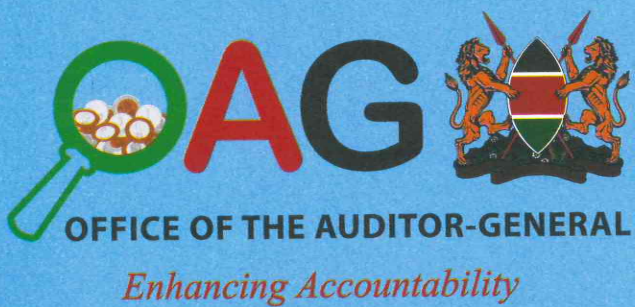


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**EGERTON UNIVERSITY**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**EGERTON UNIVERSITY**



[www.egerton.ac.ke](http://www.egerton.ac.ke)



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**ANNUAL REPORT**

**&**

**FINANCIAL STATEMENTS**

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**FOR THE FINANCIAL YEAR**

**ENDING**

**30<sup>TH</sup> JUNE 2023**

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

*Transforming Lives through Quality Education*

<b>Table of Contents</b>	<b>Page</b>
1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS .....	3
2. KEY UNIVERSITY INFORMATION AND MANAGEMENT .....	4
3. THE UNIVERSITY COUNCIL .....	8
4. UNIVERSITY MANAGEMENT BOARD.....	12
5. CHAIRMAN'S STATEMENT .....	16
6. REPORT OF THE VICE-CHANCELLOR .....	18
7. STATEMENT OF EGERTON UNIVERSITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023.....	23
8. CORPORATE GOVERNANCE STATEMENT.....	25
9. MANAGEMENT DISCUSSION AND ANALYSIS .....	32
11. REPORT OF THE COUNCIL .....	44
12. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITY .....	45
13. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF EGERTON UNIVERSITY .....	46
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR .....	47
15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2023.....	51
16. NOTES TO THE FINANCIAL STATEMENTS .....	52
Appendix 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	95
Appendix 2: INTER-ENTITY TRANSFERS .....	99

## **1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS**

ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor
SCAC	State Corporations Advisory Committee
ARMS	Academic Records management System.

## **2. KEY UNIVERSITY INFORMATION AND MANAGEMENT**

### **(a) Background Information**

Egerton University is the premier Agricultural Public University in Kenya. It was founded in 1939 under the name Egerton Farm School. By 1955, it was upgraded and renamed Egerton Agricultural College. It became a constituent college of the University of Nairobi in 1986 and a year later in 1987 became a fully-fledged University following the Enactment of the Egerton University Act of 1987. This Act was repealed and replaced by the Universities Act No 42 of 2012.

Egerton University has two (2) active Campuses and one Campus College. The main Campus is based at Njoro and houses the Faculties of Agriculture, Arts and Social Sciences, Education and Community Studies, Engineering and Technology, Environment and Resources Development, Science, Law and Veterinary Medicine and Surgery. The Njoro Campus also houses the Board of Undergraduate Studies and Field Attachment, and the Board of Postgraduate Studies. The second Campus, Kenyatta Campus, is located five (5) kilometres from Njoro Campus and is planned to house the Open and Distance Learning (CODL) programmes which is currently based at Njoro Campus. The only University's Campus College, Nakuru City Campus College, hosts the Faculties of Commerce and Health Sciences. The University currently has ten (10) faculties, one (1) institute of Gender and fifty-one (51) academic departments offering a wide range of programmes at diploma, undergraduate, and postgraduate levels. All of them are open to both Government-sponsored and self-sponsored students. The University also offers courses in computer literacy, computer repairs and maintenance, as well as accounting and other short courses.

### **(b) Principal Activities**

The Core business of the University as provided by the Universities Act No 42 of 2012 of the Laws of Kenya includes:

1. Advancement of knowledge through teaching, scholarly research and scientific investigation;
2. Promotion of learning in the student body and society in general;
3. Promotion of cultural and social life of society;
4. Support and contribution to the realization of national economic and social development;
5. Promotion of the highest standards in, and quality of, teaching and research;
6. Education, training and retraining higher level professional, technical and management personnel;
7. Dissemination of the outcomes of the research conducted by the university to the general community;
8. Facilitation of life-long learning through provision of adult and continuing education;

9. Fostering of a capacity for independent critical thinking among its students;
10. Promotion of gender balance and equality of opportunity among students and employees;
11. Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

**i. Vision**

A world class University for the advancement of humanity.

**ii. Mission**

To offer exemplary education to society and generate knowledge for national and global development.

**iii. Core Values**

The University's activities and decisions will be guided by the following core values:

- National unity;
- Internationalism;
- Passion for excellence;
- Professionalism;
- Devotion to duty;
- Integrity, transparency, and accountability;
- Social fairness

**(c) Key Management**

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

- University Council
- University Management Board
- The Senate

**(d) Fiduciary Management**

The key management personnel who held office during the Financial Year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility are shown on pages 8 - 15.

**(e) Fiduciary Oversight Arrangements**

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education for ensuring that the University complies with the Universities Act 2012,

## **KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

The University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the University Council Charter.

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary Ministry of Education and the Vice Chancellor, who is the Secretary to the Council.

**(f) Headquarters**

P.O. Box 536 - 20115, **EGERTON**,  
Njoro Campus,  
Njoro Mau Narok Road,  
**NJORO, KENYA**

**(g) Contacts**

Tel: (254) 051-2217891/2/051-2217781  
E-mail: [info@egerton.ac.ke](mailto:info@egerton.ac.ke)  
Website: [www.egerton.ac.ke](http://www.egerton.ac.ke)

**(h) Bankers**

1. Kenya Commercial Bank Ltd,  
Egerton University Branch,  
P.O. Box 248 – 20115,  
**EGERTON**
2. Co-operative Bank of Kenya Ltd.  
P.O. Box 2982 – 20100,  
**NAKURU**
3. Absa Bank Kenya PLC  
P.O. Box 66- 20100  
**NAKURU**
4. National Bank Ltd.  
P.O. Box 72866-00100  
**NAIROBI**



**NAME:** Mr. Julius K. Mutua

**YOB:** 1971

**POSITION/KEY RESPONSIBILITIES:**

Council Member - Alt. C.S. The National Treasury & Planning  
Member - Audit, Governance and Risk Management Committee  
Member - Finance, Human Resources & General-Purpose Committee.

**QUALIFICATION:** BA (Economics -KU, MA(Economics)-  
University of Dar es Salaam

**WORK EXPERIENCE**

Planning Secretary & Programme Coordinator of Public Financial Management Reforms at The National Treasury; Has served in the boards of Capital Markets Authority, Retirement Benefits Authority National Hospital Insurance, Policyholders Compensation Fund Consolidated Bank, Kenya Plant Health Inspectorate Services, KCE Group and its subsidiaries.



**NAME:** Mr. Joshua Nyangidi Otieno

**YOB:** 1976

**POSITION/KEY RESPONSIBILITIES:**

Council Member; Chairman - Planning, Development & Grievances Committee; Member - Audit, Governance & Risk Management Committee.

**QUALIFICATION:**

Dip (KNEC), B.Ed, MBA (KU)

**WORK EXPERIENCE**

KCA University: Manager, Centre for Entrepreneurship & Leadership; Lecturer KCA University; Lead Researcher in the Africa Bio-diversity Conservation and Innovation Centre & CIC Insurance Company, Business Consultant and Trainer at Kenya Market Trust and Parsons Ltd; Business Trainer, Africa Youth Trust; Part-time Lecturer: JKUAT, KU & MU.



**NAME:** Dr. Charity C. Nyaga

**YOB:** 1955

**POSITION/KEY RESPONSIBILITIES:**

Council Member; Chair-Tegemeo, Academic & Research Committee; Member - Audit, Governance & Risk Management Committee.

**QUALIFICATION:**

B.Ed. (UoN), M.Ed. (KU), PhD (KU).

**WORK EXPERIENCE**

Ministry of Education: Deputy Director of Education; Senior Assistant Director of Education; Kiini Mixed Boarding Secondary School: Principal Graduate Teacher I; Principal Graduate Teacher II; Njuri Mixed Boarding Secondary School: Principal Graduate Teacher II; Senior Graduate Teacher; Head Teacher; Kyeni Girls High School: Graduate Teacher I; Mukuuni Secondary School: Graduate Teacher





**NAME:** Ms. Esther Mukoa Wabuge

**YOB:** 1976

**POSITION/KEY RESPONSIBILITIES:**

Council Member; Member – Finance, Human Resources & General Purpose Committee; Member – Planning, Development & Grievances Committee.

**QUALIFICATION:**

B.Ed. (Moi), DIBM (KIM), M.Sc. (JKUAT), M.A. (University College London)

**WORK EXPERIENCE**

Coordinator, Kenya Country Core Group, World Bank Group (Joint Learning Network for Universal Health Coverage); Project Officer Training, Management Sciences for Health (MSH) – Leadership, Management & Sustainability (LMS) Project; Associate Consultant, Kenya National AIDS Strategic Plan; Kenya HIV/AIDS Private Sector Business Council (KHBC); Head of Programme & Stakeholder Development; Head of Training & Business Development; Namawanga Girls' High School: Biology & Home science teacher; Research Officer, Community Management & Training Services (CMTS.EA); Part-time Lecturer, Kisumu Polytechnic



**NAME:** Dr. John Nyakawa Ondari

**YOB:** 1970

**POSITION/KEY RESPONSIBILITIES:**

Council Member; Chairman – Finance, Human Resources & General Purpose Committee; Member Tegemeo, Academic & Research Committee.

**QUALIFICATION:**

B.A. (UoN), M.A. (UoN), PhD (JKUAT)

**WORK EXPERIENCE**

Strategic Advisor, Kenya Water Security & Climate Resilience Program; Senior WASH Advisor, SNV Netherlands Development Organisation, Kenya; Long Term Technical Advisor, Kenya Water & Sanitation Programme; Lemma Development Consultants Ltd: Managing Director; Research Director; Economist (WSS Financing Consultant), World Bank, Water & Sanitation Program – AF; Economist/ Statistician, Ministry of Planning & the Treasury.



**NAME:** Dr Wilson Kipruto Ronno

**YOB:** 1957

**POSITION/KEY RESPONSIBILITIES:**

Council Member; Chairman - Audit, Governance & Risk Management Committee; Member - Planning, Development & Grievances Committee.

**QUALIFICATION**

Dip. (KIM), B.Sc. (UoN), M.Sc. (North Dakota State, USA), PhD (UoN)

**WORK EXPERIENCE**

Independent Consultant; Member Audit Committee, Bomet County; Head, Crops Unit, UNFAO; Consultant, ASALS; CEO/Director, Tea Research Foundation; Agricultural Research Officer, Ministry of Agriculture; National Project Coordinator, FAO/UNDP-Dryland Farming Development & Extension project.



**NAME:** Prof. Isaac O. Kibwage

**YOB:** 1954

**POSITION/KEY RESPONSIBILITY**

Vice-Chancellor

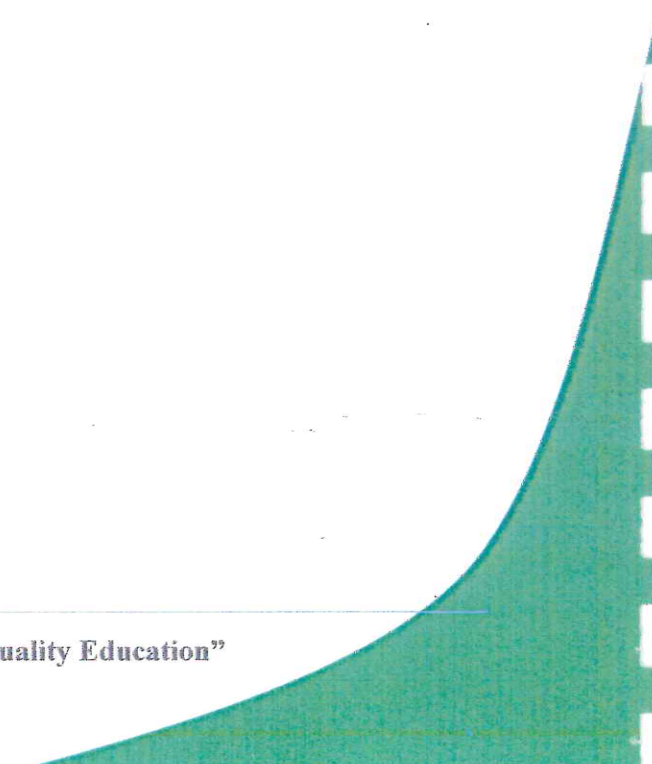
**QUALIFICATION**

B. Pharm (UoN, M. Pharm, PhD (K.U. Leuven), FPSK, CSci. C.Chem, MRSC

**WORK EXPERIENCE**

Egerton University: Vice-Chancellor, Deputy Vice-Chancellor (Administration, Planning & Development)

University of Nairobi: Principal of the College of Health Science, Dean of Faculty/School of Pharmacy, Chairman of Department, Professor, Associate Professor, Senior Lecturer, Lecturer, Assistant Lecturer, Graduate Assistant



#### 4. UNIVERSITY MANAGEMENT BOARD



**NAME:** Prof. Isaac O. Kibwage

**YOB:** 1954

**POSITION/KEY RESPONSIBILITY**

Vice-Chancellor

**QUALIFICATION**

B. Pharm (UoN), M.Pharm, PhD (K.U. Leuven), FPSK, CSci. C.Chem, MRSC

**WORK EXPERIENCE**

Egerton University: Vice-Chancellor; Deputy Vice-Chancellor (Administration, Planning & Development)

University of Nairobi: Principal of the College of Health Science, Dean of Faculty/School of Pharmacy, Chairman of Department, Professor, Associate Professor, Senior Lecturer, Lecturer, Assistant Lecturer, Graduate Assistant



**NAME:** Prof. Bernard O. C. Aduda

**YOB:** 1958

**POSITION/KEY RESPONSIBILITY**

Deputy Vice-Chancellor (Academic Affairs)

**QUALIFICATION**

B. Ed ((UoN), MSc. ((UoN), Dip. (University of London), PhD (University of London)

**WORK EXPERIENCE**

Egerton University: Deputy Vice Chancellor (Academic Affairs), Principal – College of Biological and Physical Sciences (UoN), Member - UoN Executive Board, Chief Coordinator - MSSEESA, Council Member - Kenya Polytechnic University College, Council Member - National Council for Science and Technology (NCST), Honorary Treasurer - Network of the African Academy of Sciences (NASAC), Fellow & Editor-in-Chief - Kenya National Academy of Sciences (KNAS), Associate Dean - Kenya Science Campus, and Chairman - Department of Physics



**NAME:** Prof. Richard M.S. Mulwa

**YOB:** 1967

**POSITION/KEY RESPONSIBILITY**

Ag. Deputy Vice Chancellor (Administration, Planning & Development)

**QUALIFICATION**

Dip., BSc. (Egerton), Grad. Dip, MappSc. (Melbourne), PhD. (UIUC)

**WORK EXPERIENCE**

Egerton University - Ag. Deputy Vice Chancellor (Administration, Planning & Development), Associate Professor of Horticulture, Director - Crop Management Research and Training, Senior Lecturer, Lecturer, Teaching Assistant/ Research Assistant, Assistant Lecturer - Department of Crops, Horticulture and Soils; University of Melbourne: PC2 Greenhouse Manager.



**NAME:** Prof. Joshua O. Ogenjo

**YOB:** 1963

**POSITION/KEY RESPONSIBILITY**

Principal, Nakuru Town College Campus

**QUALIFICATION**

BSc (UON), MSc (UON & University of Greenwich - UK), PhD (Egerton)

**WORK EXPERIENCE**

Egerton University – Principal; Associate Professor, Director - Crop Management Research Training (CMRT); Dean - Faculty of Agriculture; Chairman - CHS Department, Timetabling Officer; Coordinator - Mpeketoni Campus, Assistant Lecturer; Chair, Pesticidal Plants Network, Kenya (PEPTEN) President, International Society of Pesticidal Plants (ISPP)



**NAME:** Prof. Mwanarusi Saidi

**YOB:** 1971

**POSITION/KEY RESPONSIBILITY**

Registrar (Academic Affairs)

**QUALIFICATION**

BSc. (Egerton), MSc. (Egerton), PhD. (Michigan/Egerton)

**WORK EXPERIENCE**

Egerton University – Registrar (Academic Affairs); Coordinator, Senior Lecturer, Lecturer, Assistant Lecturer, Teaching Assistant department of Crops, Horticulture and Soils, Egerton University; Assistant Farm Manager, Coast Development Authority.



**NAME:** Ms. Maureen A. Ngala

**YOB:** 1973

**POSITION/KEY RESPONSIBILITY**

For. Registrar (Human Capital & Administration)

**QUALIFICATION**

B.A (Moi), M.A. (UoN), HND-IHRM

**WORK EXPERIENCE**

Egerton University – For. Registrar (Human Capital & Admin); Senior Assistant Registrar, Assistant Registrar, Senior Administrative Assistant, Administrative Assistant, Administrative Assistant.



**NAME:** Prof. Nancy. W. Mungai,

**YOB:** 1969

**POSITION/KEY RESPONSIBILITY**

Ag Director (Research & Extension)

**QUALIFICATION**

BSc. (Nairobi), MSc. (Sokoine), PhD (Missouri)

**WORK EXPERIENCE**

Egerton University - Ag. Director (Research & Extension), Project Co-ordinator - TAGDev Program; Director Board of Undergraduate Studies; Professor, Associate professor of soil fertility and microbiology



**NAME:** Mr. Charles Kairu Wanjohi

**YOB:** 1977

**POSITION/KEY RESPONSIBILITY**

Ag. Finance Officer

**QUALIFICATION**

C.P.A (K), BSc. (Egerton), MBA (CUEA)

**WORK EXPERIENCE**

Egerton University – Ag. Finance Officer, Deputy Finance Officer, Senior Accountant; Corn Products Kenya Limited - Financial Accountant -; Sotik Tea Co. Ltd. – Senior Accountant; Sotik Highlands Tea Estates - Senior Accountant



**NAME:** M/s Janegrace K. Kinyanjui

**YOB:** 1967

**POSITION/KEY RESPONSIBILITY**

University Librarian

**QUALIFICATION**

BA (Egerton), MSc. (SISA-Addis Ababa)

**WORK EXPERIENCE**

Egerton University – University Librarian; Kabarak University – University Librarian, Deputy University Librarian, Senior Assistant Librarian; Egerton University – Assistant Librarian, Senior Library

## **5. CHAIRMAN’S STATEMENT**

In the year ended 30<sup>th</sup> June 2023, the University achieved a number of milestones among them; held the 2<sup>nd</sup> workshop on Africa, Asia partnership for sustainable development, Africa –UniNet general assembly and an Erasmus+ seminar, Land Commercialization Initiative (LCI) Review workshop, Establishment of industrial park, And conservation of the Mau - Forest eco-system

Egerton University, one of Kenya's leading agricultural and research institutions, hosted the Second Workshop on Africa Asia Partnership for Sustainable Development on 25 April 2023. The Workshop, which aimed to enhance agricultural productivity and natural resources management towards contributing to the United Nations (U.N.) Sustainable Development Goals,

The University held its second General assembly of the Africa-UniNet and Erasmus + Cooperation Seminar from 17<sup>th</sup> -19<sup>th</sup> October 2022. The Vice President of Africa-UniNet asked members to stand stronger despite the global challenges affecting the education sector. More than 90 participants from 19 African countries and approximately 40 participants from Austria met to discuss scientific and institutional questions and to discuss possibilities for further cooperation – both on the basis of the Africa-UniNet network and as part of possible participation in Erasmus+.

During the year the Egerton University held the Land Commercialization Initiative (LCI) Review workshop (15<sup>th</sup> -16<sup>th</sup> Dec 2022) to develop Lord Egerton Agricity Agro-Industrial Park supported by Ministry of Agriculture and Livestock Development.

The Mau Forest complex is an important ecosystem that provides essential services to the surrounding communities, such as water for domestic and agricultural use, wildlife habitat, and climate regulation. However, it has been threatened by human activities like illegal logging, charcoal burning, and settlement.

Egerton University has recently been in talks with the County Government of Nakuru and the Ministry of Investment, Trade, and Industry (MITI) to pool resources on an exciting new project. The proposed project involves the establishment of an industrial park on a 200-acre piece of land at the university.

A radio programme on agriculture that runs on the university’s radio, Egerton Radio (101.7 FM) every Saturday continues to impact on the lives of farmers in Nakuru County. The programme that runs for three hours from 10 am is part of the programmes that is aired when the radio was launched in 2012. Its aim is to offer agricultural extension services to farmers through Agri-journalism information. At the start of this year, the program was relaunched with sponsorship from TAGDEV Project which enables agriculture students to visit farmers at their farms to offer practical extension services.

