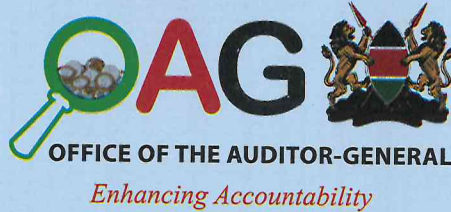


REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

OAG/ER/AUD/UOE/2021-2022/(14)

8 May 2023

Prof. Daniel Mugendi Njiru, (Ph.D)
Vice-Chancellor
University of Embu
P. O. Box 6-60100
EMBU



Dear Sir,

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF EMBU FOR THE YEAR ENDED 30 JUNE 2022

I transmit herewith one (1) copy of the report of the Auditor-General on the financial statements of University of Embu for the year ended 30 June 2022 in accordance with Article 229(8) of the Constitution of Kenya.

Yours faithfully,

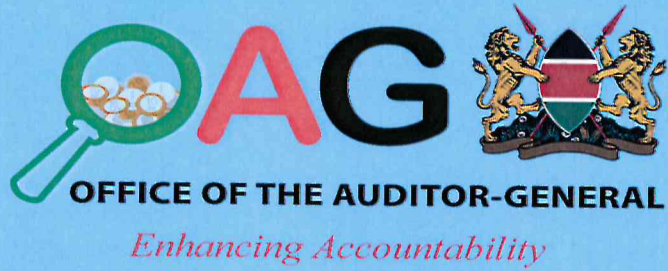
Reuben Kamuruchi
For: AUDITOR-GENERAL

Copy to: **Principal Secretary**
State Department for University Education & Research
Ministry of Education
P O Box 9583-00200
NAIROBI

ce
DYC (PAF)
Internal Audit

HAF
for for. no. 104
and further action
Daniel
13/5/23

REPUBLIC OF KENYA



REPORT

OF

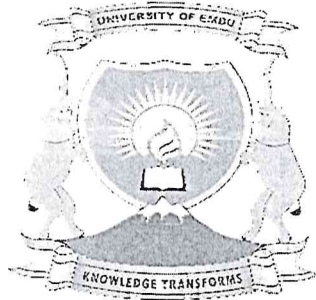
THE AUDITOR-GENERAL

ON

UNIVERSITY OF EMBU

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

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
16 MAR 2023
RECEIVED

UNIVERSITY OF EMBU



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH
JUNE, 2022

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



Prof. George Magoha Library, with a capacity of over 800

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UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

FUNDAMENTAL STATEMENTS

Vision

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

Mission

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

Philosophy

Enhancing human capacity for societal development.

Core Values

Integrity,
Innovativeness,
Professionalism,
Teamwork
Customer focus

UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

(i) Establishment

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

(ii) Commencement of operations

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

(iii) Student population

The first group of students was admitted in April, 2013 through Joint Admission Board. The pioneer group had about 120 students. Student population has grown over time, rising to over 9000 students in the 2021/2022 financial year. This remarkable growth in numbers is attributed mainly to: quality student services, introduction of new academic and aggressive marketing of the University.

(b) Mandate of University of Embu

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

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

c) University Management Board

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

d) **Fiduciary Management**

The management personnel who held office during the financial year ended 30th June, 2021 are:

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

e) **Fiduciary oversight arrangements**

(i) **Parliamentary Public Accounts Committee**

The Committee oversees the expenditure of public funds by Ministries, State Departments and Corporations, Commissions and Independent Offices, to ensure value for money in spending, and adherence to the Government Financial Regulations and Procedures. The Committee executes its mandate on the basis of annual and special audit reports, that are prepared by the Office of the Auditor General. University of Embu being a public entity is overseen, by having its Financial Statements examined and discussed by the Committee to determine whether the affairs of the University are managed with sound financial principles and prudent practices.

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

The University has Audit, Risk and Compliance Committee of the University Council. The Committee plays an oversight role in the University operations by independently reviewing financial and non-financial operations of the University, and reports to the University Council on quarterly basis. The Committee executes its mandate on the basis of regular audits conducted by the Internal Auditor. On quarterly basis, the Internal Auditor tables a report to the Committee, giving in details the findings for audits conducted, recommendations made, and the actions taken by the Management to address risks that were identified during audits.

(iii) **Finance, Resource Mobilization and General Purposes Committee**

This is the Committee of the University Council that provides financial analysis, advice and oversight of the University's budget. The mandate of the Committee as provided in its Charter, includes:

- i) To review, evaluate and recommend to Council for approval, the operating and financial results and to ensure effective, accurate, timely and transparent disclosure of pertinent;
- ii) To mobilize resources to ensure availability, systematic allocation and application of the resources for the development and sustainability of the University;
- iii) To review, evaluate and recommend for approval by Council major resource allocation and capital investments by the University as may be found appropriate from time to time;

- iv) To review on a quarterly basis, the attainment of targets and objectives set out in the
- v) To review and recommend for approval by the Council rules and procedures for control of expenditure and administration of financial matters; and
- vi) To review, evaluate and recommend for approval by the Council procurement plans and expenditure; and disposal plans.

