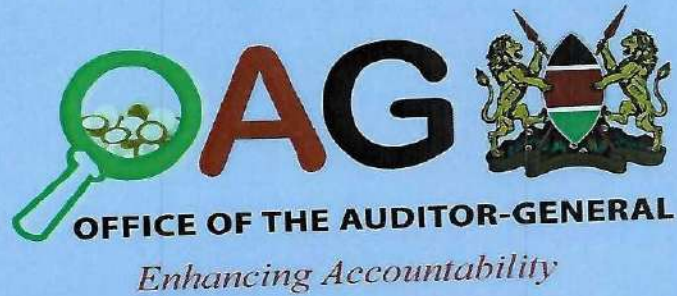


REPUBLIC OF KENYA



REPORT

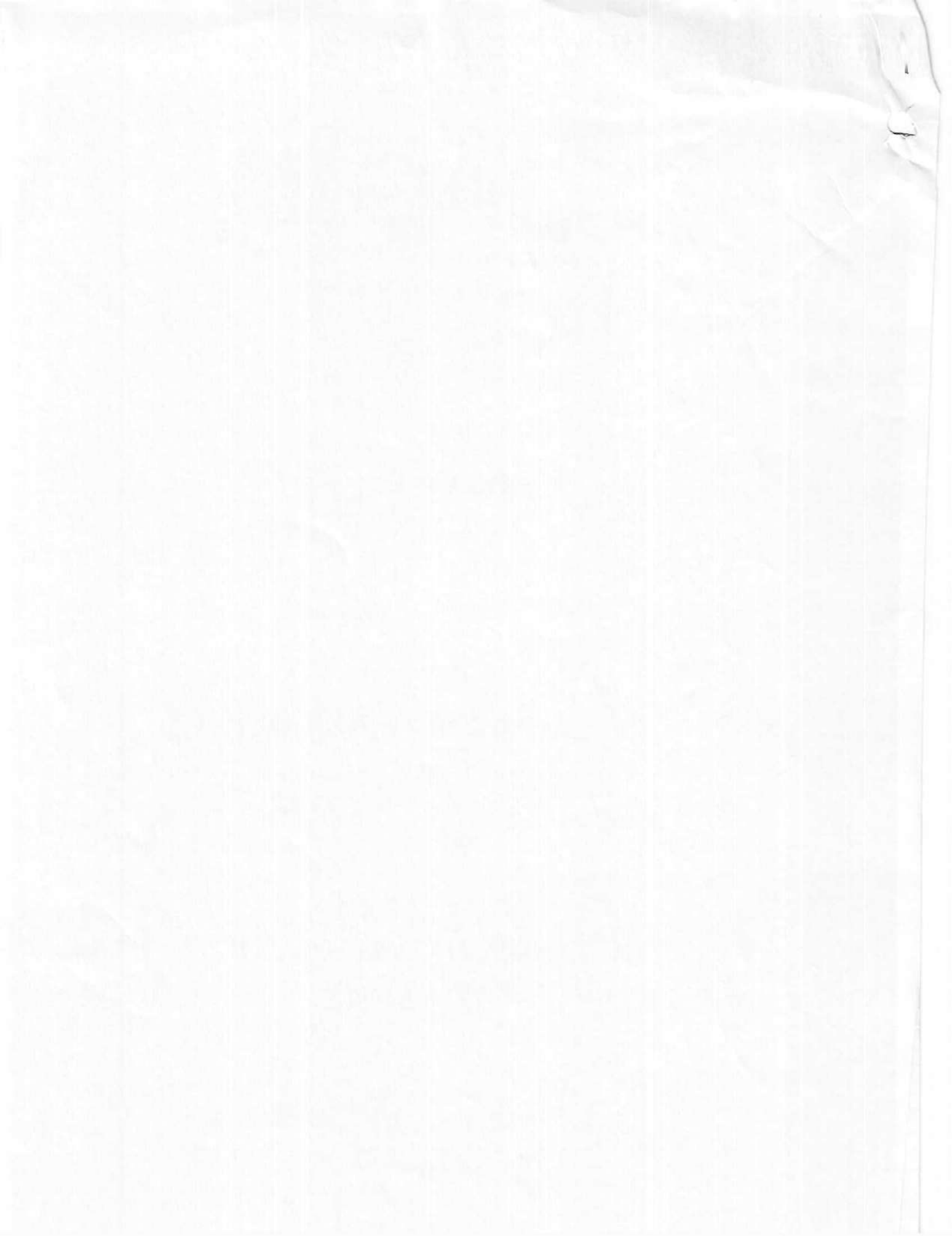
OF

THE AUDITOR-GENERAL

ON

**MURANG'A UNIVERSITY OF
TECHNOLOGY**

**FOR THE YEAR ENDED
30 JUNE, 2021**





MURANG'A UNIVERSITY OF TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

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



MUT IS ISO 9001:2015 CERTIFIED

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VISION

A Leading University in Technological Innovation, Research and Training

MISSION

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

CORE VALUES

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



KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

(b) Principal Activities

The principal activities of the University are derived from the core functions as set out in the Universities Act 2012, amended 2016, and the University Statutes. The mandate of MUT is to provide quality teaching, training, scholarship, entrepreneurship, innovation, and research and consultancy services.

(c) Key Management

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

- University Council
- University Management Board
- Senate

(d) Fiduciary Management

The key Management personnel who held office during the financial year ended 30th June, 2021 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

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

The composition and roles of the above committees are explained under Corporate Governance Statement on pages xiii to xvi.

(f) Headquarters

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

(g) Contacts

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

(h) Bankers

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

(i) Independent Auditors

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



(j) Principal Legal Adviser




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









UNIVERSITY CHANCELLOR AND COUNCIL MEMBERS

The University governing body comprises the Chancellor and the Council. The Chancellor is the titular Head of the University. The University Council was appointed by the Cabinet Secretary for Education vide gazette notice no. 4412 of 10th May, 2019 and 9004 and 9005 of 6th November, 2020 for a term of three years with effect from 26th April, 2019 and 4th November, 2020 respectively.





Name	Key Responsibility, Date of Birth, Key qualifications and Work experience	Period Served
 Prof. Justin Irina, PhD, EBS	University Chancellor Date of birth: 1941 PhD (University of Nairobi - 1971) May 2017 to date: Chancellor, MUT 2013 – 2017: Chairman of Council, Meru University of Science and Technology Vice Chancellor, Moi University Council member, Maseno University Council member, Western University College of Science and Technology (WEUCO) Chairman, Board of Governors of the Coast Institute of Technology CEO, Commission for Higher Education (CHE) Principal, Chepkoilel College Secretary to the Public Universities Inspection Board Chairman, Kenya Plant Health Inspectorate Service (KEPHIS) Chairman, Kenya Chemical Society	Throughout the Year
 Prof. Joachim Osur, MBChB, PhD	Chairman of Council Date of Birth: 21 st June, 1971 PhD in Reproductive Health, Kenyatta University, 2012 MSc Public Health, Kenyatta University, 2005 MBChB. Medicine and Surgery, University of Nairobi, 1998 Director of Regional Offices and field offices at AMREF Health Africa Fellow of the European Committee on Sexual Medicine (FECSM) Renowned public and reproductive health specialist with wide experience in health programming on the African continent.	Up to 30 th July and from 4 th November, 2020

 <p>CPA. Simon Nzivwa Mundu</p>	<p>Council Member</p> <p>Chairperson-Finance, Physical Planning and Development Council Committee from 4th November 2020.</p> <p>Date of Birth: 1967 MBA (Accounting & Finance), The University of Nairobi, 1997 Bachelor of Commerce (Accounting option) Second Class Honours, Upper Division, The University of Nairobi, 1992 Certified Public Accountant of Kenya (CPA (K) Member, Institute of Certified Public Accountants of Kenya (ICPAK)</p>	<p>From 4th November, 2020</p>
 <p>Plan. Peter M. Kibinda</p>	<p>Council Member</p> <p>Chairperson-Audit, Governance and Risk Management Council Committee from 4th November 2020.</p> <p>Date of Birth: 2nd February, 1954 Post Graduate Diploma in Urban Survey and Human Settlements, ITC – Netherlands, 1993 Post Graduate Diploma in Housing, Planning and Building HIS – Netherlands 1983 MA Urban Planning, University of Nairobi, 1981 BA Land Economics, University of Nairobi, 1978 Fellow Kenya Institute of Planners Registered Planner</p>	<p>Up to 30th July and from 4th November, 2020</p>
 <p>Ms. Lucy N. Kaburia</p>	<p>Council Member</p> <p>Date of Birth: 13th December, 1974 MBA Marketing, Strathmore University, 2011 B. Com Marketing, University of Nairobi, 1999</p>	<p>Up to 30th July and from 4th November, 2020</p>

	<p>Council Member</p> <p>Rep. Cabinet Secretary National Treasury and Planning</p> <p>Date of Birth: 1981 Strategic Leadership Development Programme, KSG July-Aug 2019. Master of Arts in (Economics) University of Nairobi, 2011. Bachelor of Science (Statistics) Second Class Honours, Upper Division, Moi University, 2005</p>	<p>Throughout the year</p>
	<p>Council Member</p> <p>Chairperson-Human Resource and General Purposes from 4th November 2020</p> <p>Date of Birth: 3rd February 1956 Cambridge University, UK (Ph.D. in Urban Geography and Planning), 1990 McGill University, Montreal Canada (Visiting Graduate Student), 1983 University of Nairobi (MA in Urban Geography), 1983 University of Nairobi (BA in Education), 1980</p>	<p>Throughout the year</p>
	<p>Chairperson-Finance, Physical Planning and Development Council Committee till 30th July 2020</p> <p>Date of Birth: 1976 MBA Strategic Management, Kenyatta University, 2013 BSc Agriculture, Education & Extension, Egerton University, 2007</p>	<p>Up to 30th July 2020</p>
	<p>Council Member</p> <p>Date of Birth: 29th October 1952 M.Sc. in Management and Implementation of Development Projects, (MIDP), University of Manchester, 1991 Bachelor of Education and Home Economics (B. Ed. Sc. Hons.), University of Nairobi, 1976</p>	<p>Throughout the year</p>

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

MANAGEMENT TEAM

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

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

CHAIRMAN'S STATEMENT

On behalf of the Council, I am delighted to present the Annual Report and Financial Statements of the Murang'a University of Technology for the financial year ended 30th June, 2021.

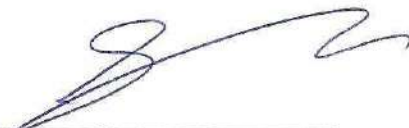
The University is committed to providing quality education to all its students that will equip them with knowledge and skills to succeed in future studies, employment and entrepreneurship. The University is also positioning itself to develop a distinctive profile as a premier University and to growing its enrolment strategically.

During the year under review, the University realized significant achievements, notwithstanding financial and operational challenges due to effects of COVID-19. Notably, among the achievements included holding of the University's fourth graduation ceremony whereupon nine hundred and one graduates were awarded degrees and conferred with diplomas. The University's performance is highly affected by the general performance of the economy and particularly the performance of the Education Sector in Kenya. Being a growing public institution, the University is also highly dependent on Government funding. The financial year under review has been a difficult one, following closure of the education institutions to control the infection of Corona Virus Disease.

Since its establishment, the University has increased the number of academic programmes. Currently, the University has the following Schools: Business and Economics, Pure, Applied and Health Sciences, Computing and Information Technology, Hospitality and Tourism Management, Engineering and Technology and Humanities and Social Sciences. Each School offers a variety of Postgraduate and Undergraduate Degree, Diploma and Certificate programmes. The University has continued to increase the facilities and infrastructure to support its core mandate. Some of the challenges faced by the University include stiff competition from other Universities for self-sponsored students as well as delayed and inadequate Government capitation. Looking forward, there is uncertainty in student enrolment, with continued mushrooming of Technical Training Institutes. Despite these challenges, the University will look at ways to develop more interdisciplinary courses, embedding opportunities for collaboration and enterprise in the curriculum development and assessment, and exploiting new technology in learning, teaching and research.

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

My sincere appreciation is to the Government of Kenya for funding our projects during the financial year. Special thanks also go to my fellow Council Members, the Management Team, Staff, Students and all other stakeholders for their contributions to the many milestones the University has achieved in the period of its existence.



Prof. Joachim Osur, Ph.D.
Council Chairman

REPORT OF THE VICE CHANCELLOR

I have the pleasure to present the Annual Report and Financial Statements of MUT for the year ended 30th June, 2021. The University has advanced well with its core business of teaching, training and research amidst high competition, inadequate Government funding and rising cost of operations. During the year under review, total revenue decreased by Kshs.14.01M (2%) while total expenditure decreased by Kshs.39.33M (5%) resulting in an improvement from a surplus of Kshs.15.31M to a surplus of Kshs.40.62M.

