculture demonstrated modern agricultural practices and wetland conservation.



Figure 17a: MUT Department of Agriculture Demonstration Plot in the Mariira Exhibition Farm



Figure 17b: MUT display stand during the farmers training Exhibition

The Directorate together with School of Hospitality and Tourism Management trained 40 youths and women in Value Addition on fruits and vegetables and on food and nutrition security on 12th January, 2022



Figure 17c: Value addition on milk products, food and nutrition security training

d) University Career/ Open Day

The University Directorate of Linkages, Outreach and Partnerships together with the office of Career Services organized for MUT careers / open day. The event took place on Friday 10th June



2022 and a total number of six secondary schools turned up and participated in the event. The schools were namely; Gakera Secondary School, Ichagaki Secondary School, Gaichanjiru Boys High School, Vidhu Ramji Secondary School, Njiri's High School, and Edinburgh School. The Murang'a County Director of Education (TSC and Ministry of Education) were also represented at the event.

e) Gender and Disability Mainstreaming

Murang'a University of Technology is committed towards realizing inclusiveness, gender equality and disability friendly environment. The University has strived to ensure student and staff with disability enjoy a barrier free environment by putting in place accessible toilets for PWD, ramps, accessible University website where one can increase and decrease the font for the low vision, recruiting a sign language interpreter, clear signage and presenting information in a format which can be understood by all users.

During the year under review the University conducted various activities to promote gender and disability mainstreaming within the University and its environs. These included participating in celebration of international Mother's Day on 8th May, 2022. The University sampled mothers from various churches in Murang'a to receive the gift as a way of appreciating their role in the society as shown in Figures 18a and 18b.



Figure 18a: MUT Gender and Disability Coordination office presenting Mother's Day gift to KAG church mothers



Figure 18b: MUT Gender and Disability Coordination office presenting Mother's Day gift to Murang'a PAG Church mothers

REPORT OF THE COUNCIL

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

a. Principal Activities

The principal activities of MUT are to provide quality teaching, training, scholarship, innovation and research and consultancy services in Entrepreneurship, Science and Technology for Socio-economic Development in a dynamic world.

b. Results

The results of MUT for the year ended June 30, 2022 are set out on pages 1 to 38.

c. Council Members

The members of the Council who served during the year are shown on pages v to viii. The University Council was appointed by the Cabinet Secretary for Education vide gazette notice no. 4412 of 10th May, 2019 and 9004 of 6th November, 2020 for a term of three years with effect from 26th April, 2019 and 4th November, 2020 respectively.

d. Auditors

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

By Order of the Council.



Prof. Dickson M. Nyariki, PhD
Vice-Chancellor/ Council Secretary

Date 29.11.2022



Prof. Joachim Osur, PhD
Council Chairman

Date 29/11/2022



STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and sections 14 and 15 (1) of the State Corporations Act, CAP 446 require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council members are also responsible for safeguarding the assets of the University.

The Council members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. 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, 2022, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the 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 19th August, 2022 and signed on its behalf by:

Prof. Dickson M. Nyariki, PhD
Vice-Chancellor/ Council Secretary

Date

29.11.2022

Prof. Joachim Osur, PhD
Council Chairman

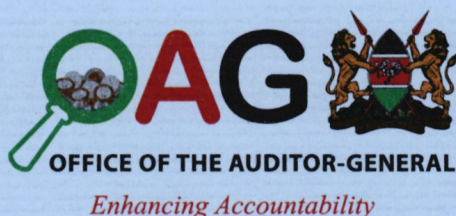
Date

29/11/2022



REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON MURANG'A UNIVERSITY OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Murang'a University of Technology set out on pages 1 to 37, which comprise of the statement of financial position

as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1.0 Material Uncertainty Related to Sustainability of Services

As previously reported, the statement of financial position reflects total current liabilities balance of Kshs.292,529,828 which exceeds total current assets of Kshs.175,183,667 resulting to a negative working capital of Kshs.117,346,161 demonstrating that the University is unable to meet its financial obligations as and when they fall due. This state of affairs is indicative of an acute financial challenge facing the University which raises significant doubts on its ability to sustain its services. However, this material uncertainty in relation to sustainability of services and any mitigating measures put in place by the University Management to reverse the undesirable precarious financial position have not been disclosed in the notes to the financial statements.

The University is therefore unable to pay its creditors and its continued sustainability is dependent upon the financial support from its creditors and the Government.

2.0 Property, Plant and Equipment

2.1 Leasehold Land Without Ownership Documents

As reported in the previous year, under Note 23 to the financial statements reflects Kshs.2,053,594,599 in respect of property, plant and equipment which includes a balance of Kshs.750,000,000 for lease hold land measuring 30.95 hectares located within Murang'a Town with a name of Murang'a University College. It was noted that Murang'a University College and Murang'a University of Technology are separate and different entities. Further, information provided indicates that twelve (12) parcels of land have no records at Lands Office and title deeds have been issued to unidentified persons who have encroached and erected permanent structures as established through physical verification carried out in the month of November, 2022.

In the circumstances, the validity, accuracy, ownership status and completeness of the leasehold land balance of Kshs.750,000,000 as at 30 June, 2022 could not be confirmed.

2.2 Ownership Documents of Motor Vehicles

Note 23 to the financial statements reflects Kshs.2,053,594,599 in respect of property, plant and equipment which includes Kshs.11,990,503 at Net Book Value (NBV) for eleven (11) motor vehicles held at the University. Examination of records revealed that logbooks for five (5) Motor vehicles were in the Name of Murang'a College of Technology and six (6) motor vehicles in the name of Murang'a University college, all valued at Kshs.34,964,172. Murang'a College of Technology and Murang'a University college are different and separate entities from Murang'a University of Technology. Further, motor vehicle registration number KAY 095V, an ISUZU bus, has a joint ownership between Murang'a College of Technology and Consolidated Bank of Kenya.

In the circumstances, the accuracy, completeness and ownership status of the motor vehicles valued at Kshs.34,964,172 as at 30 June, 2022 could not be confirmed.

3.0 Unsupported Repairs and Maintenance Expenditure

Note 23 to the financial statements reflects a balance of Kshs.2,053, 594,599 for property, plant and equipment which includes an amount of Kshs.1,194,838,723 for buildings. Included in buildings is an amount of Kshs.4,983,140 which was paid to a supplier for servicing/shifting of a 750KVA Generator set and a new L.V. Main switch board. However, no documentary evidence was provided to show the kind of services done on the generator. An inspection carried out in the month of November, 2022, revealed that the generator was not in operation. Further, the certificate of inspection and acceptance committee were not provided for audit.

In the circumstances, the validity, accuracy and regularity, of the expenditure of Kshs.4,983,140 for the year under review could not be confirmed.

4.0 Long-Term Investments not Registered in University's Name

Note 25 to the financial statements reflects an amount of Kshs.25,318,800 in respect to long-term investments being 126,594 shares held in Bamburi Cement. However as reported in the previous period, the shares were registered in the names of the trustees of the Murang'a Technical College at inception of the University. Although the Management indicated that the process of registering the shares in the name of the University had commenced, the process had not been completed as at the time of the audit in the month of November, 2022.

In the circumstances, the validity, accuracy and existence of the shares investment balance of Kshs.25,318,800 as at 30 June, 2022 could not be confirmed.

5.0 Long Outstanding Student Debtors

Note 20 to the financial statements reflects a balance of Kshs.42,368,065 in respect of receivables from exchange transactions which is net of provision of doubtful debts amount of Kshs.2,229,898, and includes Kshs.36,189,986 in respect to gross students' debtors. However, Kshs.11,468,862 included in the gross students' debtors balance has been

outstanding for period beyond one year and no effort has been made by the Management to recover the debts.

In the circumstances, the validity, accuracy and recoverability of the Kshs.11,468,862 in respect of receivables from exchange transactions could not be confirmed.

6.0 Long Outstanding Payables

Note 27 to the financial statements reflects Kshs.242,347,226 in respect to payables from exchange transactions. However, as reported in the previous year the balance includes long outstanding payables of Kshs.418,466 and Kshs.6,916,100 in respect of wages payable and gratuity payable to former Board of Governors (BOG) and employees respectively, while the University has not taken any steps to clear them. Further, a detailed analysis of the balances was not provided for audit review.

In the circumstances, the validity and accuracy of the payables from the exchange transactions of Kshs.418,466 and Kshs.6,916,100 could not be confirmed.