(iv) Ethics and Anti-Corruption Commission

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

f) University Headquarters

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

g) University of Embu contacts

P.O. Box 6-60100 Embu, Kenya
Email: vc@embuni.ac.ke/info@embuni.ac.ke
Website: www.embuni.ac.ke
Tel: +25420244 4136/+254727933950/ +254788199505

h) Bankers

- | | | |
|---------------------------------------|---|-------------|
| i. Absa Bank of Kenya Limited | - | Embu Branch |
| ii. KCB Bank Kenya Limited | - | Embu Branch |
| iii. Equity Bank Limited | - | Embu Branch |
| iv. Cooperative Bank of Kenya Limited | - | Embu Branch |
| v. National Bank of Kenya Limited | - | Embu Branch |

i) Independent Auditors

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




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

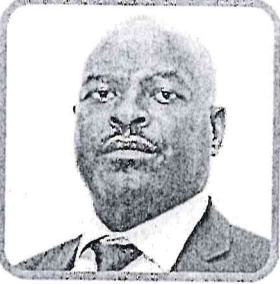


j) Principal Legal Adviser

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

UNIVERSITY COUNCIL

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

 <p>Dr. Kennedy Okong'o – Council Chairperson</p>	<p>Date of Birth: 16th April, 1982</p> <p>Holds a PhD in Information Systems, University of Cape Town, MSc in ICT Policy and a BSc in Geomatic Engineering and Geo Information Systems, JKUAT. He also holds an MBA in Information Systems, University of Nairobi and a Master of Arts in Diplomacy, Moi University. Previously, he served as a member of Council for Embu University College and South Eastern Kenya University. Dr. Okong'o is Policy Lead, Digital Impact at the United Nations Foundation.</p>
 <p>Mr. James Muchiri Ndung'u - Representative of the Principal Secretary, Ministry of Ed. - State Department for University Ed. & Research</p>	<p>Date of Birth: 1973</p> <p>Holds a master degree in Education Planning, and a Bachelor Degree in Education.</p> <p>Has wide experience in the education management.</p>
 <p>Mr. Samuel Kiiru Representative of the Cabinet Secretary, National Treasury and Planning</p>	<p>Date of Birth: October 20, 1969</p> <p>Holds a Master of Arts in Economics, from Carleton University, Canada and a Bachelor of Arts in Economics from University of Nairobi. He is currently serving as the Director of Planning and Head of Budget Policy, at The National Treasury. Has a wealth of experience in policy review, fiscal analysis, Macro level planning, program and performance budgeting, project appraisal, monitoring and evaluation and is a trainer on programme and performance budgeting.</p>

 <p>CPA Felix Nthenge Kilonzi Chairperson Finance, Resource Mobilization and General Purposes Committee</p>	<p>Date of Birth: 10th October, 1977</p> <p>Holds a Master degree in Tax and Customs Administration from Moi University, Master of Business Administration in Corporate Management and a Bachelor of Commerce degree in Finance both from KCA University. He is currently pursuing a Ph.D in accounting at Moi University, Eldoret. In addition, he is a Certified Public Accountant and a Certified Public Secretary. Mr. Felix Kilonzi is a member of Institute of Certified Public Accountants of Kenya (ICPAK) and member of Kenya Institute of Management (MKIM), He has a wealth of experience in accountancy and financial management since 2001. He is currently a consultant at IMA Associates, Certified Public Accountants and also serves as an Academic Supervisor at the Kenya School of Revenue Administration (KESRA).</p>
 <p>Ms. Lilian Njeri Munene Chairperson - Human Resource Development and Academic Affairs Committee</p>	<p>Date of Birth: 9th March, 1978</p> <p>She holds a Master of Science in International Management from Oxford Brookes University, England and a Bachelor of Sciences (Hons) in Business Information Systems from North London University, England. Lilian is an international management professional with proven linkages skills and understanding of the research and innovation financing landscape. She has a wealth of experience in governance since 2005. Lilian is currently serving as an Executive Director at Ayenit Alolom Africa</p>
 <p>Ms. Karen Basiye Itela Chairperson - Audit, Risk and Compliance Committee</p>	<p>Date of birth: 17th November, 1978</p> <p>She holds a Joint Master of Environmental Science, Policy and Management degree from Lund University (Sweden), University of Manchester (UK), Central European University (Hungary) and University of the Aegean (Greece) and a Bachelor of Environment Science degree from Kenyatta University.</p> <p>Currently at Safaricom, Karen leads the Sustainability agenda for the company. Karen is passionate about the interplay between People, Purpose and Profit. She has a wealth of experience in Environmental Management Systems and Policies.</p>

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022



CPA James Njeru Kaburu - Member

Date of Birth: 2nd May, 1969

He holds a Master degree in Business Administration, Strategic Management, a Bachelor degree in Business Administration (Accounting), both from the United States International University (USIU), and a Global Diploma in Engagement and Productivity Coaching from CDI-Africa Coaching Group Limited. In addition, he is a member of the Institute of Certified Public Accountants of Kenya

He is currently serving as the Group Chief Risk Officer, Co-operative Bank of Kenya Limited.



Ms. Agnes Wanjuki Ndwiga, HSC, CDFA - Member

Date of Birth: 4th September 1962

Holds a Master of Science Degree in Development Finance from Reading University, United Kingdom and a Bachelor of Commerce Degree in Business Administration from the University of Nairobi. She is currently pursuing a Doctorate Degree in Development Studies. She is a financial sector expert with over 20 years' experience. Agnes has been awarded the head of state commendation (HSC) by the President of the Republic of Kenya in recognition of her outstanding contribution in financing of SMEs through her work in the Finance industry and public sector board roles. She is currently serving as a General Manager, Corporate and Public sector banking, Equity Group.



**Prof. Daniel Mugendi
 Vice-Chancellor and Secretary to the Council.**





Date of Birth: 8th September 1961




Holds a PhD in Agroforestry from University of Florida, Gainesville, Florida, USA; In addition, he has a Master of Science Degree in Crop Science from the University of Nairobi; and Bachelor of Science (BSc) Degree in Forestry from Moi University.

Has vast experience spanning over 30 years in Administration, Academic & Research in Universities, and Research Institutions.