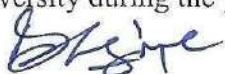
Exchequer recurrent grants during the year were Kshs.522.99M. This was higher than the originally expected grants of Kshs.497.99M. The Ministry of Education allocated an additional Kshs.25.00M to fill the existing University funding gap. The recurrent budget was mainly utilized in funding recurrent expenditure to the extent of Kshs.701.09M and purchase of plant and equipment amounting to Kshs.13.68M.

The approved budget for development grants was Kshs.412.28M. Kshs.238.76M was utilized in funding development projects using previously received funds and from internally generated. The Government funded only Kshs.73.88M being fifty percent of allocated amount, leading to a deficit of Kshs.338.40M. This slowed down the construction of projects during the year. Students' fees grew by Kshs. 11.29M (6%) attributable to increased enrolment of Government sponsored students as compared to the previous year. Other incomes reduced by Kshs.0.86M due to drop in interest on call deposit.

Personnel emoluments went down by 9.87M (2%) owing to non-payment of basic salary arrears after the implementation of the 2017-2021 National CBA due to limited funds. In addition, lecturers were competitively recruited to support the teaching of new academic programmes that were mounted to meet market needs. In order to enhance human resource capacity, the University has continued to identify skills gaps in the existing human resource which are bridged by skills enhancement through trainings and workshops. Also, to enhance skills for the existing staff, tuition fee was waived for staff members who were willing and qualified to undertake Masters or Doctorate degrees in the University. In addition, competitive recruitment and induction of new staff in various posts were carried out during the year. In general, operating expenses dropped during the year due to partial re-opening of the University after Covid-19. The Management also employed tight austerity measures with comprehensive cost management strategies to ensure that the University is able to finance all the budgeted activities without recourse to borrowing amid inadequate Government funding and declining self-sponsored student enrolment. The Management has continued to equip the University with library materials, computers and internet facilities to support learning, teaching and research.

As part of our obligation, the University will continue to share knowledge and research outcomes as widely as possible to inform and inspire the society. The long-term outcome of our mission includes an increased quality of life for our staff and students and to support the aspirations of the youth by demonstrating the value of research, innovation and entrepreneurship. Major achievements recorded in the year included favourable ranking on webometrics at position 11 among universities in Kenya.

Finally, I would like to thank the Government for financial support, the Council for providing strategic guidance, and the staff and students for working meticulously to ensure successful operations of the University during the year. I sincerely thank all of them and look forward to their awesome support.



Prof. Dickson M. Nyariki, Ph.D.
Vice chancellor / Council Secretary

CORPORATE GOVERNANCE STATEMENT

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

The University Corporate Governance role is guided by The Universities Act No.42 of 2012, amended in 2020; Mwongozo Code, 2015; Commission for University Education Universities Standards and Guidelines, 2014; Murang'a University of Technology Charter, and University Statutes, 2016. The University has three separate internal bodies (the Council, the Management Board and the Senate) as required by the Charter, each with clearly defined functions and responsibilities to oversee and manage its activities as follows:

a. The University Council

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

b. Appointment of the Council

The University Council was appointed by the Cabinet Secretary for Education vide gazette notice no. 4412 of 10th May, 2019 and 9004 and 9005 of 6th November, 2020 for a term of three years with effect from 26th April, 2019 and 4th November, 2020 respectively. The Representative from Ministry of Education and the National Treasury were appointed for three years with effect from 10th February, 2020 and 23rd April, 2020.

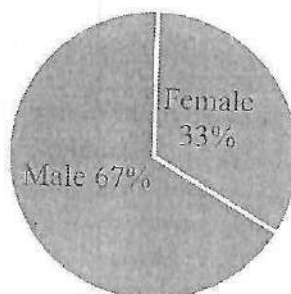
The Council members have a combination of skills and competencies necessary for effective University Governance as required by the Mwongozo Code.

c. Size and Composition of Council

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

In compliance with the Constitution, the Council composition in terms of male and female Council members was 67% and 33% respectively, as illustrated in the figure below.

Council Diversity



d. The Role of the Council

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

e. The Power and Authority of the Council

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

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

f. Council effectiveness

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

g. Council Committee and Meetings

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

1. Finance, Physical Planning and Development Committee

The primary responsibility of the Finance, Physical Planning and Development Committee is to make recommendations to the Council on the University's budget, financial performance, financial position and financial implications. The Committee reviews quarterly and annual financial reports and recommends to the Council ways of raising and utilizing University funds, and the establishment of systems and procedures for efficient financial management.

2. Audit, Governance and Risk Management Committee

The scope of this Committee includes risk management, as well as compliance with the regulatory and legal requirements. The Audit Committee broadly oversees the University's standards of integrity and behaviour, reporting of financial information and internal control systems.

3. Human Resource and General Purposes Committee

The Mandate of the Committee is to propose and review the terms and conditions of staff, career progression structures, performance management scheme, retirement benefit and pension scheme, University statutes, master plan, policies and regulations governing staff and students and

recommends approval to affiliations, linkages, partnership and associations of the University to the Council. The Committee reviews quarterly and annual reports on staff welfare and general University performance and recommends to Council for final direction.

The composition and number of meetings attended by the above committee members during the year were as follows:

	Council Committee	Members	Area of responsibility	No. of meetings attended
1	Council			
	i.	Prof. Joachim Osur	Chairman	7
	ii.	Plan. Peter Mburu Kibinda	Member	7
	iii.	CPA. Simon Nzivwa Mundu	Member from 4 th November 2020	4
	iv.	Ms. Lucy Nkirote Kaburia	Member	7
	v.	Mr. Alfred Ejem	Member till 30 th July 2020	3
	vi.	Prof. Chris Gervase Macoloo	Member	7
	vii.	Mr. Darius Mogaka Ogutu	Rep. Principal Secretary State Department for University Education and Research	7
	viii.	Ms. Mary Ndiga Kibuka	Member	7
	ix.	Ms. Naomi Wanjiru Matheri	Rep. Cabinet Secretary National Treasury and Planning	7
	x.	Prof. Dickson Nyariki	Secretary to the Council	7
2	Finance, Physical Planning and Development			
	i.	Mr. Alfred Ejem	Chairperson until 30 th July 2020	2
	ii.	CPA. Simon Nzivwa Mundu	Chairperson from 4 th November, 2020	3
	iii.	Plan. Peter Mburu Kibinda	Member until 27 th November 2020	3
	iv.	Ms. Mary Ndiga Kibuka	Member	5
	v.	Prof. Chris Gervase Macoloo	Member from 27 th November 2020	2
	vi.	Mr. Darius Mogaka Ogutu	Rep. PS, State Department for University Education and Research	5
	vii.	Ms. Naomi Wanjiru Matheri	Rep. CS, National Treasury	5
	viii.	Prof. Dickson M. Nyariki	Secretary to the Council	5
3	Audit, Governance and Risk Management			
	i.	Plan. Peter Mburu Kibinda	Chairperson	4
	ii.	Ms. Mary Ndiga Kibuka	Member	4
	iii.	Ms. Lucy Nkirote Kaburia	Member	4
	iv.	Mr. Darius Mogaka Ogutu	Rep. PS, State Department for University Education and Research	4
	v.	Ms. Naomi Wanjiru Matheri	Rep. CS, National Treasury	4
	vi.	Prof. Dickson M. Nyariki	Secretary to the Council	4
4	Human Resource and General Purposes			
	i.	Prof. Chris Macoloo	Chairperson	4
	ii.	Ms. Lucy Nkirote Kaburia	Member	4
	iii.	Ms. Naomi Wanjiru Matheri	Rep. CS, National Treasury	4
	iv.	Ms. Mary Ndiga Kibuka	Member	4
	v.	CPA. Simon Nzivwa Mundu	Member from 4 th November 2020	3
	vi.	Mr. Alfred Ejem	Member until 30 th July 2020	1

	Council Committee	Members	Area of responsibility	No. of meetings attended
	vii.	Mr. Darius Mogaka Ogutu	Rep. PS, State Department for University Education and Research	4
	viii.	Prof. Dickson M. Nyariki	Secretary to the Council	4

h. Remuneration of the Council

In accordance with guidelines provided in the State Corporations Act, the Council members, other than the Vice Chancellor/Secretary do not receive a salary. They are however paid a sitting allowance for every meeting attended at the rate of Kshs.20,000.00 per meeting as well as transport, lunch and accommodation allowance while carrying out their mandate at the University. The Chairman receives a monthly honorarium of Kshs.80,000.00. The committee members do not receive any remuneration apart from the reimbursement of expenses incurred while on the University duties.

i. Statement of Compliance

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



PS State Department for University Education and Research visiting the site for the proposed Science Complex at MUT

MANAGEMENT DISCUSSION AND ANALYSIS

a. Financial Performance Highlights

The University shows steady financial growth in its fifth year after the award of the charter. The results of operations reflect the University's focus on achieving its mandate in the face of high competition for students, constrained Government funding and the increasing need for competitive staff, teaching and research facilities, and high operational costs. The University's financial performance recorded an improvement with surplus growing from Kshs.15.30M to Kshs.40.62M. Total revenue decreased by Kshs.14.01M (2%) while expenditure decreased by Kshs.39.33M (5%) respectively in the year under review majorly due to reduced activities after closure of the University to curb the spread of Covid-19.

i. Income

Figure 1 shows that exchequer recurrent grants rose by Kshs.26.93M (6%) due to an increase in exchequer recurrent grants allocation for 2020-2021 FY. Amortization of granted assets (based on straight line method of depreciation) remained at the same level during the year under review. Total revenue from non-exchange transactions decreased by Kshs.24.44M (5%) mainly due to the inability of the Exchequer to release the 2017-2021 Collective Bargaining Agreement (CBA) recurrent grants that were to be received in the current financial year.

Tuition and tuition related income grew by Kshs.11.29M (6%) attributable to an increase in student enrolment compared to the previous year. Other incomes decreased by Kshs.0.85M (4%) due to reduction in interest earned from on-call deposits as a result of reduced on-call deposit amounts in order to meet financial obligation. As a result, total revenue from exchange transactions rose by Kshs.10.43M (5%). Figure 1 shows a graphic comparison of revenue in financial years 2020-2021 and 2019-2020.

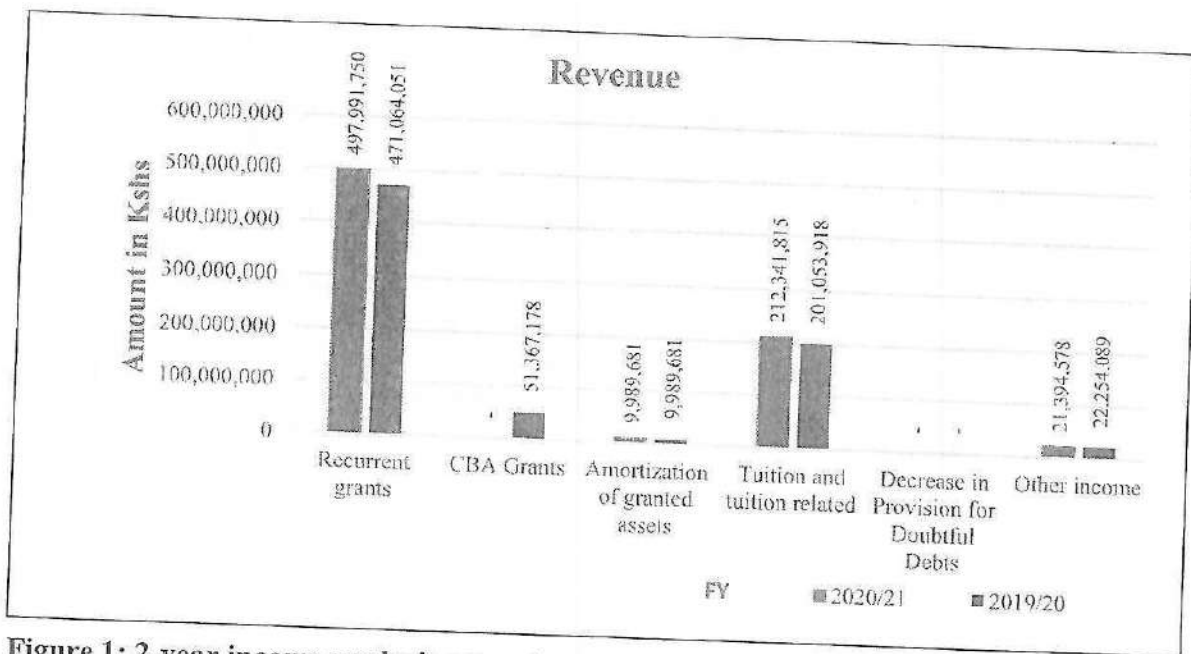


Figure 1: 2-year income analysis per category

In Figure 2, the exchequer recurrent grants formed the largest proportion of total income during the year with 67%. Tuition and tuition related income contributed 29%, CBA grants 0%, other income 3% while amortization of granted assets and decrease in provision for doubtful debts contributed 1% and zero of total revenue each respectively. This is an indication that the University relies mainly on Government funding.