7.0 Outstanding Collective Bargaining Agreement (CBA) Arrears

Note 12 to the financial statements reflect a balance of Kshs.676,533,176 in respect to total personnel emoluments, out of which Kshs.104,222,467 relate to 2017-2020 CBA arrears which have remained unpaid over the years as the Management has not implemented the 2017-2020 CBA in full thereby accumulating the arrears.

In the circumstances, the accumulation of CBA arrears may adversely affect cash management in future and may threaten sustainability of services to the students.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Non-compliance with a Third Rule on Staff Ethnic Diversity

In the financial year ended 30 June, 2022, the University had a total staff of three hundred and eighteen (318) staff members, out of which one hundred and ninety two (192) or 60% were from one dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2.0 Unapproved Expenditure

Note 23 to the financial statements reflects a balance of Kshs.2,053,594,599 for property, plant and equipment which includes Kshs.18,402,395 for asbestos removal and replacement under a contract awarded to a contractor. Included in the contract cost is provisional sum of Kshs.650,000 for electrical repair works, Kshs.300,000 for project documentation and management expenses and Kshs.1,000,000 for contingencies all totaling to Kshs.1,950,000, not included in the initial contract. However, these amounts were paid to the contractor without approval of the expenditure. This was in breach of Section 139(1)(a) of the Public Procurement and Assets Disposal Act, 2015 which states that an amendment or a variation to a contract resulting from a procurement proceeding is effective only if amendment or variation to contract has been approved in writing by the respective tender awarding authority within a procuring entity.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls 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'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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


09 February, 2023


Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2022


STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2022

		2021/ 2022	2020/ 2021
	Note	Kshs	Kshs
Revenue from Non-Exchange Transactions			
Exchequer Recurrent Grants	7	517,991,751	497,991,750
2017-2021 CBA Arrears	8	17,122,392	-
Amortization of granted assets during the year	9	16,807,972	9,989,681
Total Revenue from non-exchange transactions		551,922,115	507,981,431
Revenue from Exchange Transactions			
Tuition Income	10	298,651,442	212,341,815
Other Incomes	11	21,970,691	21,394,578
Total Revenue from exchange transactions		320,622,133	233,736,393
Total Revenue (a)		872,544,248	741,717,824
Expenditure			
Personnel Emoluments	12	676,533,176	514,085,100
Board Expenses	13	10,285,339	10,095,938
Depreciation and Amortization	14	52,038,034	51,647,287
Students Welfare Expenses	15	15,555,041	13,530,839
Teaching/Academic Expenses	16	40,403,768	25,726,386
Repairs and Maintenance Expenses	17	16,516,865	4,257,754
General Operating Expenses	18	105,689,366	81,099,104
Increase in Provision for Doubtful Debts	21	193,250	647,686
Total Expenditure (b)		917,214,840	701,090,094
Surplus / (Deficit) for the Year (a-b)		(44,670,593)	40,627,730

The notes set out on pages 11 to 35 form an integral part of these Financial Statements


 Vice Chancellor
 Prof. Dickson M. Nyariki, PhD
 Date 29.11.2022


 Finance Officer
 CPA Moffat K. Njoroge
 ICPAK Member No: 8483
 Date 29/11/2022


 Chairman of the Council
 Prof. Joachim Osur, PhD
 Date 29/11/2022



STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2021/ 2022	2020/ 2021
		Kshs	Kshs
ASSETS			
Current Assets			
Cash & Cash equivalents	19	126,624,652	177,482,752
Receivables from exchange transactions	20	42,368,065	38,696,307
Inventory	22	6,190,950	3,834,941
Total Current Assets		175,183,667	220,014,000
Non- Current Assets			
Property, Plant & Equipment	23	2,053,594,599	1,668,897,785
Work in Progress	24	338,257,004	611,916,750
Long Term Investments	25	25,318,800	25,318,800
Total Non-Current Assets		2,417,170,403	2,306,133,334
Total Assets		2,592,354,070	2,526,147,335
Current Liabilities			
Payables from exchange transactions	27	242,347,226	223,454,760
Payables from Non-exchange transactions	28	50,182,602	26,550,235
Total Current Liabilities		292,529,828	250,004,995
Total Liabilities		292,529,828	250,004,995
Net Assets		2,299,824,241	2,276,142,340
Equity Funds & Reserves			
Accumulated Surplus	29	1,000,014,255	1,044,553,171
Revaluation Reserves	30	244,251,457	247,610,093
Deferred Development Grants	31	1,055,558,530	983,979,076
Total Equity & Reserves		2,299,824,242	2,276,142,340
Total Equity, Reserves & Liability		2,592,354,070	2,526,147,335

The notes set out on pages 11 to 35 form an integral part of these Financial Statements

The Financial Statements set out on pages 1 to 39 were signed on behalf of the Council by:



Vice Chancellor
Prof. Dickson M. Nyariki, PhD

Date 29.11.2022



Finance Officer
CPA Moffat K. Njoroge
ICPAK Member No: 8483

Date 29/11/2022



Chairman of the Council
Prof. Joachim Osur PhD

Date 29/11/2022



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

	Accumulated Surplus	Revaluation Reserves	Development Grants	Total Accumulated Fund
	Kshs	Kshs	Kshs	Kshs
Balance at July 1, 2020	958,106,562	150,968,727	904,016,843	2,013,092,132
Surplus/deficit for the Year	40,627,730	-	-	40,627,730
Revaluation Reserves	-	100,000,000	-	100,000,000
Revenue reserves	45,818,879	-	-	45,818,879
Reserves transfer	-	(3,358,635)	-	(3,358,635)
De-recognition of GoK Capital grants receivable	-	-	(8,925,000)	(8,925,000)
Deferred Development Grants for the Year	-	-	98,876,914	98,876,915
Less: Amortization of granted assets during the year				
Amortization - Buildings	-	-	(7,378,184)	(7,378,184)
Amortization - Land Improvement (Internal Roads)	-	-	(2,611,497)	(2,611,497)
Balance as at June 30, 2021	1,044,553,171	247,610,092	983,979,076	2,276,142,340
Balance at July 1, 2021	1,044,553,171	247,610,092	983,979,077	2,276,142,340
Surplus/(deficit) for the Year	(44,670,593)	-	-	(44,670,593)
Revenue reserves	131,675	-	-	131,675
Reserves transfer	-	(3,358,635)	-	(3,358,635)
Deferred Development Grants for the Year	-	-	88,387,425	88,387,425
Less: Amortization of granted assets during the year				
Amortization - Buildings	-	-	(14,196,475)	(14,196,475)
Amortization - Land Improvement (Internal Roads)	-	-	(2,611,497)	(2,611,497)
Balance as at June 30, 2022	1,000,014,254	244,251,457	1,055,558,530	2,299,824,241

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

		2021/ 2022	2020/ 2021
	Note	Kshs	Kshs
Surplus/(Deficit) for the year		(44,670,593)	40,627,730
Adjustments for Non-cash items in the Income statement:			
Amortization of granted assets during the year	9	(16,807,972)	(9,989,681)
Depreciation charge for the year	14	52,038,034	51,647,287
Increase/Decrease in provision for doubtful debts		193,250	647,686
		(9,247,280)	82,933,022
Working Capital Adjustments			
Increase/Decrease in receivables from exchange transactions		(3,671,758)	(12,306,025)
Increase/Decrease in receivables from non-exchange transactions		-	60,487,842
Increase/Decrease in Inventory		(2,356,009)	(1,513,897)
Increase/Decrease in Payables from exchange transactions		18,892,466	(38,132,856)
Increase/Decrease in Payables from non-exchange transactions		23,632,367	23,632,367
Net cash flows used in Operating activities (a)		27,249,787	90,820,405
Cash flows from investing activities			
Increase in Property, Plant & Equipment		(16,922,765)	(13,677,102)
Increase in Work in Progress		(149,056,703)	(238,757,191)
Adjustment in Accumulated Surplus		(515,845)	27,364,201
Net cash flows used in Investing activities (b)		(166,495,313)	(225,070,092)
Cash flows from financing activities			
Development Grants	31	88,387,426	98,876,914
Net cash flows used in Financing activities (c)		88,387,426	98,876,914
Net increase/(decrease) in cash and cash equivalents(a+b+c)		(50,858,100)	(35,372,774)
Cash and cash equivalents balance brought Forward	19	177,482,752	212,855,526
Cash and cash equivalents at 30 June 2022	19	126,624,652	177,482,752

Note:

- i. Statement of Cash flow has been prepared using the indirect method of presentation.
- ii. Net cash flows from operating activities were positive Kshs.27.24M during the year. This was attributed to payables from both exchange and non-exchange transactions which increased positively.
- iii. Net cash flows used in investing activities was negative (Kshs.166.49M) due to acquisition of property, plant and equipment (Kshs.16.92M) and payment of construction work in progress (Kshs.149.05M).
- iv. Cash flow from financing activities had a negative growth caused by a decrease in development grants of 10.49M received during the year.