UNIVERSITY MANAGEMENT BOARD

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

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

 <p>Prof. Jackson Wachira</p>	<p>Registrar, Academic Research & Extension</p> <p>Holds a PhD in Chemistry, a Master of Science Degree in Chemistry and Bachelor of Education (Science) Degree, all from Kenyatta University.</p>
 <p>Prof. Paul Njiruh Nthakanio</p>	<p>Registrar, Planning, Administration and Finance</p> <p>Holds a PhD in Genetics and Plant Breeding from Zhejiang University, China. In addition, he holds a Master of Science Degree in Genetics and Plant breeding, and a Bachelors Degree in Agronomy from Zhejiang Agricultural University.</p>
 <p>Mr. Lawrence Kamonjo</p>	<p>Head of Finance</p> <p>Holds a Masters Degree in Finance, and a Bachelors of Education (Arts); both from Kenyatta University. In addition, he is a Certified Public Accountant of Kenya.</p>

COUNCIL CHAIRMAN'S REPORT

Education plays an important role in the economy of any country due to the positive impact it has on development, welfare of citizens and management of investments. The University sector is particularly important for its vital role of generating, advancing and disseminating knowledge through quality training, research, and innovation.

Over the years, the University has recorded tremendous growth, attributed to prudent management of resources, coupled with our unique culture of meeting and exceeding expectations of our customers. The University strongly relies on technology and vast experience of her employees to achieve business growth, innovation and sustained operational excellence. Adequate systems have been put in place, to ensure continual improvement, and guarantee high standards of performance at all levels.

During the year under review, the University Council remained focused in building a legacy of success, through good governance and provision of a wide range of market-oriented academic programmes and courses, in an environment that provides favourable learning experiences. The University has a reliable mechanism for identifying and engaging her various stakeholders to promote sustainability, by adopting practices that are responsive to their needs.

Funding by the Government of Kenya

I am pleased to report that funding to the University during the year was enhanced from a total of KES 674,115,975 received in the FY 2020/2021, to KES 703,865,333. This represents an aggregate increase of 4.41%, as shown below.

Type of grant	Amount in KES (2021/2022)	Amount in KES (2020/2021)	% change
Recurrent	628,865,333	599,320,308	4.93
Development	75,000,000	74,795,667	0.27
Total funding	703,865,333	674,115,975	4.41

Key activities during the financial year under review

The following are the key activities that took place at the University, during the FY 2021/2022:

- i. The sixth graduation ceremony of the University was held on 17th September, 2021.
- ii. Partnered with our stakeholders in conserving the environment, by planting over 3700 tree seedlings to combat global warming by enhancing the forest cover to attain the 10% requirements for the county by 2022.
- iii. First surveillance audit for ISO 9001:2015 was conducted in the month of March, 2022 by the Kenya Bureau of Standards.
- iv. Hosted the International Mother Language Day Celebrations in the month of February, 2022. The celebrations highlighted the potential role of technology in advancing multilingual education.
- v. Institutional quality audit was conducted at the University in February, 2022, by the Commission for University Education.
- vi. Hosted the 6th International Conference for Women in Science without Borders from 3rd to 5th November, 2021. The theme of the Conference was *Building a Gender Inclusive Sustainable Future Through Science, Technology and Innovation*.

Achievements

Despite the adverse effects of the COVID-19 Pandemic on the global economy, the University remained resilient and recorded improved performance with 2% growth in revenues. Other achievements realised during the year include:

- (i) Ranking as the best performing public university in Kenya, during the 2020/2021 Financial Year, Performance Contracting cycle. The performance was communicated through a report dated April 2022, released by the Ministry of Public Service and Gender.
- (ii) Webometrics ranking – in January 2022 the University was ranked position 13 out of 125 institutions of higher learning in Kenya
- (iii) Recorded 16.9% growth in student population, from 8435 students to 9857
- (iv) Graduated 1576 students during the sixth graduation ceremony of the University. The number comprises of 5 Ph.Ds, 21 Masters, 1370 Bachelors, 165 diplomas and 15 certificates.

- (v) Implementation of ISO 9001:2015 Quality Management Systems and ISO 27001:2013 Information Security Management Systems. A Surveillance ISMS audit that was conducted by the Kenya Bureau of Standards in May, 2021 revealed that the University's management system is effective in attaining the specified objectives.

Key Challenges

The following are the main challenges that were faced by the University during the year:

- i. Inadequate financial resources to cater for all the planned recurrent as well as capital activities. The University has for several years recorded a progressive growth in student population, without a corresponding increase in funding from the Government
- ii. Competition from other institutions, and especially the bigger, and more established institutions. The University sector has become very-competitive, with the older and more endowed institutions enjoying a greater advantage.
- iii. Escalating cost of operation, occasioned by increased prices of consumer products.
- iv. Difficulties in achieving projected student numbers, due to reduced national catchment that mainly depends on performance in the KCSE examinations. In addition, the University faced the challenge of continued reduction in enrolment of self-sponsored students. This is because, all the students who attained university grade were absorbed in the various universities and other tertiary institutions under the sponsorship of the Government, especially the TVET programmes.

In spite of the challenges faced, we remained keen in ensuring business continuity, by minimizing impact of disruptions on our operations. We have in place a well stipulated risk management framework to address sustainability challenges. In addition, the University has reliable strategies for tapping emerging opportunities in the environment we operate in. Looking ahead, we will continue implementing our key priorities, and finding new ways of dealing with new risks and challenges. We rely on our operational excellence to implement and improve our strategies to achieve business growth.