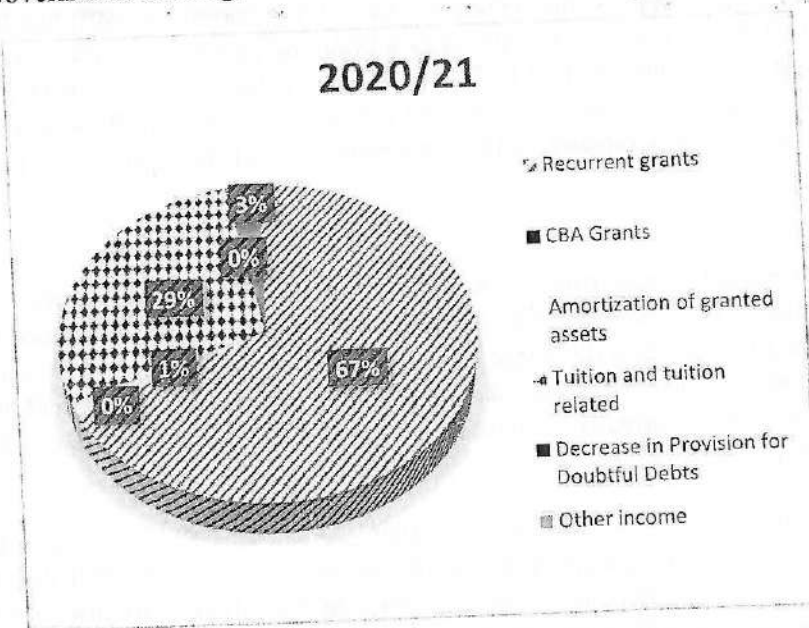


Figure 2: Composition of income during the financial year 2020-2021

ii. Expenditure

Table 1 indicates that total recurrent expenditure decreased by Kshs.39.33M (5%) mainly attributable to partial closure of the University due to Covid-19 which reduced general operating expenses. in the current year. The personnel emoluments reduced by Kshs.9.87M (2%) compared to last year's. This is attributable to non- implementation of 2017-2021 National CBA due to unavailability of funds. The CBA arrears were partly funded in 2019-2020. However, more academic staff were recruited to support teaching of new academic programmes that were mounted to meet market needs. The Chancellor and Council expenses increased by Kshs.1.56M (18%) after resumption of physical meetings and induction of new members, and depreciation and amortization rose by Kshs.11.14M (28%) due to the additional capitalization of completed projects. Teaching/academic expenses decreased by Kshs.7.67M (23%) due to use of online teaching. Student welfare expenses increased by Kshs.0.59M (5%), repairs and maintenance expenses decreased by Kshs.0.29M (6%), and general operating expenses by Kshs.35.35M (30%).

Table 1: Financial Performance Highlights

	2020/21	2019/20	Change	% Change
Income	Kshs	Kshs	Kshs	
Revenue from non-exchange transactions				
Exchequer Recurrent Grants	497,991,750	471,064,051	26,927,699	6%
Exchequer CBA Grants	-	51,367,178	(51,367,178)	-100%
Amortization of granted assets	9,989,681	9,989,681	-	0%
Total Revenue from non-exchange transactions	507,981,431	532,420,910	(24,439,479)	-5%
Revenue from exchange Transactions				
Tuition Income	212,341,815	201,053,918	11,287,897	6%
Other Incomes	21,394,578	22,254,089	(859,511)	-4%
Decrease in Provision for Doubtful Debts	-	-	-	
Total Revenue from exchange transactions	233,736,393	223,308,007	10,428,386	5%
Total Revenue	741,717,824	755,728,917	(14,011,093)	-2%
Expenditure				
	2020/21	2019/20	Change	% Change
	Kshs	Kshs	Kshs	
Personnel Emoluments	514,085,100	523,959,424	(9,874,324)	-2%
Board Expenses	10,095,938	8,538,027	1,557,911	18%
Depreciation and Amortization	51,647,287	40,506,205	11,141,082	28%
Students Welfare Expenses	13,530,839	12,942,366	588,473	5%
Teaching/Academic Expenses	25,726,386	33,402,207	(7,675,821)	-23%
Repairs and Maintenance expenses	4,257,754	4,543,559	(285,805)	-6%
General Operating Expenses	81,099,104	116,451,937	(35,352,833)	-30%
Increase in Provision for Doubtful Debts	647,686	76,986	570,700	741%
Total Expenditure	701,090,094	740,420,711	(39,330,617)	-5%
Surplus / Deficit for the year (a-b)	40,627,730	15,308,206	25,319,524	165%

Composition of Expenditure during the financial year 2020-2021 is shown in Figure 3. Personnel emoluments had the largest proportion (73%) of expenditure, followed by general operating expense (12%), depreciation (7%), teaching/academic (4%), students' welfare expenses (2%), Chancellor and Council expenses (1%) and repair and maintenance 1%

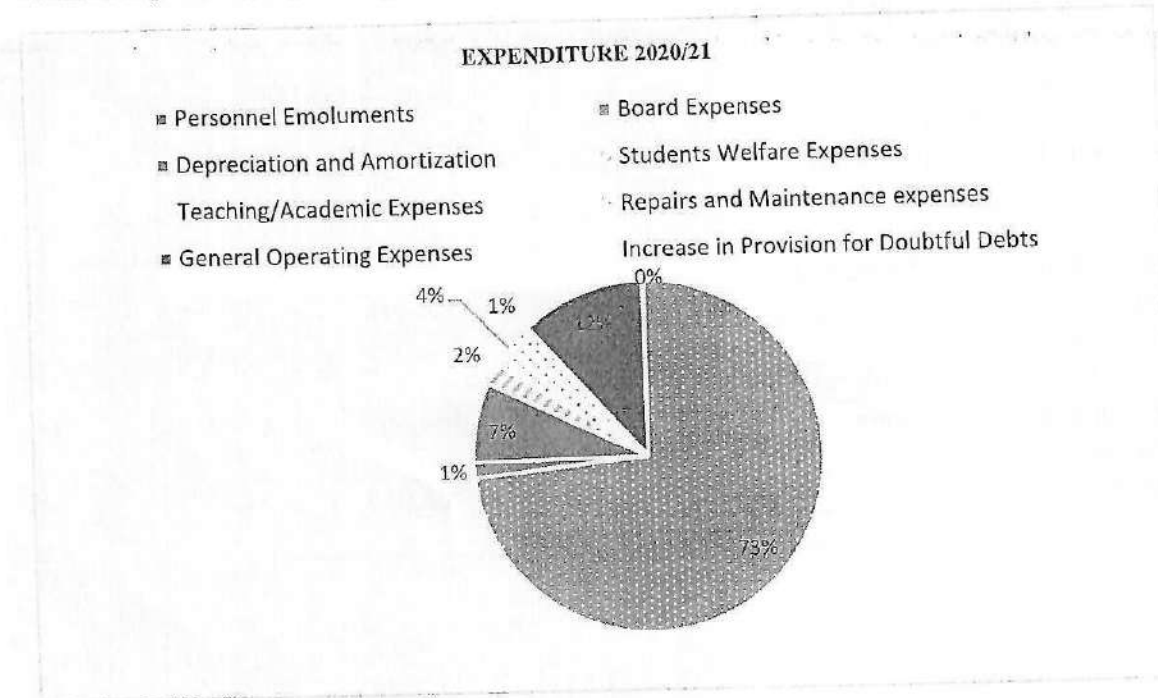


Figure 3: Composition of Expenditure during the financial year 2020-2021

b. Financial Position Highlights

Table 2 shows that Cash and cash equivalents reduced by Kshs.35.37M (16.6%) as the University continued to pay certified works, receivables from non-exchange transactions decreased by Kshs.60.49M (100.0%) as a result of the exchequer releasing all the budgeted amounts while inventory increased by Kshs.1.51M (65.2%). Plant, property and equipment and work- in-progress also grew by Kshs.116.48M (7.5%) and Kshs.189.83M (45.0%) respectively due to ongoing construction of buildings and infrastructure. Receivables from exchange transactions increased by Kshs.12.31M (46.6%) due to growth in recoverable students' debtors recognised during the year. Consequently, total assets improved by Kshs.224.27M (9.7%). Payables from exchange and non- exchange transactions reduced by Kshs.38.13 (14.6%) and Kshs.0.65M (2.4%) respectively due to settlement of debts. Net assets increased by Kshs.263.05M (13.1%).

Table 2: Financial Position Highlights

	2020/21	2019/20	Change	% Change
	Kshs	Kshs	Kshs	
ASSETS				
Cash & Cash equivalents	177,482,752	212,855,526	(35,372,774)	-16.6%
Receivables from exchange transactions	38,696,307	26,390,283	12,306,025	46.6%
Receivables from non-exchange transactions	-	60,487,842	(60,487,842)	-100.0%
Inventory	3,834,941	2,321,044	1,513,897	65.2%
Property, Plant & Equipment	1,668,897,785	1,552,416,827	116,480,958	7.5%
Work in Progress	611,916,750	422,087,344	189,829,406	45.0%
Long Term Investments	25,318,800	25,318,800	-	0.0%
Total Assets	2,526,147,335	2,301,877,665	224,269,669	9.7%
			-	
Liabilities				
Payables from exchange transactions	223,454,760	261,587,616	(38,132,856)	-14.6%
Payables from Non-exchange transactions	26,550,235	27,197,917	(647,682)	-2.4%
Total Liabilities	250,004,995	288,785,533	(38,780,538)	-13.4%
Net Assets	2,276,142,340	2,013,092,132	263,050,207	13.1%

i. **Composition of Assets**

Figure 4 shows that assets comprised of property, plant and equipment (66%), work-in-progress (24%), cash and cash equivalents (7%), receivables from exchange transactions (2%), long-term investments (1%), inventory (<1%) and receivables from non-exchange transactions (0%).

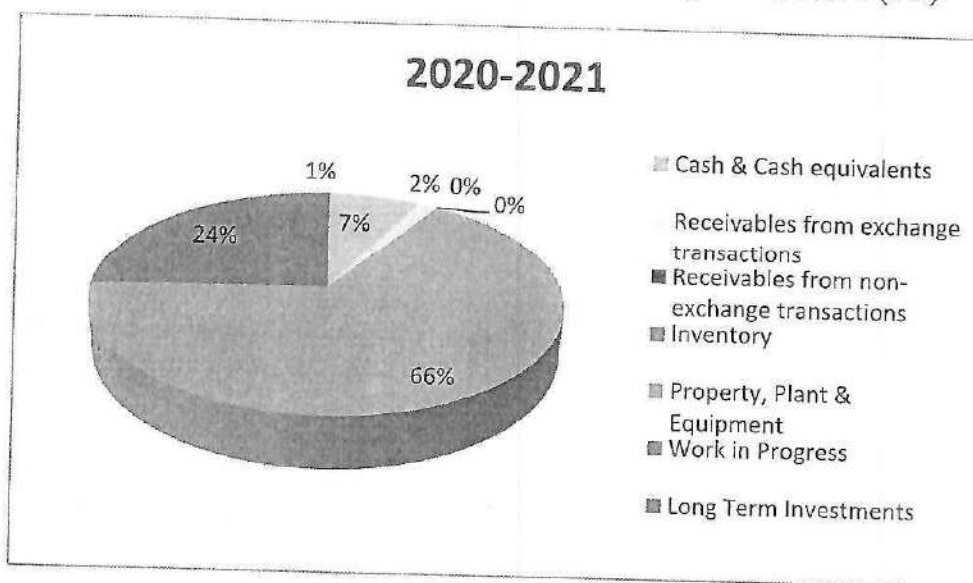


Figure 4: Composition of Assets during the financial year 2020-2021

ii. Composition of Liabilities

In Figure 5, the liabilities comprised payables from exchange (89%) and payables from non-exchange transactions (11%).