The notes set out on pages 11 to 35 form an integral part of these Financial Statements



Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Original Budget		Adjustment Budget		Final Budget		Actual on Comparable Basis		Performance Difference	
	Budget	Kshs	Budget	Kshs	Budget	Kshs	on Comparable Basis	Kshs	%	
1. RECURRENT BUDGET										
A. INCOME										
Revenue from Non-exchange Transactions										
Exchequer Recurrent Grants	517,991,751		-		517,991,751		517,991,751	-	0%	
2017-2021 CBA Grants	15,565,811		1,556,581		17,122,392		17,122,392	-	0%	
Total Revenue from Non-exchange Transactions	533,557,562		1,556,581		535,114,143		535,114,143	-	0%	
Revenue from Exchange Transactions										
Tuition and other related	256,262,930		40,273,664		296,536,594		298,651,442	2,114,848	1%	
Other Incomes	9,300,000		11,163,058		20,463,058		21,970,691	1,507,633	7%	
Total Revenue from Exchange Transactions	265,562,930		51,436,722		316,999,652		320,622,133	3,622,481	1%	
Total Income	799,120,492		52,993,303		852,113,795		855,736,276	3,622,481	0%	
B. EXPENDITURE										
Recurrent Expenditure										
Personnel Emoluments	535,320,492		45,836,023		581,156,515		676,533,176	(95,376,661)	-16%	
Board Expenses	14,800,000		(3,000,000)		11,800,000		10,285,339	1,514,661	13%	
Students Welfare expenses	17,200,000		3,306,580		20,506,580		15,555,041	4,951,539	24%	
Teaching/Academic Expenses	33,500,000		10,700,000		44,200,000		40,403,768	3,796,232	9%	



Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2022

Repairs & Maintenance	15,000,000	3,000,000	18,000,000	16,516,865	1,483,135	8%
General Operating Expenses	114,300,000	10,548,305	124,848,305	105,689,366	19,158,939	15%
Total Recurrent Expenditure	730,120,492	70,390,908	800,511,400	864,983,556	(64,472,156)	-8%
Surplus/(Deficit) (A-B)	69,000,000	(17,397,605)	51,602,395	(9,247,280)	60,849,675	118%
C. Capital Expenditure						
Purchase of Plant and Equipment	1,000,000	1,000,000	2,000,000	1,029,300	970,700	49%
Purchase of Teaching and Office Equipment	5,000,000	-	5,000,000	2,137,911	2,862,089	57%
Purchase of Furniture and Fittings	10,000,000	2,500,000	12,500,000	10,052,142	2,447,859	20%
Purchase of Computers and networking	3,000,000	1,000,000	4,000,000	3,703,412	296,588	7%
Telephone infrastructure	500,000	(300,000)	200,000	-	200,000	100%
Purchase of motor vehicles	15,000,000	(15,000,000)	-	-	-	0%
ERP and teaching Software	1,000,000	(1,000,000)	-	-	-	0%
Master plan	5,000,000	(4,000,000)	1,000,000	-	1,000,000	100%
Sinking Borehole	3,500,000		3,500,000	-	3,500,000	100%
Asbestos Removal	25,000,000	(1,597,605)	23,402,395	23,402,395	-	0%
Total Capital Expenditures	69,000,000	(17,397,605)	51,602,395	40,325,160	11,277,235	22%
Total Expenditure	799,120,492	52,993,303	852,113,795	905,308,715	(53,194,920)	-6%
Surplus/(Deficit) (A-B-C)	-	-	-	(49,572,440)	56,817,401	

Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2022

2. DEVELOPMENT BUDGET						
	Budget Original	Budget Adjustment	Budget Final	Actual on Comparable Basis	Performance Difference Final Budget vs Actual	
	Kshs	Kshs	Kshs	Kshs	Kshs	%
D. Source of Funds						
Exchequer Development Grants	88,387,426	-	88,387,426	88,387,426	-	0%
E. Development Expenditure						
Hostel Phase 1 Wing 2	26,000,000	-	26,000,000	8,368,516	17,631,484	68%
Hostel Block Phase 3	76,000,000	-	76,000,000	48,815,088	27,184,912	36%
Perimeter wall	25,000,000	-	25,000,000	18,144,221	6,855,779	27%
Science Complex Phase 1	55,000,000	-	55,000,000	50,155,983	4,844,017	9%
Total Development Expenditure	182,000,000	-	182,000,000	125,483,808	56,516,192	31%
Surplus/(Deficit) (D-E)	(93,612,574)	-	(93,612,574)	(37,096,382)	(56,516,192)	60%



Budget Notes**1. Reconciliation of difference between Statement of Comparison of Budget and Actual Amounts and Finance Performance**

Actual on Comparable Basis as per Recurrent Budget in the statement of Budget Comparison	Kshs.	Kshs.
Surplus/(Deficit) during the year		(9,247,280)
Less:		
Depreciation	52,038,034	
Increase in provision for Doubtful Debts	193,250	
Total non-cash expenditure in the Financial Performance not in Statement of Budget Comparison		(52,231,285)
Add:		
Non-cash income in the Financial Performance not in Statement of Budget Comparison		
Amortization of granted assets during the year	16,807,972	16,807,972
Surplus/(Deficit) for the year as per the Statement of Financial Performance		(44,670,593)

2. Budget Adjustment**i. Exchequer Recurrent Grants**

The Government had allocated Kshs.15,565,812 for CBA 2017-2021. However, an extra Kshs.1,556,580 was added through supplementary budget to complete the original planned amount of Kshs.17,122,392.

Revenue from Exchange Transactions increased from the original budgeted amount of Kshs.265,562,930 to Kshs.316,999,652. To factor the growth in income and to reduce the budget deficit, an adjustment to the Original Budget was therefore done to cater for the additional revenue following approval by the Council.

ii. General operating expenses

Personnel emoluments and General operating expenses exceeded the original budget due to an unexpected increase in operations and growth in staff during the year. Therefore, an amount Kshs.81,440,907 was re-aligned within the various vote heads to cater for increased level of activities following approval by the Council on 15th April, 2022.

The adjustments were therefore as a result of vote head budget re-allocations as shown below:

S/ No.	Vote Head	Original Budget FY 2021-2022	Virement		Approved Budget FY 2021-2022
			From	To	
	Rationalization	Kshs	Kshs	Kshs	Kshs
1	Revenue from Non Exchange Transactions	533,557,562	-	1,556,580	535,114,142
	Total Revenue from Non	533,557,562	-	1,556,580	535,114,142

Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2022

	Exchange Transactions				
2	Tuition Income	256,262,930		40,273,664	296,536,594
3	Other Incomes	2,700,000		11,163,058	13,863,058
	Total Revenue from Exchange Transactions	258,962,930	-	51,436,722	310,399,652
	Total Recurrent Income	792,520,492	-	52,993,302	845,513,794
	Recurrent Expenditure				
1	Personnel Emoluments	533,320,492		45,836,022	581,156,514
2	Council Expenses	13,000,000	(3,000,000)	-	10,000,000
3	Maintenance of Vehicles	2,000,000	-	500,000	2,500,000
4	Vehicle Insurance	1,000,000	(300,000)	-	700,000
5	Office Stationery	4,000,000	-	2,597,605	6,597,605
6	Advertising, Publicity, Vacancies and Others	2,500,000	(750,000)	-	1,750,000
7	Governance	4,500,000	-	1,500,000	6,000,000
8	Professional Subscription	100,000	-	100,000	200,000
9	Consultancy and Professional Services	200,000	-	100,000	300,000
10	Internet Charges and data hosting	6,500,000	-	500,000	7,000,000
11	Water and Conservancy	6,000,000	-	4,500,000	10,500,000
12	Cleaning and Fumigation	13,000,000	-	1,000,000	14,000,000
13	Hire of Security Services	11,000,000	-	500,000	11,500,000
14	Purchase of Teaching Materials	3,000,000	-	2,000,000	5,000,000
15	Part time Teaching	16,000,000	-	5,500,000	21,500,000
16	Examination Materials	2,500,000	-	500,000	3,000,000
17	External Examiners	1,000,000	-	800,000	1,800,000
18	Purchase of Gas, Charcoal and firewood	800,000	-	100,000	900,000
19	Purchase of Foodstuffs	5,000,000	-	1,556,580	6,556,580
20	Purchase of Utensils and cutlery	100,000	-	150,000	250,000
21	Sports Activities	1,500,000	-	1,500,000	3,000,000
22	General Insurance	1,500,000	(1,000,000)	-	500,000
23	Corporate Social Responsibility	1,000,000	(500,000)	-	500,000
24	Governance	4,000,000	-	1,900,000	5,900,000
25	Repairs & Maintenance	5,000,000	-	3,000,000	8,000,000
26	Bank Charges	600,000	-	400,000	1,000,000
27	Ex-Gratia	2,000,000	(1,000,000)	-	1,000,000
28	MUT Workshops unit	2,500,000	-	1,000,000	3,500,000
29	Tax expense	-	-	1,400,700	1,400,700
	Internally funded capital expenditure				
1	Purchase of Plant and Equipment	1,000,000	-	1,000,000	2,000,000
2	Purchase of Furniture and Fittings	10,000,000	-	2,500,000	12,500,000
3	Purchase of Computers and networking	3,000,000	-	1,000,000	4,000,000
4	Telephone Infrastructure	500,000	(300,000)	-	200,000
5	Motor vehicles	15,000,000	(15,000,000)	-	-
6	ERP and Teaching Software	1,000,000	(1,000,000)	-	-



Murang'a University of Technology

Annual Report and Financial Statements for the year ended June 30, 2022

7	Master Plan	5,000,000	(4,000,000)	-	1,000,000
8	Asbestos Removal	25,000,000	(1,597,605)	-	23,402,395
	Total	704,120,492	(28,447,605)	81,440,907	759,113,794

3. Explanation of Variances

a. Revenue from Exchange Transactions

Tuition and Tuition related income had favourable variance of 1%. Students' fees earned were higher than the budget due to growth in number of students.

Other income recorded favourable variance of 7% due to increase in accommodation/hostel fees, sale of food & beverages - Students' Cafeteria, Sales - MUT Workshops services, hire of facilities and Conference/ Workshops fees.

b. Expenditure

The University resources have become more constrained and the Management has been making inevitable cost-cutting efforts to manage the limited resources within the budget without affecting the quality of its core services. As a result, the actual expenses for students' welfare expenses, teaching/academic expenses, repairs and maintenance, and general operating expenses were slightly lower than expected during the year.

c. Personnel Emoluments

The University was not in a position to fully implement and sustain 2017-2021 CBA basic salaries and so having not budgeted for it, arrears amounting to Kshs.85,243,109 were accrued to form part of expenditure as at the end of the year.

Approved budget for Development grants was Kshs.182,000,000. However, the Government funded only Kshs.88,387,426 leading to a deficit of Kshs.93,612,574. This slowed construction of projects during the year.



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Murang'a University of Technology is established by and derives its authority and accountability from Universities Act. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide quality teaching, training, scholarship, entrepreneurship, innovation and research, and consultancy services.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act, 2012 and Regulations, 2015, the State Corporations Act and International Public Sector Accounting Standards (IPSAS).

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

The University did not have any new standards or amendments to published standards during the year.

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

The University has not applied any new or amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

iii. Early adoption of standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted have been consistently applied to all the years presented.

a. Revenue recognition

Generally, revenue is recognized when it can be reliably measured; when the inflow of future economic benefits is probable and when specific criteria have been met. There are two categories of revenue namely revenue from non-exchange-transactions and revenue from exchange transactions.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

i. Revenue from non-exchange transactions

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

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and/or property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably.

Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that have been acquired using such funds.

Fees, Fines and Penalties

The University recognizes revenues from fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Revenue from exchange transactions

Exchange transactions are those in which university sells goods or provides services in exchange of a consideration.

Rendering of services

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

Sale of goods

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Rental income

Rent income arising from students' accommodation in the hostels and staff members who occupy University's houses, is recognized when the event occurs and the revenue recognition criterion is met.

b. Budget information

The original budget for the financial year 2021-2022 was approved by the Council on 20th August, 2021. Subsequent revisions or vote head re-allocations or virement were made to the original budget by the University upon receiving the Council approvals in order to conclude the final budget.

The University's budget is prepared on the same 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 and the budget is prepared on the same accrual basis. 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.

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 on page 8 of these financial statements.

c. Taxes

The Income Tax Act, Cap 470 provides a provision for the exemption of the income of certain entities upon satisfying the criterion that; it is established solely for purposes of the relief of poverty or distress of the public; or it is established for the advancement of religion or education. This is upon satisfying the commissioner that the income is to be expended either in Kenya or in circumstances in which the expenditure of that income is for purposes which result in the benefit of the residents of Kenya.

Murang'a University is a public institution of higher learning, established under the Universities Act No. 42 of 2012. By the nature of its establishment and operations, the University is a public entity that is not subject to income tax. The University does not engage in any unrelated trade or business, hence exempted from taxation under the first schedule section 10 of the Income Tax Act, Cap 470. However income tax on interest on call deposit have been reported in the University's financial statements. Consequently, no provision for income taxes is required.

d. Property, plant and equipment

Property, plant and equipment are stated at revalued amounts less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

In the year under review, Science Complex building was capitalized and formed part of property, plant and equipment schedule with other assets acquired using internal funds.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Assets are depreciated using straight line method and the applicable rates by asset class are as follows:

Asset Class	Percentage Depreciation Rate
Buildings	2%
Land Improvements (Internal Roads)	5%
Plant and Equipment	10%
Office Equipment	10%
Teaching Equipment	30%
Furniture and Fittings	10%
Motor vehicles	20%
Computer hardware and Computer peripherals	30%
Academic attire	5%

Lease hold land is not depreciated as it is deemed to have an infinite life.

During the year under review, The County government of Murang'a allocated the University fifty (50) Acres of land at Mariira. The University is in the process of transferring ownership having so far published in three local dailies with the consent of the Murang'a County government in the Nation Newspaper, Standard Newspaper and Taifa Leo.

The University had a generator of 750 KVA that was received as a donation through the Kenya TVET Chinese Support Program and is undergoing installation and testing to ascertain its functionality. This will then be subjected to valuation by the Ministry of Lands and Physical Planning, Department of Valuation, to arrive at a capitalization cost in the current financial year.

e. Intangible assets – IPSAS 31

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. Computer software will be amortized on straight line basis at the rate of 30%.

f. Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g. Financial instruments

Financial assets

Initial recognition and measurement

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

Impairment of financial assets

The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity off 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:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- 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 University 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

costs.

h. 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:

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

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

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

i. Provisions

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

j. Nature and purpose of reserves

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

	Nature of Reserves	Purpose of the Reserves
1	Accumulated Surplus	This was the initial capital for the University and the aggregate of the accumulated surpluses or deficits and reserves that reflect the net assets/equity attributable to the University's operations.
2	Accumulated Development Grants	This is accumulated development grants from the Government of Kenya to fund development projects undertaken by the University. The development projects once completed; the grants are amortized for the useful life of the asset.
3	Revaluation Reserves	These records the surplus created when assets are revalued. Amount equal to the amount by which that sum exceeds the sum which would have been so written off or retained for the depreciation of that asset over that period, if that profit had not been made, is treated as a realised profit made over that period.

k. Changes in accounting policies and estimates

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

l. Employee benefits

The University provides a defined contribution retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The University maintains a defined contribution plan whereby the employee contributes 10% of basic pay and University contributes 20% of employee's basic pay. The pension scheme is registered with independent trustees.

m. Foreign currency transaction

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.

n. Related parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Government of Kenya, Members of Key Management are regarded as related parties and comprise the Council, the Vice Chancellor and University Management Board members.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

o. 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 various commercial banks in Kenya at the end of the financial year.

p. Comparative figures

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

q. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the 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 University based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur, IPSAS 1.140.

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the University
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date. It is a University policy to make a provision for doubtful debts at 5% of the total receivables except receivables from Government grants.