Future outlook

The projects and activities undertaken during the year were aligned to our 2018 – 2028 Strategic Plan. Implementation of the Plan will see the University achieve: financial stability, long term sustainability, enhanced infrastructure, governance, partnerships and increased collaborations. The Plan clearly stipulates the aspirations of the University in the realization of Kenya Vision 2030, the Big Four Agenda and the internal growth potential. The Strategic Plan defines six key areas along which the University focuses on to deliver on her mandate. The six areas are: Infrastructure, Human Capital Management, Leadership and Governance, Operations and Services, Collaborations and Partnerships, and; Resource Mobilization and Sustainability.

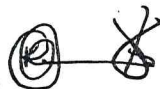
The Council is committed to strengthening the existing innovation capacity in building a responsive and dynamic business which embraces emerging technological advancements and socio-economic trends. We shall continue executing the existing expansion strategies, while aggressively mobilizing and efficiently managing resources. We remain committed to positive interactions with our stakeholders, in building mutually beneficial relationships.

Appreciation

On behalf of the University Council, I wish to express my sincere appreciation to the Government of Kenya for the support accorded during the year under review. My deep gratitude goes to all the members of the University Council, the University Management and all members of staff, for their teamwork and dedication in service delivery, creativity and; efficiency, which helped us in effectively delivering on our mandate. Finally, I wish to thank all other stakeholders for their great support and invaluable ideas shared with us for continued improvement in service delivery.

Dr. Kennedy Okong'o

Chairman, University of Embu Council



Date: 7th February, 2022

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

REPORT OF THE VICE-CHANCELLOR

University of Embu prides itself in offering quality teaching, research and excellent student welfare services. The University is among the fastest growing University in Kenya, in terms of student population, infrastructure and in the variety of courses offered. The growth is attributed to prudent management, coupled with our unique culture of meeting and exceeding expectations of our customers. Guided by our core values, the University fraternity remained committed to maintaining high professional standards in service delivery. This has helped the University to realize sustained excellent performance over the years, underpinned by flexible and ethically driven business systems, processes and procedures. The University has motivated, professional, hardworking and proactive of staff, who support students with their studies and social wellbeing.

We consider that in these times of implementation of the Vision 2030 and the Big Four agenda, access to an affordable, relevant and quality education which enables students to gain the career skills that they need is more important than ever. Our market driven academic programmes are reviewed regularly to maintain relevance, by accommodating emerging needs.

All the academic programme offered by the University were approved by the Commission for University Education. During the development and review of our curricula, the University ensures that market requirements and expectations are put into consideration. This is done through stakeholder involvement, in a manner that promotes sustainable partnerships, and instils trust and confidence in our programmes.

NON – FINANCIAL INFORMATION

(a) Academic schools and programmes

During the year under review, University of Embu had six academic schools, namely: School of Pure and applied Sciences, School of Agriculture, School of Education and social sciences, School of Business and economics, School of Nursing, School of Law. In the pipeline are eight new schools namely: School of Pharmacy, School of Public Health, School of Medicine, School of Engineering and Technology, School of Built Environment, School of Computing and Mathematics, School of Journalism and School of Humanities & Social Sciences. The University has ninety-eight academic programmes on offer as displayed in the table below:

School	Number of departments	Number of academic programmes with registered students					
		Certificate	Diploma	Post Graduate diploma	Bachelor	Master	Ph.D.
Pure & Applied Sciences	4	1	2	0	13	12	8
Agriculture	2	0	3	0	7	8	6
Education & Soc' Sciences	2	0	5	1	4	6	1
Business & Econ.	2	2	2	0	6	3	2
Nursing	4	0	1	0	3	1	0
Law	3	0	0	0	1	0	0
SUB-TOTAL	17	3	13	1	34	30	17
TOTAL				98			

(b) Student Enrolment

Demand for university education has increased significantly as a result of population growth and expansion of world economies. The University sees this as an opportunity for growth, and has progressively increased enrolment capacity to meet the growing demand. During the year under review, the University recorded a 16.9% growth in student population, from 8435 students to 9857. Due to inadequate hostel facilities, only 7.6% of the population resides at the University. However, the University is in partnership with neighboring community, who have invested in the construction of standard and adequate hostels to accommodate the non-resident students. To ensure that the welfare of the non-resident students is well taken care of, the student council has two positions specifically for the non-residents, one for each gender. The two report to the University Management on timely basis, any issue that needs action. In addition, the University Management makes regular surveillance visits to external residences to ensure that security and health standards of the occupants are well taken care of. The University is in the process of evaluating the available Public Private Partnership options for construction of hostels, in a bid to provide more accommodation spaces.

(c) Post-COVID 19 recovery

During the year under review, world economies experienced some recovery from the devastating impact of the COVID-19 pandemic. The recovery was attributed to the rollback of the containment measures that had been set up at the onset of the pandemic. The vaccine rollout and the increased focus on digital business played a key role in the recovery process. The University collaborated with Embu Level Five hospital in having vaccination done at the University. Owing to resumption of face to face business, the University recorded better performance during the

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

year, in terms of revenues, as well as in the performance contracting activities. However, the gains made after the Pandemic, face the challenge of being lost, due to the ongoing Ukraine-Russia crisis already having an adverse impact on the global prices of fuel and other essential goods. The University Management will continue exercising prudence in the management of available resources, for sustainability.

(d) Student welfare

University of Embu Management and members of staff are committed to providing the best learning experience to our students, in a conducive environment. The University is recognized for its quality teaching, research and welfare services for students. The University has a vibrant students Council (University of Embu Students Association) that looks into the welfare of students. Elections of the 5th University of Embu Students Association (UESA) Council were held on Tuesday, 27th July 2021 to elect a new student's council. The elections were held via an Online Election System developed by the University's ICT department. The Council works closely with the University Management, to ensure that all issues appertaining to student welfare are addressed in a timely and satisfactory manner.