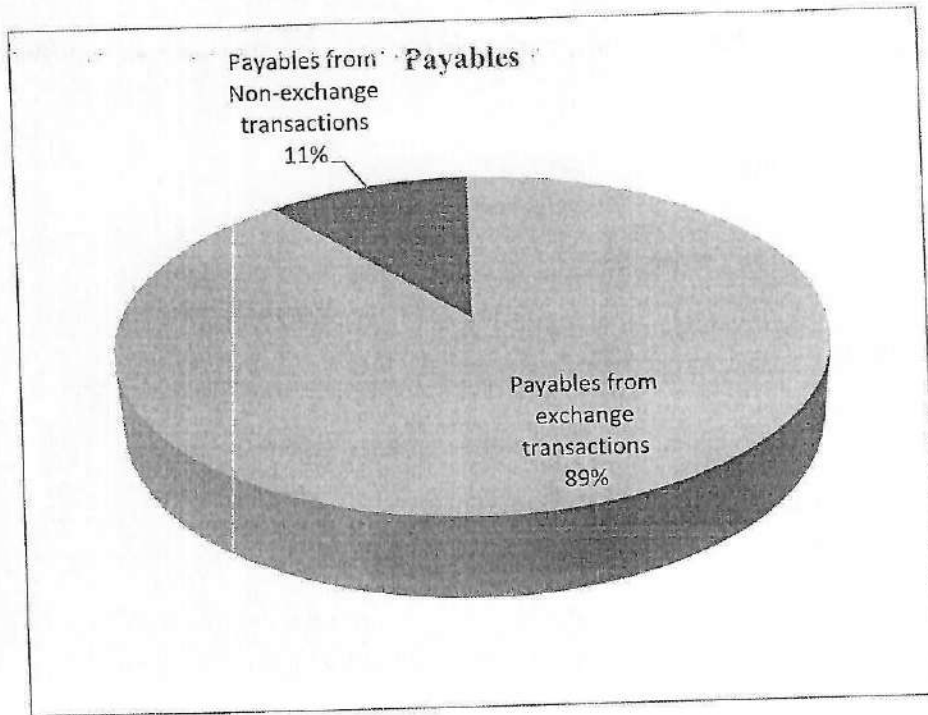


Figure 5: Composition of Liabilities during the financial year 2020-2021

c. Financial Performance Ratios

Table 3 presents the financial performance ratios of the University:

i) Working capital ratio

This represents operating liquidity available to the University. Along with fixed assets such as plant, property and equipment, working capital is considered a part of operating capital.

In general, the management of working capital involves managing inventories, accounts receivables/payables and cash.

The University's working capital ratio in the year under review was 0.9:1 compared to 1:1 in the previous financial year indicating unavailability of sufficient funds to meet maturing short-term obligations.

ii) Quick /Acid test ratio

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

The University's Quick/Acid test ratio in the financial year was 0.9:1 compared to 1:1 in the previous financial year indicating inability to instantly use its near-cash assets to pay off its current liabilities.

The decline was due to the University support of construction projects using internally generated funds during the year, the funds are to be reimbursed once capital development funds are received from the

Government.

iii) Operating cash flow ratio

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

The University's Operating cash flow ratio in the year under review was 0.4:1 same as in the previous financial year indicating a stability but the need to source for more funding.

Table 3: Financial Performance Ratios

Description	2020/ 2021	2019/ 2020
Working capital ratio	0.9:1	1:1
Acid Test Ratio	0.9:1	1:1
Operating Cash flow Ratio	0.4:1	0.4:1

d. Development Projects

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

1. Hostel Block Phase 1 Wing 2 at 68% completion from 59% at the beginning of the year
2. Hostel Block Phase 3 at 74% completion from 45% at the beginning of the year
3. Science Complex at 96% completion from 69% at the beginning of the year
4. Perimeter Wall at 50% completion from 40% at the beginning of the year
5. Asbestos removal and replacement at 5% from 3% at the beginning of the year

Approved budget for Development grants was Kshs.412.28M with an intention of completing the ongoing capital projects as per the expected date in the University Strategic Plan. However, the Government funded only Kshs.73.88M 50% of the allocated amount leading to a deficit of Kshs.338.40M which ultimately slowed construction of projects during the year.

ENVIRONMENT AND SUSTAINABILITY REPORTING

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

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

The University signed a Memorandum of Understanding (MOU) with Murang'a County Government for the utilization of Kenyatta Agricultural Training Centre (KATC) at Mariira to establish the School of Agricultural and Environmental Sciences. The County is to lease 50 acres (20.24 Ha) of Mariira Farm to the University for a period of 99 years.

The Universities Act No. 42 of 2012 (amended 2016) and Commission for University Education guidelines (CUE, 2014), state that a University shall engage in community service, which may include but not limited to extension, consultancies, public lectures, environmental conservation and promotion of cultural and social life of the society, and disseminate outcomes of research to the community. In order to achieve these objectives and functions, the University has established and developed linkages, extensions and community outreach framework to guide it in the establishment of these programmes. During the year under review, the University continued to support various educational initiatives, community outreach and other institutions particularly those catering for the aged, prisoners and children's homes. Among the initiatives the University supported included:

a. Environmental Activities

i. Murang'a Town Clean up Exercise on 18th February, 2021

Murang'a County Government CEC, Environment and Climate Change invited Murang'a University of Technology to participate in a town Clean up. The University sent students and staff to participate in the town clean up as shown in Figures 6a, 6b and 6c.

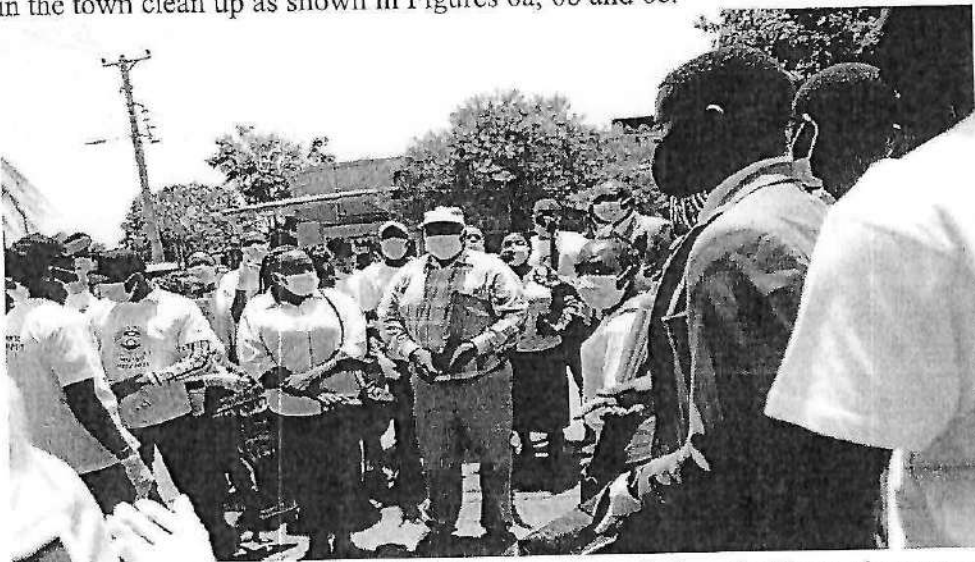


Figure 6a: Address by Town Clerk Representative before the Town clean-up exercise.



Figure 6b: MUT Clean-up team during the Murang'a Town cleaning exercise.



Figure 6c: Clean-up exercise in progress in Murang'a Town

ii. Participated in planting of trees on 26th March, 2021.

During the year 2020-2021 financial year, one of the performance targets was to plant trees to conserve the environment. The University collaborated with Upper Tana Nairobi Water Fund and the local community for the third time to plant trees. The Upper Tana Nairobi Water Fund identified the farmers' land on which the tree seedlings were planted, the University planted a total of one thousand seven hundred (1700) tree seedlings around Ndakaini dam water catchment area.

Six types of tree seedling species were planted namely *Prunus Africana*, *Luceena Tri-candra*, *Podo Carpus*, *Ficus Benjamina*, *Meru Oak* and *Cordia Africana*. The farmers and other participants were sensitized on the importance of trees and the need to have follow up on the seedlings to maturity.

Further the importance of continually taking personal responsibility in conserving the environment was emphasized as shown in Figures 7a, 7b and 8c.



Figure 7a: Various types of seedlings for the tree planting exercise



Figure 7b: Address by Upper Tana Nairobi Water Fund staff during the tree planting exercise



Figure 7c: Participation in tree planting at the tree planting exercise in Ndakaini dam

b. Social and Governance activities

i. Visit to Murang'a Children's Remand home on 24th August 2020

The Home had children from various sub counties in Murang'a County. The University staff spent time with them listening to their experiences and challenges and encouraged the children to accept themselves and learn from the experiences. This was followed by an open session where the children led by one staff member presented song. The children were encouraged on the value of accepting correction and staying focused on their dreams in life. The formal session was closed with a word of prayer and the Officers presented MUT donations including foodstuffs as shown in Figures 8.



Figure 8: MUT donations to Murang'a Children's Remand Home

ii. A Visit to Murang'a Female and Male Prisons Remand on 18th February and 03rd May, 2021.

MUT staff volunteered to visit the Murang'a Female and Male Prison Remands and they were well received by the Prison staff. The Team appreciated the manual work that they undertake at the University. Prisoners were encouraged to learn from their experiences and take corrective measures so that they could be useful in building up the society. The value of forgiving oneself was underscored. They were also directed to focus on building their lives up in a valuable manner such as studying and looking forward to engage in meaningful ways of building up their lives, the community and the Society at large. The staff then received the donations from MUT and gave a vote of thanks appreciating the warm gesture of the University as shown in Figures 9.



Figure 9: MUT handing over donations to Murang'a Remand Prison

iii. Education and Research activities

Murang'a University of Technology participated in various education events including KATC Mariira Farm Farmers training day exhibition on Friday 20th November, 2020 where 500 Hass avocado Seedlings were donated to farmers.

Thirty (30) members of community were also trained value addition on milk products and food and nutrition security enhancement. The training took place at Murang'a University of Technology School of Hospitality and Tourism Management (SHTM) on Friday 11th June 2021 as shown in Figures 10a and 10b.



Figure 10a: Address to farmers during KATC Mariira Farm Farmers training day



Figure 10b: Value addition on milk products, food and nutrition security training

iv. Gender and Disability Mainstreaming

During the year under review the University conducted various activities to promote gender and disability mainstreaming within the University and its environs. These included participating in celebration of international Mother's and Father's Day. Mothers were gifted with MUT branded pens while fathers were given reflector jackets to bodaboda operators within Murang'a and Kirinyaga Counties as shown in Figures 11a and 11b.

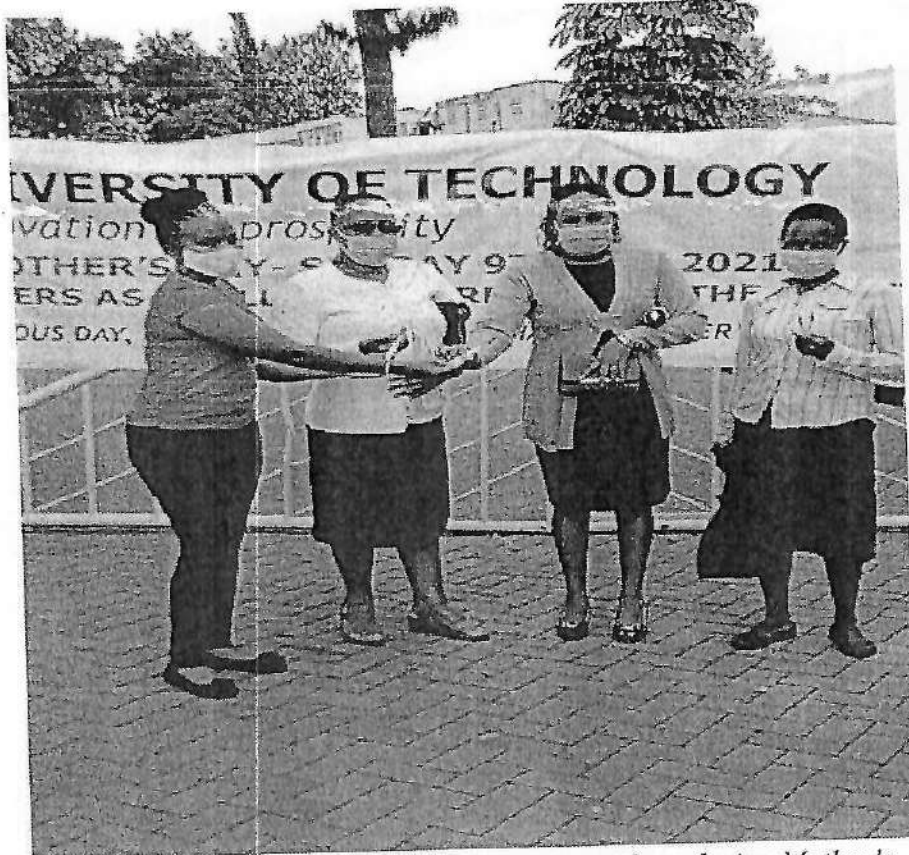


Figure 11a: Presentation of branded pens to mothers during Mother's Day celebrations



Figure 11b: Presentation of bodaboda reflector jackets during Father's Day celebration

REPORT OF THE COUNCIL

The Council submits its report together with the financial statements for the year ended June 30, 2021 which show the state of the University's affairs.

a. Principal Activities

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

b. Results

The results of MUT for the year ended June 30, 2021 are set out on pages 1 to 38.

c. Council Members

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

d. Auditors

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

By Order of the Council.