The Bioethics Society of Kenya (BSK) in Partnership with the UNESCO Regional Chair in Bioethics and Documentation Centre based at Egerton University and the UNESCO Regional Office for Eastern Africa based in Nairobi organized a bioethics Café on 23<sup>rd</sup> November, 2022. A

bioethics café is a forum where individuals from diverse academic and scholarly backgrounds come together to discuss on a selected topic relevant to bioethics. BSK organizes regular cafés in various institutions in Kenya as part of fulfilment of its core mandate to promote ethics in research, medicine and health care.

An Innovation by a student at the Faculty of Engineering won an award at the Kenya Innovation Week (KIW). The student is working on a project of a Biodegradable bio-degradable paper using leaves of the water hyacinth weed. The start-up dubbed HYAPAK is converting water hyacinth into a biodegradable alternative, to single-use bio-plastic products. The start-up is working closely with the University and possibly working with the state department of forestry towards the country's efforts to increase tree cover.

### **Financial Performance**

During the financial year ended 30th June 2023, the University registered an operating deficit of Kshs 706.6 million compared to a deficit of Kshs 1.5 billion in the financial year 2021/2022. The University was mainly funded through the Government Capitation (55%) and Appropriation in Aid (A-I-A) (45%) for its recurrent expenditure.

### **Strategic Direction**

The 2018-2023 Strategic Plan will be achieved through the following Strategic Goals; providing quality higher education; engaging in research, consultancy and community outreach; enhancing physical infrastructure and ICT capacity; increasing linkages and collaborations; and enhancing governance and resource mobilization. In this respect, the University was ranked Fourth in Kenya in the July 2023 rankings by the Webometric Rankings of World Universities. The Webometrics Rankings is the most prominent academic ranking of higher education institutions assessing over 31,000 institutions worldwide. The rankings assess Universities in impact, openness and excellence parameters.

### **Future outlook**

As the university continues to implement its 2018-2023 Strategic plan focus is now on resource mobilization through the revamping Income Generating Units (IGUs) to generate more revenue. The Directorate of IGUs Provides strategic guidance to university's departments that generate income through innovations and services to the Income Generating Units (IGUs). Our Income Generating Units (IGUs) are working tirelessly to re-brand their products and services for better competitiveness in the market. The Division supports these useful ideas which will boost the financial base of the University and ensure proper management of resources.

I wish to thank the Government of Kenya, Council members, Management and staff for their dedication and participation during the year in striving to make Egerton University a world class University for the advancement of Humanity.

Amb. Dr. Luka.H. Wario, PhD, CBS  
Chairman, Egerton University Council



## **6. REPORT OF THE VICE-CHANCELLOR**

During the financial year ended 30<sup>th</sup> June 2023, the University continued to stay focused on the path to achieving its vision of being a world class University for the advancement of humanity. Towards this end, the focus remained on enhancing the quality of academic programs and research output including increasing collaborations with other institutions.

The University held two graduation ceremonies where students were conferred with various certificates in their respective disciplines during the FY: 45<sup>th</sup> graduation on 29<sup>th</sup> July 2022 where 2,320 students graduated and 46<sup>th</sup> graduation ceremony on 10<sup>th</sup> February, 2023 where 1,287 students graduated. The University intends to hold its 47<sup>th</sup> graduation ceremony in October 2023.

### **Education, Training and Research**

Egerton University was ranked at position 4 in Kenya in the July 2023 rankings by the Webometric Rankings of World Universities. The Webometrics Rankings is the most prominent academic ranking of higher education institutions assessing over 31,000 institutions worldwide. The Webometric rankings assess Universities in impact, openness and excellence parameters. The impact category ranks Universities on the basis of their academic presence (journals linked to the University website), which constitutes 50%. For this parameter, Egerton University ranked at position 2,344 in the world, 32 in Africa, and 4 in Kenya. The openness category looks at the number of citations from authors, which carries 10%. For this parameter, Egerton University was ranked 2,855 in the world, 143 in Africa and 7 in Kenya. The excellence category looks at the number of papers among the top 10% most cited. For this parameter, Egerton University attained position 3,716 in the world, 209 in Africa and 5 in Kenya. Our goal is to be the leading University in Kenya and East Africa as well.

Egerton University undertook various activities and events that underscored our commitment in transforming lives through quality education. For the 2022/2023 academic year, we admitted a total of 5,280 first-year students to various programmes spread across all Faculties. We have also forged new partnerships with other institutions such as the Oslo New University College

(Norway) with whom we signed a Memorandum of Understanding (MoU) on training and collaborations.

In recent months, the University has hosted various webinars and public lectures geared towards creating learning platforms and sharing knowledge and ideas. One event hosted was a Bioethics Café on 23rd November, 2022 at Main Campus in Njoro. A bioethics café is a forum where individuals from diverse academic backgrounds come together to discuss on a selected topic relevant to bioethics. BSK organizes regular cafés in various institutions in Kenya to fulfil its core mandate to promote ethics in research, medicine and health care. The theme of the event was: Decolonizing Bioethics in Africa.

Egerton University participated in the 2022 launch of the Global Agricultural Productivity (GAP) Report in Washington DC (USA) on 4th October 2022. The launch of the GAP report was followed by Virginia Tech University's College of Agriculture & Life Sciences (CALs) Symposium themed: Extension and Community Engaged Higher Education: Lessons from Kenya, Uganda, Senegal and the US on 6th October 2022.

The President launched a groundbreaking program called "Jaza Miti," aimed at encouraging Kenyan citizens to plant 15 billion trees by 2032. This ambitious initiative seeks to combat the devastating effects of climate change, including droughts, floods, diseases, and unpredictable rainfall patterns, by reducing greenhouse emissions and addressing varying climate changes. The event held significant importance not only for the 5-acre piece of land owned by Egerton University but also for the local community and the entire Mau complex region. The occasion marked a resounding success, with the planting and donation of over 20,000 trees. Expressing his hopes for the future, the Prime Cabinet Secretary declared, "As we turn 60 years old as a republic on June 1, 2023, my wish is for every citizen to follow these footsteps and care for our environment. Let us also extend our hand in support." Egerton University committed to future support by fostering innovative programs such as the development of biodegradable seedling.

In the 2022/2023 academic year, the Chancellor of Egerton University, offered to sponsor an essay writing competition for all the undergraduate students of the University. The aim of the competition was to foster the culture and practice of writing among young scholars in recognition of the important role writing plays in the life of a citizen in the twenty-first century.

The Chancellor envisioned that the finalists should be five in number and should be awarded prizes accordingly. The competition, known as “The 2022 Egerton University Chancellor’s Essay Writing Competition,” focused on the topic “International Migration” and was conducted between September and November 2022. More than two hundred candidates drawn from all the faculties of the University participated in the Competition. The essays were subjected to rigorous evaluation by a panel of judges from the Department of Literature, Languages and Linguistics. At the end of the exercise, the five winners were identified. The winners were announced and awarded certificates and their prizes by the Chancellor during the 46th Graduation on 10 February 2023.

Egerton University hosted a workshop to validate its Science, Technology, and Innovation (STI) strategy, as well as its Consultancy Policy and Extension and Outreach Policy documents. The goal of the workshop was to gather insights from stakeholders, including important figures within the university.

The constantly changing world requires institutions of higher learning to stay up-to-date with the latest developments in their respective fields in order to provide students with the best possible education and training. This workshop aimed to gather feedback from stakeholders on the university's consultancy and extension policies, allowing the university to better understand the needs and concerns of the groups it serves and improve its approach to STI.

Egerton University has been in talks with the County Government of Nakuru and the Ministry of Investment, Trade, and Industry (MITI) to pool resources on an exciting new project. The proposed project involves expansion of 10-year-old Agro-science Park project at Egerton into a regional Agro-industrial park on a 200-acre piece of land at the Ngongogeri Farm of the University. Agro-science Park is one of the Flagship projects together with Chemeron dry land and Eco-tourism centre and Rehabilitation of Mau Ecosystem through River Njoro and Run for the Mau which is held annually.

### **Other Activities**

Egerton Radio hosted 15 journalism interns who had been selected and placed at the station under the Media Council of Kenya (MCK) paid-up internship programme. The programme that

will see the MCK pay the interns Ksh. 15, 000 per month to meet their expenses, was launched in November, 2021. Apart from training, the programme is aimed at strengthening relations between the MCK and the media industry.

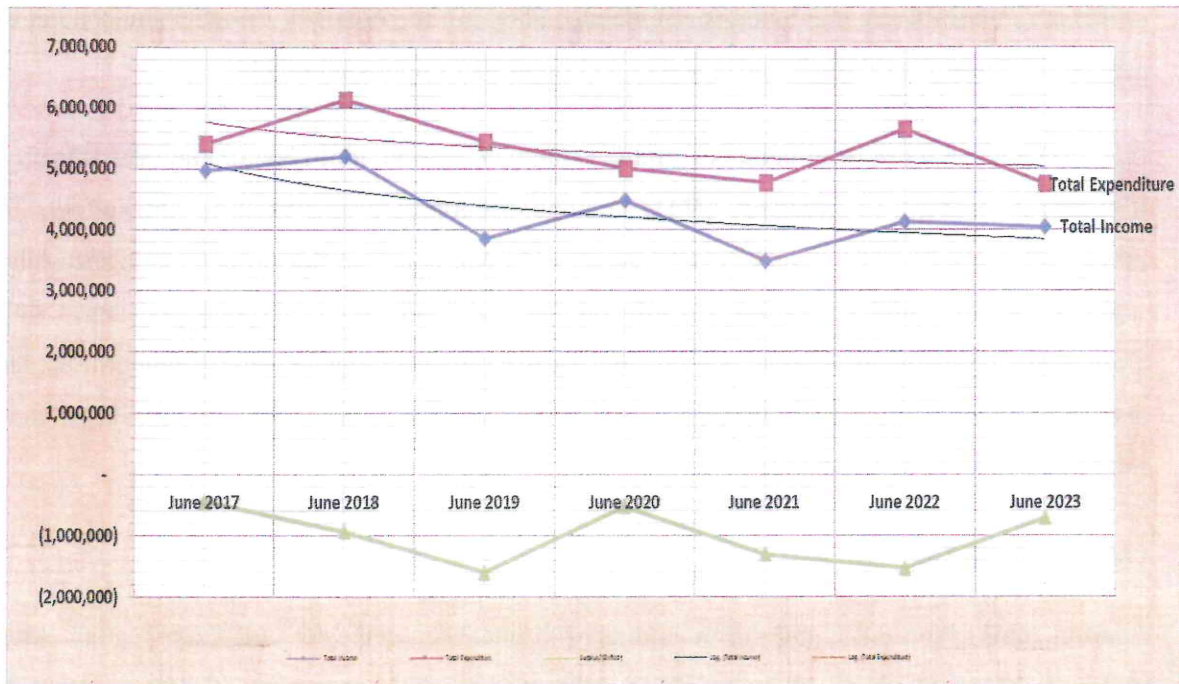
The interns, who reported on 24<sup>th</sup> January 2023, were at Egerton Radio for three months and got practical exposure on various areas including radio news writing and anchoring, radio feature production, radio live programming among other areas. Egerton Radio is the media house that has accepted the highest number of interns so far among all the media houses that have entered into agreements with the media regulation body on this programme.

### Financial Performance

Over the last seven years the following are the trends of surpluses (deficits) realised by the end of each financial year:

**Seven-year Surplus/Deficit Trends**

Income/Expenditure (Kshs 000's)	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023
Total Income	4,968,162	5,210,699	3,849,367	4,473,798	3,476,063	4,120,139	4,039,691
Total Expenditure	5,417,001	6,138,767	5,449,863	4,998,525	4,775,539	5,648,042	4,746,275
Surplus/(De deficit)	(448,839)	(928,068)	(1,600,496)	(524,726)	(1,299,476)	(1,527,902)	(706,584)
Exp as a %tage of income	109%	118%	142%	112%	137%	137%	117%



#### **Seven-year Surplus/Deficit Trends**

Revenue has been declining from the year 2016 to date. The rise in the year 2018 was due to arrears received from Government of Kenya in respect of 2013-2017 Collective Bargaining Agreement (CBA) implementation.

During the year ended 30<sup>th</sup> June 2023, the University realized an operating deficit of Kshs 706.6 million. The University is facing serious financial challenges due to declining GoK Capitation, and dwindling number of self-sponsored students which have affected revenue collection. This resulted in payment of staff salary at 68% on average while the balance accrued as deferred salaries to be paid at a later date when funds become available.

The University is therefore taking drastic steps to diversify its revenue sources away from reliance on students. The new focus is on Income Generating Units of the University like the farm, the hotel among others. A Directorate has been created for the smooth operations of these units. At the same time the University is implementing austerity measures at all times and embracing automation so as to cut operating expenses in the coming years.



Prof. Isaac O. Kibwage, PhD, HSC  
**Vice Chancellor**

## 7. STATEMENT OF EGERTON UNIVERSITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023

Egerton University has 5 Strategic Goals within the current Strategic Plan for the year 2018-2023. These strategic goals are as follows:

- Strategic Goal 1: Provide quality higher education and Training
- Strategic Goal 2: Engage in research, consultancy and community outreach
- Strategic Goal 3: Enhance physical infrastructure and ICT capacity
- Strategic Goal 4: Increase linkages and collaborations
- Strategic Goal 5: Enhance governance and resource mobilization

The University develops its annual work plans based on the above 5 Strategic Goals. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2022/2023 period for its five Strategic Goals as indicated in the diagram below:

Strategic Goal	Objectives	Key Performance Indicators	Activities	Targets	Achievements
Strategic Goal 1	Increase student enrolment	Number	Offering of competitive academic programmes	4557	5280
	Marketing & publicity of the University	%	Hold Career fairs, trade fairs and Marketing conferences	100	100
Strategic Goal 2	Enhancement of Agro Science Based Park	%	Establish linkages with industrial firms, and engage in research & development of agricultural mechanization.	100	82
	Increase Consultancies	Number	Bid for consultancies	2	27
	Monitoring & Evaluation of research & extension projects	%	Conduct monitoring and evaluation of research projects, and provide feedback on M&E of research projects	100	100

	Policy Analysis on food security	Number	2	3
<b>Strategic Goal 4</b>	Increase the number of University Industry Linkage	Number	1	1
<b>Strategic Goal 5</b>	Implementation of Citizens' service delivery charter	%	100	45
	Competence Development	%	100	85
	Disability Mainstreaming	%	100	100
	Gender Mainstreaming	%	100	100

## **8. CORPORATE GOVERNANCE STATEMENT**

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education for ensuring that the University complies with the Universities Act 2012, Egerton University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the University Council Charter.

### **Roles and Functions of the Council**

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury & Planning, Representative of the Principal Secretary, State Department for University Education and Research, Ministry of Education, and the Vice Chancellor as ex-officio member and Secretary to the council. The members of the Council have been shown on pages 8 - 11. The functions of the Council are:

- a) Employ staff; (appoint Professors & Senior Staff in Grades XV & above); appoint the Vice Chancellor & Deputy Vice-Chancellors in consultation with the Cabinet Secretary responsible for University Education after a competitive process conducted by Public Service Commission; consider disciplinary matters for Principals, Deputy Vice Chancellors & Vice Chancellor).
- b) Approve the statutes of the University and cause them to be published in the Kenya Gazette;
- c) Approve the policies of the University;
- d) Approve the budget;
- e) Manage, supervise and administer the assets of the University in such a manner as best promotes the purpose for which the University is established;
- f) Determine the provisions to be made for capital and recurrent expenditure and for reserves of the University;
- g) Receive any grants, donations or endowments on behalf of the University and make legitimate disbursements there from;
- h) Enter into association, collaboration or linkages with other bodies or organizations within or outside Kenya as the University may consider desirable or appropriate and in furtherance of the purpose for which the University is established;
- i) Open a banking account or accounts for the funds of the University;
- j) Undertake other functions set out under this Act and the Charter.

### **Committees of the Council**

The Committees of the Council have delegated authority to assist the Council effectively carry out its obligations. The University Council and its Committees are supported by the University Management Board which consists of ten members.



The Council has four Committees namely:

1. Audit, Governance and Risk Management Committee
2. Finance, Human Resources and General Purposes Committee
3. Planning, Development & Grievances Committee
4. Academic and Research Committee

The Terms of Reference for the Committees of Council are:

**1. Audit, Governance and Risk Management Committee**

The Committee ensures compliance to internal control processes, accurate preparation of financial reporting of results, operations and statements in compliance with legal and statutory requirements and standards, ensures the University complies with internal and external audits, develop risk management strategies, monitor institutional governance, and monitor compliance of the performance contract, and quality assurance.

**2. Finance, Human Resources and General Purposes Committee**

The Committee recommends to the Council for its approval the annual report and financial statements, annual estimates and expenditure, recommend policies on finance and human resource to Council for approval, decide on disciplinary matters for staff in Grade XIII-XV, and shall pay due regard to the necessity to refer matters of major importance to the Council for final approval.

**3. Planning, Development & Grievances Committee**

The Committee mobilizes financial resources for the development of the University, take charge for all arrangements for planning and development of the University and construction of new buildings, advocate on behalf of the University and enhance the marketing of the University locally and internationally, provide advice and assistance to Deputy Vice-Chancellor (Administration, Planning and Development) with respect to corporate sponsorship and private source fund raising activities, determine staff, students and other stakeholder's grievances, determine staff and students appeal against disciplinary action and pay due regard to the necessity to refer matters of major importance to the Council for final approval.

#### **4. Academic and Research Committee**

The Committee advises on the development and implementation of academic and research programmes and policies; make recommendations for the sourcing, administration and distribution of scholarships; oversee a reward scheme for excellence in teaching, research and extension; receive regular reports from and provide advice to the Deputy Vice-Chancellor (Academic Affairs) and the Deputy Vice-Chancellor (Research and Extension) on the development of policy and procedures relating to academic and research; approve the Tegemeo Institute's annual budget, business plans and policies; ensure good management and identify risk and internal controls in the Tegemeo Institute; promote and integrate good corporate governance at the leadership management and in all levels of the Tegemeo Institute; strategize on the Tegemeo Institute's development and sustainability; and consider and report any matter referred to it by the Council and Senate.

#### **Council Meetings Attendance Financial Year 2022/2023**

The board meetings are restricted to a minimum of four (4) as provided in the State Corporations Act and capped at a maximum six (6) for each financial year and same principle apply to respective Committees. As guided under Mwongozo, the code of governance for State Corporations, a Board may establish not more than four (4) Committees. The number of members to any Committees should be no more than one third (1/3) of the full Board to obviate the risk of a committee conducting its business within the framework of a full Board structure. Further, members can only sit in a maximum of two committees with any exception with a written approval of the respective Cabinet Secretary in consultation with SCAC. Where a Board does not have appropriate skills within its membership for purposes of effectively discharging its mandate, it may with approval of SCAC, co-opt members on a need basis for a specified duration. Below is the summary of attendance of Board members in various meetings held in the financial year ending 30<sup>th</sup> June 2023.