The University has Financial Aid Kitty that give financial support in form of bursaries, to students with financial challenges. The process of awarding bursaries is normally done competitively by the Student Welfare Committee of the University, using the approved criteria. During the year 2021/2022, bursaries worth KES 2.3 million were disbursed by the Committee.

(e) Staff welfare

The wellbeing of employee and their families has always been part of our biggest priorities. We recognize our employees as the most valuable resource in the University. They have continued to demonstrate culture of innovation, ethics, and integrity which has created a unique value for our customers and stakeholders. The University has a medical scheme, that covers principal members and their immediate families, comprising of spouse and children. The scheme caters for cost of hospitalization and treatment. Professional counselling services are also covered, to deal with the emerging mental health and psychosocial issues. During the COVID-19 Pandemic, scope of the cover was enhanced to cover testing and treatment of the Corona virus disease.

The University has a well-structured performance based staff training programme for sharpen their skills and enhance their productivity. Skills gaps were identified through a training needs assessment process which involved all staff. The Work environment is conducive, and staff interests adequately taken care of through collaborative effort between the University Management and the Staff Unions. We are committed to progressively invest sufficiently in the staff welfare in a bid to enhancing their morale. The University provides necessary support to various staff groups such as staff choir and sports teams, by offering necessary facilitations.

(f) ISO certification

University of Embu is both ISO 9001:2015 (ISMS) and ISO 27001:2013 (QMS) certified. Adoption of both Systems is a strategic decision that was made to improve the overall business performance, and provide a sound basis for sustainability. During the year under review, the Management continued conducting the University business with close adherence to the ISO standards, policies and procedures. Reliable systems are in place, to guarantee consistent quality and adequately secure our information asset. Implementation of the quality management system, ensured that the University provided services that meet its stakeholder expectations within the applicable statutory and regulatory requirements.

A Surveillance QMS audit that was conducted by the Kenya bureau of standards in March, 2022 revealed that on overall, the University has adequately implemented her Quality Management System (QMS) and that there is evidence of effectiveness and continual improvement. The auditors further noted that System is able to meet the statutory, regulatory and contractual commitments. In addition to the surveillance audit, the University successfully conducted the 5th internal audit in the month of June, 2022 covering both the ISO 9001:2015 (ISMS) and ISO 27001:2013 (QMS) standards. The audit conclusion was that the University had adequately implemented the Information Security Management and the Quality Management Systems.

(g) Stakeholder relations

University of Embu engages with various stakeholders and on need basis, as a way of enhancing our relations, and maintaining a favourable operating environment. Our success as a University is to a very great extent attributed to the support that we receive from our stakeholders. They have been of great help in shaping the general direction and expansion of the University. During the development and review of our curricula, the University ensures that stakeholder requirements and expectations are put into consideration.

(h) Sustainability

The year under review presented serious national economic hardships, that emanated from unfavourable macro-economic factors. This adversely affected the University, through general increase in the cost of living, as a result of escalating commodity prices. Our focus on building sustainability for the future gained more importance following the lessons learnt from the COVID-19 Pandemic. We are aware that our business will only survive if the Management adopts sustainable business practices across all operations, and pays attention to environmental, social and governance issues.

During the first half of the year under review, the University was on a recovery trajectory, from the devastating impact of the COVID-19 pandemic. However, the gains made during the period, have already been lost, due to the ongoing Ukraine-Russia crisis which has already impacted negatively on the global prices of essential commodities. Our sustainability mechanisms generally entail sound management and timely coordination of various factors that affect continuity of our business. The University regularly reviews her sustainability strategies to ensure that they effectively respond to adverse circumstances that can threaten her business stability and continuity. The University builds its customers' trust, by ethically promoting its business, and maintaining high quality standards. We are committed to our core business of generating, advancing and disseminate knowledge through training, research and innovation for the development of humanity. Our effort towards this noble course is usually hampered by resources constraint, mainly brought about by inadequate exchequer funding. The University is in the process of diversifying and expanding her internally generated sources to supplement the decreasing funding.

As part of our sustainability, we have in place an Enterprise Risk Management System that ensures that the University Management is adequately informed on timely basis, about the emerging significant risks. This informs our response to managing the risks and seize the opportunities that arise, and addressed sustainability challenges.

(i) Performance Contracting (PC)

The University of Embu is for the second year running celebrating after being declared the best performing public university in Kenya during the 2020/2021 Financial Year, Performance Contracting cycle. The good news was contained in a report dated April 2022 released by the Ministry of Public Service and Gender. In the report for the 2020/2021 Financial Year evaluations for all Government Ministries / Departments / Agencies, State Corporations and Tertiary Institutions, the University was also named the Overall Runners-Up i.e. the Second Best Performing State Corporation with a composite score of 1.9290. There were a total of 232 State Corporations evaluated, out of these, eight (8), representing 3.4% attained an *Excellent* Performance Grade, while 36% attained a *Very Good* Performance Grade. Another 140 state corporations, representing 60.4% achieved *Good, Fair or Poor* Performance Grade. University of Embu has consistently remained at excellent score in performance contracting since the financial year 2014/2015, as indicated below.

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/2021	2021/2022 Self-evaluation
Score	1.9826 (Excellent)	2.0334 (Excellent)	1.8762 (Excellent)	1.9965 (Excellent)	1.9198 (Excellent)	2.125 (Excellent)	1.9290 (Excellent)	1.7941 (Excellent)

Self-evaluation for the year 2021/2022 that that was conducted internally by the Directorate of Performance Contracting and ISO placed the University at excellent score. The actual performance will be determined after the final evaluation by the Performance Management and Co-ordination Office.