6. TRANSFERS FROM MINISTRY OF EDUCATION, STATE DEPARTMENT FOR UNIVERSITY EDUCATION AND RESEARCH

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognized in capital fund. Kshs	Total grant income during the year 2021-22 Kshs
State Department for University Education and Research	535,114,143	-	88,387,426	623,501,569
Total	535,114,143	-	88,387,426	623,501,569

Note 7: Exchequer Recurrent Grants		
Recurrent Grants for the financial year	2021-2022	2020-2021
Month in which Grants relates to	Kshs	Kshs
July	43,165,979	41,499,313
August	43,165,979	41,499,313
September	43,165,979	41,499,311
October	43,165,979	41,499,313
November	43,165,979	41,499,313
December	43,165,979	41,499,312
January	43,165,979	41,499,312
February	43,165,979	41,499,313
March	43,165,979	41,499,311
April	43,165,980	41,499,313
May	43,165,980	41,499,313
June	43,165,980	41,499,313
Total exchequer recurrent grants for the year	517,991,751	497,991,750
Note 8: Exchequer CBA Grants		
	2021-2022	2020-2021
	Kshs	Kshs
2017-2021 CBA Arrears	17,122,392	-
Total CBA Grants	17,122,392	-
Note 9: Amortization of granted assets		
Deferred Development Grants:	2021-2022	2020-2021
	Kshs	Kshs
Deferred Development Grants: Buildings balance b/f	368,909,192	368,909,192
Add:		



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Deferred Devpt. Grants: Buildings Science Complex	339,664,550	
Deferred Development Grants: Buildings Asbestos removal	1,250,000	
Deferred Development Grants: Internal Roads	52,229,938	52,229,938
Amortization:		
2% of Capitalized Buildings Development Grants	14,196,475	7,378,184
5% of Capitalized Internal Roads Development Grants	2,611,497	2,611,497
Total Amortization	16,807,972	9,989,681
REVENUE FROM EXCHANGE TRANSACTIONS		
Note 10: Tuition income and tuition related	2021-2022	2020-2021
Description	Kshs	Kshs
Tuition Fees	142,065,157	95,384,260
Registration fees	5,910,000	4,698,380
Medical fees	23,647,560	17,179,218
Internal Examination	40,891,878	29,564,269
University ID card	1,485,000	1,267,500
Activity fees	9,393,438	6,757,312
Internet fees	13,114,508	8,893,908
Computer fees	13,905,416	10,488,602
CUE Quality Assurance	1,796,000	1,993,000
KUCCPS Placement Fee	2,487,000	2,767,500
Industrial Attachment Fee	17,679,440	13,152,750
Application fees	350,030	211,540
Internal Industrial Attachment Fee	1,505,472	1,795,608
Examinations Materials Fee	-	1,000
Fines & penalties	71,217	58,060
Students Damages/Surcharges	23,153	21,900
Graduation fee	4,205,100	3,441,600
Library fees	17,965,573	13,379,208
Thesis Supervision fee	1,462,500	824,600
Thesis Examination	152,500	102,500
Indexing fee	196,100	196,100
Insurance fee	344,400	163,000
Total Tuition and tuition related Income	298,651,442	212,341,815
Note 11: Other Incomes	2021-2022	2020-2021
Description	Kshs	Kshs
Accommodation/Hostel Fees	3,977,350	2,140,750
Rent Income	355,650	368,604
Students Administration Fees	48,000	10,000
Sale of Food & Beverages - Students' Cafeteria	4,738,730	1,317,783
Sale of Food & Beverages - Staff Cafeteria	460,525	1,765,410
Hire of Facilities - MUT Services	768,780	567,394
Miscellaneous Incomes	1,126,354	3,178,902

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Administration Fees	160,303	182,477
Sales - MUT Workshops services	5,509,898	3,036,332
Staff damages surcharges	749,230	248,800
Hire of Facilities -general	265,651	640,575
Interest on Call Deposits	2,608,219	7,936,951
Conference, Workshops and Seminars Fess	1,202,000	-
Total Other Incomes	21,970,691	21,394,578
Total Revenue from Exchange Transactions	320,622,133	233,736,393
Note 12: Personnel Emoluments	2021-2022	2020-2021
Description	Kshs	Kshs
Basic Salaries	259,563,418	235,036,876
House Allowance	126,125,723	114,441,405
MUT Pension Scheme Employer Contribution	39,137,050	35,124,138
Responsibility Allowance	6,020,122	5,791,717
Telephone Allowance	4,734,419	4,202,335
Acting Allowance	1,174,049	857,519
Special Duty Allowance	1,754,118	1,359,086
Management Allowance	26,418,969	24,131,251
BOG and Other Gratuities	25,214,700	6,238,766
Leave Travel Allowance	2,274,813	2,061,413
Commuter Allowance	22,382,292	19,871,475
Car Allowance	12,302,167	12,956,237
Non-use of Official Car	840,000	840,000
Entertainment Allowance	6,112,244	5,871,433
Electricity and Water Benefit Allowance	3,835,384	3,674,128
Passage and Baggage Allowance	168,400	129,332
Domestic Workers Allowance	1,800,000	1,800,000
Risk Allowance	85,000	193,403
Extraneous Allowance	4,654,105	3,892,937
Co-ordinating Allowance	1,084,161	896,272
Research Allowance	560,000	560,000
Book Allowance	340,000	340,000
Non-Practice Allowance	177,500	180,000
Council Secretariat Allowance	80,000	192,000
Professorial Allowance	3,441,586	2,567,742
NSSF Employers Contribution-expense	774,600	712,600
Academic Allowance	1,680,000	1,405,645
Security Allowances	1,800,000	1,800,000
Gratuity & Other Pensions Employer Contribution	2,059,339	2,512,952
Other personal allowances	2,567,400	2,552,803
National Industrial Training Authority charges	190,950	163,050
Health Service Allowance	900,000	1,903,871
Emergency Call Allowance	50,000	120,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Adjunct Lecturers Lump sum Salary	12,008,201	6,729,745
2017-2020 CBA Arrears	104,222,467	12,974,969
Total Personnel Emoluments	676,533,176	514,085,100
Note 13: Board Expenses	2021-2022	2020-2021
Description	Kshs	Kshs
Council Expenses	9,144,517	8,713,180
Chancellor Expenses	1,140,822	1,382,758
Total Board Expenses	10,285,339	10,095,938
Note 14: Depreciation	2021-2022	2020-2021
Description	Kshs	Kshs
Buildings	25,415,243	17,108,202
Internal Roads	2,761,382	2,761,382
Plant & Equipment	1,566,879	1,463,949
Office Equipment	230,006	153,646
Teaching Equipment	1,095,229	5,425,068
Furniture & Fittings	2,796,783	1,834,432
Motor Vehicles	6,992,834	6,100,834
Computer hardware, networking & telephone infrastructure	11,103,896	16,745,424
Academic attire	75,782	54,350
Total Depreciation	52,038,034	51,647,287
Note 15: Students Welfare expenses	2021-2022	2020-2021
Description	Kshs	Kshs
Purchase of Gas, Charcoal and firewood	457,035	134,610
Purchase of Foodstuff	4,527,916	2,235,856
Purchase of Utensils and cutlery	175,590	179,788
Sports Activities	2,572,424	644,058
Students Work study Programme	780,120	579,000
Students Placement Charges	4,502,500	7,986,429
Purchase of Drugs & other Health unit expenses	2,084,556	1,631,098
Drama	454,900	140,000
Total Students Welfare expenses	15,555,041	13,530,839
Note 16: Teaching/Academic Expenses	2021-2022	2020-2021
Description	Kshs	Kshs
Purchase of Teaching Materials	3,115,231	1,773,602
Curriculum and Development	501,820	102,500
Academic Trips	156,650	103,950
Internal Research	1,836,265	116,043
Part-Time Teaching Costs	21,034,895	15,879,021
Examination Materials	2,895,070	1,848,523
External Examiners	1,585,085	808,940