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

Date 21.03.2022



Prof. Joachim Osur, Ph.D.
Council Chairman

Date 22/3/2022

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

The Council members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Financial Statements

The University's financial statements were approved by the Council on 23rd August, 2021 and signed on its behalf by:



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

Date 21.03.2022



Prof. Joachim Osur, Ph.D.
Council Chairman

Date

22/3/2022

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REPORT OF THE AUDITOR-GENERAL ON MURANG'A UNIVERSITY OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2021

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 intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Murang'a University of Technology set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Murang'a University of Technology as at 30 June, 2021, 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 Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Material Uncertainty Related to Sustainability of Services

The statement of financial position reflects total current liabilities balance of Kshs.250,004,995 which exceeds total current assets of Kshs.220,014,000 resulting to a negative working capital of Kshs.29,990,995 demonstrating that the University is unable to meet its financial obligations as and when they fall due. This state of affairs is indicative of an acute financial challenge facing the University which raises significant doubts on its ability to sustain its services. However, this material uncertainty in relation to sustainability of services and any mitigating measures put in place by the University Management to reverse the undesirable precarious financial position have not been disclosed in the notes to the financial statements.

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

2. Leasehold Land Without Ownership Documents

The statement of financial statements and as disclosed in Note 24 reflects property, plant and equipment balance of Kshs.1,668,897,785 that includes lease-hold land measuring 30.95 hectares valued at Kshs.750,000,000. However, information provided indicates that 12 parcels of land have no records at Lands Office and title deeds have been issued to unidentified persons who have encroached and erected permanent structures as established through physical verification carried out in the month of February, 2022.

Under the circumstances, the validity, accuracy, ownership and completeness of the freehold land balance of Kshs.750,000,000 as at 30 June, 2021 could not be confirmed.

3. Long-Term Investments not Registered in University's Name

The statement of financial position and Note 26 reflects Kshs.25,318,800 in respect to long-term investments being 126,594 shares held in Bamburi Cement. However, the shares were registered in the names of the trustees of the Murang'a Technical College at inception of the University. Although the Management indicated that the process of registering the shares in the name of the University had commenced, the process had not been completed as at the time of the audit in the month of February, 2022.

In the circumstances, the validity, accuracy and existence of the shares investment balance of Kshs.25,318,800 as at 30 June, 2021 could not be confirmed.

4. Long Outstanding Student Debtors

The statement of financial position and Note 20 reflects Kshs.38,696,307 in respect of receivables from exchange transactions which is net of provision of doubtful debts of Kshs.2,036,648, and includes Kshs.35,432,105 in respect to gross students' debtors. However, Kshs.9,222,381 included in the gross students' debtors balance is outstanding for periods beyond one year and no effort appears to have been made by the Management to recover the debts.

In the circumstances, the validity, accuracy and recoverability of the Kshs.9,222,381 in respect of receivables from exchange transactions could not be confirmed.

5. Long Outstanding Payables

The statement of financial position and Note 28 reflects Kshs.223,454,760 in respect to payables from exchange transactions. However, the balance includes long outstanding payables of Kshs.418,466 and Kshs.6,916,100 in respect of wages payables and gratuity payables to former Board of Governors (BOG) and employees respectively, where the University has not taken steps to clear them. Further, a detailed analysis of the balances was not provided for audit review.

In the circumstances, the validity and accuracy of the payables from exchange transactions balance of Kshs.7,334,566 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

Un-Approved Payment of Legal Fees

The statement of financial performance and Note 18 to the financial statements reflects Kshs.81,099,104 in respect of general operating expenses which includes Kshs.2,504,673 in respect of legal fees out of which Kshs.424,000 was paid to a private firm contrary to Section 17(1) Office of the Attorney General Act, 2012 which requires that Ministries or Departments shall not engage the services of a consultant to render any legal services relating to the functions of the Attorney-General without the approval of the Attorney General. Although the University sought for a consent to appoint an external law firm to represent the University in Court through a letter dated 20 May, 2021, no such consent was granted.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 the Management and Council Members

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards-Accrual Basis and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

The Council Members is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how the 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

14 July, 2022


STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2021

		2020/ 2021	2019/ 2020
	Note	Kshs	Kshs
Revenue from Non-Exchange Transactions			
Exchequer Recurrent Grants	7	497,991,750	471,064,051
2017-2021 CBA Arrears	8	-	51,367,178
Amortization of granted assets during the year	9	9,989,681	9,989,681
Total Revenue from non-exchange transactions		507,981,431	532,420,910
Revenue from Exchange Transactions			
Tuition Income	10	212,341,815	201,053,918
Other Incomes	11	21,394,578	22,254,089
Decrease in Provision for Doubtful Debts		-	-
Total Revenue from exchange transactions		233,736,393	223,308,007
Total Revenue (a)		741,717,824	755,728,917
Expenditure			
Personnel Emoluments	12	514,085,100	523,959,424
Board Expenses	13	10,095,938	8,538,027
Depreciation and Amortization	14	51,647,287	40,506,205
Students Welfare Expenses	15	13,530,839	12,942,366
Teaching/Academic Expenses	16	25,726,386	33,402,207
Repairs and Maintenance Expenses	17	4,257,754	4,543,559
General Operating Expenses	18	81,099,104	116,451,937
Increase in Provision for Doubtful Debts	21	647,686	76,986
Total Expenditure (b)		701,090,094	740,420,710
Surplus / Deficit for the Year (a-b)		40,627,730	15,308,206

The notes set out on pages 10 to 38 form an integral part of these Financial Statements


Vice Chancellor
Prof. Dickson M. Nyariki, Ph.D.

Date 21.3.2022


Ag. Finance Officer
CPA Moffat K. Njoroge
ICPAK Member No: 8483
Date 21/3/2022


Chairman of the Council
Prof. Joachim Osur, Ph.D.

Date 22/3/2022




Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2021

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021


	Note	2020/ 2021 Kshs	2019/ 2020 Kshs
ASSETS			
Current Assets			
Cash & Cash equivalents	19	177,482,752	212,855,526
Receivables from exchange transactions	20	38,696,307	26,390,283
Receivables from non-exchange transactions	22	-	60,487,842
Inventory	23	3,834,941	2,321,044
Total Current Assets		220,014,000	302,054,695
Non- Current Assets			
Property, Plant & Equipment	24	1,668,897,785	1,552,416,827
Work in Progress	25	611,916,750	422,087,344
Long Term Investments	26	25,318,800	25,318,800
Total Non-Current Assets		2,306,133,334	1,999,822,970
Total Assets		2,526,147,335	2,301,877,665
Current Liabilities			
Payables from exchange transactions	28	223,454,760	261,587,616
Payables from Non-exchange transactions	29	26,550,235	27,197,917
Total Current Liabilities		250,004,995	288,785,533
Total Liabilities		250,004,995	288,785,533
Net Assets		2,276,142,340	2,013,092,132
Equity Funds & Reserves			
Accumulated Surplus	30	1,044,553,171	958,106,562
Revaluation Reserves	31	247,610,093	150,968,727
Deferred Development Grants	32	983,979,076	904,016,843
Total Equity & Reserves		2,276,142,340	2,013,092,132
Total Equity, Reserves & Liability		2,526,147,335	2,301,877,665

The notes set out on pages 10 to 38 form an integral part of these Financial Statements

The Financial Statements set out on pages 1 to 38 were signed on behalf of the Council by:


Vice Chancellor
Prof. Dickson M. Nyariki, Ph.D


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


Chairman of the Council
Prof. Joachim Osur, Ph.D.

Date 21.03.2022

Date 21/3/22

Date 22/3/2022



STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated Surplus	Revaluation Reserves	Development Grants	Total Accumulated Fund
Balance at July 1, 2019	942,798,356	-	820,386,524	1,763,184,880
Surplus (deficit) for the Year	15,308,206	-	-	15,308,206
Revaluation Reserves	-	150,968,727	-	150,968,727
Deferred Development Grants for the Year	-	-	93,620,000	93,620,000
Less: Amortization of granted assets during the year				
Amortization - Buildings	-	-	(7,378,184)	(7,378,184)
Amortization - Land Improvement (Internal Roads)	-	-	(2,611,497)	(2,611,497)
Balance as at June 30, 2020	958,106,563	150,968,727	904,016,843	2,013,092,132
Balance at July 1, 2020	958,106,563	150,968,727	904,016,843	2,013,092,132
Surplus (deficit) for the Year	40,627,730	-	-	40,627,730
Revaluation Reserves	-	100,000,000	-	100,000,000
Revenue reserves	45,818,879	-	-	45,818,879
Reserves transfer	-	(3,358,635)	-	(3,358,634)
De-recognition of GoK Capital grants receivable	-	-	(8,925,000)	(8,925,000)
Deferred Development Grants for the Year	-	-	98,876,914	98,876,914
Less: Amortization of granted assets during the year				
Amortization - Buildings	-	-	(7,378,184)	(7,378,184)
Amortization - Land Improvement (Internal Roads)	-	-	(2,611,497)	(2,611,497)
Balance as at June 30, 2021	1,044,553,172	247,610,092	983,979,076	2,276,142,340

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020/ 2021 Kshs	2019/ 2020 Kshs
Surplus/Deficit for the Year		40,627,730	15,308,206
Adjustments for Non-cash items in the Income statement:			
Amortization of granted assets during the year	9	(9,989,681)	(9,989,681)
Depreciation and Amortization charge for the year	14	51,647,287	40,506,205
Impairment of assets		-	13,426,796
Increase/Decrease in provision for doubtful debts		647,686	-
		82,933,022	59,251,526
Working Capital Adjustments			
Increase/Decrease in receivables from exchange transactions		(12,306,025)	(1,462,727)
Increase/(Decrease) in receivables from non-exchange transactions		60,487,842	(5,850,827)
Increase/Decrease in Inventory		(1,513,897)	(109,509)
Increase/(Decrease) in Payables from exchange transactions		(38,132,856)	69,920,306
Increase/(Decrease) in Payables from non-exchange transactions		(647,682)	2,738,507
Net cash flows used in Operating activities (a)		90,820,405	124,487,275
Cash flows from investing activities			
Increase in Property, Plant & Equipment		(13,677,102)	(5,352,477)
Increase in Work in Progress		(238,757,191)	(195,996,062)
Adjustment in Accumulated Surplus		27,364,201	-
Net cash flows used in Investing activities (b)		(225,070,092)	(201,348,539)
Cash flows from financing activities			
Development Grants	32	98,876,914	93,620,000
Net cash flows used in Financing activities (c)		98,876,914	93,620,000
Net increase/(decrease) in cash and cash equivalents(a+b+c)		(35,372,774)	16,758,737
Cash and cash equivalents balance brought Forward	19	212,855,526	196,096,789
Cash and cash equivalents at 30 June 2021	19	177,482,752	212,855,526

Note:

- i. Statement of Cash flow has been prepared using the indirect method of presentation.
- ii. Net cash flows from operating activities were positive 90.82M during the year. This was attributed to surplus recorded during the year and payables from both exchange and non-exchange transactions which increased positively.
- iii. Net cash flows used in investing activities was negative (225.07M) due to acquisition of property, plant and equipment (13.68M) and payment of construction work in progress (238.76M).
- iv. Cash flow from financing activities had a positive growth caused by development grants of 98.87M received during the year.

The notes set out on pages 10 to 38 form an integral part of these Financial Statements



Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2021

I. RECURRENT BUDGET	Original Budget	Adjustment Budget	Final Budget	Actual on Comparable Basis	Performance Difference
	Kshs	Kshs	Kshs	Kshs	Final Budget vs Actual %
A. INCOME					
Revenue from Non-exchange Transactions					
Exchequer Recurrent Grants	497,991,751	25,000,000	522,991,751	522,991,751	0%
2017-2021 CBA Grants	17,122,392	-	17,122,392	-	
Total Revenue from Non-exchange Transactions	515,114,143	25,000,000	540,114,143	522,991,751	0%
Revenue from Exchange Transactions					
Tuition and other related	222,240,310	-	222,240,310	212,341,815	(9,898,495)
Other Incomes	12,000,000	-	12,000,000	21,394,578	9,394,578
Total Revenue from Exchange Transactions	234,240,310	-	234,240,310	233,736,393	(503,917)
Total Income	749,354,453	25,000,000	774,354,453	756,728,144	(503,917)
B. EXPENDITURE					
Recurrent Expenditure					
Personnel Emoluments	527,502,473	-	527,502,473	514,085,100	13,417,373
Board Expenses	14,800,000	-	14,800,000	10,095,938	4,704,062
Students Welfare expenses	20,700,000	(2,500,000)	18,200,000	13,530,839	4,669,161
Teaching/Academic Expenses	39,200,000	(6,950,000)	32,250,000	25,726,387	6,523,613
Repairs & Maintenance	6,000,000	3,000,000	9,000,000	4,257,754	4,742,246