**Attendance – Quarter one – July 2022 to September 2022**

Council Member	TA&R 12/7/22	PDG 13.7.2022	FHR&GP 14/7/22	AG&RM 20/7/22	CM 21/7/22	A&RC 21/7/22	CM 22/7/22	CM 29/7/22	GC 29/7/22	PCN 1/8/22	AG&RM 26/9/22	FHR&GP 26/9/22	SCM 27/9/22	I/CPO 28/9/22	SCM 29/9/22	I/RP 29/9/22
1 Dr. L.H. Wario					X		X	X	X	X			X	X	X	X
2 Dr. Wilson K Ronno		X		X	X		X	X	X		X		X	X	X	
3 Paul Kangira	X	X	X		X	X	X	X	X			X	X	X	X	X
4 Julius Mutua			X	X	X		X	X	X			X	X	X	X	
5 Esther M. Wabuge		X	X		X		X	X	X			X	X	X	X	
6 Dr. John Nyakawa Ondari	X		X		X	X	X	X	X	X		X	X	X	X	X
7 Joshua Nyangidi Otieno		X							X		X		X	X	X	
8 Dr. Charity C. Nyaga	X			X	X	X	X	X	X		X		X	X	X	
9 Prof. Isaac O. Kibwage	X	X	X			X	X			X		X	X	X	X	X

**a) Attendance – Quarter Two – October 2022 to December 2022**

Council Member	EOPC 11/10/22	AG&RM 12/10/22	TA&R 13/10/22	PDG 13/10/22	FHR&GP 14/10/22	CM 28/10/22	SCM 20/12/22
1 Dr. L.H. Wario	X					X	X
2 Dr. Wilson K Ronno		X		X		X	X
3 Paul Kangira			X	X	X	X	X
4 Julius Mutua		X			X	X	X
5 Esther M. Wabuge				X	X	X	X
6 Dr. John Nyakawa Ondari	X		X		X	X	X
7 Joshua Nyangidi Otieno		X		X		X	X
8 Dr. Charity C. Nyaga		X	X			X	X
9 Prof. Isaac O. Kibwage			X	X			X

**b) Attendance – Quarter Three – January 2023 to March 2023**

	Council Member	AG&RM 16/1/23	TA&R 17/1/23	PDG 18/1/23	FHR&GP 19/1/23	CM 27/1/23	SCM 9/2/23	GC 10/2/23	EMCC 25/2/23
1	Dr. L.H. Wario					X	X	X	X
2	Dr. Wilson K Ronno	X		X		X	X	X	X
3	Paul Kangira		X	X	X	X	X	X	X
4	Julius Mutua	X			X	X	X	X	
5	Esther M. Wabuge			X	X	X	X	X	X
6	Dr. John Nyakawa Ondari		X		X	X	X	X	X
7	Joshua Nyangidi Otieno	X		X		X	X	X	X
8	Dr. Charity C. Nyaga	X	X			X	X	X	X
9	Prof. Isaac O. Kibwage		X	X	X	X	X		

**c) Attendance – Quarter Four – April 2023 to June 2023**

	Council Member	AG&RM 11/4/23	TA&R 12/4/23	PDG 13/4/23	FHR&GP 14/4/23	CIW 24- 26/4/23	CM 28/4/23	CR 29/5/23	CR 30/5/23	SCM 9/6/23
1	Dr. L.H. Wario					X	X	X	X	X
2	Dr. Wilson K Ronno	X		X		X	X	X	X	X
3	Paul Kangira		X	X	X		X	X	X	X
4	Julius Mutua	X			X	X	X	X	X	X
5	Esther M. Wabuge			X	X	X	X	X	X	X
6	Dr. John Nyakawa Ondari		X		X	X	X	X	X	X
7	Joshua Nyangidi Otieno	X		X		X	X	X	X	X
8	Dr. Charity C. Nyaga	X	X				X	X	X	X
9	Prof. Isaac O. Kibwage		X	X	X		X	X	X	X

	<u>Key</u>	<u>Description</u>
1	AG&RM	Audit, Governance & Risk Management Committee
2	CM	Full Council meeting
3	EMCC	Egerton Man Cross country
4	FHR&GP	Finance, Human Resources & General Purposes Committee of Council Meeting
5	GC	Graduation Ceremony
6	GHA	Grievances Handling & Appeals Committee
7	PCN	Performance Contract Negotiation
8	PDG	Planning Developments & Grievances Committee
9	SCM	Special Council Meeting
10	SHDC	Sealing and Honorary Degree Committee
11	TA&R	Tegeemo, Academic & Research Committee
12	EOPC	Evaluation of Performance Contract
13	SFHR&GP	Special Finance Human Resources & General Purpose Committee of Council Meeting
14	VPC	Vetting of Performance Contract
15	IRP	Interviews/Reviews for Professors Grade 15
16	RSL	Review for the Post of Senior Lecturer Grade 13
17	IDR	Interview for Post of Deputy Registrar Grade 14
18	IS	Interview for Staff in Grade 13
19	GC	Graduation Ceremony
20	CTM	Consultative Meeting

### **Council Remuneration**

Council members are remunerated as per guidelines set out by the Office of the President (State Corporations Advisory Committee), circulars and the National Treasury and Economic Planning directives in respect to sitting allowances, mileage and accommodation costs. These expenses have been shown under Note 15 to the Financial Statements.

### **Induction and Training**

Council Members attended an induction workshop at Lake Naivasha Resort, Naivasha where they were trained by the State Corporations Advisory Committee in collaboration with the Institute of Certified Secretaries, on corporate governance. The training took place between 12<sup>th</sup> April and 26<sup>th</sup> April, 2023.

**Council and Member Performance**

The members did self-evaluation on 21<sup>st</sup> July, 2022 for the Financial Year, 2021/2022 and the results were released by Officers of the State Corporations Advisory Committee on 29<sup>th</sup> May, 2023. The council evaluation for the FY 2022/23 will be conducted on 25<sup>th</sup> September 2023.

**Conflict of Interest**

A register of conflict of interest is availed to members in every meeting for them to declare their interest.

**Conduct of Conduct and Ethics**

Members signed a Code of Conduct and Ethics on appointment.

## 9. MANAGEMENT DISCUSSION AND ANALYSIS

### ANALYSIS OF OPERATIONAL AND FINANCIAL PERFORMANCE

#### i. Revenue

The revenues of the University have been as shown in table 1 and figure 1 below over the last seven years:

*Table 1: Seven-year Revenue trend*

Income Type	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023	Note
Revenue from Exchange Tran	1,572,899	1,474,081	1,454,601	1,345,088	720,523	1,148,745	1,024,821	12-13, 25
Revenue from Non-Exchange	3,395,263	3,736,618	2,394,766	3,134,823	2,755,540	2,971,394	3,014,871	6-11
<b>Total Income</b>	<b>4,968,162</b>	<b>5,210,699</b>	<b>3,849,367</b>	<b>4,479,911</b>	<b>3,476,063</b>	<b>4,120,139</b>	<b>4,039,691</b>	



*Figure 1: The trend of Revenue over the last seven years*

The University's revenue has consistently declined over the years. However, GoK and other donors (Revenue from Non- exchange transactions) remained the biggest source of income over the last seven years averaging 71% (2022-72%) of all revenue. This is higher than the seven-year average, meaning that the University is becoming more dependent on external funding, which is not very desirable. The external sources of funding accounted for 74% of all revenue for the year ended 30<sup>th</sup> June 2023.

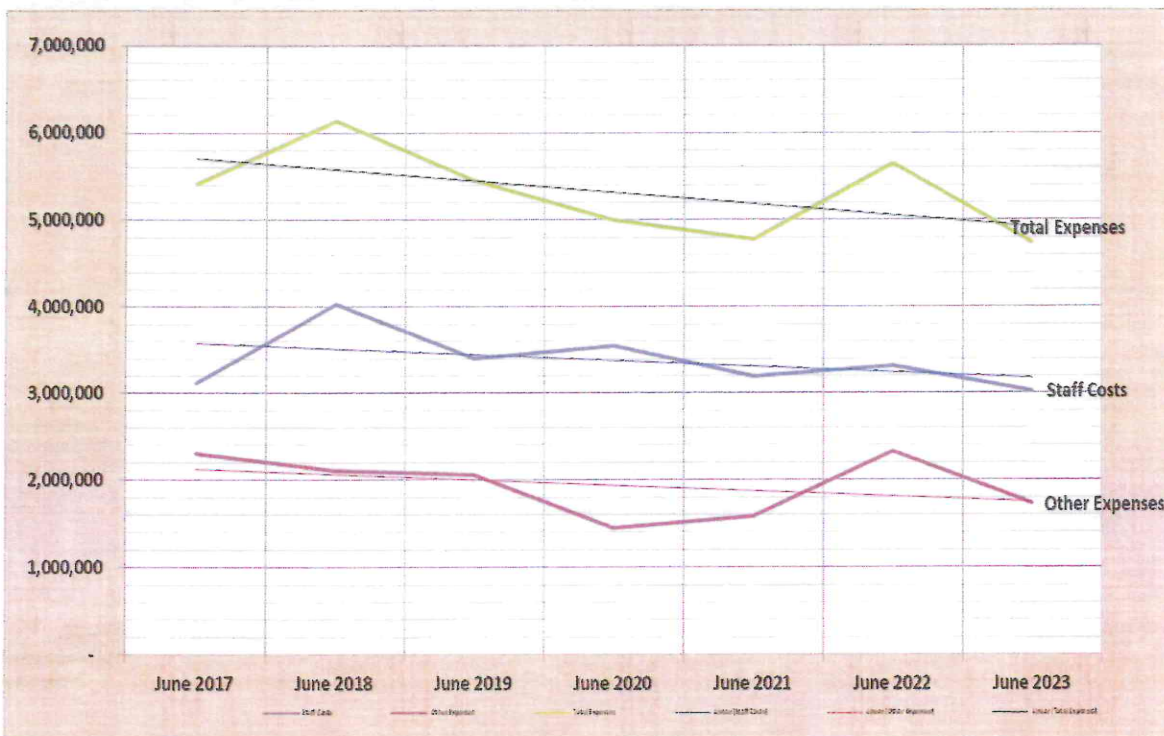
**ii. Expenses**

Notwithstanding the shortfalls in revenue as shown above, expenses remained largely constant especially those expenses that do not depend on level of activity in the University such as Staff costs.

The Management instituted austerity measures aimed at containing expenditure to the best extent possible. The following table 2 and figure 2 indicate the expenditure trends over time:

*Table 2: Seven-year expenditure trends*

Expenditure Type	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023	Note
Staff Costs	3,113,900	4,030,809	3,395,430	3,552,270	3,189,990	3,319,707	3,021,255	14
Other Expenses	2,303,101	2,107,958	2,054,433	1,452,368	1,585,548	2,328,335	1,725,020	15-24
<b>Total Expenses</b>	<b>5,417,001</b>	<b>6,138,767</b>	<b>5,449,863</b>	<b>5,004,638</b>	<b>4,775,539</b>	<b>5,648,042</b>	<b>4,746,275</b>	



*Figure 2: The trend of Expenditure over the last seven years*

As shown above, the expenses of all categories have been declining over the years as a result of austerity measures instituted by management.

Staff cost constitute the highest proportion of expenses with a seven-year average being 64% (2023-64%).

The legal and bank charges went up due to the financial challenges faced by the university during the year which caused many financial and legal challenges.



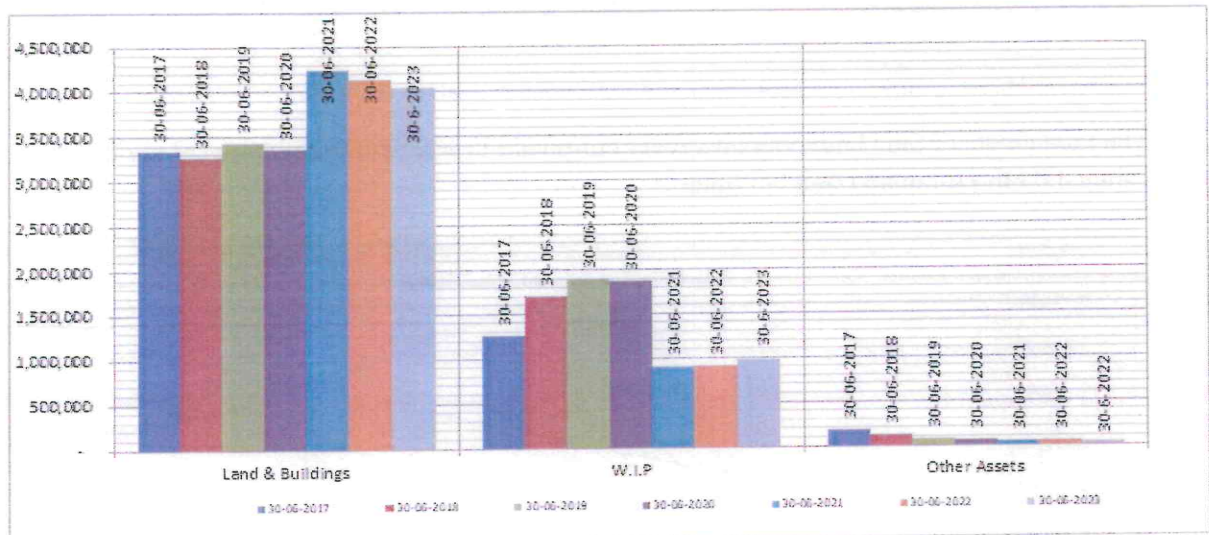
## ANALYSIS OF FINANCIAL POSITION

The following analysis presents a seven-year movement observed in the financial status of the University as at the end of each of the financial years:

### i. Property, Plant and Equipment

**Table 3: Seven-year Net Book Values of Property Plant and Equipment (Ksh "000")**

Type of Property	Ksh "000"			Percentage proportions		
	Land & Buildings	W.I.P	Other Assets	Land & Buildings	W.I.P	Other Assets
30-06-2017	3,339,556	1,256,699	186,423	70%	26%	4%
30-06-2018	3,274,164	1,700,634	119,000	64%	33%	2%
30-06-2019	3,431,454	1,897,419	75,028	63%	35%	1%
30-06-2020	3,363,754	1,865,102	65,919	64%	35%	1%
30-06-2021	4,236,880	904,435	51,235	82%	17%	1%
30-06-2022	4,137,729	912,669	40,328	81%	18%	1%
30-06-2023	4,038,579	973,952	24,934	80%	19%	0%



**Figure 3: The make-up of Property, Plant and Equipment (Kshs. "000")**

The graphs in figures 4 below shows the composition of the university assets over the last seven years.

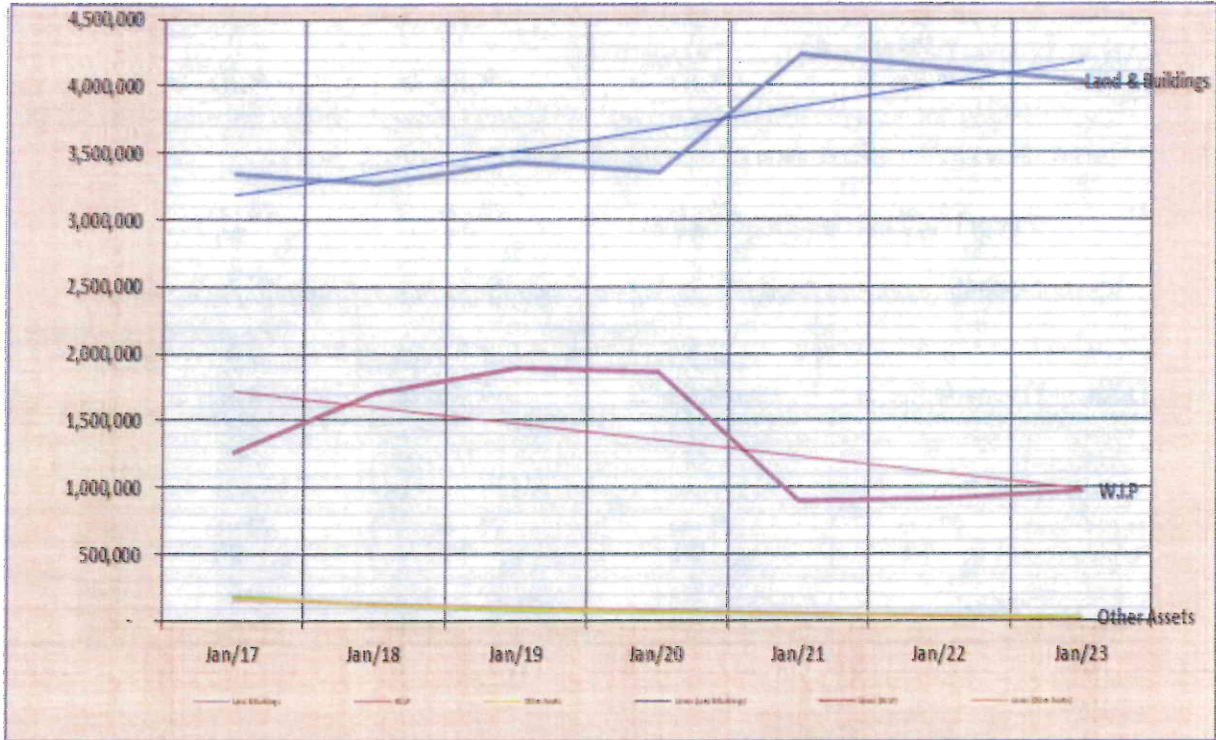


Figure 4: The composition of net book values of the University's assets over the seven-year period

The total assets of the University however continued to rise over the seven-year period as shown by the following trend in figure 5:

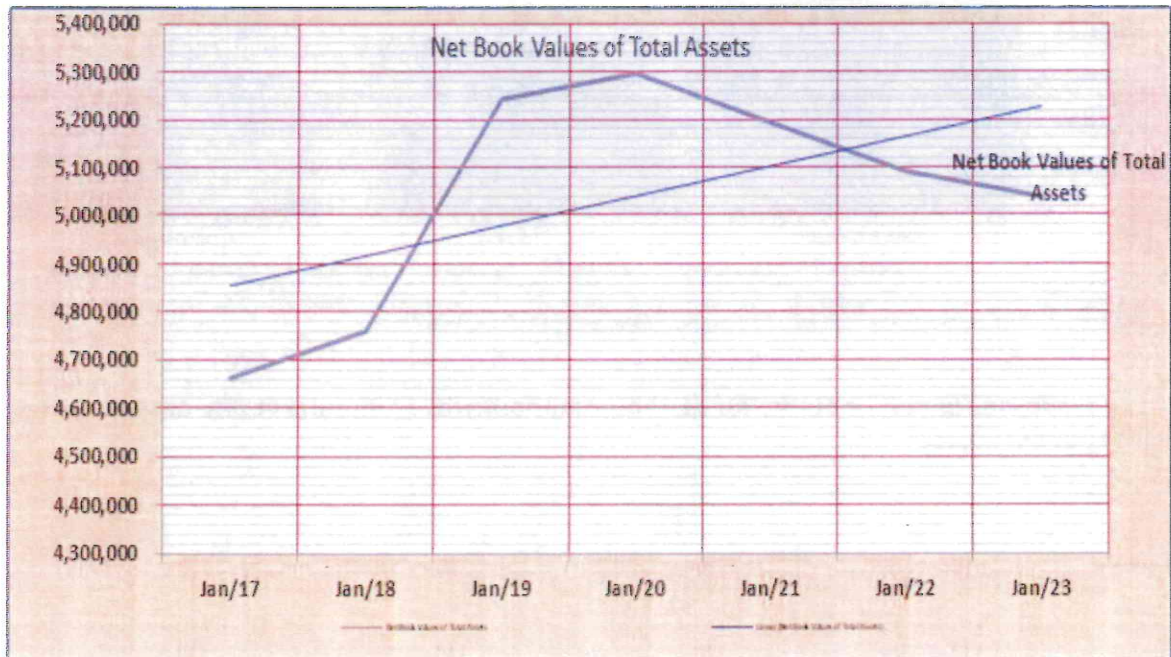


Figure 5: The trend of Total Property, Plant and Equipment over the seven-year period (Kshs "000")

**"Transforming Lives Through Quality Education"**

**ii. Working Capital**

The Net Working capital; the difference between current assets and current liabilities is shown in Table 4 and Figure 6 for the last seven years:

**Table 4: Seven-year Net Working Capital figures (Ksh “000”)**

Current Assets	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023
Total Current Assets	1,450,774	1,134,684	1,805,894	2,047,092	2,047,092	1,697,072	1,815,729
Total Current Liabilities	1,571,436	2,522,447	4,586,329	4,729,574	4,729,574	8,570,106	9,464,484
Net Working Capital	(120,662)	(1,387,763)	(2,780,435)	(2,682,482)	(2,682,482)	(6,873,034)	(7,648,754)



Figure 6: The trend of Net Working Capital over the seven-year period (Ksh 000”)

**Net Working Capital Trend**

The Net working capital remained positive until 2016 but dipped to negative territory in the last seven financial years; 2017, 2018, 2019, 2020, 2021, 2022 and 2023. This is can be explained by the fact that, by since 2016 the university has been accumulating pending bills at an increasing rate and current stand at Kshs 9.1 billion as at 30<sup>th</sup> June 2023.

Notwithstanding the above, the University remains constrained in terms of cash flows and is experiencing difficulties in meeting its short-term financial obligations as and when they fall due. This difficulty is exemplified by the ratios indicated here below:

**Current and quick ratios**

Current ratio (current assets/current liabilities) and quick ratio (Current Assets-Inventory)/Current liabilities) has continued to decline over the seven-year period, the ratios were only healthy at more than 1:1 in the year ended June 2016. In the year ended June 2023, they ratios have fallen to 0.18 quick ratio and 0.19 current ratio as shown in Table 5 below.

**Table 5: Seven-year trend of Current and Quick Ratios**

Current Assets	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023
Current ratio	0.85	0.45	0.39	0.44	0.35	0.19	0.20
Quick ratio	0.81	0.42	0.37	0.43	0.34	0.18	0.19

The optimal quick ratio is 1:1 or higher, but the University’s ratio in June 2023 is 0.19 which means that current liabilities cannot be met from current assets without the need to sell inventory and agricultural assets. This is a challenge since the University inventories are not for sale, but rather for use in the processes of service delivery-hence may not be sold. The trend in the ratios explain why the university has been accumulating pending bills over the years.

As shown in table 5 and figure 7, both ratios have declined steadily over the last six years. It however still remained at above 1:1 up June 2016; only falling to levels below 1.1 in the years ended June 2018 to June 2023.