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Industrial Attachment Expenses	5,334,752	2,774,107
Accreditation of Academic programmes	3,944,000	2,319,700
Total Teaching/Academic Expenses	40,403,768	25,726,386
Note 17: Repairs and Maintenance	2021-2022	2020-2021
Description	Kshs	Kshs
Repairs and Maintenance Expenses	6,516,865	4,257,754
Repair & Refurbishment of Mariira Campus	10,000,000	-
Total Repairs and Maintenance Expenses	16,516,865	4,257,754
Note 18: General Operating Expenses	2021-2022	2020-2021
Description	Kshs	Kshs
Travel & Subsistence	6,103,890	5,260,830
Fuel & Oils for Motor Vehicles	2,997,815	2,895,624
Maintenance of Vehicles	2,282,351	1,493,641
Vehicle Insurance	590,516	743,149
Office Stationery	6,014,259	1,860,243
Printing & Publishing	874,871	105,073
Advertising and Publicity	1,192,457	1,799,585
Research & Development	-	28,600
Marketing Activities	394,481	136,072
Governance Expenses	4,586,976	4,042,736
Conferences	2,417,468	1,736,178
Staff Development, Seminars & Workshop	3,215,236	1,093,492
Staff Welfare Expenses	-	100,160
Staff Medical Expenses	6,308,290	4,338,072
Benevolent Expense	233,100	165,000
Professional Subscription	92,000	-
Purchase of Uniforms	199,464	301,480
Consultancy and Professional Services	273,000	124,166
Telephone & Postage Expenses	234,851	232,998
Internet Charges	5,789,840	5,708,151
Books, Journals and Magazines	2,201,318	1,908,912
ISO & SP Expenses	2,189,787	710,506
Bank Charges	880,972	646,647
Electricity Expenses	4,937,623	3,742,664
Water and Conservancy	9,542,623	5,075,872
Cleaning and Fumigation	13,266,536	12,113,614
Software License Renewal	3,276,613	348,000
Hire of Security Services	11,169,000	10,730,153
Honoraria	193,000	-
Casual Wages	2,570,200	2,969,260
Linkages Expenses	168,762	208,288
Workshops unit expenses	2,350,698	1,755,697



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Legal Fees	1,071,750	2,504,673
General Insurance	489,681	922,357
Corporate Social Responsibility Donations	172,320	220,020
Graduation Expenses	3,718,821	1,968,642
Shows & Exhibitions	274,580	39,000
WIBA	353,617	341,938
Tax Expense	1,432,774	1,667,191
General Subscription	196,346	25,000
Staff and Dependents' Tuition Fees waiver	735,480	339,420
Audit Fees	696,000	696,000
Total General Operating Expenses	105,689,366	81,099,104
Note 19: Cash & Cash Equivalents	2021-2022	2020-2021
Description	Kshs	Kshs
KCB Collection Account -1107198356	54,116,948	56,315,266
KCB Paying Account -1142192814	3,839,934	1,923,130
Equity Enterprise Account -0220290131328	8,886,794	6,960,308
Equity Collection Account-0220273636188	7,132,631	10,474,526
Equity Development Paying account No.0220273636180	27,020,305	637,561
Call Deposit Account - Equity Development	-	50,000,000
Co-operative Bank Research Fund Account No.01141573999200	9,717,497	30,418,104
Co-operative Bank Fees Collectn. Account - 01129573999200	10,313,463	16,904,910
MUT Endowment Fund Account-1267531142	1,616,641	1,236,312
MUT Alumni Association Account-1267529652	3,980,439	2,612,635
Total Cash & Cash Equivalents	126,624,652	177,482,752
Note 20: Receivable from Exchange Transactions		
Description	2021-2022	2020-2021
	Kshs	Kshs
Students Debtors	36,189,986	35,432,105
House Rent Debtors	88,750	88,750
Imprest Debtors	2,054,383	705,661
Other Debtors	2,197,999	2,197,999
Sundry Debtors	3,472,590	1,158,779
Utility Deposit receivable/pre-payments	594,255	1,149,661
Total Receivables from Exchange Transactions	44,597,963	40,732,955
Less: Impairment/Provision for Doubtful Debts	(2,229,898)	(2,036,648)
Net Receivables from Exchange Transactions	42,368,065	38,696,307
Note 21: Provisions for Doubtful Debts	2021-2022	2020-2021
Description	Kshs	Kshs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Bal b/f 1st July	2,036,648	1,388,962
Increase/Decrease in provision during the period	193,250	647,686
Balance as at 30th June	2,229,898	2,036,648
Note 22: Inventory	2021-2022	2020-2021
Description	Kshs	Kshs
Stationery-Central Stores	534,878	502,425
Hardware and Plumbing Materials	1,867,576	1,683,000
Foodstuff	359,774	101,195
Electrical Materials and Electronics	149,581	257,292
House Keeping & Accommodation Materials	24,615	130,856
Medical Drugs and Related Consumables- Health Unit	973,818	1,160,173
Sch. of Hospitality and Tourism Mgmt	25,682	-
MUTES- Woodwork, Textile and Mechanical	708,576	-
MUT- Woodwork workshop	1,166,260	-
MUT- Textile workshop	90,216	-
MUT- Mechanical workshop	289,975	-
Total Inventory	6,190,950	3,834,941

Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. PROPERTY, PLANT AND EQUIPMENT

Particulars	Lease-Hold Land	Buildings	Land Improvement (Internal Roads)	Plant & Equipment	Office Equipment	Teaching Equipment	Furniture & Fittings	Motor Vehicle	Computers, Networking & Telephone Infrastructure	Academic Attire	Totals
RATES	-	0.02	0.05	0.10	0.10	0.30	0.10	0.20	0.30	0.05	
FY 2020/2021											
Cost/Value at Bal b/f July 1, 2020	650,000,000	835,000,000	52,229,938	13,827,413	1,343,788	17,310,515	16,557,212	24,700,000	26,175,438	721,615	1,637,865,919
Additions during the year 2020/2021	100,000,000	20,410,084	2,997,700	812,077	192,674	773,046	1,787,108	5,804,172	29,462,641	365,384	162,604,886
Add. Wrong captured disposal FY 2019/20	-	-	-	-	-	-	-	-	180,000	-	180,000
Cost/Value Bal c/d at June 30, 2021	750,000,000	855,410,084	55,227,638	14,639,490	1,536,462	18,083,561	18,344,320	30,504,172	55,818,079	1,086,999	1,800,650,805
ACCUMULATED DEPRECIATION											
Acc. Dep Bal b/f July 1, 2020	-	32,531,782	5,222,994	4,919,133	948,938	7,444,017	4,676,191	14,118,866	15,551,089	36,081	85,449,092
Add: Adjusted Depreciation Charge	-	868,218	-	-	-	2,553,263	-	-	-	-	3,421,481
Less: Adjusted Depreciation Charge	-	-	-	(2,209,060)	(683,881)	-	(1,510,972)	(4,238,866)	(122,061)	-	(8,764,840)
Depreciation Charged for the year	-	17,108,202	2,761,382	1,463,949	153,646	5,425,068	1,834,432	6,100,834	16,745,424	54,350	51,647,287
Acc. Dep Bal c/d June 30, 2021	-	50,508,202	7,984,376	4,174,022	418,703	15,422,349	4,999,651	15,980,834	32,174,452	90,431	131,753,020
Net Book value at June 30, 2021	750,000,000	804,901,882	47,243,262	10,465,468	1,117,759	2,661,212	13,344,669	14,523,338	23,643,627	996,568	1,668,897,785
FY 2021/2022											
Cost/Value at Bal b/f July 1, 2021	750,000,000	855,410,084	55,227,638	14,639,490	1,536,462	18,083,561	18,344,320	30,504,172	55,818,079	1,086,999	1,800,650,805
Recognition of 100 KVA Generator	-	415,352,084	-	1,500,000	-	-	-	-	-	-	1,500,000
Additions during the year 2021/2022	-	1,270,762,168	55,227,638	17,168,790	2,300,061	19,457,873	27,967,829	34,964,172	59,521,491	1,515,632	2,238,885,653
Cost/Value Bal c/d at June 30, 2022	750,000,000	1,270,762,168	55,227,638	17,168,790	2,300,061	19,457,873	27,967,829	34,964,172	59,521,491	1,515,632	2,238,885,653
Assets procured in FY 2018/2019	-	-	-	-	-	619,933	-	-	7,698,458	-	8,397,391
Assets procured after FY 2018/2019	-	-	-	-	-	3,444,120	-	-	34,446,833	-	38,338,973
ACCUMULATED DEPRECIATION											
Acc. Dep Bal b/f July 1, 2021	-	50,508,202	7,984,376	4,174,022	418,703	15,422,349	4,999,651	15,980,834	32,174,452	90,431	131,753,020
Acc. Dep Bal b/f for 100 KVA Generator 2018/2019	-	-	-	1,500,000	-	-	-	-	-	-	1,500,000
Partial dep. of assets procured in FY 2018/2019	-	-	-	-	-	61,993	-	-	769,846	-	841,839
Dep of assets procured after FY 2018/2019	-	25,415,243	2,761,382	1,566,879	230,006	1,095,229	2,796,783	6,992,834	11,103,896	75,782	52,038,034
Depreciation Charged for the year	-	75,923,445	10,745,758	7,240,901	648,710	16,517,578	7,796,434	22,973,669	43,278,348	166,212	185,291,055
Acc. Dep Bal c/d June 30, 2022	-	1,194,838,723	44,481,880	9,927,889	1,651,352	2,940,295	20,171,395	11,990,503	16,243,143	1,349,419	2,053,594,599
Net Book value at June 30, 2022	750,000,000	804,901,882	47,243,262	10,465,468	1,117,759	2,661,212	13,344,669	14,523,338	23,643,627	996,568	1,668,897,785