Murang'a University of Technology
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General Operating Expenses	124,679,581	3,450,000	128,129,581	81,099,104	47,030,477	37%
Total Recurrent Expenditure	732,882,054	(3,000,000)	729,882,054	648,795,122	81,086,932	11%
Surplus/Deficit (A-B)	16,472,399	28,000,000	44,472,399	107,933,022	-	
C. Capital Expenditure						
Purchase of Plant and Equipment	9,000,000	-	9,000,000	812,077	8,187,923	91%
Purchase of Teaching/Office Equipment	4,000,000	-	4,000,000	965,720	3,034,280	76%
Purchase of Furniture and Fittings	3,000,000	3,000,000	6,000,000	1,787,108	4,212,892	70%
Purchase of Computers and networking	3,000,000	2,000,000	5,000,000	3,942,641	1,057,359	21%
Telephone infrastructure	500,000	-	500,000	-	500,000	100%
Purchase of motor vehicles	8,000,000	(2,000,000)	6,000,000	5,804,172	195,828	3%
ERP and teaching Software	3,500,000	-	3,500,000	-	-	0%
Master plan	10,000,000	-	10,000,000	-	-	0%
Total Capital Expenditures	41,000,000	3,000,000	44,000,000	13,311,718	17,188,232	39%
Total Expenditure	773,882,054	-	773,882,054	662,106,840	98,275,214	13%
Surplus/Deficit (A-B-C)	(24,527,601)	25,000,000	472,399	94,621,304	(98,779,131)	



Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2021

2. DEVELOPMENT BUDGET	Budget Original	Budget Adjustment	Budget Final	Actual on Comparable Basis	Performance Difference Final Budget vs Actual
	Kshs	Kshs	Kshs	Kshs	Kshs
D. Source of Funds	93,620,000	-	93,620,000	73,876,914	(19,743,086)
Exchequer Development Grants					-21%
E. Development Expenditure					
Hostel Phase 1 Wing 2	63,005,600	-	63,005,600	13,453,678	49,551,922
Hostel Block Phase 3	116,767,455	-	116,767,455	66,996,115	49,771,340
Perimeter wall	30,000,000	-	30,000,000	6,268,690	23,731,310
Science Complex Phase 1	160,706,833	-	160,706,833	150,102,638	10,604,195
ERP Software	1,276,000	-	1,276,000	1,276,000	-
Basketball pitch	511,270	-	511,270	511,270	-
Asbestos Removal	40,000,000	-	40,000,000	148,800	39,851,200
Total Development Expenditure	412,267,158	-	412,267,158	238,757,191	173,509,967
Surplus/Deficit (D-E)	(318,647,158)	-	(318,647,158)	(145,137,191)	-

Note:

Variance between Exchequer recurrent grants Kshs.497,991,751 in the statement of financial performance and statement of comparison of budget and actual amounts Kshs.522,991,751 of Kshs.25,000,000 was a grant meant to cover deficit in the capital expenditure funding. This was transferred to accumulated capital grants as indicated in note 32.



Budget Notes

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

Actual on Comparable Basis as per Recurrent Budget in the statement of Budget Comparison	Kshs.	Kshs.
Surplus/Deficit during the year		107,933,022
Less:		
Depreciation	51,647,287	
Increase in provision for Doubtful Debts	647,686	
Transfer to accumulated capital grants	25,000,000	(77,294,973)
Add:		
Non-cash income in the Financial Performance not in Statement of Budget Comparison		
Amortization of granted assets during the year	9,989,681	9,989,681
Surplus for the year as per the Statement of Financial Performance		40,627,730

2. Budget Adjustment

i. Exchequer Recurrent Grants

The University was expecting CBA 2017-2021 grants amounting to Kshs.17,122,392 from the Exchequer through the supplementary budget of FY2020-2021 which never materialised. However, The Ministry of Education allocated Kshs.25,000,000 to fill the existing University funding gap which increased revenue and reduced the budget deficit. An adjustment to the Original Budget was therefore done to cater for the additional exchequer grants following approval by the Council.

ii. General operating expenses

General operating expenses exceeded the original budget due to an unexpected increase in operations during the year. Therefore, an amount Kshs.20,000,000 was re-aligned within the various vote heads to cater for increased level of activities following approval by the Council on 14th April, 2021.

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

S/ No.	Vote Head	Original Budget FY 2020-2021	Virement		Approved Budget FY 2020-2021
			From	To	
		Kshs	Kshs	Kshs	Kshs
1	Revenue from Non-Exchange Transactions	497,991,750	-	25,000,000	522,991,750
	Recurrent Expenditure				
1	Part time teaching	25,000,000	(9,000,000)	-	16,000,000
2	Motor vehicles	8,000,000	(2,000,000)	-	6,000,000
3	Travel and Subsistence	9,000,000	(1,500,000)	-	7,500,000

Murang'a University of Technology
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S/ No.	Vote Head	Original Budget FY 2020-2021	Virement		Approved Budget FY 2020-2021
4	Printing and Publishing	2,000,000	(1,000,000)	-	1,000,000
5	Shows and Exhibitions	1,500,000	(1,000,000)	-	500,000
6	Electricity	6,000,000	(1,000,000)	-	5,000,000
7	Water and Conservancy	7,000,000	(1,000,000)	-	6,000,000
8	Accreditation of Academic Programmes	5,000,000	(1,000,000)	-	4,000,000
9	Sports Activities	2,500,000	(1,000,000)	-	1,500,000
10	Students' placement charges (CUE & KUCCPS)	5,000,000	(1,000,000)	-	4,000,000
11	Drama	1,500,000	(500,000)	-	1,000,000
12	Professional Subscription	50,000	-	50,000	100,000
13	Purchase of Uniforms	200,000	-	200,000	400,000
14	Collaboration and Linkages	200,000	-	200,000	400,000
15	External Examiners	500,000	-	350,000	850,000
16	Books, Journals and Magazines & e-library resources	2,000,000	-	500,000	2,500,000
17	Examination Materials	2,500,000	-	700,000	3,200,000
18	Conferencing	1,200,000	-	1,000,000	2,200,000
19	Governance	4,000,000	-	1,500,000	5,500,000
20	Cleaning and Fumigation	12,000,000	-	1,500,000	13,500,000
21	Casual Wages	3,000,000	-	1,500,000	4,500,000
22	Students Attachment/Supervision	2,000,000	-	2,000,000	4,000,000
23	Purchase of Computers and networking	3,000,000	-	2,000,000	5,000,000
24	Repairs & Maintenance	6,000,000	-	3,000,000	9,000,000
25	Purchase of Furniture and Fittings	3,000,000	-	3,000,000	6,000,000
26	Legal Fees	1,500,000	-	2,500,000	4,000,000
	Total	113,650,000	(20,000,000)	20,000,000	113,650,000

3. Explanation of Variances

a. Revenue from Exchange Transactions

Tuition and Tuition related income had unfavourable variance of 4%. Students' fees earned was less than the budget due to partial closure of the University as Covid-19 persisted during year. Other income recorded favourable variance of 78% due to increase in interest from call deposit during the year. Actual interest on call deposit surpassing budget.

b. Expenditure

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

Approved budget for Development grants was Kshs.412.28M. However, the Government funded only Kshs.73.88 leading to a deficit of Kshs.338.40M. This slowed construction of projects during the year.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

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

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

The University has not applied any new or amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

iii. Early adoption of standards

The University did not early – adopt any new or amended standards in financial year 2020/2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Revenue recognition

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i. Revenue from non-exchange transactions

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

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

Transfers from other government entities

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

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

Fees, Fines and Penalties

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

Revenue from exchange transactions

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

Rendering of services

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

Sale of goods

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Rental income

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

b. Budget information

The original budget for the financial year 2020-2021 was approved by the Council on 20th July, 2020. Subsequent revisions or vote head re-allocations or virement were made to the original budget by the University upon receiving the Council approvals in order to conclude the final budget. The Ministry of Education allocated Kshs.25,000,000 to fill the existing University funding gap.

The University's budget is prepared on the same basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance and the budget is prepared on the same accrual basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 of these financial statements.

c. Taxes

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

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

d. Property, plant and equipment

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

In the year under review, the University received an amended re-valuation report from Ministry of Lands and Physical Planning who had been engaged for valuation of her fixed and loose assets. The Ministry re-valued University land which extends to approximately thirty decimal nine five (30.95) hectares at Kshs.750,000,000. This was approved by the University Council and forms part of property, plant and equipment schedule. Other assets capitalized during the year were water storage tank, basketball pitch and ERP Software.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

e. Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. Computer software will be amortized on straight line basis at the rate of 30%.

f. Research and development costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

g. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

h. Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

i. Provisions

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

j. Nature and purpose of reserves

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

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

k. Changes in accounting policies and estimates

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

l. Employee benefits

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

m. Foreign currency transaction

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

n. Related parties

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

o. Cash and cash equivalents

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

p. Comparative figures

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

q. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognized in capital fund. Kshs	Total grant income during the year 2020-21 Kshs
State Department for University Education and Research	497,991,750	-	98,876,914	596,868,665
Total	497,991,750	-	98,876,914	596,868,665

7. EXCHEQUER RECURRENT GRANTS

Recurrent Grants for the financial year	2020-2021	2019-2020
Month in which Grants relates to	Kshs	Kshs
July	41,499,313	39,255,338
August	41,499,313	39,255,338
September	41,499,311	39,255,336
October	41,499,313	39,255,338
November	41,499,313	39,255,338
December	41,499,312	39,255,337
January	41,499,312	39,255,338
February	41,499,313	39,255,338
March	41,499,311	39,255,337
April	41,499,313	39,255,338
May	41,499,313	39,255,338
June	41,499,313	39,255,337
Total exchequer recurrent grants for the year	497,991,750	471,064,051

8. EXCHEQUER CBA GRANTS

Description	2020-2021	2019-2020
	Kshs	Kshs
2017-2021 CBA Arrears	-	51,367,178
Total CBA Grants	-	51,367,178

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. AMORTIZATION OF GRANTED ASSETS

Description	2020-2021	2019-2020
	Kshs	Kshs
Deferred Development Grants:		
Deferred Development Grants: Buildings	368,909,192	368,909,192
Deferred Development Grants: Internal Roads	52,229,938	52,229,938
Amortization:		
2% of Capitalized Buildings funded from Development Grants	7,378,184	7,378,184
5% of Capitalized Internal Roads funded from Development Grants	2,611,497	2,611,497
Total Amortization	9,989,681	9,989,681

10. TUITION AND TUITION RELATED INCOME

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Fees	95,384,260	95,134,822
Registration fees	4,698,380	3,724,880
Medical fees	17,179,218	16,468,320
Internal Examination	29,564,269	28,280,939
University ID card	1,267,500	834,500
Activity fees	6,757,312	6,447,080
Internet fees	8,893,908	8,168,430
Computer fees	10,488,602	10,240,350
CUE Quality Assurance	1,993,000	1,521,000
KUCCPS Placement Fee	2,767,500	2,218,890
Industrial Attachment Fee	13,152,750	8,277,220
Internal Industrial Attachment Fee	1,795,608	-
Examinations Materials Fee	1,000	138,791
Application fees	211,540	196,005
Fines & penalties	58,060	47,123
Students Damages/Surcharges	21,900	71,908
Graduation fee	3,441,600	3,111,800
Library fees	13,379,208	12,986,660
Thesis Supervision fee	824,600	682,500
Thesis Examination	102,500	67,500
Indexing fee	196,100	192,400
Insurance fee	163,000	-
HELB Smart card processing fee	-	2,242,800
Total Tuition and tuition related Income	212,341,815	201,053,918

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. OTHER INCOMES

Description	2020-2021	2019-2020
	Kshs	Kshs
Accommodation/Hostel Fees	2,140,750	4,086,700
Rent Income	368,604	359,896
Sale of Tender Documents	-	4,000
Students Administration Fees	10,000	-
Sale of Food & Beverages - Students' Cafeteria	1,317,783	2,192,070
Sale of Food & Beverages - Staff Cafeteria	1,765,410	995,775
Sale of Food & Beverages - Hospitality & Tourism Department	600	750
Hire of Facilities - MUT Services	567,394	388,300
Miscellaneous Incomes	3,178,902	1,253,238
Administration Fees	182,477	191,161
Sales - MUT Workshops services	3,036,332	3,793,106
Income from Disposal of assets	-	43,185
Staff damages surcharges	248,800	10,457
Hire of Facilities -general	640,575	669,946
Interest on Call Deposits	7,936,951	8,265,505
Total Other Incomes	21,394,578	22,254,089
Total Revenue from Exchange Transactions	233,736,393	223,308,007

12. PERSONNEL EMOLUMENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Basic Salaries	235,036,876	220,128,400
House Allowance	114,441,405	107,511,362
MUT Pension Scheme Employer Contribution	35,124,138	46,150,110
Responsibility Allowance	5,791,717	5,330,288
Telephone Allowance	4,202,335	3,967,459
Acting Allowance	857,519	715,095
Special Duty Allowance	1,359,086	1,166,219
Management Allowance	24,131,251	22,249,600
BOG and Other Gratuities	6,238,766	7,322,411
Leave Travel Allowance	2,061,413	1,992,158
Commuter Allowance	19,871,475	19,964,775
Car Allowance	12,956,237	11,063,338
Non-use of Official Car	840,000	619,355
Entertainment Allowance	5,871,433	5,633,545
Electricity and Water Benefit Allowance	3,674,128	3,543,097
Passage and Baggage Allowance	129,332	1,027,145
Domestic Workers Allowance	1,800,000	1,663,226
Risk Allowance	193,403	151,103
Extraneous Allowance	3,892,937	3,588,041
Co-ordinating Allowance	896,272	997,380