**Figure 7: The trend of Current and Quick ratios over the seven-year period**

The pending bills as at 30th June 2023 stood at **Kshs. 8.9 billion**, with the largest component being the payroll payables at **Kshs. 7.08 billion**.

**Compliance with Budget**

The actual expenditure for the year exceeded the budget. This is due to the fact that the university operated on a budget in which staff costs was budgeted only at 66%. In reality however, the total (100%) of the cost has been reported in the financial statements under the accrual’s basis even though part of it remains unpaid.

**Illiquidity and inability to meet short term financial obligations**

The statement of financial position indicates that the university is in serious financial difficulty and may not be able to meet its short-term financial obligations as and when they fall due. This

is shown by the poor ratios of Current Assets to Current Liabilities of 0.20 compared to June 2022 of 0.19 a slight improvement. The ratio means that the university cannot meet its short-term financial obligations by collecting/liquidating its current assets without the risk of having to dispose of non-current assets i.e., the university is extremely illiquid. The ratio of Current Assets/Current liabilities should always be 1 and above, ideally 1.5.

#### **COMPLIANCE WITH STATUTORY REQUIREMENTS**

The University has endeavoured to comply with all statutory requirements during the period under review. However due to financial constraints the University had not remitted **Kshs.240** million relating to staff pension schemes employer contributions for the year ended June 2023.

#### **KEY PROJECTS AND INVESTMENT DECISIONS**

The University did not have any key project and investment decisions during the year however there was construction of three classrooms at Kokeb land to enable the University move out of rented spaces into the future.

#### **MAJOR RISKS FACING THE ENTITY**

The University is facing serious financial difficulty and may not be able to meet its short-term financial obligations as and when they fall due. The University's continued realization of deficits from operations and negative net current assets have an impact of reducing the total net assets. If this is sustained over a long period of time, outstanding liabilities could rise to a level beyond both current and non-current assets value. This can easily lead to total bankruptcy i.e. a situation in which all assets of the university (current and non-current) are not sufficient to meet its outstanding financial obligations.

#### **MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS**

At the close of the year, the University had staff deferred salaries and other unremitted payroll deductions amounting to **Kshs. 7.08 billion**.

#### **FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES**

The University has no major financial improbity as reported by internal audit/Council audit committee, external auditors, or other National Government Agencies.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Egerton University 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/Citizen 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 has been facing financial difficulties in recent years leading to a situation in which the university is unable to meet its financial obligations as and when they fall due.

The factors leading to this unfortunate situation are declining annual GoK Capitation, declining fees from students, unfunded Pension Component of the 2010-2013 & 2013/2017 CBAs and increase in payroll costs due to CBAs with no corresponding increase in funding, The university has an accumulated pending bill including staff salaries of **Kshs.8.9 billion** as at 30<sup>th</sup> June 2023.

The university has taken steps to deal with the situation by closing its campuses in Baringo and Nairobi City, and shrinking operations in Nakuru Town Campus College in order to cut down on costs.

To help reduce staff costs, the university has not been replacing staff who are exiting service by natural attrition, especially administrative and support staff. However, the impact of the new CBA 2017-2021 is reversed these gains made in reducing the payroll cost, given the associated shortfall explained above.

The university has implemented and continues to implement strict austerity measures, all in a bid to cut down on costs. This has led to reduction in costs in the financial year under review.

The university in its efforts to enhance its internal revenue generation capacity, has prepared business plans for implementation in a bid to bolster the profitability of its income generating units. This is expected to bear fruit in the coming financial year.

The university is working on reforms to its operating and administrative structures aimed at making operations more effective and cost-effective. Some of these reforms include:

- Reviewing academic programs with the aim of eliminating programs that are not attractive sufficient numbers of students.
- Investing more on e-learning. Under this mode, few lecturers are able to teach more students, it is averse to the covid-19 pandemic among other benefits.
- Reviewing the administrative units in the university e.g. Directorates, Faculties, Departments etc. with the aim of enhancing efficiency and effectiveness.

**ii) Corporate Social Responsibility / Community Engagements**

**a) Kenya's Ambitious Tree Planting Initiative: The 15 Billion Savior!"**

On December 21, 2022, President launched a groundbreaking program called "jaza miti," aimed at encouraging Kenyan citizens to plant 15 billion trees by 2032. This ambitious initiative seeks to combat the devastating effects of climate change, including droughts, floods, diseases, and unpredictable rainfall patterns, by reducing greenhouse emissions and addressing varying climate changes.

The event held significant importance not only for the 5-acre piece of land owned by Egerton University but also for the local community and the entire Mau complex region. The occasion marked a resounding success, with the planting and donation of over 20,000 trees. Expressing his hopes for the future, the Prime Cabinet Secretary declared, "As we turn 60 years old as a republic on June 1, 2023, my wish is for every citizen to follow these footsteps and care for our environment. Let us also extend our hand in support."

Egerton University committed to future support by fostering innovative programs such as the development of biodegradable seedling pots. These eco-friendly solutions ensure minimal interference with the natural surroundings and promote biodiversity in today's world.

The Prime Cabinet Secretary echoed, "A generation that destroys the environment is one that pays the price." This statement serves as a wake-up call for our present generation to safeguard the future. Planting trees symbolizes the seeds of peace and hope, rooted in the soil while reaching up to the sky.

The "jaza miti" initiative represents a pivotal step forward for Kenya's environmental conservation efforts. With President Vision, the enthusiastic participation of individuals, and the dedication of institutions like Egerton University, Kenya is demonstrating its commitment to creating a sustainable and greener future. The success of the program relies on collective action and the understanding that the benefits of planting trees extend far beyond the present, ensuring a more prosperous tomorrow for generations to come.



#### b) Seeds of Gold Magazine

The tenth edition of farmer's clinic which is organized by the Nation Media Group 'Seeds of Gold Magazine' was held at the Kenya Agricultural and Livestock Research Organization (KALRO) Mwea in Kirinyaga County. Agronomical methods, farm mechanization, rice production, and horticulture were the main topics of the expo, which was attended by more than 2000 farmers and centered on the day's theme that was; **adopting effective technologies to improve agricultural production**. Research department was requested to come up with sorghum fodder as a substitute for maize.

Outlets for the Egerton seed to be opened in Mwea especially for beans as a rotational crop for rice as well as main crop Egerton University was also encouraged to be bringing along the dairy department experts The research department was also requested to look into the problem of golden apple snails eating destroying paddy rice

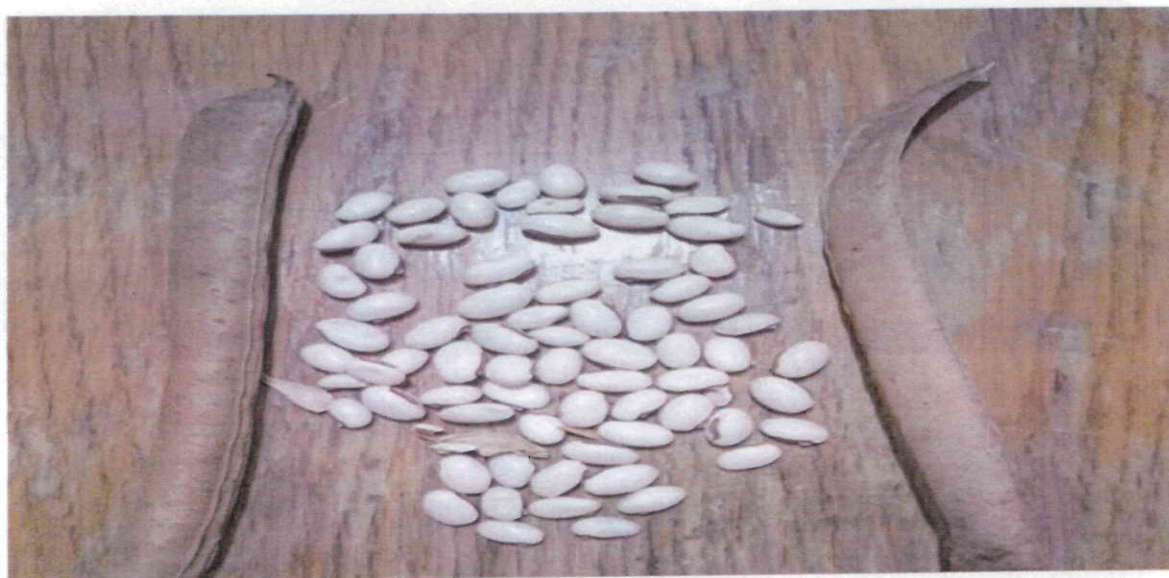
The Agro-Science park being a center of excellence for the creation and commercialization of ideas for a successful agro-industrial expansion, by encouraging the development of agro value chains with an increased focus on science, technology, and innovations (STI), it is an active stakeholder of the clinic. The seed unit exhibited its innovation and innovative ideas to the farmers ranging from the improved and high yielding crop varieties that are resilient to adverse weather conditions to improve food security and income of the farmers through sustainable production, marketing, utilization of the crops and marketing.

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“Transforming Lives Through Quality Education”



The Agro-Science Park prioritizes the use of innovations especially in rice sub-sector and came into partnership with Kilimo Trust Program on increasing the capacity of rice farmers, performance and competitiveness for economically active population. It emphasizes on agricultural and rural development that is based on the use of improved agricultural management practice and innovations for economic prosperity. To transform the agriculture sector, modernization of on-farm production is of importance.



### **c) Hand washing Facility Launch Partnership**

Egerton University, in partnership with Bayer East Africa and the Kenya Water Health Organization (KWAHO), recently launched a hand washing facility to promote hygiene and prevent the spread of disease. The facility, which was officially unveiled on campus, is equipped with state-of-the-art hand washing stations, as well as educational materials to teach students, staff, and visitors about the importance of hand hygiene. The hand washing facility is part of a larger initiative aimed at promoting water, sanitation, and hygiene (WASH) in the local community. The initiative, which is supported by Bayer East Africa and KWAHO, aims to improve access to clean water and promote healthy hygiene practices in schools and other public

spaces



**d) Rescue of Pwani University Staff and students.**

Through the strong history of collaboration with the Pwani University and as a sign of Solidarity and support, Egerton University fully supported and rescued staff and students from Pwani University whose bus was involved in a road accident in Naivasha along Nairobi Nakuru Highway. The staff and students were ferried to Njoro campus, treated at our sanatorium, accommodated and fed and all these were done for free.

## **11. REPORT OF THE COUNCIL**

The Council submits their report together with the financial statements for the year ended June 30, 2023 which show the state of the University's financial affairs.

### **Principal activities**

The principal activities of the University are shown on pages 4- 5.

### **Results**

The results of the University for the Year ended June 30<sup>th</sup>, 2023 are set out on pages 47 – 94.

### **Council**

The members of the University Council who served during the year are shown on page 8 - 11. The Council member remained the same during the year as there were no new appointments.

### **Auditors**

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

By order of the Council



Prof. Isaac O. Kibwage, PhD, HSC  
**Vice Chancellor/Secretary to The Council**

25<sup>th</sup> September 2023  
**Date**

## 12. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITY

Section 81 of the Public Finance Management Act, 2012 and Section 47 of the Universities Act, 2012 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/period and the operating results of the University for that year/period. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2023. 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 accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management (PFM) Act, 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2023, and of the University's financial position as at that date. The council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The University's financial statements were approved by the Council on 25<sup>th</sup> September 2023 and signed on its behalf by:



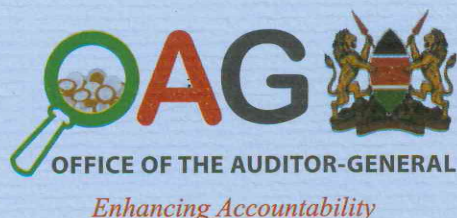
Amb. Dr. Luka. H. Wario, PhD, CBS  
Chairman, Egerton University Council



Prof. Isaac O. Kibwage, PhD, HSC  
Vice Chancellor

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON EGERTON UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2023

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### 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 Control, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and overall 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 Egerton University set out on pages 47 to 98, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets,

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*Report of the Auditor-General on Egerton University for the year ended 30 June, 2023*

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 Egerton University as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the University Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccurate Income from Non-Exchange Transactions**

The statement of financial performance reflects revenue from non-exchange transactions income of Kshs.3,014,870,599. The amount includes Kshs.783,566,052 that differed with Note 32(d) transfers to income statement of Kshs.731,548,925 resulting to unreconciled variance of Kshs.52,017,127. Further, the amount includes receipts of Kshs.68,951,796 in respect of various projects which are not supported by detailed schedule indicating opening balances, receipts and payments for the year to arrive at the closing balances.

In the circumstances, the accuracy and completeness of income from non-exchange transactions of Kshs.3,014,870,559 could not be confirmed.

#### **2. Unsupported Repairs and Maintenance**

The statement of financial performance reflects repairs and maintenance expenses of Kshs.79,507,513 which includes Kshs.8,946,204 paid to a firm for repairs and maintenance at the main University campus as disclosed in Note 17 to the financial statements. However, the contract agreement, certificates of completion, and pre and post repair inspection reports were not provided for audit.

In the circumstances, the accuracy and completeness of repairs and maintenance expenditure of Kshs.8,946,204 could not be confirmed.

#### **3. Legal Expenses**

The statement of financial performance reflects administration and central services expenditure of Kshs.496,713,975 which includes legal fees of Kshs.26,577,272 as disclosed in Note 16 to the financial statements. However, a compensation award of Kshs.116,259,925 against the university in case No. HCCON No. E003 of 2023 on 10 May, 2023 was not included in the legal fees expenses. Although a part payment of Kshs.40,000,000 was made during the year under review, it is not clear how the balance of Kshs.76,219,925 had been reflected in the financial statements and how it will be budgeted for payment.

In the circumstances, the accuracy and completeness of the legal expenses of Kshs.26,577,272 could not be confirmed.

#### **4. Cash in Bank and in Hand Balances**

The statement of financial position reflects cash and bank balance of Kshs.806,398,269 as disclosed in Note 26(a) to the financial statements. However, bank reconciliation statements for eleven bank accounts reflects receipts in bank not in cash book of Kshs.16,215,967 with some dating as far back as 2017. Further, the cash and bank balance of Kshs.806,398,269 reflected in the statement of financial position differs with Kshs.740,504,662 reflected in the statement of cash flows resulting to unreconciled difference of Kshs.56,893,607.

In the circumstances, the accuracy and completeness of the cash in bank and bank balance of Kshs.806,398,269 could not be confirmed.

#### **5. Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.908,580,546 as disclosed in Note 27 to the financial statements. However, the following unsatisfactory matters were noted: -

##### **5.1 Long Outstanding Imprest**

Included in the balance is long outstanding imprest balance of Kshs.79,618,574 with some dating far back to 2014. However, no recoveries have been made from the salaries of the defaulting officers contrary to Regulation 92 of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station. Further, no interest has been levied on the outstanding imprest pursuant to the provisions of the Regulations 92.

##### **5.2 Long Outstanding Student Debtors**

Included also in the balance is student debtors of Kshs.835,152,974. The balance further includes Kshs.359,661,759 due from students who have left the University. Management has not made efforts to recover the amount which have been outstanding for over five (5) years nor adjustments made to provide for likely impairment in accordance with the University's Credit and Debt Management Policy which requires write off of debts that are older than five (5) years.

##### **5.3 Inter-Bank Transfers**

Included in the receivables from exchange transaction balance of Kshs.908,580,546 is (Kshs.2,418,836) described as inter-bank transfers. This amount was not explained and its treatment is contrary to accounting standards which prohibits netting off balances.

In the circumstances, the accuracy and fair statement of receivables from exchange transactions balance of Kshs.441,699,169 could not be confirmed.

## **6. Agricultural Assets**

The statement of financial position reflects agricultural assets of Kshs.12,650,349 as disclosed in Note 29 to the financial statements. The amount reduced from Kshs.21,650,349 previously reported by Kshs.8,436,136 which has not been explained or reconciled as required by IPSAS 27.

In the circumstances, the accuracy, completeness and valuation of agricultural assets balance of Kshs.12,650,349 could not be confirmed.

## **7. Investments**

The statement of financial position reflects investments in shares balance of Kshs.149,971,060 which includes Kenya Airways shares of Kshs.52,153 as disclosed in Note 31 to the financial statements. The value of this shares dropped from Kshs.200,952 as at 30 June, 2023 and the value has continued to drop but Management has not taken any action to avoid further loss.

In the circumstances, the accuracy and fair statement of the investments balance of Kshs.149,971,060 could not be confirmed.

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

## **Emphasis of Matter**

### **1. Sustainability of Services**

The statement of financial performance reflects a deficit of Kshs.706,583,686 for the year under review resulting to accumulated deficit of Kshs.7,453,839,891. Further, the statement of financial position reflects total current assets balances of Kshs.1,815,729,482 against current liabilities balance of Kshs.9,464,483,654 resulting in negative working capital of Kshs.7,648,754,172. This is an indication of the existence of material uncertainty which casts doubt on the University's ability to continue to sustain services and to meet its obligations as and when they fall due. However, the material uncertainty in relation to sustainability of services and the mitigation measures put in place to reverse the situation have not been disclosed in the financial statements.

In the circumstances, the continued survival and ability of the University to continue to sustain its services is dependent on continued Government support and its creditors.

### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts: recurrent and development combined reflects total payments of Kshs.4,746,275,058 against an approved budget of



Kshs.3,555,958,479, resulting to budget over expenditure of Kshs.1,190,316,579 or 34% of the budget which was not subject to Council approval.

In the circumstances, the lawfulness of the over expenditure could not be confirmed.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Matter**

#### **Prior Year Unresolved Issues**

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved as at 30 June. 2023.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, and 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. Unauthorized Bank Overdraft**

The statement of financial position under current liabilities reflects bank overdraft (negative cash balances) of Kshs.115,893,607 as at 30 June, 2023. Review of the records provided revealed that the University's accounts were overdrawn to the tune of Kshs.115,888,658 without authority from the National Treasury contrary to the provisions of Regulation 82(7) of the Public Finance Management (National Government) Regulations, 2015 which requires that no official Government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit, authorized by the National Treasury. Management indicated that the bank overdraft was approved by the University Council.

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

## **2. Staff Costs**

### **2.1 Unremitted Staff Deductions**

The statement of financial position reflects trade and other payables balance of Kshs.8,263,428,954 as disclosed in Note 32(a) to the financial statements. Included in the balance is payroll payables comprising of salary arrears and deductions and pension contributions totalling Kshs.7,078,121,090, internal creditors Kshs.22,105,942, withholding tax Kshs.17,508,376, VAT Kshs.30,638,435 and HELB Kshs.24,876,355 which had not been remitted to the statutory entities contrary to the Section 37(1) of the Income Tax Act which states that an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed. The payroll payables were also not supported by way of detailed listing of the staff from whom the deductions were made and the respective amounts.

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

### **2.2 Payroll Payables**

Trade and other payables balance of Kshs.8,263,428,954 as reflected in Note 32(a) to the financial statements includes Kshs.7,078,121,090 being payroll creditors or unpaid salaries. The university is paying 70% of the salaries leaving the balance of 30% unpaid which is accumulating liability. Management has not disclosed on how they will payout the remaining salaries

In the circumstances, payment of the accumulating 30% of the unpaid employees' salaries is doubtful.

## **3. Stalled Projects**

As previously reported, included in the work-in-progress balance of Kshs.973,951,881 reflected in the statement of financial position and Note 30(b) to the financial statements are stalled projects valued at Kshs.911,664,791. The projects status of the stalled projects has remained unchanged. Further, the Management wrote off Kshs.1,004,122 in relation to construction of science complex without following proper procedures. In addition, work in progress balance of Kshs,61,282,967 was understated by Kshs.1,004,122

In the circumstances, the completion of the projects remains doubtful, and amounts spent of Kshs.973,951,881 has not benefited the intended beneficiaries.