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 24: Work in Progress during the year	2021-2022	2020-2021
Description	Kshs	Kshs
Balance brought forward	611,916,750	422,087,344
Additions:		
Hostel Block Phase 1, Wing 2	8,368,516	13,453,678
Hostel block-Phase 3	48,815,088	66,996,115
Science Complex	50,155,983	150,102,638
Perimeter wall	18,144,221	6,268,690
ERP Software	-	1,276,000
Basketball pitch	-	511,270
Asbestos removal	23,402,395	148,800
Sinking Borehole	170,500	-
Total additions	149,056,703	238,757,191
Balance b/f plus additions	760,973,453	660,844,535
Less: Work in Progress Capitalized		
ERP Software	-	25,520,000
Basketball pitch	-	2,997,700
Water tank	-	20,410,085
Asbestos removal	23,551,195	-
Science Complex	396,260,889	-
Benisa LTD (WIP overstated amount)	2,904,365	-
Total Work in Progress Capitalized	422,716,449	48,927,785
Total Work in Progress Balance at the end of the year	338,257,004	611,916,750
Note 25 : Long Term Investments	2021-2022	2020-2021
Description	Kshs	Kshs
Bamburi Shares	25,318,800	25,318,800
Total Long Term Investments	25,318,800	25,318,800

The University has invested in Bamburi Cement shares worth Kshs.25,318,800. The total number of shares is 126,594 with an average market price of Kshs.200.00 per share.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 26 Provisions for Audit fees	2021-2022	2020-2021
	Kshs	Kshs
Bal b/f 1st July	696,000	4,176,000
Increase /(Decrease) in provision during the period	696,000	(3,480,000)
Balance as at 30th June	1,392,000	696,000

Note 27: Payables and accruals from exchange transactions	2021-2022	2020-2021
Description	Kshs	Kshs
a Students related payables		
Student Fees Prepayments	42,004,583	35,137,902
External Examination-TIVET/CDACC	2,955,600	1,240,000
Helb Loan & Bursaries	1,122,630	4,642,560
CDF/Sponsorships	3,863,268	2,589,959
Students caution money	778,622	434,622
Student Union Payable	78,829	361,678
Unallocated Receipts	1,236,287	1,105,560
Students and other refunds	176,613	72,533
Sub-total	52,216,432	45,584,814
b Payroll deductions payables		
NSSF	130,800	120,800
NHIF	486,700	452,350
UASU	844,136	215,272
KUSU	743,760	166,071
KUDHEIHA	241,964	38,485
HELB Staff deductions	151,419	139,628
Net Pay	74,208,946	22,836,824
Wages Payables	418,466	418,466
Sacco Deductions	3,120,503	3,187,709
Insurance and Investments	259,096	272,351
Mortgage payable-staff	118,073	118,073
Bank Loan Deductions	6,913,052	6,248,194
MRUC Staff Welfare Deductions	50,800	48,200
MRUC Benevolent Fund Payable	10,500	10,500
MRUC Workshops deductions payable	10,353	14,813
MRUC Pension Scheme payable	17,863,000	183,865
Other Pension Schemes Payable	262,491	258,345
Former BOG employees gratuity Payable	6,916,100	6,916,100
Imprest recoveries	70,258	94,458
MUT Endowment Fund	1,650,801	1,288,549
MUT Alumni Association	4,195,620	2,872,680
Sub-total	118,666,838	45,901,733

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c Other payables and provisions from exchange transactions		
Recurrent Creditors	8,181,207	23,031,108
External Research fund	9,349,113	21,598,241
Provision for Audit fees	1,392,000	696,000
Provision for General expenses	-	4,502,000
Contract retentions (10%)	51,267,228	67,746,288
Capital Creditors	1,274,408	14,394,576
Sub-total	71,463,956	131,968,213
Total Payables / Accruals from exchange transactions	242,347,226	223,454,760

Note 28: Payables from Non-Exchange Transactions		
	2021-2022	2020-2021
Description	Kshs	Kshs
PAYE Deductions	48,772,065	24,262,890
VAT Withholding (6% of 116%)	10	10
VAT Withholding (2% of 108%)	1	5,175
Income Tax Withholding (5%)	-	2,188
Income Tax Withholding (3%)	810,768	1,070,795
VAT Withholding clearing	445,664	445,664
VAT Withholding (2% of 116%)	154,094	591,863
VAT Withholding (2% of 114%)	-	171,650
Total Payables from Non-Exchange Transactions	50,182,602	26,550,235

Note 29: Accumulated Surplus		
	2021-2022	2020-2021
Description	Kshs	Kshs
Balance brought forward	1,044,553,171	958,106,562
Revenue reserves	131,677	45,818,879
Add: Surplus/(Deficit) during the year	(44,670,593)	40,627,730
Total	1,000,014,255	1,044,553,171

Note 30: Revaluation Reserves		
	2021-2022	2020-2021
Description	Kshs	Kshs
Balance brought forward	247,610,092	150,968,727
Revaluation of land reserves	-	100,000,000
Reserves transfer	(3,358,635)	(3,358,635)
Total	244,251,457	247,610,092

These reserves relate to recognition of carrying amounts of Plant, Property and Equipment whose future economic benefits have been re-determined based on their probable extended economic lifespans. Subsequent depreciation on re-valued amount will be charged against the reserves.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 31: Development grants	2021-2022	2020-2021
Description	Kshs	Kshs
Balance brought forward	983,979,076	904,016,843
Development grants received during the year	88,387,426	98,876,914
Total	1,072,366,502	1,002,893,757
Less: Amortization of granted assets		
De-recognition of capital grants receivable	-	(8,925,000)
Amortization - Buildings	(14,196,475)	(7,378,184)
Amortization - Land Improvement (Internal Roads)	(2,611,497)	(2,611,497)
Balance as at 30th June	1,055,558,530	983,979,076

32. FINANCIAL RISK MANAGEMENT

The University's major source of revenue is the Government with the proportion of Government funding compared to total funding of 67.14% in FY 2020/2021 and 61.67% in FY 2021/2022. Failure of Government funding means that the University will not be able to operate.

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

The University does not hedge any risks and has in place an integrated risk management framework which is based on risk governance structures, risk management policies, risk identification, measurement and reporting. The risk management framework focuses on the unpredictability of environmental factors, to set appropriate risk limits and controls, and to monitor risks and seeks to minimize potential adverse effects on the financial performance and position of the University.

The University is exposed to financial risks classified as Credit risk, Liquidity risk and Market risk. The University's financial risk management objectives and policies are detailed below:

i. Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents which include short-term deposits held with banks, as well as trade and other receivables and available-for-sale financial investments. The University receives fees from students, rent from staff and advances imprest to the staff which further exposes it to credit risk. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk is made up as follows:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Analysis of Credit risk exposure					
At 30 June 2022					
	Total amount	0-60 days	60-90 days	Over 90 days	
		Fully Performing	Past due	Impaired	Risk rating
	Kshs	Kshs	Kshs	Kshs	
Bank balances	126,624,652	126,624,652	-	-	low
Receivables from exchange transactions:					
Imprest receivables	2,054,383	2,054,383	-	-	low
Students Debtors	36,189,986	36,189,986	-	-	medium
House Rent Debtors	88,750	-	-	88,750	high
Sundry Debtors	3,472,590	3,472,590	-	-	low
Other Debtors	2,197,999	-	-	2,197,999	high
Total Receivables from exchange transactions	44,003,708	41,716,959	-	2,286,749	
At 30 June 2021					
Bank balances	177,482,752	177,482,752	-	-	low
Receivables from exchange transactions:					
Imprest receivables	705,661	705,661	-	-	low
Students Debtors	35,432,105	35,432,105	-	-	medium
House Rent receivables	88,750	-	-	88,750	high
Sundry Debtors	1,158,779	1,158,779	-	-	low
Other receivables	2,197,999	-	-	2,197,999	high
Total Receivables from exchange transactions	39,583,294	37,296,545	-	2,286,749	

The customers under the fully performing category are paying their debts as they continue getting services from the University. Impairment arises when there are some doubts that the University will collect the full amount due. As at the year end, the university had no impaired receivables. However, it is University tradition to make a provision for doubtful debts at 5% of the total receivables.