(j) Future outlook

The University is in her fourth year of implementing its ten years Strategic Plan (2018 – 2028). The Plan which has the following six key focus areas provides a road map that will guide our strategy over the remaining six years:

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

The University Management will remain alive to its fiduciary responsibility by adopting innovative, and efficient approaches to transparently mobilize and utilize resources, and ensure full implementation of the Plan. We remain optimistic that the economic environment will remain conducive for implementation of the Plan.

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FINANCIAL INFORMATION

Business Performance

The University posted gross revenue of KES 1.059 billion, registering an improvement of 2.1% from 2020/2021 when we realized KES 1.037. Breakdown of the recorded revenue during the year is given below.

Details	Amount in KES (2021/2022)	Amount in KES (2020/2021)	Change (KES)	% Change
Recurrent grants (GoK)	628,865,333	599,320,308	29,545,025	4.93
Amortization of development grants	27,698,876	28,984,606	(1,285,730)	(4.44)
Internally generated revenues	399,963,526	409,337,627	(9,374,101)	(2.3)
Total funding	1,056,527,735	1,037,642,541	18,885,194	3.44

Expenditure for the year increased by 12.6 % from KES 977 million to KES 1.10 billion. On overall, the University registered a net deficit of KES 46.84 million, down from a surplus of KES 62.94 that was recorded in the FY 2020/2021.

Growth in assets

During the year, the total value of assets increased by 20%, from KES 3.24 billion to KES 3.88 billion. The growth is attributed to a net revaluation gain of KES 539 million and the capital funding of KES 75 million that the University received from the Government of Kenya. The entire amount of development grants was utilized in the on-going construction of Tuition Block. Current assets increased by 15% from KES 141.14 million to KES 162.25 million, while the non-current assets increased by 20% from KES 3.10 billion to KES 3.72 billion.

(ii) Financial challenge

The major challenge that University has been facing since its inception is that of insufficient financial resources to cater for her recurrent as well as development needs. This is mainly attributed to inadequate budgetary allocations, unexpected reduction of budgets by the Government, and decreasing number of self-sponsored students.

The University is in the process of progressively diversifying and expanding internal sources of revenue, to supplement the funding from the Government through exchequer. In addition, stringent budgetary measures are in place, to control cost of operation.

Appreciation

On behalf of the University Management, I wish to express my sincere appreciation to the Ministry of Education, the National Treasury and Planning and the University Council for continued support, without which the achievement so far made would not have been possible. My gratitude goes to the University Management and all members of staff, for their dedicated service, which led to exemplary performance during the year under review. I also thank our esteemed students, customers and other stakeholders for their support which helped us deliver our mandate effectively.



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

Date: 7th February, 2022

REVIEW OF UNIVERSITY'S PERFORMANCE FOR THE FINANCIAL YEAR 2021/2022

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the National Government entity's performance against predetermined objectives. University of Embu has 6 strategic pillars in her 2018-2028 Strategic Plan, and each pillar has one objective. The strategic pillars are as follows:

Pillar 1: Infrastructure

Pillar 2: Human Capital Management

Pillar 3: Leadership and Governance

Pillar 4: Operations and Services

Pillar 5: Collaborations and Partnerships

Pillar 6: Resources Mobilization and Sustainability

Annual Implementation Work Plans are normally prepared based on the above pillars. Assessment of the Council's performance based on the implementation of annual work plans is done on a quarterly basis. The University achieved its performance targets set for the financial year 2021/2022 for all its strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	To develop and enhance infrastructure systems for effective service delivery.	1) Completion Certificate 2) Completion certificate	Construct and furnish Tuition Blocks	Construction of Tuition Block from 69% to 79.6% Note: During the FY 2020/2021, the actual performance was reported as moving from 60% to 80%. A variation of works was done during the year under review, which brought the percentage of completion down.
Pillar 2	To enhance Human capital management through the integration of the best practice in the recruitment, management and optimization of the workforce.	Appointment letters Recommendation letters	Recruit qualified Staff Enhance Staff Motivation for improved performance	Recruited 22 staff during the year. 367 members of staff received commendation letters for exemplary performance.
Pillar 3	To promote effective Governance and leadership practices.	Approved Policies	Develop and operationalize enabling regulations.	Two (2) policies were developed during the year. 1) Work Place Policy on Gender-Based Violence 2) Road Safety Policy

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Pillar 4	To expand the capacity of the University operations and services.	Approved list of teaching Units uploaded.	Implement integrated E-learning	1647 teaching units uploaded in the e-learning portal, as follows: Semester 1 – 1827 Units Semester 2 – 707 Units Semester 3 – 113 Units Total 1647 Units
Pillar 5	To establish and expand linkages, partnerships and collaborations with other institutions.	Signed MoU with 17 institutions	Establish linkages	Seventeen (17) MoUs were signed between the University and other entities during the year.
Pillar 6	To achieve Financial Stability and enhance long term sustainability.	Approved budget	Received A-I-A and Government capitation	KES 402,550,350 was generated internally while KES 703,865,333 was received from the government. The entire amount was utilized in full in service delivery, and development of infrastructure.