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 CONTROL, RISK MANAGEMENT AND GOVERNANCE

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, and based on the audit procedures performed, 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 those Charged with Governance**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

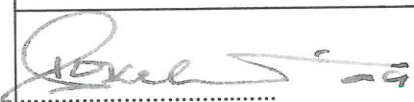
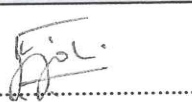
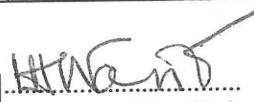
  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

21 March, 2024



**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

Particulars	Notes	2022-2023 Kshs.	2021-2022 Kshs.
<b>Revenue from Non-Exchange Transactions</b>			
GoK Recurrent Capitation Grant	6 (a)	2,228,358,479	2,231,277,478
Research & Extension Income	7	355,963,169	344,586,014
CESAAM ACE 2 Income	8	104,866,303	125,565,839
MCF TAGDEV Income	9	130,562,502	137,371,317
Tegemeo Income	10	192,174,078	132,066,894
Other Revenue from Non-Exchange Transactions	11	2,946,030	526,921
<b>Total Revenue from Non-Exchange Transactions</b>		<b>3,014,870,559</b>	<b>2,971,394,463</b>
<b>Revenue from Exchange Transactions</b>			
Tuition and Related Fees	12	845,899,696	996,881,645
IGUs Incomes	13 (a)	130,188,304	126,824,201
Other Services Rendered	13 (b)	34,095,618	25,984,748
		<b>1,010,183,618</b>	<b>1,149,690,594</b>
<b>Total Revenue</b>		<b>4,025,054,177</b>	<b>4,121,085,057</b>
<b>Expenditure</b>			
Staff Costs	14	3,021,255,204	3,319,706,520
Council Expenses	15	18,386,723	16,106,147
Administrative and Central Services	16	496,713,975	1,188,118,035
Repairs and Maintenance Expenses	17	79,507,513	52,286,645
Academic Departments Expenses	18	142,456,451	136,159,644
Research & Extension Expenses	19	361,871,395	332,955,438
CESAAM ACE 2 Expenses	20	104,866,303	125,565,839
MCF TAGDEV Expenses	21	130,562,502	137,371,317
Tegemeo Expenses	22	191,606,624	128,772,567
IGU Expenses	23	81,578,462	89,656,514
Depreciation Expenses	24	117,469,906	121,342,989
		<b>4,746,275,058</b>	<b>5,648,041,655</b>
<b>Other Gains/(Losses)</b>			
Gain/(Loss) on Shares		(148,799)	-
(Decrease)/increase in Provision for bad debts		(546,048)	266,275
Gain on Foreign Exchange	25	23,768,178	(411,570)
Gain/(Loss) on biological Assets		(8,436,136)	(5,028,300)
Gain/(Loss) on Disposal of Assets		-	4,227,965
		<b>14,637,194</b>	<b>(945,630)</b>
<b>Deficit for the Period</b>		<b>(706,583,686)</b>	<b>(1,527,902,227)</b>
<b>Attributable to:</b>			
Owners of the controlling entity		<b>(706,583,686)</b>	<b>(1,527,902,227)</b>
 Prof. Isaac O. Kibwage, PhD, HSC Vice Chancellor		 CPA Charles K. Wanjohi Ag. Finance Officer ICPAK Member No.8804	
Date:		Date:	
		 Amb. Dr. Luka Huqa Wario Chairman, University Council	
Date:		Date:	





**15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

Particulars	Notes	2022-2023 Kshs.	Audited 2021-2022 Kshs.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash in Bank and in Hand	26 (a)	806,398,269	591,255,728
Contingent Deposit	26 (b)	50,000,000	53,000,000
Receivables from Exchange Transactions	27 (a) & (b)	908,580,546	1,001,255,396
Inventories	28	38,100,317	30,474,339
Agricultural Assets	29	12,650,349	21,086,485
		<b>1,815,729,482</b>	<b>1,697,071,947</b>
<b>Non Current Assets</b>			
Property, Plant & Equipment	30 (a)	4,063,512,991	4,178,057,758
Work in Progress (WIP)	30 (b)	973,951,881	912,668,913
Investments	31	149,971,060	150,119,859
		<b>5,187,435,932</b>	<b>5,240,846,530</b>
<b>Total Assets</b>		<b>7,003,165,414</b>	<b>6,937,918,477</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Negative Cash Balances	26 (c)	115,893,607	261,600,780
Trade and Other Payables	32 (a)	8,263,428,954	7,340,485,835
Provisions and Accruals	32 (b)	650,047,461	609,382,215
Deferred Income	32 (c)	435,113,632	358,637,165
		<b>9,464,483,654</b>	<b>8,570,105,995</b>
<b>Total Liabilities</b>		<b>9,464,483,654</b>	<b>8,570,105,995</b>
<b>Net Assets</b>		<b>(2,461,318,240)</b>	<b>(1,632,187,517)</b>
General fund		4,992,521,651	4,992,521,651
Accumulated Surplus(Deficit)		(7,453,839,891)	(6,624,709,168)
<b>Total Capital and Liabilities</b>		<b>(2,461,318,240)</b>	<b>(1,632,187,517)</b>

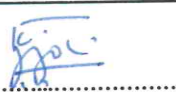
The notes set out on pages 52 to 94 form an integral part of these Financial Statements.

The Financial Statements set out on pages 47 to 51 were signed on behalf of the Council by:



Prof. Isaac O. Kibwage, PhD, HSC  
Vice Chancellor

Date:



CPA Charles K. Wanjohi  
Ag. Finance Officer  
ICPAK Member No.8804

Date:



Amb. Dr. Luka Huqa Wario  
Chairman, University Council

Date:

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023.

Particulars	Note	Capital Reserves	Revenue Reserves	Total
		Kshs.	Kshs.	Kshs.
<b>At July 1, 2021</b>		<b>4,992,521,651</b>	<b>(3,490,582,735)</b>	<b>1,501,938,917</b>
Deficit from operations			(1,527,902,227)	(1,527,902,227)
Prior year Adjustments			(1,606,224,206)	(1,606,224,206)
<b>At June 30, 2022</b>		<b>4,992,521,651</b>	<b>(6,624,709,168)</b>	<b>(1,632,187,517)</b>
<b>At July 1, 2022</b>		<b>4,992,521,651</b>	<b>(6,624,709,168)</b>	<b>(1,632,187,517)</b>
Capital Grants	6 (b)	-		-
Deficit from operations			(706,583,686)	(706,583,686)
Prior year Adjustments (NSSF)			(122,547,037)	(122,547,037)
<b>At June 30, 2023</b>		<b>4,992,521,651</b>	<b>(7,453,839,891)</b>	<b>(2,461,318,240)</b>

The Ksh. 122,547,037 reported as prior year adjustment relates to NSSF Tier 1 relating to previous years from the year 2015 that the University was not deducting from the staff. Following the audit by NSSF team, the University was issued with a demand notice of the principal amounts plus interests. The Figure has been reported as part of payroll payable and charged to reserve as a prior year adjustment since it relates to previous years and not the year under review.

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

Particulars	Notes	2022-2023	Audited
		Kshs.	2021-2022 Kshs.
<b>Operating Activities</b>			
Deficit for the year		(706,583,686)	(1,527,902,227)
<b>Adjustments for</b>			
Depreciation	24	117,469,906	121,342,989
Movement in Provisions for the year	32 (b)	40,665,247	74,163,574
Movement in Deferred Income for the year	32 (c)	76,476,467	14,617,804
Prior year adjustments		(122,547,037)	(1,606,224,206)
(Profit)/Loss on disposal of Assets	25	-	(4,227,965)
(Gain)/Loss on Revaluation of Shares	25	148,799	
		<b>(594,370,304)</b>	<b>(2,928,230,032)</b>
<b>Changes in Working Capital</b>			
(Increase)/Decrease in Biological Assets	29	8,436,136	5,028,300
(Increase)/Decrease in Receivables	27 (a)	92,674,850	(14,085,923)
(Increase)/Decrease in Inventories	28	(7,625,978)	(74,754)
Increase/(Decrease) in Payables	32 (a)	922,943,119	3,281,082,282
		<b>1,016,428,126</b>	<b>3,271,949,905</b>
<b>Cash Generated from Operations</b>		<b>422,057,822</b>	<b>343,719,874</b>
<b>Investing Activities</b>			
Purchase of Property, Plant and Equipment	30 (a)	(64,208,107)	(19,519,416)
Cash on Disposal of Assets	25	-	4,227,965
<b>Net Cash from Investing Activities</b>		<b>(64,208,107)</b>	<b>(15,291,451)</b>
<b>Financing Activities</b>			
GoK Capital Grants	6 (b)	-	-
<b>Net Cash from Financing Activities</b>		<b>-</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash Equivalents		357,849,715	328,428,423
Cash and Cash Equivalents at the start of the period		382,654,948	54,226,524
Cash and Cash Equivalents at the Close of the period	26 (d)	<b>740,504,662</b>	<b>382,654,995</b>
The notes set out on pages 52 to 94 form an integral part of these Financial Statements.			
The Financial Statements set out on pages 47 to 51 were signed on behalf of the Council by:			

**15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2023**

Particulars	Note	Original Budget 2022/2023 Kshs.	Adjustments 2022/2023 Kshs.	Final Budget 2021/2022 Kshs.	Actual 2022/2023 Kshs.	% of Utilization
<b>Revenue from Non-Exchange Transactions</b>						
GoK Recurrent Capitation Grant	6 (a)	2,228,358,479	-	2,228,358,479	2,228,358,479	100%
Research & Extension Income	7	105,405,902	-	105,405,902	355,963,169	338%
Other Revenue from Non-Exchange Transactions	11	-	-	-	2,946,030	0%
CESAAM ACE 2	8	70,000,000	-	70,000,000	104,866,303	150%
MCF TAGDEV	9	80,000,000	-	80,000,000	130,562,502	163%
Tegemeo Income	10	90,000,000	-	90,000,000	192,174,078	214%
<b>Total Revenue from Non-Exchange Transactions</b>		<b>2,573,764,381</b>	<b>-</b>	<b>2,573,764,381</b>	<b>3,014,870,559</b>	<b>117%</b>
<b>Revenue from Exchange Transactions</b>						
Tuition and Related Fees	12	1,004,002,098	-	1,004,002,098	845,899,696	84%
Other Services Rendered	13	173,592,000	-	173,592,000	164,283,922	95%
		<b>1,177,594,098</b>	<b>-</b>	<b>1,177,594,098</b>	<b>1,010,183,618</b>	<b>86%</b>
<b>Total Revenue</b>		<b>3,751,358,479</b>	<b>-</b>	<b>3,751,358,479</b>	<b>4,025,054,177</b>	<b>107%</b>
<b>Expenditure</b>						
Staff Costs	14	1,971,895,654	1,500,000	1,973,395,654	3,021,255,204	153%
Council Expenses	15	20,944,000	2,400,000	23,344,000	18,386,723	79%
Administrative and Central Services	16	582,726,571	9,448,000	592,174,571	496,713,975	84%
Repairs and Maintenance Expenses	17	88,300,000	-	88,300,000	79,507,513	90%
Academic Departments Expenses	18	388,473,070	(11,848,000)	376,625,070	142,456,451	38%
Research & Extension Expenses	19	132,405,902	-	132,405,902	361,871,395	273%
CESAAM ACE 2 Expenses	20	70,000,000	-	70,000,000	104,866,303	150%
MCF TAGDEV Expenses	21	80,000,000	-	80,000,000	130,562,502	163%
Tegemeo Expenses	22	90,000,000	-	90,000,000	191,606,624	213%
Expenses-IGU Inputs	23	107,700,000	-	107,700,000	81,578,462	76%
Depreciation Expenses	24	22,013,282	-	22,013,282	117,469,906	534%
<b>Total Expenditure</b>		<b>3,554,458,479</b>	<b>1,500,000</b>	<b>3,555,958,479</b>	<b>4,746,275,058</b>	<b>133%</b>
<b>Other gains/(Losses)</b>						
Gain on Revaluation Investment-Shares	25	-	-	-	(546,048)	
Gain on Foreign Exchange		-	-	-	23,768,178	
Gain/(Loss) on biological Assets		-	-	-	(8,436,136)	
					<b>14,785,994</b>	
<b>Surplus/ (Deficit) from Recurrent Budget</b>		<b>196,900,000</b>	<b>(1,500,000)</b>	<b>195,400,000</b>	<b>(706,434,887)</b>	
GoK Development Grant	6(b)	-	-	-	-	
Capital Expenditure	30 (a)	196,900,000	(1,500,000)	195,400,000	64,208,107	33%
<b>Deficit for the Period</b>		<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>(770,642,994)</b>	

Reasons for material variances refer to note 38 on page 94.

## 16. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Egerton University is established by and derives its authority and accountability from Universities Act No 42 of 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activities are outlined on pages 3-4.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies.

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

The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

The Annual Report and Financial Statements for period ended 30th June 2023 for Centre of Excellence in Sustainable Agriculture and Agribusiness Management (CESAAM) have been presented separately for audit purpose. However, the same have been consolidated in these Financial Statements.

### 3. ADOPTION OF NEW AND REVISED STANDARDS

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial

Standard	Effective date and impact:
	<p>statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> </ul>

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **ii) Revenue from Exchange Transactions (Continued)**

##### ***Rental Income***

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

#### **b) Budget Information**

##### **Budget Information**

The original budget for Financial Year 2022-2023 was approved by the National Assembly in June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget.

The University's annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis or timing differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

#### **c) Taxes**

The University is tax exempt as per the Income Tax Act, 2014.

#### **d) Property, Plant and Equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **d) Property, Plant and Equipment (Continued)**

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.

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during their estimated useful life, using the straight-line method. Assets acquired during the year attract full depreciation charge.

The annual rates used are: -

Buildings	-	2.5%
Machinery & equipment	-	20%
Furniture & fittings	-	12.5%
Dairy equipment / plant / tractors	-	10%
Motor vehicles	-	25%
Library books	-	20%
Computers and Appliances	-	33.3%

#### **e) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

#### **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:

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **f) Research and Development Costs (Continued)**

- 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
- 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.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **g) Financial Instruments (Continued)**

##### ***Held-to-Maturity***

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

##### ***Impairment of Financial Assets***

The University assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset 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 University of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- The debtors or an University 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***

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 costs.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **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) Agricultural Assets**

Agricultural activity is the management by the University of the biological transformation and harvest of biological assets. Biological Asset is a living animal or plant. There are three groups of agricultural assets: -

**Agricultural Produce:** Is the harvested product of the University's biological assets.

**Bearer Biological Assets:** Are those that are used repeatedly or continuously for more than one year in an agricultural activity e.g., breeding stocks (including fish and poultry), dairy animals, and sheep

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **i) Agricultural Assets (Continued)**

**Consumable Biological Assets:** Are those that are held for harvest as agricultural produce such as animals and plants for one-time use e.g., beef animals, fish in farms, crops such as maize and wheat.

Biological assets are measured on initial recognition and at each reporting date at its value less costs to sell except where fair value cannot be measured reliably. In such case the biological asset shall be measured at cost less any accumulated depreciation and any impairment loss as per IPSAS 27.

#### **j) 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

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **j) Provisions**

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.

#### ***Provision for bad debts***

A general provision for bad and doubtful debts is provided for at the year-end at 1% of outstanding general and student debtors.

#### **k) Nature and purpose of reserves**

The University has a capital reserve which represents the government's interest in the net assets/equity of the university and is a combination of contributed capital by the government and the aggregate of the University's accumulated surpluses or deficits and reserves that reflect the net assets/equity attributable to the University's operations.

#### **l) 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.

#### **m) Employee Benefits**

#### ***Retirement Benefit Plans***

The University provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which the University pays fixed contributions into a separate trustee administered 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 the fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **m) Employee Benefits (Continued)**

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

The University also contributes to the National Social Security Fund (NSSF) for all its staff. The University's obligations currently is for both Tier I and Tier II. The University's obligation to staff retirement benefit schemes are charged to the statement of the financial performance in the year to which they relate.

#### **n) Foreign Currency Transactions**

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

#### **o) Related Parties**

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

#### **p) Service Concession Arrangements**

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **q) Service Concession Arrangements (Continued)**

when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement.

Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

#### **q) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### **r) Comparative Figures**

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

#### **s) 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, 2023.



## **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the University's financial statements in conformity with International Public Sector Accounting Standards (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 27(b).

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)**

<b>Note 6 (a): - Income - GoK Recurrent Capitation Grants</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
<b><u>GoK Capitation Grants</u></b>		
July	185,696,540	184,937,286
August	185,696,540	184,937,286
September	185,696,539	184,937,285
October	185,696,540	184,937,286
November	185,696,540	184,937,286
December	185,696,540	184,937,285
January	185,696,540	184,937,286
February	185,696,540	184,937,286
March	185,696,540	184,937,285
April	185,696,540	184,937,286
May	185,696,540	190,952,311
June	185,696,540	190,952,310
<b>Total GoK Recurrent Grants</b>	<b>2,228,358,479</b>	<b>2,231,277,478</b>
<b>Note 6 (b) Income-GoK Development Grants</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
<b>Total GoK Development Grants</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 6 c. Break down of Transfers from the State Department of Education, Ministry of Education**

<b>FY 2022/2023</b>			
<b>Recurrent Grants</b>			
	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
	3-Aug-2022	185,696,540	2022/2023
	8-Sep-2022	185,696,540	2022/2023
	3-Oct-2022	185,696,539	2022/2023
	10-Nov-2022	185,696,540	2022/2023
	9-Dec-2022	185,696,540	2022/2023
	30-Dec-2022	185,696,540	2022/2023
	3-Feb-2023	185,696,540	2022/2023
	17-Mar-2023	185,696,540	2022/2023
	14-Apr-2023	185,696,540	2022/2023
	5-May-2023	185,696,540	2022/2023
	12-Jun-2023	185,696,540	2022/2023
	27-Jun-2023	185,696,540	2022/2023
	<b>Total</b>	<b>2,228,358,479</b>	