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Research Allowance	560,000	560,000
Book Allowance	340,000	300,000
Non-Practice Allowance	186,000	180,000
Council Secretariat Allowance	192,000	192,000
Professorial Allowance	2,567,742	2,084,193
NSSF Employers Contribution-expense	712,600	677,200
Academic Allowance	1,405,645	1,140,000
Security Allowances	1,800,000	1,663,226
Gratuity & Other Pensions Employer Contribution	2,512,952	3,648,784
Other personal allowances	2,552,803	2,895,755
National Industrial Training Authority charges	163,050	184,800
Health Service Allowance	1,903,871	1,560,000
Emergency Call Allowance	120,000	120,000
Adjunct Lecturers Lumpsum Salary	6,729,745	7,390,609
2017-2020 CBA Arrears	12,974,969	36,578,750
Total Personnel Emoluments	514,085,100	523,959,424

13. CHANCELLOR AND COUNCIL EXPENSES

Description	2020-2021	2019-2020
	Kshs	Kshs
Council Expenses	8,713,180	6,941,335
Chancellor Expenses	1,382,758	1,596,692
Total Board Expenses	10,095,938	8,538,027

14. DEPRECIATION AND AMORTIZATION

Description	2020-2021	2019-2020
	Kshs	Kshs
Buildings	17,108,202	16,700,000
Internal Roads	2,761,382	2,611,497
Plant & Equipment	1,463,949	1,382,741
Office Equipment	153,646	134,379
Teaching Equipment	5,425,068	5,193,155
Furniture & Fittings	1,834,432	1,655,721
Motor Vehicles	6,100,834	4,940,000
Computer hardware, networking & telephone infrastructure	16,745,424	7,852,631
Academic attire	54,350	36,081
Total Depreciation	51,647,287	40,506,205

15. STUDENT WELFARE EXPENSES

Description	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Gas, Charcoal and firewood	134,610	395,620

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Purchase of Foodstuff	2,235,856	4,796,511
Purchase of Utensils and cutlery	179,788	18,170
Sports Activities	644,058	2,535,294
Students Work study Programme	579,000	279,180
Students Placement Charges	7,986,429	3,717,500
Purchase of Drugs & other Health unit expenses	1,631,098	1,200,091
Drama	140,000	-
Total Students Welfare expenses	13,530,839	12,942,366

16. TEACHING /ACADEMIC EXPENSES

Description	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Teaching Materials	1,773,602	1,415,484
Curriculum and Development	102,500	-
Academic Trips	103,950	53,860
Internal Research	116,043	-
Part-Time Teaching Costs	15,879,021	25,665,525
Examination Materials	1,848,523	1,088,580
External Examiners	808,940	205,018
Industrial Attachment Expenses	2,774,107	1,174,740
Accreditation of Academic programmes	2,319,700	3,799,000
Total Teaching/Academic Expenses	25,726,386	33,402,207

17. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	Kshs	Kshs
Repairs and Maintenance Expenses	4,257,754	4,543,559
Total Repairs and Maintenance Expenses	4,257,754	4,543,559

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. GENERAL OPERATING EXPENSES

Description	2020-2021	2019-2020
	Kshs	Kshs
Travel & Subsistence	5,260,830	7,368,253
Fuel & Oils for Motor Vehicles	2,895,624	2,955,808
Maintenance of Vehicles	1,493,641	1,891,254
Vehicle Insurance	743,149	719,718
Office Stationery	1,860,243	2,046,502
Printing & Publishing	105,073	721,092
Advertising and Publicity	1,799,585	853,542
Research & Development	28,600	-
Marketing Activities	136,072	160,150
Governance Expenses	4,042,736	938,810
Conferences	1,736,178	734,204
Staff Development, Seminars & Workshop	1,093,492	922,428
Staff Welfare Expenses	100,160	208,124
Staff Medical Expenses	4,338,072	27,573,558
Benevolent Expense	165,000	230,100
Professional Subscription	-	18,720
Purchase of Uniforms	301,480	116,200
Consultancy and Professional Services	124,166	89,700
Telephone & Postage Expenses	232,998	239,712
Internet Charges	5,708,151	5,804,927
Books, Journals and Magazines	1,908,912	400,226
ISO & SP Expenses	710,506	706,019
Bank Charges	646,647	904,209
Electricity Expenses	3,742,664	4,118,259
Water and Conservancy	5,075,872	4,647,239
Cleaning and Fumigation	12,113,614	9,960,224
Software License Renewal	348,000	451,933
Hire of Security Services	10,730,153	10,588,785
Casual Wages	2,969,260	2,528,825
Linkages Expenses	208,288	23,810
Workshops unit expenses	1,755,697	3,894,503
Legal Fees	2,504,673	304,000
General Insurance	922,357	922,477
Corporate Social Responsibility Donations	220,020	499,220
Graduation Expenses	1,968,642	7,088,787
Shows & Exhibitions	39,000	915,845
WIBA	341,938	341,978
Tax Expense	1,667,191	-
General Subscription	25,000	20,000
Impairment of assets	-	13,426,796
Staff and Dependents' Tuition Fees waiver	339,420	420,000
Audit Fees	696,000	696,000
Total General Operating Expenses	81,099,104	116,451,937

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. CASH & CASH EQUIVALENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
KCB Collection Account -1107198356	56,315,266	2,209,021
KCB Paying Account -1142192814	1,923,130	1,984,632
Equity Enterprise Account -0220290131328	6,960,308	3,647,271
Equity Collection Account-0220273636188	10,474,526	1,013,162
Equity Development Paying Account No.0220273636180	637,561	40,463,698
Call Deposit Account - Equity Development	50,000,000	100,000,000
Co-operative Bank Research Fund Account No.01141573999200	30,418,104	725,827
Call Deposit Account - Co-operative Bank Research	-	59,250,000
Co-operative Bank Fees Collection Account - 01129573999200	16,904,910	702,397
MUT Endowment Fund Account-1267531142	1,236,312	677,640
MUT Alumni Association Account-1267529652	2,612,635	194,140
KCB Kamukunji TTI Project-1178472396	-	504,105
KCB Kandara TTI Project-1178627896	-	1,483,633
Total Cash & Cash Equivalents	177,482,752	212,855,526

20. RECEIVABLE FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Students Debtors	35,432,105	19,628,400
House Rent Debtors	88,750	107,542
Imprest Debtors	705,661	1,708,520
MRUC Pension Scheme Receivable	-	2,198,780
Other Debtors	2,197,999	2,197,999
Sundry Debtors	1,158,779	1,252,599
Utility Deposit receivable/pre-payments	1,149,661	685,405
Total Receivables from Exchange Transactions	40,732,955	27,779,245
Less: Impairment/Provision for Doubtful Debts	(2,036,648)	(1,388,962)
Net Receivables from Exchange Transactions	38,696,307	26,390,283

21. PROVISIONS FOR DOUBTFUL DEBTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Bal b/f 1st July	1,388,963	1,311,977
Increase/Decrease in provision during the period	647,686	76,986
Balance as at 30th June	2,036,649	1,388,963

Note that: Doubtful debts were provided at 5% of total receivables from exchange transactions (Note 20) at the end of year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Recurrent Grant Receivable	-	195,664
Development Grants Receivable	-	8,925,000
2017-2021 CBA Grants	-	51,367,178
Total Receivable from Non-exchange transactions	-	60,487,842

23. INVENTORY

Description	2020-2021	2019-2020
	Kshs	Kshs
Central Stores- Stationery	502,425	498,902
Maintenance department	1,683,000	289,017
Catering/Hospitality department	101,195	257,812
Electrical department	257,292	101,778
House Keeping /Accommodation department	130,856	305,445
Health Unit department	1,160,173	868,090
Total Inventory	3,834,941	2,321,044

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. PROPERTY, PLANT AND EQUIPMENT

Particulars	Lease-Hold Land	Buildings	Land Improvements (Internal Roads)	Plant & Equipment	Office Equipment	Teaching Equipment	Furniture & Fittings	Motor Vehicle	Computers, Networking & Telephone Infrastructure	Academic Attire	Totals
RATES	0.02	0.05	0.10	0.10	0.10	0.30	0.10	0.20	0.30	0.05	
FY 2019/2020											
Cost/Value at Bal b/f July 1, 2019	650,000,000	791,589,104	52,229,938	35,363,919	8,145,594	7,502,876	30,204,702	46,794,330	32,825,492	-	1,654,655,955
Revaluation by Ministry	650,000,000	835,000,000	-	13,066,300	1,203,590	15,393,820	13,817,400	24,700,000	17,376,200	-	1,570,557,310
Net Book value at June 30, 2018	650,000,000	726,601,052	-	19,710,466	4,021,197	2,159,176	17,782,423	12,741,066	-	-	1,433,015,379
Revaluation reserves	-	108,398,948	-	-	-	13,234,644	-	11,958,934	17,376,200	-	150,968,727
Impairment loss	-	-	-	(6,644,166)	(2,817,607)	-	(3,965,023)	-	-	-	(13,426,796)
Disposal of Motor Vehicle	-	-	-	-	-	-	-	-	(180,000)	-	(180,000)
Additions during the year 2018/2019	-	-	-	207,023	103,199	619,933	1,277,581	-	7,693,458	-	9,906,194
Additions during the year 2019/2020	-	-	-	554,090	36,999	1,296,762	1,462,231	-	1,280,780	-	5,352,477
Cost/Value Bal c/d at June 30, 2020	650,000,000	835,000,000	52,229,938	13,827,413	1,343,788	17,310,515	16,557,212	24,700,000	26,175,438	721,615	1,637,865,919
ACCUMULATED DEPRECIATION											
Acc. Dep Bal b/f July 1, 2019	-	80,819,834	2,611,497	18,982,822	4,835,758	6,974,630	14,165,168	43,412,130	32,825,492	-	204,627,331
Less: Adjusted Depreciation Charge	-	(64,988,052)	-	(15,446,430)	(4,021,199)	(4,723,767)	(1,144,698)	(34,233,264)	(25,127,034)	-	(159,684,444)
Acc. Dep for Motor Vehicle disposed	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charged for the year	-	16,700,000	2,611,497	1,382,741	134,379	5,193,155	1,655,721	4,940,000	7,852,631	36,081	40,506,205
Acc. Dep Bal c/d June 30, 2020	-	32,531,782	5,222,994	4,919,133	948,938	7,444,017	4,676,191	14,118,866	15,551,089	36,081	85,449,092
Net Book value at June 30, 2020	650,000,000	802,468,218	47,006,944	8,908,280	394,850	9,866,498	11,881,021	10,581,134	10,624,349	685,534	1,552,416,827
FY 2020/2021											
Cost/Value at Bal b/f July 1, 2020	650,000,000	835,000,000	52,229,938	13,827,413	1,343,788	17,310,515	16,557,212	24,700,000	26,175,438	721,615	1,637,865,919
Additions during the year 2020/2021	100,000,000	20,410,084	2,997,700	812,077	192,674	773,046	1,787,108	5,804,172	29,462,641	365,384	162,604,886
Less: Wrong captured disposal FY 2019/20	-	-	-	-	-	-	-	-	180,000	-	180,000
Cost/Value Bal c/d at June 30, 2021	750,000,000	855,410,084	55,227,638	14,639,490	1,536,462	18,083,561	18,344,320	30,504,172	55,818,079	1,086,999	1,800,650,805
ACCUMULATED DEPRECIATION											
Acc. Dep Bal b/f July 1, 2020	-	32,531,782	5,222,994	4,919,133	948,938	7,444,017	4,676,191	14,118,866	15,551,089	36,081	85,449,092
Add: Adjusted Depreciation Charge	-	868,218	-	-	-	2,553,263	-	-	-	-	3,421,481
Less: Adjusted Depreciation Charge	-	-	-	(2,209,060)	(683,881)	-	(1,510,972)	(4,238,866)	(122,061)	-	(8,764,840)
Depreciation Charged for the year	-	17,108,202	2,761,382	1,463,949	153,646	5,425,068	1,834,432	6,100,834	16,745,424	54,350	51,647,287
Acc. Dep Bal c/d June 30, 2021	-	50,508,202	7,984,376	4,174,022	418,703	15,422,349	4,999,651	15,980,834	32,174,452	90,431	1,317,530,202
Net Book value at June 30, 2021	750,000,000	804,901,882	47,243,262	10,465,468	1,117,759	2,661,212	13,344,669	14,523,338	23,643,627	996,568	1,668,897,785



NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. WORK IN PROGRESS

Description	2020-2021	2019-2020
	Kshs	Kshs
Balance brought forward	422,087,344	226,091,282
Additions:		
Hostel Block Phase 1, Wing 2	13,453,678	38,984,113
Hostel block-Phase 3	66,996,115	10,000,000
Science Complex	150,102,638	136,144,327
Perimeter wall	6,268,690	4,553,192
ERP Software	1,276,000	3,828,000
Basketball pitch	511,270	2,486,430
Asbestos removal	148,800	-
Total additions	238,757,191	195,996,062
Balance b/f plus additions	660,844,535	422,087,344
Less: Work in Progress Capitalized		
Land Improvement (Internal Roads)	-	-
ERP Software	25,520,000	-
Basketball pitch	2,997,700	-
Water tank	20,410,085	-
Total Work in Progress Capitalized	48,927,785	
Total Work in Progress Balance at the end of the year	611,916,750	422,087,344

26. LONG TERM INVESTMENT

Description	2020-2021	2019-2020
	Kshs	Kshs
Bamburi Shares	25,318,800	25,318,800
Total Long-Term Investments	25,318,800	25,318,800

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

27. PROVISIONS FOR AUDIT FEES

Description	2019-2020	
	Kshs	
Bal b/f 1 st July	4,176,000	3,480,000
Increase /(Decrease) in provision during the period	(3,480,000)	696,000
Balance as at 30th June	696,000	4,176,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. PAYABLES AND ACCRUALS FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Students related payables		
Student Fees Prepayments	35,137,902	28,214,010
External Examination-TIVET/CDACC	1,240,000	-
Helb Loan & Bursaries	4,642,560	586,430
CDF/Sponsorships	2,589,959	1,815,809
Students caution money	434,622	271,622
Student Union Payable	361,678	101,549
Unallocated Receipts	1,105,560	984,187
Students and other refunds	72,533	36,300
Sub-total	45,584,814	32,009,907
Payroll deductions payables		
NSSF	120,800	-
NHIF	452,350	31,550
UASU	215,272	252,905
KUSU	166,071	325,923
KUDHEIHA	38,485	32,446
HELB Staff deductions	139,628	5,723
Net Pay	22,836,824	81,249,029
Wages Payables	418,466	418,466
Sacco Deductions	3,187,709	121,170
Insurance and Investments	272,351	16,010
Mortgage payable-staff	118,073	-
Bank Loan Deductions	6,248,194	138,073
MRUC Staff Welfare Deductions	48,200	1,800
MRUC Benevolent Fund Payable	10,500	3,700
MRUC Workshops deductions payable	14,813	111,411
MRUC Pension Scheme payable	183,865	7,779,336
Other Pension Schemes Payable	258,345	600
Former BOG employees gratuity Payable	6,916,100	6,916,100
Imprest recoveries	94,458	112,388
MUT Endowment Fund	1,288,549	676,800
MUT Alumni Association	2,872,680	194,140
Sub-total	45,901,733	98,387,570
Other payables and provisions from exchange transactions		
Recurrent Creditors	23,031,108	15,712,365
JKUAT Payables	-	1,123,526
External Research fund	21,598,241	60,413,134
Provision for Audit fees	696,000	4,176,000
Provision for General expenses	4,502,000	4,781,500

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Contract retentions (10%)	67,746,288	43,267,859
Capital Creditors	14,394,576	1,715,755
Sub-total	131,968,213	131,190,139
Total Payables / Accruals from exchange transactions	223,454,760	261,587,616

29. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
PAYE Deductions	24,262,890	22,836,938
VAT Withholding (6% of 116%)	10	624,518
VAT Withholding (2% of 108%)	5,175	10,927
Income Tax Withholding (5%)	2,188	88,675
Income Tax Withholding (3%)	1,070,795	810,768
VAT Withholding clearing	445,664	445,663
VAT Withholding (2% of 116%)	591,863	107,319
VAT Withholding (2% of 114%)	171,650	285,372
Kamukunji Technical Institute Fund	-	504,105
Kandara Technical Institute Fund	-	1,483,632
Total Payables from Non-Exchange Transactions	26,550,235	27,197,917

30. ACCUMULATED SURPLUS

Description	2020-2021	2019-2020
	Kshs	Kshs
Balance brought forward	958,106,562	942,798,356
Revenue reserves	45,818,879	-
Add: Surplus during the year	40,627,730	15,308,206
Total	1,044,553,171	958,106,562

31. REVALUATION RESERVES

Description	2019-2020	
	Kshs	
Balance brought forward	150,968,727	-
Revaluation of land reserves	100,000,000	150,968,727
Reserves transfer	(3,358,634)	-
Total	247,610,093	150,968,727

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. DEVELOPMENT GRANTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Balance brought forward		
Development grants received during the year	904,016,843	820,386,524
Total	98,876,914	93,620,000
	1,002,893,757	914,006,524
Less: Amortization of granted assets		
De-recognition of capital grants receivable		
Amortization - Buildings	(8,925,000)	
Amortization - Land Improvement (Internal Roads)	(7,378,184)	(7,378,184)
	(2,611,497)	(2,611,497)
Balance as at 30th June	983,979,076	904,016,843

33. FINANCIAL RISK MANAGEMENT

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

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

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

i. Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Analysis of Credit risk exposure					
At 30 June 2021					
	Total amount	0-60 days	60-90 days	Over 90 days	
		Fully Performing	Past due	Impaired	Risk rating
	Kshs	Kshs	Kshs	Kshs	
Bank balances	177,482,752	177,482,752	-	-	low
Receivables from exchange transactions:					
Imprest receivables	705,661	705,661	-	-	low
Students Debtors	35,432,105	35,432,105	-	-	medium
House Rent Debtors	88,750	-	-	88,750	high
Sundry Debtors	1,158,779	1,158,779	-	-	low
Other Debtors	2,197,999	-	-	2,197,999	high
Total Receivables from exchange transactions	39,583,294	37,296,545	-	2,286,749	
At 30 June 2020					
Bank balances	212,855,526	212,855,526	-	-	low
Receivables from exchange transactions:					
Imprest receivables	1,708,520	1,708,520	-	-	low
Students Debtors	19,628,400	19,628,400	-	-	medium
House Rent receivables	107,542	-	-	107,542	high
MRUC Pension Scheme	2,198,781	-	-	2,198,781	high
Other receivables	2,197,999	2,197,999	-	-	low
Total Receivables from exchange transactions	25,841,242	23,534,919	-	2,306,323	
Receivables from non-exchange transactions:					
Recurrent Grants receivable	51,562,842	51,367,177	-	195,665	high
Development Grants receivable	8,925,000	-	-	8,925,000	high
Total Receivables from non-exchange transactions	60,487,842	51,367,177	-	9,120,665	

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

ii. Liquidity risk management

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

iii. Market risk

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

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

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

a. Interest rate risk

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

Management of interest rate risk

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

b. Foreign currency risk

The University has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. The currency exposure to the University transactions is mitigated as receipts, and payments are made in local currency with very few cases where suppliers quote in foreign currency mostly in US dollars. Invoices

NOTES TO THE FINANCIAL STATEMENTS (Continued)

denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rates.

The University receives revenue from fees, grants and other sources in functional currency and no other currencies. All the assets of the University were denominated in Kenya shillings which is the functional currency used in these financial statements. Therefore, for the year ended June 30, 2021 currency exposure has minimal impact on financial status of the University. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

iv. Natural Disasters Risk (COVID-19)

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

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

v. Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Accumulated Surplus	1,044,553,171	958,106,563
Revaluation Reserves	247,610,092	150,968,727
Development Grants	983,979,076	904,016,843
Total funds	2,276,142,339	2,013,092,132
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-%	-%

34. RELATED PARTY BALANCES

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include the National Government of Kenya, the Council Members, Key Management Members, their associates and close family members.

i. The National Government of Kenya

Murang'a University is a Public University hence the National Government of Kenya through the

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Ministry of Education, is the principal owner of the University. The Government of Kenya has appointed the University Chancellor, the Council Members, Vice Chancellor and Deputy Vice Chancellors.

Related parties include:

ii. The Ministry of Education

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

ii. The University Chancellor

The Chancellor is the titular head of the University.

iii. The Council

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

iv. The University Management Board

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

Summary of transactions with related parties	2020-2021	2019-2020
	Kshs	Kshs
1) Grants from the Government		
i. Recurrent Grants		
a. Received	522,991,751	471,064,051
b. Receivable		51,367,178
ii. CBA Grants	-	-
iii. Development Grants Received	73,876,914	93,620,000
iv. Development Grants Receivable		-
Grants from County Government		
Donations in kind		
Total grants from the Government	596,868,665	616,051,229
2) Chancellor and Council expenses:		
i. Chancellor expenses	1,382,758	1,596,692
ii. Council expenses	8,713,180	6,941,335
Total Chancellor and Council expenses	10,095,938	8,538,027
3) Key management compensation		
Compensation to Key Management Members	27,332,563	20,228,948
Total Key management compensation	27,332,563	20,228,948

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities

Court cases against the University:

a. Manyota ltd vs Murang'a University of Technology and

	2020-2021	2019-2020
	Kshs	Kshs
	-	-
	2,128,113	-
	-	-

Manyota Ltd vs Murang'a University of Technology

This plaintiff was claiming for interest on delayed contractual payments. The University has since settled the claim

36. CAPITAL COMMITMENTS

	Capital commitments	2020-2021	2019-2020
		Kshs	Kshs
	Authorised and contracted for and on-going		
1	Hostel Block Phase 1, Wing 2	150,102,638	136,144,327
2	Asbestos Removal	148,800	-
3	Hostel Block Phase 1, Wing 2	13,453,678	38,984,113
4	Hostel block-Phase 3	66,996,115	10,000,000
5	Perimeter wall	6,268,690	4,553,192
6	ERP Software	1,276,000	3,828,000
7	Repair of basketball pitch	511,270	2,486,430
	Total	238,757,191	195,996,062

37. EVENTS AFTER THE REPORTING PERIOD

There were no events after reporting period.

38. ULTIMATE AND HOLDING ENTITY

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

39. CURRENCY

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

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APPENDICIES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Long Term Investments (Ownership of Bamburi Shares). Transfer process of shares to the University not been completed	Follow up being made by Management through the legal office	Trustees	Not Resolved	2021/2022
2	Long Outstanding Payables	The Management wrote to the council to advice on further course of action. The Council discussed, deliberate and recommended partial de-recognition. However, the balance is subject to court ruling.	The Management and the Council	Partially Resolved	2021/2022
3	Long Outstanding Receivables	The Management wrote to the council to advice on further course of action. The Council discussed, deliberate and recommended partial de-recognition.	The Management and the Council	Partially Resolved	2021/2022



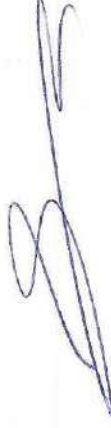
Vice-Chancellor
Prof. Dickson M. Nyariki, Ph.D.

Date 21.03.2022



Ag. Finance Officer
CPA Moffat K. Njoroge
ICPAK Member Number. 8483

Date 21/3/2022



Council Chairman
Prof. Joachim Osur, Ph.D.

Date 21/3/2022



APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

Projects implemented by the University funded by development partners

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

Status of Projects Completion

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

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APPENDIX III: INTER-ENTITY TRANSFERS

Murang'a University of Technology

Break down of Transfers from the State Department for University Education and Research
 2020-2021

	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
a. Recurrent Grants			
	7 th August, 2020	41,499,313	2020-2021
	31 st August, 2020	41,499,313	2020-2021
	1 st October, 2020	41,499,311	2020-2021
	30 th October, 2020	41,499,313	2020-2021
	7 th December, 2020	41,499,313	2020-2021
	4 th January, 2021	41,499,312	2020-2021
	4 th February, 2021	66,499,313	2020-2021
	10 th March, 2021	41,499,313	2020-2021
	13 th April, 2021	41,499,311	2020-2021
	10 th May, 2021	41,499,313	2020-2021
	16 th June, 2021	41,499,313	2020-2021
	25 th June, 2021	41,499,313	2020-2021
	Total	522,991,751	2020-2021
b. Development Grants			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	14 th September, 2020	73,876,914	2020-2021
	Total	73,876,914	

Ag. Finance Officer
 CPA Moffat K. Njoroge
 ICPAK Member Number. 8483
 Sign 

Head of Accounting Unit
 State Department for University Education and
 Research
 Sign 

Ang'wa University of Technology
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APPENDIX IV: RECORDING OF TRANSFERS FROM MINISTRY OF EDUCATION

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year Kshs
				Statement of Financial Performance Kshs	Statement of Financial Position Kshs	Deferred Income Kshs	Receivables Kshs	Others - must be specific Kshs	
State Department for University Education and Research	Refer to Appendix III	Recurrent Grants	522,991,751	497,991,750	25,000,000	-	-	-	522,991,751
State Department for University Education and Research	14 th September, 2020	Development Grants	73,876,914	-	-	-	-	-	73,876,914
Total			596,868,665	497,991,750	25,000,000	-	-	-	596,868,665