The success so far realized in the Performance Contract (PC) activities and in the implementation of the Strategic Plan (SP) is a product of participatory approach adopted by the Management in the process. The implementation is undertaken as part of the day to day business of the University, where activities are cascaded to all administrative levels. To ensure seamless implementation of the Plan, most of the annual PC targets are drawn from the Plan. There is a very close relationship between the SP and Performance contract (PC) as explained below:

- i) Part II of the PC entails the Vision, Mission and Strategic objectives of the University, all of which are drawn from the SP.
- ii) All the targets in the PC are drawn from the SP and seek to contribute towards the achievement of the stipulated objectives. For example, Section A of the PC is on Financial Stewardship & Discipline, which addresses the SP objective on achieving financial stability and enhancing long term sustainability.
- iii) Infrastructural projects in the PC seek to address the SP objective on developing and enhancing infrastructure systems for effective service delivery.
- iv) The objective on establishing and expanding linkages, partnerships and collaborations with other institutions is addressed by targets on the core mandate section of the PC which include establishment of industry linkages, research grants, community empowerment and attracting research grants among others.
- v) Similarly, the objective on enhancement of human capital management is a target in section G of the PC, which is on various cross cutting issues touching on staff and students including competence development.

Conclusion

The excellent performance recorded by the University over the years was measured against targeted performance outputs as contained in the annual Performance Contracts, Strategic Plan, policies, service delivery charter and Government directives. It is therefore clear that the Strategic Plan and Performance Contract are closely intertwined, in that, the former is implemented through annual performance contracts.

CORPORATE GOVERNANCE STATEMENT

Introduction

University of Embu is committed to upholding good corporate governance. We recognize the importance of applying high standards of governance, as a key contributor to excellent performance and prosperity. The University has an effective governance framework comprising of strong internal control systems and processes, underpinned by the institutional core values and culture. The framework provides guidance to the Council, management and employees, in defining their roles and responsibilities.

Corporate Governance Statement

University of Embu has established adequate and reliable systems to ensure that high standards of corporate governance are maintained at all levels.

These systems have enabled the University to build trust with its stakeholders, and also promote its financial viability. It entails enhancement of sustainable value for the stakeholders, through adoption of ethically driven business operations. The University Council is committed to strengthening stakeholder relations as we continue to build a responsive and dynamic business that takes into account the emerging technological advancements and social trends.

The Council is at the forefront in inculcating the culture of good corporate governance. It ensures that corporate governance guidelines and best practices are followed in the delivery of the University mandate, in addition to ensuring that University's affairs are managed transparently, and in compliance with the applicable legal and regulatory frameworks.

Composition of the University Council

The Council has nine members, comprising of six independent non-executive members including the Chairman; two non-independent members representing Ministry of Education and The National Treasury and; and one executive member who is also the Vice-Chancellor.

(i) Roles and functions

The Council is charged with the responsibility of protecting long-term interests of all the stakeholders of the University. The Council provides leadership and oversight to management, for continued viability and sustainability of the University's operations. Detailed responsibilities of the University Council are provided in the University of Embu Statutes and in the Council Charter.

(ii) Appointment

The Council that served during the year under review was appointed by the Cabinet Secretary, Ministry of Education. Names of the Council were published in Kenya Gazette Vol. CXXII—No. 197, of 6th November, 2020.

(iii) Induction and capacity building for Council members

Every year, members of the Council undergo capacity development training to enhance their knowledge in areas such as corporate governance, leadership and other relevant fields. Regular training is necessary in equipping the members with the requisite knowledge and skills to effectively discharge their responsibilities. Induction training for the new Council was undertaken between 18th and 20th August, 2021, by the Kenya School of Government.



Members of University of Embu Council and Management in a photo that was taken during capacity building workshop in August, 2021.

(iv) Succession planning of the University Council

University of Embu Council has established mechanisms to develop Council members' skills, to ensure seamless business continuity in the event a member's exit. Members are rotated annually between the Committees and as part of succession planning, they are assigned more than one committees, to expose them to various operations of the University. In addition, trainings are designed to cover a wide range of fields, relevant to the University governance to help the members serve in different capacities within the Council.

(v) Meetings of the University Council

Annual work plan of the Council is prepared and circulated to the members in advance. The Council holds regular meetings on quarterly basis however, special meetings may be called whenever the need arises. During the FY 2021/2022, the Council held all its meetings as scheduled. Members received adequate notice and documentation on issues to be discussed, in good time, to enable them prepare for the meetings. The table that follows gives a summary of the meetings held by the University Council and its Committees.

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S/No.	Committee	Members	Number of meetings held	Number of meetings attended
1)	Full Council	1. Dr. Kennedy Okong'o – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Mr. Felix Nthenge Kilonzi 5. Ms. Karen Basiye Itela 6. Ms. Lilian Njeri Munene 7. Mr. James Njeru Kaburu 8. Ms. Agnes Wanjuki Ndwiga 9. Prof. Daniel Mugendi – Secretary	4	4 4 4 4 4 4 4 4 4
2)	Finance, Resource Mobilization and General Purposes Committee	1. Mr. Felix Nthenge Kilonzi – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Ms. Agnes Wanjuki Ndwiga 5. Mr. James Njeru Kaburu 6. Ms. Karen Basiye Itela 7. Prof. Daniel Mugendi – Secretary	4	2 4 4 2 2 2 3
3)	Audit, Risk and Compliance Committee	1. Ms. Karen Basiye Itela – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Ms. Agnes Wanjuki Ndwiga 5. Mr. Felix Kilonzi 6. Mr. James Njeru Kaburu 7. Mr. Francis Ngure – Secretary	4	2 4 4 2 2 2 4
4)	Human Resource Development and Academic Affairs Committee	1. Ms. Lilian Njeri Munene – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Mr. James Njeru Kaburu 5. Ms. Karen Basiye Itela 6. Prof. Daniel Mugendi – Secretary	4	4 4 4 2 2 3

Note: Rotation of Council members between committees was done during the year, with the changes taking effect from the month of January, 2022. Though each committee held four meetings, members who were affected by the rotation attended two meetings in their former committees, and two meetings in the new ones.