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 7 : -Research &amp; Extension Income</b>			
	<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
		<b>Kshs.</b>	<b>Kshs.</b>
1	AICAD-RE02-Income	6,305	6,105
2	DAAD/EBR-RE05-Income	6,305	135,605
3	Department of Defence-RE06-Income	-	21,740,000
4	Dryland Farming-RE07-Income	156,305	18,425
5	Economics Department-RE08-Income	6,105	398,640
6	Fingerponds-RE10-Income	22,603,495	7,715,308
7	Global Fund for TB-RE12-Income	422,759	6,105
8	Globalite-RE13-Income	10,332,649	14,263,427
9	Greenhouses-RE14-Income	66,105	291,365
10	KAPP GRANTS-RE18-Income	22,758,368	10,568,003
11	Natural Resources-RE20-Income	3,168,457	3,106,601
12	NORAGIC-RE21-Income	7,355,992	3,077,635
13	OSSREA Young Scholars-RE22-Income	26,526,161	22,766,465
14	PRA-RE23-Income	10,384,724	16,652,598
15	Research & Extension-RE25-Income	17,976,586	19,849,121
16	ROSA Project-RE27-Income	4,862,298	797,501
17	TAMOU 01C-RE29-Income	37,843,515	41,215,550
18	Training-RE33-Income	523,353	208,261
19	Vertisol Managemnt-RE34-Income	1,800,405	199,571
20	OSSREA Post-Doctoral-RE37-Income	101,405	1,656,185
21	ECOLIVE Project-RE40-Income	1,904,653	3,249,257
22	Wetland Ecosystem-RE41-Income	5,641,167	4,307,911
23	Limnology-RE42-Income	6,696,257	17,629,571
24	ECO-HELB-RE43-Income	6,305	6,105
25	Global Fund-RE44-Income	22,065,685	22,668,239
26	Confucious Institute-RE45-Income	4,020,172	3,825,238
27	COELIB Projects-RE46-Income	69,568,072	66,478,033
28	Pytochem Projects-RE47-Income	72,576,369	56,945,004
29	AGEC dollar Account-RE51-Income	1,448,263	1,303,380
30	AERC 2 Project - RE52-Income	5,134,935	3,500,805
		<b>355,963,169</b>	<b>344,586,014</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 8 : - CESAAM ACE 2</b>			
		<b>2022-2023</b>	<b>2021-2022</b>
	<b>Particulars</b>	<b>Kshs.</b>	<b>Kshs.</b>
1	CESAAM ACE 2	104,866,303	125,565,839
		<b>104,866,303</b>	<b>125,565,839</b>
<b>Note 9 : - MCF TAGDEV</b>			
		<b>2022-2023</b>	<b>2021-2022</b>
	<b>Particulars</b>	<b>Kshs.</b>	<b>Kshs.</b>
1	MCF TAGDEV	130,562,502	137,371,317
		<b>130,562,502</b>	<b>137,371,317</b>
<b>Note 10 :- Tegemeo Institute Income</b>			
		<b>2022-2023</b>	<b>2021-2022</b>
	<b>Particulars</b>	<b>Kshs.</b>	<b>Kshs.</b>
1	PAM/KMDP Income	6,468,784	8,609,361
2	TAPRA I Income	1,872	1,690
3	Dollar A/c Income	16,425,625	-
4	RFCCP Income	7,183	6,526
5	KBSP Income	1,486,402	344,177
6	TAPRA II Income	3,958,703	6,910,649
7	MLE Income	1,247	1,133
8	TAMPA II Income	36,356	16,199
9	ReNAPRI Income	6,119,573	2,062,947
10	WFP Income	7,328,237	-
11	AFA Income	-	2,735,060
12	IFPRI Income	2,781,816	-
13	KEPHIS Income	-	1,558,805
14	BFAP Income	7,120,527	241,710
15	KCSAP Income	-	35,261,426
16	RTI Income	7,893,807	14,177,014
17	EXETER Income	-	3,029,884
18	KDB Income	5,513,547	-
19	NARIGP Income	21,817,952	284,088
20	GIZ Income	908,218	553,006
21	AGRO CHEM Income	-	1,241,343
22	F4APK Income	-	3,313,945
23	TEGEMEO ALLIN 1	21,625,977	7,938,866
24	LSSF Income	27,340,202	4,765,525
25	OXYGEN MARKETING Income	240,000	-
26	PIATA MATHEMAT Income	1,511,402	192,850
27	PEDL Income	11,278,376	26,730,561
28	SARA-KE Income	12,914,974	10,943,078
29	ALLIN 2 Income	17,308,347	1,147,050
30	DIME PROJECT	9,386,360	-
31	KCSAP Project	2,698,590	-
		<b>192,174,078</b>	<b>132,066,894</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 11 : - Other Non-Exchange Income</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
1 Mau Egerton Cross Country Income-MAIN	2,000,000	-
2 Mau Egerton Cross Country Income Noncash	245,700	-
3 Income-Other Incomes- Advertising Income	-	330,821
4 Partners Donations & Grants -Donations	-	196,100
5 Income - Run for Mau R&E	700,330	-
	<b>2,946,030</b>	<b>526,921</b>
<b>Total Non-Exchange Income</b>	<b>786,512,080</b>	<b>740,116,985</b>
<b>Note 12 : - Income-Tuition and Related Fees</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
1 Application Fee	1,026,516	1,328,348
2 Registration Fee	23,496,500	23,044,100
3 Student I/D	2,781,200	2,963,640
4 Activity Fees	17,902,500	18,516,600
5 Student medical fee	34,710,600	38,267,700
6 Examination Fee	54,299,670	59,859,400
7 Material Development	58,703,600	65,675,000
8 Graduation Fees	16,132,500	7,476,000
9 Library Fee	35,300,683	39,659,500
10 Tuition Fee	447,386,704	618,048,692
11 Student Supervision Fee	8,079,530	11,132,000
12 Field Attachment fee	19,212,640	27,637,360
13 Student Laboratory fee	19,254,000	21,325,000
14 Academic Trascripts	196,690	170,100
15 Certificate Storage Charges	1,038,000	838,200
16 Library Fine	209,913	178,500
17 Test & Vaccination- NTCC	32,500	1,462,500
18 Gowns Hire & Penalties	1,306,100	1,664,453
19 Credit Transfers	21,100	23,350
20 Remarking & Retake	45,873,530	28,699,100
21 Short Courses	-	473,602
22 ICT Charges	40,807,500	24,635,000
23 Re-registration	3,498,000	3,047,500
24 Interfaculty Transfer Fee	801,000	756,000
25 Field Visits	14,800	-
26 Judicial Practice	492,500	-
27 Internal Attachment	875,000	-
28 Teaching Practice	12,446,420	-
	<b>845,899,696</b>	<b>996,881,645</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 13 : -IGUs Income &amp; Other Services Rendered</b>		
<b>Note 13a : - Income-IGUs Incomes</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
1 Visiting Group Levy- Main	4,080,051	2,573,500
2 Estates	1,129,792	556,250
3 University Library	-	6,600
4 Catering (Meals)	16,287,704	21,195,168
5 Accomodation Fees-Halls	65,590,331	69,647,909
6 Horticulture	41,740	73,280
7 Animal Science	-	9,800
8 NATURAL RESOURCES	658,620	274,120
9 Dairy Income	2,378,820	2,284,950
10 Income from Medical Department	13,597,951	11,084,169
11 Income from OUTZ-IGU	-	15,000
12 Funeral Home Income	5,632,176	4,559,000
13 University Press Income	13,180,871	9,270,820
14 Bookshop	-	4,625
15 TAP Income	2,208,466	2,679,204
16 Accomodation Fees - NTCC	-	83,100
17 Kenyatta Campus	469,625	604,435
18 Tailoring Income	933,990	693,507
19 IGUs -Overhead Accounts	2,962,114	1,089,615
20 Gift Shop Income	1,036,053	119,150
<b>Total Income-IGUs Incomes</b>	<b>130,188,304</b>	<b>126,824,201</b>
<b>Note 13b : - Income- Other Services Rendered</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
1 House Rent	20,527,933	22,388,676
2 Student Damages Charges	302,186	(926,043)
3 Miscellaneous Income	855,600	-
4 Insurance Payroll deduction Commission	365,304	640,328
5 Insurance Refunds/Rebates	-	373,100
6 Water/Electricity Charges - Main	890,000	107,000
7 Manpower Development Income	6,450,988	2,342,310
8 Salary Refunds/lieu of notice	1,893,968	313,079
9 Fines/Penalties on Trespassing	541,435	74,500
10 Interest on Imprest	1,908,380	309,165
11 Certificate Verification	359,825	362,633
<b>Total Income-Other Services Rendered</b>	<b>34,095,618</b>	<b>25,984,748</b>
<b>Total -IGUs Income &amp; Other Services Ren</b>	<b>164,283,922</b>	<b>152,808,949</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 14 : - Staff Costs</b>		
<b>Note 14 (a) : - Key Management Personnel Remuneration</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
1 Basic Salary	21,926,822	19,248,914
2 CBA Basic Salary Arrears July 21 - Feb 22	-	1,741,191
3 House Allowance	3,684,034	4,307,745
4 Duty/ Admin. Extraneous Allowance	2,250,774	2,499,000
5 Medical Risk Allowance	240,000	240,000
6 Medical Allowance	325,000	390,000
7 Commuter Allowance	198,000	346,500
8 Entertainment Allowance	1,211,613	1,344,000
9 Professorial Allowance	380,000	415,000
10 Responsibility Allowance	2,757,613	3,336,000
11 Phone Allowance	665,806	708,000
12 Call Allowance	960,000	960,000
13 Book Journal/ICT Allowance	30,000	105,000
14 Domestic Servant Allowance	2,414,194	2,690,000
15 Home Water And Electricity Allowance	655,290	727,000
16 Non User Car Allowance	989,677	1,100,000
17 Medical Extraneous Allowance	420,000	420,000
18 Leave Allowance	106,780	245,367
19 Non Practice Allowance	660,000	660,000
20 Acting Allowance	685,616	3,183,337
21 Pension Employer Contribution	1,316,441	2,000,007
22 NITA	3,700	4,100
23 NSSF-Employer Contribution	26,640	5,600
	<b>41,908,001</b>	<b>46,676,761</b>

<b>Note 14 (b) : - Staff Personnel Remuneration</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
1 Basic Salary	1,584,086,591	1,230,385,896
2 CBA Basic Salary Arrears July 21 - Feb 22	-	212,381,520
3 House Allowance	602,878,802	615,114,940
4 Duty/Risk/Extraneous Allowance	3,686,300	4,582,499
5 Commuter Allowance	168,133,920	173,947,798
6 Medical Allowance	64,242,022	65,730,643
7 Hardship Allowance	1,358,981	1,769,994
8 Remunerative Allowance	28,844,338	30,498,925
9 Basic Salary Arrears	12,416,233	411,869,928
10 Non Practice Allowance	14,204,817	16,744,777
11 Entertainment Allowance	890,179	1,029,677
12 Acting Allowance	3,636,075	4,602,510
13 Professorial Allowance	6,331,473	5,655,380
14 Responsibility Allowance	2,466,168	2,520,000
15 Manpower	89,984	192,308



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

16	Leave Allowance	18,766,517	18,434,185
17	Special Duty Allowance	641,714	546,640
18	Uniform Allowance	160,000	170,000
19	Ambulance Allowance	54,000	62,855
20	Phone Allowance	1,169,876	1,368,256
21	Call Allowance	27,641,634	30,609,103
22	Book Journal/ICT Allowance	6,156,083	13,255,105
23	NSSF-Employer Contribution	8,605,500	2,376,839
24	Pension-Employer Contribution	266,108,261	238,642,650
25	Overtime Amount	6,623,560	8,863,230
26	Gratuities	69,979,825	94,875,827
27	Home Water & Electricity	379,634	494,194
28	Domestic Servant	-	19,355
29	Non use of Car allowance	-	7,258
29	Assistants Allowance	360,714	400,000
30	Medical Extraneous Allowance	32,795,032	35,763,543
31	Medical Risk Allowance	10,332,308	11,800,290
32	Veterinary Risk Allowance	1,375,710	1,200,806
33	Night Travel -Library staff	2,563,576	2,438,500
34	Pay in lieu of leave days	1,354,025	3,527,657
35	Consolidated Salary	12,530,669	6,701,135
36	Passage and Baggage	1,954,960	2,042,313
37	Staff Training Expenses	896,950	34,800
38	Staff Education Fund Expenses	6,600	-
39	Staff Fees Waiver	778,500	8,941,650
40	Staff Uniforms	269,760	127,100
41	NITA Charges	940,150	880,700
42	Workers Occupation Injury Compensation	-	468,288
43	Pension Grade I-IV	1,920,000	4,050,000
44	Casual Labor Wages	11,715,760	7,900,683
		<b>2,979,347,203</b>	<b>3,273,029,759</b>
	<b>Total Staff Costs</b>	<b>3,021,255,204</b>	<b>3,319,706,520</b>
<b>Note 15 : - Council Expenses</b>			
	<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
		<b>Kshs.</b>	<b>Kshs.</b>
1	Sitting Allowances	5,417,800	4,606,000
2	Mileage/Travel	3,608,613	3,302,079
3	Meals	615,700	724,000
4	Accommodation	6,500,610	5,314,600
5	Chancellors Honorarium	1,200,000	1,200,000
6	Chairman's Honorarium	960,000	881,301
7	Chairman's Phone Allowance	84,000	78,167
		<b>18,386,723</b>	<b>16,106,147</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 16 : - Administration and Central Services Expenses</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Office Stationery	4,684,429	6,602,866
2 Advertising	1,784,701	162,481
3 Postage And Telephone	2,687,120	1,868,067
4 Electricity & Water	80,505,978	85,114,610
5 Official Entertainment -	17,900	55,450
6 Vehicle - Insurance	142,036	-
7 Cleaning Materials	-	56,240
8 Contracted Security Services	41,880,590	37,651,284
9 General Insurances - Properties	55,470,894	54,214,412
10 Legal Charges	26,577,273	9,184,645
11 Strategic Initiative-ISO 22000/9001	-	119,125
12 Computer Stationery	1,254,600	1,391,105
13 Audit Fees And Expenses	5,000,000	2,520,000
14 Rent And Rates	28,261,814	50,795,469
15 Conference And Seminars -	2,202,146	1,631,527
16 Staff Subscription to Professional	6,700	-
17 University Subscription to Other Bodies	4,559,642	6,221,518
18 News Papers, Journals & Videos	376,765	63,980
19 Shows & Exhibitions Expenses -	-	1,000,000
20 Internet Services	41,694,144	45,098,191
21 Office Running Expenses	9,752,406	8,956,997
22 Students Union Expenses	11,174,455	-
23 Computer maintenance	10,723,130	5,371,360
24 Bank Charges , Interest & Comm.-	13,009,416	13,990,289
25 Faculty Board and Committees Expenses	3,982,864	1,789,549
26 Cleaning And Sanitary Services	44,442,673	44,442,078
27 Strategic Initiative General	1,461,470	1,250,409
28 Publicity	4,004,520	231,145
29 Open Days Expenses	859,541	433,938
30 Production of Teaching Materials -EU Press	11,362	1,257,735
31 Noncash expense-Mau Egerton Cross Country	245,700	-
32 Other expenses-Mau Egerton Cross Country	60,900	-
33 Performance Contract Service Delivery	-	617,138
34 Grade I-IV Retirement Benefit Scheme	1,950,000	1,650,000
35 Asset Tagging & Valuation Expenses	11,677,123	10,799,065
36 Disability streaming	142,200	168,000
37 Program Self Assessments	328,902	42,220
38 Students Medical Expense	6,613,639	4,641,822
39 Photocopying Services	5,920,941	4,614,360
40 COVID-19 Expenses	-	299,145
41 Interest payable on payroll deductions	-	706,456,019
42 Corporate Social Responsibility	142,445	-
43 Travelling And Subs. Staff	9,995,334	9,457,190
44 External Travelling	1,925,508	16,930
45 Staff Funerals Expenses	1,520,000	1,400,000
46 Staff Hospitalization Expenses	56,518,055	66,361,676
47 Staff Sports Welfare -	-	120,000
48 Expense- MEDICAL SUPPLIES	275,000	-
49 TAP EXPENSES - Main	2,869,659	-
	<b>496,713,975</b>	<b>1,188,118,035</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 17: - Repairs and Maintenance Expenses</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Equipments	1,201,737	108,000
2 Motor Vehicle Repairs	6,953,613	7,532,853
3 Water Supply & Sewerage	12,003,619	9,697,245
4 Buildings	8,946,204	-
5 Maintenance Of Stations	26,118,590	12,048,886
6 Motor Vehicles - Fuel And Oils	16,415,174	13,426,747
7 Student Damages Repairs & Replacement	7,868,575	9,472,915
	<b>79,507,513</b>	<b>52,286,645</b>
<b>Note 18 : - Academic Departments Expenses</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Teaching Claims (Part Time Lecturers)	52,573,865	75,901,500
2 Printing And Publishing	2,226,500	-
3 Teaching Materials	5,508,207	3,611,048
4 Laboratory Materials	514,010	-
3 Graduation Expenses	8,847,580	9,111,870
4 School Based Expenses	175,000	-
5 Students Sports Expenses	261,409	2,222,285
6 Teaching Practice	14,737,195	7,654,275
7 Students Work Study Expenses	1,847,360	2,081,420
8 Academic Field Trips	9,547,598	3,149,590
9 Students Sports Expenses	2,340,660	142,135
10 External Examiners Expenses	18,992,190	14,960,744
11 Students Registration Expenses	358,980	123,340
12 Students Leadership Dev. Program Expenses	2,795,738	1,417,455
13 Students ID Expenses	507,121	3,036,949
14 Teaching Services	-	220,752
15 Curriculum Review	98,400	160,325
16 E-Learning Expenses	676,760	447,402
17 Student Affairs Expenses	1,626,074	1,734,840
18 Student Attachment	4,938,175	3,505,440
19 Examination Materials	12,991,200	5,719,074
20 External Practicals	892,430	959,200
	<b>142,456,451</b>	<b>136,159,644</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 19 : - Research &amp; Extension Expenses</b>			
		<b>2022-2023</b>	<b>2021-2022</b>
	<b>Particulars</b>	<b>Kshs.</b>	<b>Kshs.</b>
1	AICAD-RE02-Expenses	6,305	6,105
2	DAAD/EBR-RE05-Expenses	6,305	135,605
3	Department of Defence-RE06-Expenses	1,434,752	13,899,167
4	Dryland Farming-RE07-Expenses	6,305	18,425
5	Economics Department-RE08-Expenses	6,105	398,640
6	Fingerponds-RE10-Expenses	22,603,495	7,715,308
7	Gift Shop-RE11-Expenses	109,284	600,645
8	Global Fund for TB-RE12-Expenses	422,759	6,105
9	Globalite-RE13-Expenses	10,332,649	14,263,427
10	Greenhouses-RE14-Expenses	66,105	291,365
11	KAPP GRANTS-RE18-Expenses	22,758,368	10,568,003
12	Natural Resources-RE20-Expenses	3,168,457	3,106,601
13	NORAGIC-RE21-Expenses	7,355,992	3,077,635
14	OSSREA Young Scholars-RE22-Expenses	26,526,161	22,766,465
15	PRA-RE23-Expenses	10,384,724	16,652,598
16	Research & Extension-RE25-Expenses	25,164,052	11,687,117
17	ROSA Project-RE27-Expenses	4,862,298	797,501
18	TAMOU 01C-RE29-Expenses	37,843,515	42,579,177
19	Training-RE33-Expenses	531,877	5,685
20	Vertisol Managemnt-RE34-Expenses	1,800,405	199,571
21	OSSREA Post-Doctoral-RE37-Expenses	101,405	1,656,185
22	ECOLIVE Project-RE40-Expenses	1,904,653	3,249,257
23	Wetland Ecosystem-RE41-Expenses	5,641,167	4,307,911
24	Limnology-RE42-Expenses	6,696,257	17,629,571
25	ECO-HELB-RE43-Expenses	6,305	6,105
26	Global Fund-RE44-Expenses	19,399,885	25,278,803
27	Confucious Institute-RE45-Expenses	4,004,172	3,825,238
28	COELIB Projects-RE46-Expenses	69,568,072	66,478,033
29	Pytochem Projects-RE47-Expenses	72,576,369	56,945,004
30	AGEC Dollar Account-RE51-Expenses	1,448,263	1,303,380
31	AERC 2 Project Account - RE52 -Expenses	5,134,935	3,500,805
		<b>361,871,395</b>	<b>332,955,438</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 20 :- CESAAM ACE 2 Expenses</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Bank Charges	-	29,730
2 Support continuing Ph.D. student	7,548,838	17,446,694
3 Support continuing Msc. students	4,363,472	9,988,898
4 Review of 1 Phd & 3 Msc Curriculum	1,015,420	-
5 Short courses in Agric value chain	-	229,772
6 Conduct short courses agric & agri business	3,516,230	42,000
7 Establish knowledge center	204,650	-
8 Jointly hold 2summer schools	-	3,058,000
9 support staff & student presentation in int	1,032,759	2,273,751
10 Staff exchange fellowship	3,497,935	1,600,241
11 Ph.D. students exchange fellowship	1,568,575	-
12 Staff supported in collaborated research project	2,055,060	960,400
13 Support publications on peer reviewed journal	237,236	579,598
14 Facilitate presentation in international con	2,570,443	-
15 Retooling workshop for staff	1,546,845	4,354,179
16 Support Agri Enterprises	-	849,425
17 Internship support for students	246,000	2,258,700
18 MOU signing and consultations	654,840	350,060
19 Accreditation of 1 Msc and 1 PhD Program	2,045,511	-
20 Theses dissemination workshop	3,069,315	2,966,755
21 Support teams develop proposals	1,609,235	338,670
22 Procure equipments and ICT upgrading	1,375,500	4,289,964
23 Cesaam office block design	-	2,916,612
24 Procure animal nutrition lab equip	393,265	527,500
25 One innovation Support Agro science park	1,030,135	-
26 Marketing Cesaam Project and its programs	2,686,553	2,006,646
27 Cesaam steering committee sub committees	2,021,725	2,976,751
28 Cesaam Staff Salaries and wages	2,263,725	2,620,000
29 Cesaam vehicle mtc & Travel, subs, costs	3,223,907	2,660,526
30 CESAAM secretariat	1,013,675	2,187,731
31 Audit conducted	-	-
32 Renovation of post graduate and tatton demon	144,430	769,204
33 ADB MOHEST- Dr Isaac Kariuki	1,786,764	3,574,094
34 Cesaam Operational Expenses	559,654	16,100
35 NAPROCLA Project - Prof Joshua Ogendo	-	1,480,512
36 Inter-university Council for East Africa	-	1,788,000
37 CESAAM Fees Account	-	949,225