The credit risk associated with these receivables is minimal and the allowance for uncollectible

NOTES TO THE FINANCIAL STATEMENTS (Continued)

amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The University has significant concentration of credit risk on past due and impaired.

ii. Liquidity risk management

Liquidity risk is the risk that the University will not be able to meet the financial obligations as they fall due. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation and going into overdraft. Typically, the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. Liquidity risk is maintained through continuous monitoring of forecasts and actual cash flows.

iii. Market risk

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

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

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

a. 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 University's interest rate risk arises from bank deposits. This exposes the University to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the University's deposits. The University was not exposed to the risk of falling interest rates during the year. As a result, changes in interest rates do not have an impact on the carrying amounts of the financial assets of the University.

Management of interest rate risk

The University had Call Deposit amounts where interest was earned and there was no major risk associated with the deposits. The interest rate for the deposits is set at the time of placing the deposit with banks which has a strong capital base.

The University Management has endeavoured to bank with institutions that offer favourable interest rates. The University would manage risk associated with the deposits and other investments by ensuring that the interest rate is negotiated prior to investing and is constant throughout the investment period. In case of investments, the University places its Call deposits with the qualifying commercial banks that quote the highest interest rate over a given period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b. Foreign currency risk

The University has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. The currency exposure to the University transactions is mitigated as receipts, and payments are made in local currency with very few cases where suppliers quote in foreign currency mostly in US dollars. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rates.

The University receives revenue from fees, grants and other sources in functional currency and no other currencies. All the assets of the University were denominated in Kenya shillings which is the functional currency used in these financial statements. Therefore, for the year ended June 30, 2022 currency exposure has minimal impact on financial status of the University. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

iv. Natural Disasters Risk (COVID-19)

The Covid-19 disease was declared as a pandemic in March, 2020. Since then, the University Management has put in place measures to contain further spread of the disease. The measures put in place include ensuring observation of Ministry of Health Covid-19 protocols within the University; collaborating with the County Government to vaccinate all staff against the Covid-19 disease; and encouraging the use of online meetings where possible and practicable.

The University has adopted some of the best risk assessment and management tools and techniques that the University Risk Owners use to manage their operations against risks and disaster management.

v. Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Accumulated Surplus	1,000,014,254	1,044,553,171
Revaluation Reserves	244,251,457	247,610,092
Development Grants	1,055,558,530	983,979,076
Total funds	2,299,824,241	2,276,142,339
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	0%	0%

33. RELATED PARTY BALANCES

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties



NOTES TO THE FINANCIAL STATEMENTS (Continued)

include the National Government of Kenya, the Council Members, Key Management Members, their associates and close family members.

i. The National Government of Kenya

Murang'a University is a Public University hence the National Government of Kenya through the Ministry of Education, is the principal owner of the University. The Government of Kenya has appointed the University Chancellor, the Council Members, Vice Chancellor and Deputy Vice Chancellors.

Related parties include:

ii. The Ministry of Education

The Ministry of Education is the University's parent ministry. The University's operations and development projects are partially and fully funded respectively by the Government of Kenya through the Ministry of Education.

iii. The University Chancellor

The Chancellor is the titular head of the University.

iv. The Council

The Council provides effective leadership and control in terms of approving the University's strategies and policies and best practice of corporate governance.

v. The University Management Board

The Vice Chancellor is the head of the University Management Board (UBM). The UBM is the in charge of day-to-day operations of the University.

Summary of transactions with related parties	2021-2022	2020-2021
	Kshs	Kshs
1) Grants from the Government		
i. Recurrent Grants		
a) Received	517,991,751	522,991,751
b) CBA Grants	17,122,392	-
ii. Development Grants Received	88,387,426	73,876,914
Total grants from the Government	623,501,569	596,868,665
2) Chancellor and Council expenses:		
i. Chancellor expenses	1,140,822	1,382,758
ii. Council expenses	9,144,517	8,713,180
Total Chancellor and Council expenses	10,285,339	10,095,938
3) Key management compensation		
Compensation to Key Management Members	28,699,191	27,332,563
Total Key management compensation	28,699,191	27,332,563

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court cases against the University:	-	-
	-	-

35. CAPITAL COMMITMENTS

	Authorised and contracted for and on-going	2021-2022	2020-2021
	Description	Kshs	Kshs
1	Hostel Block Phase 1, Wing 2	8,368,516	13,453,678
2	Hostel block-Phase 3	48,815,088	66,996,115
3	Science Complex	50,155,983	150,102,638
4	Perimeter wall	18,144,221	6,268,690
5	ERP Software	-	1,276,000
6	Basketball pitch	-	511,270
7	Asbestos removal	23,402,395	148,800
	Sinking Borehole	170,500	-
	Total	149,056,703	238,757,191

36. EVENTS AFTER THE REPORTING PERIOD

There were no events after reporting period.

37. ULTIMATE AND HOLDING ENTITY

Murang'a University of Technology is a State Corporation under the Ministry of Education State Department for University Education and Research. Its ultimate parent is the Government of Kenya.

38. CURRENCY

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

APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. The management has nominated responsible personnel to resolve the various issues as shown below.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Material Uncertainty Related to Sustainability of Services; University unable to pay its creditors and its continued sustainability is dependent upon financial support from its creditors and Government.	The going concern of the University is not at stake and the University will continue its operations in the future without liquidating or being forced to discontinue operations due to any reason.	The Management and the Council	Not Resolved	2022/2023
2	Leasehold Land Without Ownership Documents; The validity, accuracy, ownership and completeness of freehold land balance of Kshs 750M could not be confirmed.	The Land Parcel Murang'a/ Municipality/Block 11/157 measuring 30.95 Ha was duly transferred and registered under Murang'a University of Technology and a certificate of lease issued. On encroachment the University wrote a letter to the Ethics and Anti- Corruption Commission seeking for assistance in order to recover the University land.	The Management and the Council	Partially Resolved	2022/2023
3	Long Term Investments not registered in University's name (Ownership of Bamburi Shares). The validity, accuracy and existence of the shares investment balance of Kshs 25,318,800 could not be confirmed.	Transfer process of shares to the University has not been completed. Follow up is being made by Management and Council to ensure ownership	The Management and the Council	Partially Resolved	2022/2023
4	Long Outstanding Student Debtors; The validity, accuracy and recoverability of Kshs 9,222,381 in respect of receivables from exchange transactions could not be confirmed.	The University has come up with a Debt policy to guide the management of debtors. Where despite best efforts to collect the outstanding income, it is deemed to be irrecoverable and referred to as a bad debt, this will be written off	The Management and the Council	Partially Resolved	2022/2023

Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5	Long Outstanding Payables; The validity and accuracy of payables from exchange transactions balance of Kshs 7,334,566 could not be confirmed	Mediation talks failed and the matter was referred back to court case citation E057 OF 2021 and is awaiting hearing and determination.	The Management and the Council	Not Resolved	2022/2023



Vice-Chancellor

Prof. Dickson M. Nyariki, PhD

Date

29.11.2022



Finance Officer

CPA Moffat K. Njoroge
ICPAK Member Number. 8483

Date

29/11/2022



Council Chairman

Prof. Joachim Osur, PhD

Date

29/11/2022



APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

Projects implemented by the University funded by development partners

	Project Title	Project Number	Donor	Period/Duration	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A	N/A					

Status of Projects Completion

	Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A	N/A					

APPENDIX IV: RECORDING OF TRANSFERS FROM MINISTRY OF EDUCATION

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 Kshs
				Statement of Financial Performance Kshs	Statement of Financial Position Kshs	Deferred Income Kshs	Receivables Kshs	Others - must be specific Kshs	
State Department for University Education and Research	Refer to Appendix III	Recurrent Grants	535,114,143	535,114,143	-	-	-	-	535,114,143
State Department for University Education and Research	Refer to Appendix III	Development Grants	88,387,426	-	88,387,426	-	-	-	88,387,426
Total			623,501,569	535,114,143	88,387,426				623,501,569