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

38	EGU-BOWIE USA EXCH - Prof. Ogendo	7,036,445	2,193,750
39	Rwanda High Commission - Prof George Owuor	-	474,524
40	KCSAP Siaya Apiculture- Mr Stephen Kagio	3,421,654	2,858,885
41	KCSAP Kajiado Shoats- Dr J.O. Ondieki	-	7,000
42	KCSAP Kajiado Red Meat & Dairy VC-Prof. Matofari	-	7,000
43	UNEP Chinama Project - Prof Mulwa	1,545,370	1,345,390
44	KCSAP - Elick Onyango	1,273,934	1,277,262
45	KCSAP - Dr Meshack Obonyo	480,134	688,620
46	KCSAP - Dr. Ngeno Kiplagat	1,017,170	541,178
47	KCSAP - Prof Samuel Mwangi	2,647,236	304,024
48	KCSAP - Prof.Daudi Nyaanga	1,240,751	2,733,646
49	KCSAP - Prof Julius Kipkemboi	1,004,391	759,079
50	KCSAP Camel Milk - Prof. Joseph Matofari	493,000	10,529,083
51	KCSAP Dr. Maureen Cheserek	315,000	1,275,500
52	KCSAP Indigenous chicke - Prof. Charles Muleke	704,376	5,024,230
53	KCSAP pigeon pea proj- Prof Paul Kimarito	699,118	621,916
54	KCSAP - Prof A. Kibe	2,443,425	1,332,536
55	KCSAP - Prof Richard Mulwa	2,363,902	1,475,925
56	Global Scope Project - Dr Arnold Opiyo	-	1,535,778
57	COUNTY KCSAP - Prof James Tuitoek	3,059,500	2,634,100
58	KCSAP Finger Millet Project - Prof Paul Kimarito	2,106,988	1,090,146
59	KCSAP FP02-5/1 KAJIADO - Stephene Kagio	533,750	122,100
60	KCSAP ACQUA-CULTURE - Dr. Kiplangat Ng'eno	1,592,576	725,295
61	KCSAP FLAVOURS IN TILAPIA DR Ong'ondu	27,097	544,321
62	LASER PROJECT - Joseph Mwangi	2,092,200	3,495,198
63	MARSABIT FISH V.C. - DR. STEVE OMONDI	-	-
64	POULTRY VALUE CHAIN- DR. JAMES ONDIEK	-	1,789,318
65	NARIGP APICULRURE - STEPHENE KAGIO	389,664	356,700
66	BHEARD Project Dr Opiyo	2,152,535	2,181,584
67	NARIGP DAIRY VALUE CHAIN VIHIGA	3,285,500	320,000
68	NARIGP LOCAL VEGETABLE VALUE CHAIN VIHIGA	2,017,165	206,000
69	Bank Charges , Interest & Comm.-R&E	41,470	34,232
70	INCITIS -MSC/PHD STUDENTS SUPPORT	156,000	
71	INCITIS-ADMINISTRATIVE SALARIES	252,000	
72	INCITIS-SCIENTIST ALLOWANCE	752,710	
73	INCITIS-WORKS,SERVICES & CONSUMABLES	20,000	
74	INCITIS-TRAVEL & SUBSISTENCE	285,360	
75	International Finance Corporation - Prof. Owuor	6,134,185	991,780
		<b>104,866,303</b>	<b>125,565,839</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 21 :- MCF TAGDEV Expenses</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Project Coordinator at Egerton University	5,450,370	5,862,465
2 Project Assistant at Egerton University	3,114,868	3,125,911
3 English language teacher at Egerton University	-	571,283
4 Faculty release time at Egerton University	3,014,506	3,594,284
5 Interview Students	-	357,706
6 Expense - Orientation	-	236,652
7 Facilitation of linkages with industry and entrepr	-	1,250,751
8 Dissemination of curricula to the wider University	105,147	-
9 University meetings to disseminate project lessons	349,724	264,735
10 Monthly Seminars at the universities	292,798	295,148
11 University admission support	-	284,565
12 Internships	15,598,318	4,342,825
13 Business incubation training	6,584,532	2,469,567
14 University fees for undergraduate students	583,537	9,953,375
15 University fees for postgraduate students	1,176,364	16,964,656
16 Service Fees for Undergraduate students	12,891,925	6,581,976
17 Service Fees for Postgraduate students	18,187,627	16,992,170
18 Student Welfare Costs	61,349,405	60,099,336
19 Expense - other	107,734	115,055
20 Program Delivery Fee	1,211,112	333,441
21 MCF Potato Seed Other Costs	30,423	1,648,359
22 MCF Cassava CARP+ - Prof M.S.Mulwa	514,113	2,027,057
	<b>130,562,502</b>	<b>137,371,317</b>
<b>Note 22 :- Tegemeo Institute Expenses</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 PAM/KMDP Expenses	483,780	5,657,406
2 TAPRA I Expenses	281	268
3 Dollar A/c Expenses	30,112	383
4 RFCCP Expenses	1,078	1,067
5 World Bank Expenses	-	916,066
6 KBSP Expenses	450,625	62,737
7 TAPRA II Expenses	4,294,678	7,105,476
8 MLE Expenses	187	185
9 ISSD Expenses	2,820,000	-
10 ELLA Expenses	-	13,433
11 TAMPA II Expenses	113,979	129,963
12 ReNAPRI Expenses	6,119,573	33,792
13 FAO/CPE Expenses	-	8,220
14 WFP Expenses	7,328,237	-
15 ODI Expenses	-	9,343

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

16	AFA Expenses	-	2,735,060
17	AAIF Expenses	-	2,400
18	IFPRI Expenses	3,278,082	-
19	KEPHIS Expenses	-	1,558,805
20	BFAP Expenses	8,070,527	241,710
21	KCSAP Expenses	-	35,261,426
22	RTI Expenses	7,893,807	14,177,014
23	EXETER Expenses	-	2,730,545
24	APRA Expenses	-	938,006
25	KDB Expenses	6,963,547	-
26	NARIGP Expenses	21,345,168	284,088
27	GIZ Expenses	908,218	553,006
28	Lincoln Expenses	-	78,950
29	GIZ Expenses	-	1,241,343
30	F4APK Expenses	-	3,313,945
31	ALLIN 1 Expenses	21,625,977	7,938,866
32	PIATA MATHEMAT Expenses	1,511,402	192,850
33	PEDL Expenses	27,224,533	26,730,561
34	SARA-KE Expenses	12,914,974	10,943,078
35	ALLIN 2 Expenses	15,715,202	1,147,050
36	LSSF Expenses	29,937,706	4,765,525
37	Expense - OXYGEN MARKETING	240,000	-
38	Expense - DIME PROJECT	9,386,360	-
39	Expense - KCSAP ENDLINE PROJECT	2,698,590	-
40	Expense - ALCORN PROJECT	250,000	-
		<b>191,606,624</b>	<b>128,772,567</b>

<b>Note 23: - IGU Expenses</b>			
		<b>2022-2023</b>	<b>2021-2022</b>
	<b>Particulars</b>	<b>Kshs.</b>	<b>Kshs.</b>
1	Kenyatta Campus	136,600	1,044,050
2	Catering Department Expenses	18,952,825	30,861,130
3	Accomodation (Halls ) Expenses	36,338,677	33,819,461
4	Natural Resources	119,007	125,230
5	Dairy Expenses	1,496,807	2,486,652
6	Medical Department Expenses	5,535,543	7,314,107
7	Kenyatta & Estate IGU Expenses	1,365,566	6,105
8	IGUs Directorate	-	28,790
9	Funeral Home Expenses	1,233,170	213,113
10	Univeristy Press Expenses	11,611,592	8,377,534
11	Dairy Milk	238,275	38,500
12	Bookshop	169,978	28,785
13	TAP Expenses	3,136,505	4,698,150
14	Knitting & Tailoring Expenses	372,585	212,890
15	IGUs -Overhead Accounts	871,333	402,018
		<b>81,578,462</b>	<b>89,656,514</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 24: - Depreciation Expenses</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
1 Buildings-Egerton Buildings	99,150,690	99,150,690
2 Plant & Machinery-Dairy Institute machinery	3,094,124	3,319,024
3 Furniture	2,070,969	3,658,921
4 Equipments	7,558,209	8,164,182
5 Library Books	1,144,151	2,321,452
6 Motor Vehicles	2,122,250	2,122,250
7 Computers & Software	2,329,513	2,606,470
	<b>117,469,906</b>	<b>121,342,989</b>
<b>Note 25:- Other (Gains)/Losses</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
1 Gain (Loss) on Revaluation Investment-Shares	(148,799)	-
2 Bad Debts w/off- (Increase)Decrease in Provision	(546,048)	266,275
3 Gain (Loss) on FOREX	23,768,178	(411,570)
4 Gain/(Loss) on biological Assets	(8,436,136)	(5,028,300)
5 Gain/(Loss) on Disposal Of Assets	-	4,227,965
	<b>14,637,194</b>	<b>(945,630)</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 26 (a) :- Cash in Hand and in Bank</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
<b>Bank balances</b>		
1 Njoro Main Campus - Bank Balances	183,232,169	172,422,199
2 Nairobi City Campus - Bank Balances	1,264,859	83,852
3 IGUs - Bank Balances	39,701,447	16,896,434
4 Research & Extension Bank Balances	432,930,047	344,584,442
5 Nakuru Town Campus College - Bank Balances	25,340,139	14,356,664
6 Ecampus - Bank Balances	4,725,153	441,171
7 Tegemeo Bank Balances	119,200,100	42,404,357
<b>Total Bank Balances</b>	<b>806,393,915</b>	<b>591,189,121</b>
<b>Petty Cash</b>		
1 Njoro Main Campus - Cash In Hand	3,250	56,437
2 Nakuru Town Campus College - Cash in Hand	1,104	10,000
3 Tegemeo - Cash in Hand	-	170
<b>Total Cash In Hand</b>	<b>4,354</b>	<b>66,607</b>
<b>Total Cash in Bank and in Hand</b>	<b>806,398,269</b>	<b>591,255,728</b>
<b>Note 26 (b) :- Contingent Deposits</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
<b>Staff Mortgage Scheme</b>		
1 KCB Bank	50,000,000	50,000,000
2 Bank Guarantee	-	3,000,000
<b>Total Fixed Deposits</b>	<b>50,000,000</b>	<b>53,000,000</b>
<b>Note 26 (c) :- Negative Cashbook Balances</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Njoro Main Campus - Negative Bank Balances	111,851,795	246,002,373
2 Nairobi City Campus - Negative Bank Balances	4,948	1,403,574
3 IGUs - Negative Bank Balances	3,486,116	6,709,779
4 Nakuru Town CC - Negative Bank Balances	550,747	7,485,055
	<b>115,893,607</b>	<b>261,600,780</b>
<b>Total Cash and Cash Equivalents</b>	<b>740,504,662</b>	<b>382,654,948</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**26 (d) Detailed Analysis of Cash and Cash Equivalents**

Financial Institution	Account No	2022-2023	2021-2022
<b>Kshs</b>			
<b>1) Current Account</b>			
<b>a) Barclays Bank of Kenya</b>			
1 EU Fees Account	271291000	(6,662,098)	(6,629,842)
<b>Sub- total</b>		<b>(6,662,098)</b>	<b>(6,629,842)</b>
<b>b) Co-operative Bank of Kenya</b>			
1 EU Main Campus account	1129025576700	6,920,058	(204,712)
2 EU Nakuru Town Campus	1129025576701	3,000,823	2,293,576
3 EU Global Fund	01139025576700	9,077	9,077
4 MCF Tagdev	02128025576700	47,543,112	1,180,845
<b>Sub- total</b>		<b>57,473,070</b>	<b>3,278,786</b>
<b>c) Kenya Commercial Bank</b>			
1 E U Endowment Fund A/C	1108550584	7,104,670	1,858,928
2 E U Press A/C	1101909579	3,732,936	900,216
3 E U Development Account	1101907681	100,730,125	99,736,710
4 Egerton University Paying Account	1101906812	(105,189,697)	(239,167,819)
5 E U Fees Account	1101910895	25,575,588	18,514,661
6 E U House Rent	1108044956	15,134,218	7,569,938
7 E U Fees Collection Account	1108550703	25,427,549	44,561,847
8 E U E- Learning Account	1101893680	4,725,153	441,171
9 Egerton University	1137209542	(550,747)	(7,485,055)
10 Egerton Univ Nkr Town Campus	1101909374	22,339,316	12,063,088
11 E U Nairobi City Fees	1101909781	1,264,859	83,852
12 Egerton University NCC A/C	1137209577	(4,948)	(1,403,574)
13 Egerton University Overhead Account	1101908718	(3,370,666)	(4,998,225)
14 E U Funeral Home Account	1101893796	7,097,923	2,199,417
15 E U Catering Account	1101862920	568,085	(1,439,297)
16 Egerton University Milk Account	1101910429	(115,450)	150,236
17 Egerton Uni Students Accom C Serv	1101862637	24,586,850	12,117,580
18 Egerton University Nutrition Account	1101908904	573,558	562,022
19 Egerton Uni Natural Resources Depar	1101913614	883,363	503,750
20 Egerton Univ. Outz	1101847530	322,154	39,515
21 Egerton Bookshop	1101908033	321,499	(2,626)
22 Egerton University Knit Tailoring	1101891920	1,090,357	423,697
23 Egerton University Tatton Farm	1101910089	524,721	(269,631)
24 AICAD	1101846704	2,617,105	2,623,410
25 EBR Project	1101911786	703,706	710,011
26 DOD Project	1101914025	12,490,658	14,311,200
27 Dryland Farming	1101911964	105,187	111,492
28 Egerton University Economic Dept	1101893370	4,820,241	4,227,266

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Financial Institution	Account No	2022-2023 Kshs.	2021-2022 Kshs.
<b>c) Kenya Commercial Bank</b>			
29 Fingerponds Project	1101893567	5,401,985	8,010,748
30 Gift Shop	1101912499	2,047,258	358,965
31 Egerton Univ Biochemistry Dept	1101854197	442,633	865,392
32 Globalite Project	1101847719	10,089,882	13,972,430
33 Greenhouses Project	1101846437	5,103,115	5,169,220
34 KAPP	1101852763	8,222,408	2,597,062
35 ADSP	1101913886	4,336,264	1,086,685
36 Noragric Project	1101850396	7,986,438	8,841,118
37 Ossrea Project	1101853492	26,977,228	45,548,694
38 Paric Rural Project	1101911336	2,689,989	4,776,052
39 R&E Project	1101907525	35,728,150	38,482,042
40 EU Rosa Project	1101854138	2,282,848	2,611,073
41 Ta Mou	1101848995	2,164,426	273,454
42 EU Cesaam Project	1184060347	54,416,503	81,451,991
43 Training Project	1101913185	3,128,316	3,897,900
44 Versitol	1101911654	5,904,560	6,955,922
45 Ossrea Pos Doc Project	1101859792	4,248,206	4,281,561
46 Ecohive Project	1112022317	55,253,031	25,243,433
47 Limnology Project	1114469297	10,146,669	6,893,503
48 Wetland Ecosystem	1114468789	4,112,586	576,108
49 Ecohealth	1115354132	1,232,390	1,238,695
50 Agra Project	1137209593	6,862,935	3,255,835
51 Confucius Institute	1138143936	8,589,472	5,917,954
52 COELIB Projects	1132129737	8,472,878	11,831,839
53 Pytochem Projects	1132129680	76,016,668	24,862,158
54 Graduation Account	1107933919	2,339,961	180,117
55 EU AGEK Dollar	1141810220	6,197,717	5,038,976
56 AERC Project Account 2	1137209518	6,586,407	7,872,332
<b>Sub- total</b>		<b>520,489,236</b>	<b>290,535,039</b>
<b>d) National Bank of Kenya</b>			
1 Egerton University Tegemeo Institute-NBK USD	0200-3005240200	1,327,077	17,793,714
2 Egerton University Tegemeo Institute-NBK	0100-3005240200	60,444	60,444
3 Egerton University PAM/KMDP -NBK	01003-043688-00	3,535,111	3,018,891
<b>Sub- total</b>		<b>4,922,632</b>	<b>20,873,049</b>
<b>e) NIC Bank</b>			
1 Egerton University A/C Tegemeo TAPRA-NIC	1000237228	150,600	149,009
2 Egerton University-Tegemeo Inst TAPRA II-NIC	1000020334	68,827	1,260,297
3 Egerton University-Tegemeo Institute-NIC	1001783811	100,351	99,291
4 Egerton University-Tegemeo Inst- RFCCP-NIC	1000015411	577,875	571,770
5 Egerton Univ. Tegemeo TAMPA II-NIC	1000235926	1,651,307	1,824,816
6 Egerton Univ-Tegemeo Institute - KBSP-NIC	1000015748	111,728,508	17,626,125
<b>Sub- total</b>		<b>114,277,468</b>	<b>21,531,308</b>
<b>2) Contingent Deposits</b>			
1 Staff Mortgage & Bank Guarantee	1101906812	50,000,000	53,000,000
<b>Sub- total</b>		<b>50,000,000</b>	<b>53,000,000</b>
<b>3) Cash in Hand</b>			
1 Njoro Campus	1101906812	3,250	56,437
2 Tegemeo Institute	1000020334	-	170
3 Nakuru Town Campus	1101909374	1,104	10,000
<b>Sub- total</b>		<b>4,354</b>	<b>66,607</b>
<b>Grand Total</b>		<b>740,504,662</b>	<b>382,654,948</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 27 (a) :- Receivables from Exchange Transaction</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Outstanding Imprest	79,618,574	107,167,608
2 Salary Advance Staff	147,106	117,106
3 Student Debtors	835,152,974	848,321,383
4 General Debtors	6,430,728	8,046,440
5 Internal Debtors	13,825,336	38,377,950
6 Inter-bank Transfers	(2,418,836)	22,835,463
7 Payroll Receivables	48,801	48,801
8 Revenue Receivable	308,161	308,161
9 Deposits E A O Cylinders	61,800	61,800
10 Deposits KPL CO Ltd	812,267	831,001
11 Rent Deposits	9,396,858	9,396,858
12 Deposits NAWASCO-NICC	50,200	50,200
	<b>943,433,968</b>	<b>1,035,562,770</b>
<b>Note 27 (b) :- Provisions for Bad Debts</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Provisions Main Campus	22,667,647	22,438,066
2 Provisions Nairobi City Campus	4,894,131	4,946,095
3 Provisions IGUs	20,941	20,941
4 Provisions Nakuru Town Campus	6,364,598	6,312,058
5 Provisions Baringo Campus	194,211	69,710
6 Provisions Ecampus	711,894	520,504
	<b>34,853,422</b>	<b>34,307,374</b>
<b>Net Receivables from Exchange Transaction</b>	<b>908,580,546</b>	<b>1,001,255,396</b>
<b>Total Receivables</b>	<b>908,580,546</b>	<b>1,001,255,396</b>
<b>Note 28 :- Inventories</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Inventories-Stocks Central & Substores	7,714,525	5,477,987
2 Inventories-Stocks Stationery	4,382,786	5,033,650
3 Inventories-Stocks Cleaning Materials	699,602	43,785
4 Inventories-Stocks Consumables	22,528,854	17,142,367
5 Inventories-Shop stock-Gift Shop	2,774,550	2,774,550
	<b>38,100,317</b>	<b>30,474,339</b>
<b>Note 29:- Agricultural Assets</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Livestock-Livestock TAP-IGU	9,313,315	16,921,000
2 Livestock-Livestock Kenyatta Campus-IGU	280,664	1,144,000
3 Chemeron Field Station	2,346,700	2,036,500
4 Biological Assets-Crops-Crops,Horticulture and Soil S	404,650	786,925
5 Biological Assets-Crops-Main	223,720	198,060
	<b>12,650,349</b>	<b>21,086,485</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Note 30: Non Current Assets  
 Note 30 (a) : - Property, Plant & Equipment

Particulars	Land	Buildings	W.L.P	Dairy Equipments/Plant/ Tractors	Furniture, Fittings	Other Equipments	Library Books	Motor Vehicles	Computer and Appliances	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Cost or Valuation</b>										
As at 01/07/2021	1,186,094,800	3,966,029,614	904,434,993	78,289,623	174,681,236	598,958,043	171,141,899	199,891,979	406,427,254	7,685,859,441
Additions During the year			8,233,920	3,500,000	564,093	3,199,541	158,412	-	3,863,450	19,519,416
Disposal During the year				1,138,705				4,749,998		5,888,703
As at 30/06/2022	1,186,094,800	3,966,029,614	912,668,913	80,650,918	175,245,329	602,157,584	171,300,312	195,051,981	410,290,704	7,699,490,154
Additions During the year			61,282,967			878,090	(0)		2,047,050	64,208,107
As at 30/06/2023	1,186,094,800	3,966,029,614	973,951,881	80,650,918	175,245,329	603,035,674	171,300,312	195,051,981	412,337,754	7,763,698,261
<b>Depreciation</b>										
As at 01/07/2021	-	915,244,302	-	65,688,230	169,105,521	575,601,792	167,439,118	195,557,479	404,672,755	2,493,309,197
Charge for the year		99,150,690		3,319,024	3,658,921	8,164,162	2,321,452	2,122,250	2,606,470	121,342,989
Acc Depr on Disposals				1,138,705				4,749,998		5,888,703
As at 30/06/2022	-	1,014,394,992	-	67,868,548	172,764,442	583,765,975	169,760,570	192,929,731	407,279,225	2,608,763,483
Charge for the year		99,150,690		3,094,124	2,070,968,61	7,858,209	1,144,151	2,122,250	2,339,513	117,469,906
As at 30/06/2023	-	1,113,545,683		70,962,672	174,835,411	591,324,184	170,904,722	195,051,981	409,608,738	2,726,233,399
NBV-30 June 2023	1,186,094,800	2,852,483,931	973,951,881	9,688,247	409,918	11,711,490	395,590	(0)	2,729,015	5,037,464,872
NBV-30 June 2022	1,186,094,800	2,951,634,622	912,668,913	12,782,370	2,480,886	18,391,699	1,539,742	2,122,250	3,011,479	5,090,726,671

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 30 (b) - Work-In-Progress</b>			
<b>Particulars</b>	<b>2022-2023</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Additions</b>	<b>Kshs.</b>
1 Construction of Admin. Building	20,096,000	-	20,096,000
2 Construction Of Science Complex	-	(1,004,122)	1,004,122
3 Construction Of Agronomy & Horticulture	177,377,480	-	177,377,480
4 Construction of ICT Infrastructure	88,549,982	-	88,549,982
5 Faculty Of Law-NTCC	123,916,482	-	123,916,482
6 NTCC Teaching Complex	110,105,947	-	110,105,947
7 Renovation Of Buildings-Njoro	480,082	-	480,082
8 Faculty of Veterinary Medicine	1,650,000	-	1,650,000
9 Zoning of the University	1,919,286	-	1,919,286
10 University Library	429,953,128	42,383,596	387,569,532
11 WIP-KOKEB Buildings Renovation	19,903,494	19,903,494	-
<b>Total</b>	<b>973,951,880</b>	<b>61,282,967</b>	<b>912,668,913</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 31:- Investments</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Kenya Airways- Ordinary Shares- 13117	52,153	200,952
2 Investment in E.U. Investment Company	149,918,907	149,918,907
	<b>149,971,060</b>	<b>150,119,859</b>
<b>Note 32 (a) :- Trade and Other Payables</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Payroll Payables	7,078,121,090	6,105,227,546
2 Trade Creditors	343,952,098	326,223,364
3 Payable Clearing A/C	21,255,978	52,141,621
4 Internal Creditors-N	22,105,942	24,193,616
5 Taxes- Withholding Tax Payable	17,508,376	14,359,520
6 Taxes- Value Added Tax (VAT) Payable	30,638,435	29,845,300
7 Students Caution Money	108,082,680	99,632,680
8 Students Union Fees	8,436,783	2,815,283
9 Contractors' Retention Mo	129,225	-
10 CDF Clearing a/c	10,033,539	9,160,522
11 HELB Clearing a/c	17,815,485	12,757,555
12 Other Sponsors Clearing a	24,876,355	21,957,944
13 Alumni Fees-Main	23,120,530	24,740,530
14 Unidentified Bank Deposits - Main	17,687,487	17,328,707
15 CUE Charges	40,974,185	39,560,585
16 KUCCPS Charges	14,099,500	14,839,000
17 NTCC Teaching Complex Consultancy Fees	110,105,947	110,105,947
18 Due to KCB	2,866,921	4,140,948
19 Rent Deposit-Tegemeo	777,153	777,153
20 University Library Consultancy Fees	-	73,876,330
21 Casual Wages	6,950,944	2,417,789
22 Unclaimed Staff Imprests	4,872,816	2,713,032
23 Debtors Prepayments	359,017,484	351,670,865
	<b>8,263,428,954</b>	<b>7,340,485,835</b>
<b>Note 32 (b) :- Accruals and Provisions</b>		
<b>Particulars</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>
1 Accruals Njoro Main Campus	312,215,510	279,252,886
2 Accruals Nairobi City Campus	83,315,819	82,048,377
3 Accruals Nakuru Town Campus	253,052,132	246,616,952
4 Accruals ECampus	1,464,000	1,464,000
	<b>650,047,461</b>	<b>609,382,215</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Note 32 (c) :- Deferred Income</b>			
<b>Particulars</b>		<b>2022-2023</b>	<b>2021-2022</b>
		<b>Kshs.</b>	<b>Kshs.</b>
1 AICAD Deferred Incomes R&E		2,617,105	2,623,410
2 EBR Project Deferred Incomes R&E		663,724	670,029
3 Dryland Farming Deferred Incomes R&E		248,592	227,219
4 Economic Dept Deferred Incomes R&E		4,600,241	4,127,266
5 Fingerponds Project Deferred Incomes R&E		944,281	4,810,775
6 Biochemistry Dept Deferred Incomes R&E		442,633	865,392
7 Globalite Project Deferred Incomes R&E		10,707,175	14,917,723
8 Greenhouses Project Deferred Incomes R&E		5,083,115	5,149,220
9 KAPP Deferred Incomes R&E		16,359,931	12,240,018
10 ADSP Deferred Incomes R&E		4,952,818	1,114,185
11 Noragric Project Deferred Incomes R&E		8,772,792	9,947,893
12 OSSREA Project Deferred Incomes R&E		31,115,814	56,261,974
13 Partic Rural Project Deferred Incomes R&E		3,472,516	5,517,133
14 ROSA Project Deferred Incomes R&E		2,913,095	2,597,200
15 TA MOU Deferred Incomes R&E		1,940,972	-
16 CESAAM ACE 2 Deferred Incomes R&E		63,693,254	96,166,429
17 Versital Project Deferred Incomes R&E		6,428,965	7,191,237
18 OSSREA POS DOC Deferred Incomes R&E		4,413,313	4,512,898
19 Ecolive Project Deferred Incomes R&E		3,995,016	443
20 Limnology Project Deferred Incomes R&E		11,989,739	6,893,503
21 Wetland Ecosystem Deferred Incomes R&E		8,426,957	2,928,979
22 Ecohealth Deferred Incomes R&E		1,232,390	1,238,695
23 Confucius Institute Deferred Incomes R&E		11,840,816	8,028,298
24 US Dollar A/C Deferred Incomes R&E		1,649,170	8,423,064
25 EURO A/C Deferred Incomes R&E		56,276,711	14,689,068
26 MCF TAGDEV Deferred Incomes R&E		20,563,610	2,869,799
27 AGEK Dollar A/C Deferred Incomes R&E		3,782,002	3,846,941
28 AERC Project 2 Deferred Incomes R&E		9,583,907	10,869,832
29 PAM KMDP Deferred Incomes Tegemeo		378,714	997,498
30 Payables- Deferred Incomes Tegemeo ISSD		3,012,618	-
31 3ie Deferred Incomes Tegemeo		350,694	801,320
32 RENAPRI Deferred Incomes Tegemeo		6,637,445	-
33 WFP Deferred Incomes Tegemeo		4,901,208	-
34 AFA Deferred Incomes Tegemeo		399,009	399,009
35 IFPRI Deferred Incomes Tegemeo		-	-
36 BFAP Deferred Incomes Tegemeo		3,242,722	5,479,254
37 RTI Deferred Incomes Tegemeo		5,228,395	9,550,616
38 EXETER Deferred Incomes Tegemeo		299,339	299,339
39 KDB Deferred Income - Tegemeo		93,875	1,254,281
40 NARIGP Deferred Income - Tegemeo		9,840,588	22,783,529
41 GIZ Deferred Income - Tegemeo		241,360	-
42 IDS Deferred Incomes-Tegemeo		722,556	722,556
43 PAMEFA Deferred Incomes Tegemeo		908,476	-
44 ALLIN 1- Deferred Incomes Tegemeo		23,591,678	-
45 F4APK PROJECT		3,668,492	3,668,492
46 PIATA/MATHEMATICA- Deferred Incomes-Tegemeo		8,437,961	4,851,650
47 PEDL Deferred Income - Tegemeo		21,342,233	-
48 SARA-KE- Deferred Incomes Tegemeo		12,606,037	9,603,569
49 NRAPSC Deferred Incomes Tegemeo		1,779,000	-
50 ALLIN 1- Deferred Incomes Tegemeo		4,869,853	-
51 LSSF- Deferred Incomes Tegemeo		-	9,497,430
52 Deferred Incomes Tegemeo OXYGEN MARKETIN		923,977	-
53 Deferred Incomes Tegemeo DIME PROJECT		6,948,475	-
54 Deferred Incomes Tegemeo KCSAP ENDLINE		15,752,068	-
55 Deferred Incomes Tegemeo TE08		226,209	-
		<b>435,113,632</b>	<b>358,637,165</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

Note 32 (d):- Deferred Income Movement					
No.	International funders	Balance brought forward (June 30, 2022)	Additions	Transfers to income statement	Balance carried forward (June 30, 2023)
1	AICAD Deferred Incomes R&E	2,623,410	-	6,305	2,617,105
2	EBR Project Deferred Incomes R&E	670,029	-	6,305	663,724
3	Dryland Farming Deferred Incomes R&E	227,219	27,678	6,305	248,592
4	Economic Dept Deferred Incomes R&E	4,127,266	479,080	6,105	4,600,241
5	Fingerponds Project Deferred Incomes R&E	4,810,775	18,737,002	22,603,495	944,281
6	Biochemistry Dept Deferred Incomes R&E	865,392	-	422,759	442,633
7	Globalite Project Deferred Incomes R&E	14,917,723	6,122,102	10,332,649	10,707,175
8	Greenhouses Project Deferred Incomes R&E	5,149,220	-	66,105	5,083,115
9	KAPP Deferred Incomes R&E	12,240,018	26,878,280	22,758,368	16,359,931
10	ADSP Deferred Incomes R&E	1,114,185	7,007,089	3,168,457	4,952,818
11	Noragric Project Deferred Incomes R&E	9,947,893	6,180,891	7,355,992	8,772,792
12	OSSREA Project Deferred Incomes R&E	56,261,974	1,380,000	26,526,161	31,115,814
13	Partic Rural Project Deferred Incomes R&E	5,517,133	8,340,107	10,384,724	3,472,516
14	ROSA Project Deferred Incomes R&E	2,597,200	5,178,193	4,862,298	2,913,095
15	TA MOU Deferred Incomes R&E	-	39,784,487	37,843,515	1,940,972
16	CESAAM ACE 2 Deferred Incomes R&E	96,166,429	72,828,381	105,301,556	63,693,254
17	Versitol Project Deferred Incomes R&E	7,191,237	1,038,134	1,800,405	6,428,965
18	OSSREA POS DOC Deferred Incomes R&E	4,512,898	1,820	101,405	4,413,313
19	Ecolive Project Deferred Incomes R&E	443	5,899,225	1,904,653	3,995,016
20	Limnology Project Deferred Incomes R&E	6,893,503	10,737,404	5,641,167	11,989,739
21	Wetland Ecosystem Deferred Incomes R&E	2,928,979	12,194,235	6,696,257	8,426,957
22	Ecohealth Deferred Incomes R&E	1,238,895	-	6,305	1,232,390
23	Confucius Institute Deferred Incomes R&E	8,028,298	7,816,690	4,004,172	11,840,816
24	COELIB Projects Deferred Incomes R&E	8,423,064	62,794,178	69,563,072	1,649,170
25	Pytochem Projects Deferred Incomes R&E	14,689,068	114,164,012	72,576,369	56,276,711
26	MCF TAGDEV Deferred Incomes R&E	2,869,799	148,256,313	130,562,502	20,563,610
27	AGEC Dollar A, C Deferred Incomes R&E	3,846,941	1,383,324	1,448,263	3,782,002
28	AERC Project 2 Deferred Incomes R&E	10,869,832	3,849,010	5,134,935	9,583,907
29	PAM KMDP Deferred Incomes Tegemeo	997,498	-	618,784	378,714
30	3ie Deferred Incomes Tegemeo	801,320	-	450,625	350,694
31	Deferred Incomes Tegemeo AFA	399,009	-	-	399,009
32	BFAP Deferred Incomes Tegemeo	5,479,254	4,883,995	7,120,527	3,242,722
33	KCSAP Deferred Incomes Tegemeo	-	18,450,658	2,698,590	15,752,068
34	RTI Deferred Incomes Tegemeo	9,550,616	3,571,586	7,893,807	5,228,395
35	Deferred Incomes Tegemeo ENETER	299,339	-	-	299,339
36	Deferred Incomes Tegemeo KDB	1,254,281	4,353,140	5,513,547	93,875
37	Deferred Incomes Tegemeo NARIGP	22,783,529	8,875,011	21,817,952	9,840,588
38	Deferred Incomes Tegemeo IDS	722,556	-	-	722,556
39	Deferred Incomes Tegemeo F4APK PROJECT	3,668,492	-	-	3,668,492
40	Deferred Incomes Tegemeo PIATA/MATHEM	4,851,650	5,097,713	1,511,402	8,437,961
41	Deferred Incomes Tegemeo SARA-KE	9,603,569	15,917,442	12,914,974	12,606,037
42	Deferred Incomes Tegemeo LSSF	9,497,430	17,842,772	27,340,202	-
43	Deferred Incomes Tegemeo IFPRI	-	2,781,816	2,781,816	-
44	Deferred Incomes Tegemeo WFP	-	12,229,445	7,328,237	4,901,208
45	Deferred Incomes Tegemeo RENAPRI	-	12,757,018	8,119,573	6,637,445
46	Deferred Incomes Tegemeo GIZ	-	1,149,578	908,218	241,360
47	Deferred Incomes Tegemeo ALLIN 1	-	45,217,655	21,625,977	23,591,678
48	Deferred Incomes Tegemeo PEDL	-	32,620,609	11,278,376	21,342,233
49	Deferred Incomes Tegemeo ALLIN 2	-	37,774,207	32,904,353	4,869,853
50	Deferred Incomes - OXYGEN MARKETING	-	1,163,977	240,000	923,977
51	Deferred Incomes Tegemeo DIME PROJECT	-	16,334,835	9,386,360	6,948,475
52	Deferred Incomes Tegemeo ISSD	-	3,012,618	-	3,012,618
53	Deferred Incomes Tegemeo PAMEFA	-	908,476	-	908,476
54	Deferred Incomes Tegemeo NRAPSC	-	1,779,000	-	1,779,000
55	Deferred Incomes-TE08	-	226,209	-	226,209
	<b>TOTAL</b>	<b>358,637,165</b>	<b>808,025,392</b>	<b>731,548,925</b>	<b>435,113,632</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 33. CASH GENERATED FROM OPERATIONS

Particulars	Notes	2022-2023 Kshs.	Audited 2021-2022 Kshs.
<b>Operating Activities</b>			
Deficit for the year		(706,583,686)	(1,527,902,227)
<b>Adjustments for</b>			
Depreciation	24	117,469,906	121,342,989
Movement in Provisions for the year	32 (b)	40,665,247	74,163,574
Movement in Deffered Income for the year	32 (c)	76,476,467	14,617,804
Prior year adjustments		(122,547,037)	(1,606,224,206)
(Profit)/Loss on disposal of Assets	25	-	(4,227,965)
(Gain)/Loss on Revaluation of Shares	25	148,799	
		<b>(594,370,304)</b>	<b>(2,928,230,032)</b>
<b>Changes in Working Capital</b>			
(Increase)/Decrease in Biological Assets	29	8,436,136	5,028,300
(Increase)/Decrease in Receivables	27 (a)	92,674,850	(14,085,923)
(Increase)/Decrease in Inventories	28	(7,625,978)	(74,754)
Increase/(Decrease) in Payables	32 (a)	922,943,119	3,281,082,282
		<b>1,016,428,126</b>	<b>3,271,949,905</b>
<b>Cash Generated from Operations</b>		<b>422,057,822</b>	<b>343,719,874</b>

### 34. RELATED PARTY BALANCES

#### Nature of related party relationships

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

#### Government of Kenya

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 34. RELATED PARTY BALANCES (Continued)

Other related parties include:

- i) The National Government;
- ii) The Ministry of Education;
- iii) The University Council;
- iv) Key Management
- v) Egerton University Investment Company

	2022/2023	2021/2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government (Ministry of Education)</b>		
Recurrent Grants	2,228,358,479	2,098,946,927
Development Grants	-	39,030,444
<b>Total</b>	<b>2,228,358,479</b>	<b>2,137,977,371</b>
<b>b) Key management compensation</b>		
Councils' emoluments	18,386,723	15,532,485
Compensation to key management	41,908,001	40,956,344
<b>Total</b>	<b>60,294,724</b>	<b>56,488,830</b>

### 35. CONTINGENT LIABILITIES

There were no contingent liabilities to be reported during the year

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **36. EVENTS AFTER THE REPORTING PERIOD**

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

### **37. ULTIMATE AND HOLDING ENTITY**

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

### **38. MATERIAL BUDGET VARIANCES**

#### **i. Income Variances**

- Research incomes reported positive inflows than had been anticipated except Tegemeo institute.

#### **ii. Expenditures Variances**

The actual expenditure for the year exceeded the budget. This is due to the fact that the university operated on a budget in which staff costs was budgeted only at 66%. In reality however, the total (100%) of the cost has been reported in the financial statements under the accruals basis even though part of it remains unpaid.

### **39. CURRENCY**

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

Egerton University Annual Report and Financial Statements for the year ended 30th June 2023

Ref No.	Issue / Observations from Auditor	Management comments	Status	Time frame
9	Long Outstanding Imprest	The University recovers the defaulted amounts plus the interests from defaulting staffs as provided by the PFM Act, 2015 and Egerton University Financial rules and regulations 2021 . Imprests falls due for surrender 7 days after completion of the activities or return from a journey, however Research imprests are allowed to be outstanding up to 3 Months and further 3 months requires approval, this is due to the nature of the research activities. Some of the long outstanding imprests could not be recovered from the payroll as the respective staffs have exited the university. The management has made efforts to recover from those who have exited by writing demand letters where their address/contacts are known.	Not Resolved	FY 2023/2024
10	Long Outstanding Student Debtors	The management formed the student debtors committee whose terms of reference is to analyze the debt outstanding and recommend actions to the University management Board and the University council which debts are collectable and the ones that need to be written off. Further the management has enhanced internal controls through the use of Academic Records Management System (ARMS). By enforcing use of ARMS the accumulation of students' debts moving forward has been controlled since only those students that have cleared fees are allowed to sit for examinations.	Not Resolved	FY 2023/2024
11	Unsupported Prior Year Adjustment	The prior year adjustment related to the interests and penalties charged for unremitted EU sacco loans, staff Pension and PAYE amounting to Kshs 1,606,224,206. This was disclosed in the financial statement on page 50 and explained on management discussion and analysis on page 32 on the financial report.	Resolved	FY 2023/2024

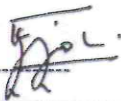



*Egerton University Annual Report and Financial Statements for the year ended 30th June 2023*

Ref No.	Issue / Observations from Auditor	Management comments	Status	Time frame
12	Unauthorized Bank Overdraft	We agree with the auditor's observation on the negative cashbook balances, and the management has put in place measures to ensure that cheques are only written when funds are available in the bank. Further the university has not overdrawn its bank accounts and has adhered to the approved overdraft of ksh 100,000,000. The Kenya Commercial Bank account number 1101906812 was overdrawn by K.sh 37,090,322 which is within the approved limit.	Resolved	FY 2023/2024
13	Unremitted staff deductions	The management agrees with the auditors' observation that some statutory deductions were not remitted as required due to the financial challenges that the university is facing	Not Resolved	FY 2023/2024
14	Stalled Projects	It is true that the university has stalled projects as observed by the auditors. The management has been over the years requesting the government to provide funds to complete these stalled projects in vain.	Not Resolved	FY 2023/2024
15	Computer Maintenance	Included in the computer maintenance expenditure is K.sh 3,849,600 for purchase of antivirus which was an authorized expenditure budgeted under ICT infrastructure that falls under capital development expenses. This expenditure is of recurrent in nature and was transferred to computer maintenance in administrative and central services category while reporting without transferring the related budgeted amounts thus appearing as an over expenditure which is not the case,	Resolved	FY 2023/2024



**Prof. Isaac O. Kibwage, PhD, HSC**  
**Vice Chancellor**  
**Date: 26<sup>th</sup> September 2023**

**Appendix 2: INTER-ENTITY TRANSFERS**

<b>ENTITY NAME: EGERTON UNIVERSITY</b>			
<b>Note 6 c. Break down of Transfers from the State Department of Education, Ministry of Education</b>			
<b>FY 2022/2023</b>			
<b>6a. Recurrent Grants</b>			
	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
	3-Aug-2022	185,696,540	2022/2023
	8-Sep-2022	185,696,540	2022/2023
	3-Oct-2022	185,696,539	2022/2023
	10-Nov-2022	185,696,540	2022/2023
	9-Dec-2022	185,696,540	2022/2023
	30-Dec-2022	185,696,540	2022/2023
	3-Feb-2023	185,696,540	2022/2023
	17-Mar-2023	185,696,540	2022/2023
	14-Apr-2023	185,696,540	2022/2023
	5-May-2023	185,696,540	2022/2023
	12-Jun-2023	185,696,540	2022/2023
	27-Jun-2023	185,696,540	2022/2023
	<b>Total</b>	<b>2,228,358,479</b>	
<b>b. Development Grants</b>			
	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
	<b>Total</b>	<b>-</b>	
<b>c. Donor Receipts</b>			
	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
	28-Apr-2023	28,327,453.80	2022/2023
	<b>Total</b>	<b>28,327,453.80</b>	
<p>The above amounts have been communicated to and reconciled with the parent Ministry</p> <p><b>Finance Officer</b> Egerton University</p> <p>Sign </p> <p></p> <p><b>Head of Accounting Unit</b> State Department of Education Ministry of Education</p> <p>Sign </p> <p></p>			