(vi) Conflict of interest

Council members are obligated to fully disclose any direct or indirect conflict of interest which comes to their attention. As a routine, "Conflict of interest" appears as an item in the agenda of every meeting of the Council. Each Council member indicates by signing, whether they are conflicted in any way or not in the conflict of interest register.

(vii) Remuneration of University of Embu Council

Council members are entitled to sitting allowance for every meeting attended. Each member also receives lunch allowance, accommodation allowance and mileage reimbursement where applicable, using the set rates for state corporations. In addition, the Chairman of the University

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Council is paid a monthly honorarium and telephone allowance, also at the rates approved for state corporations.

(vi) Ethical standards

University of Embu conducts her operations in accordance with the applicable laws, rules and regulations, and upholds integrity in the delivery of her mandate. We are committed to supporting anti-corruption efforts through the institutionalization of good corporate governance. The University collaborates with the relevant government agencies to ensure legal compliance.

The Human Resources department and the Integrity Committee conducts regular staff sensitizations on integrity to promote ethical behaviour. In addition, corruption risk assessment is regularly conducted and corruption prevention measures enforced to curb the vice. The University has a robust mechanism for reporting cases of unethical conduct following which appropriate action is taken as applicable. Analysis of reported cases is normally done objectively, and appropriate action instituted.



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

Date: 7th February, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

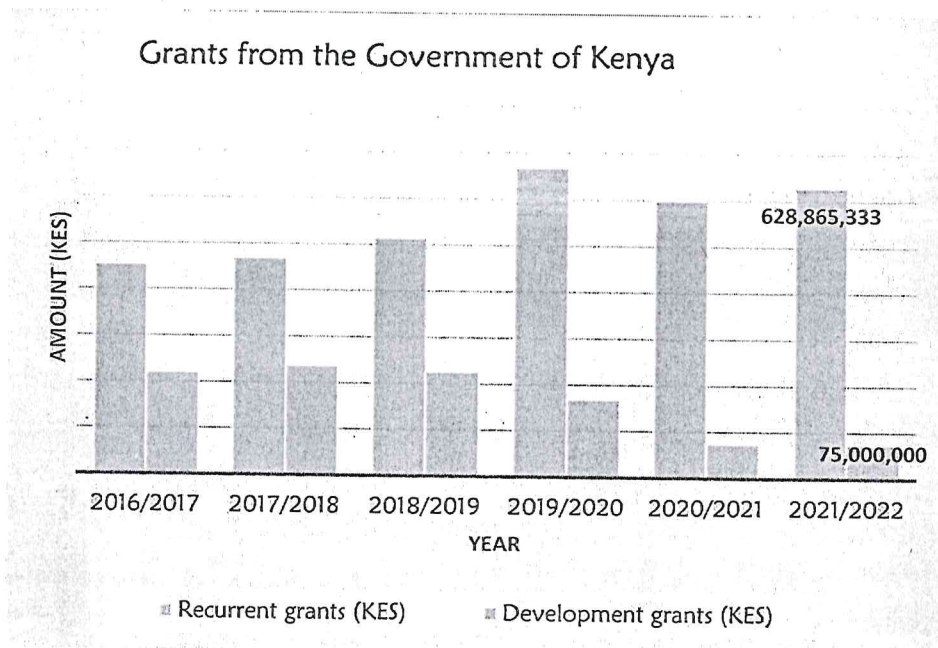
This section gives an analysis of performance for the year under review, in comparison to the last few years.

(a) Funding from the Government of Kenya (GoK)

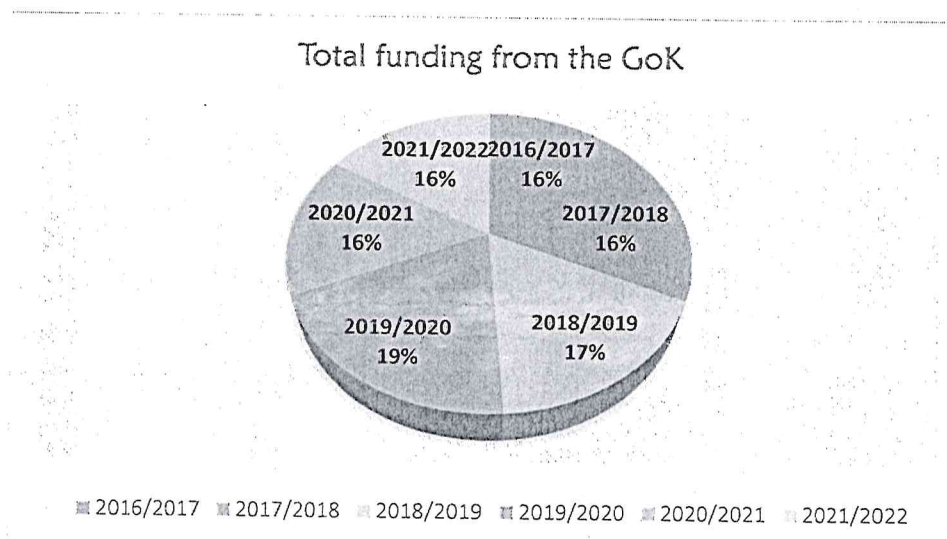
The Government of Kenya remained the main financier of the University, through disbursement of recurrent and development grants. To supplement the grants from the GoK, the University also generated revenues internally, from sources such as fees, hire of facilities, farm and catering sales. During the FY 2020/2021, the University received a total of KES 674,115,975 from the Government of Kenya as shown in the table below:

Movement in the grants received from the GoK over the last six years is presented below.

(i) Presentation based on type of funding

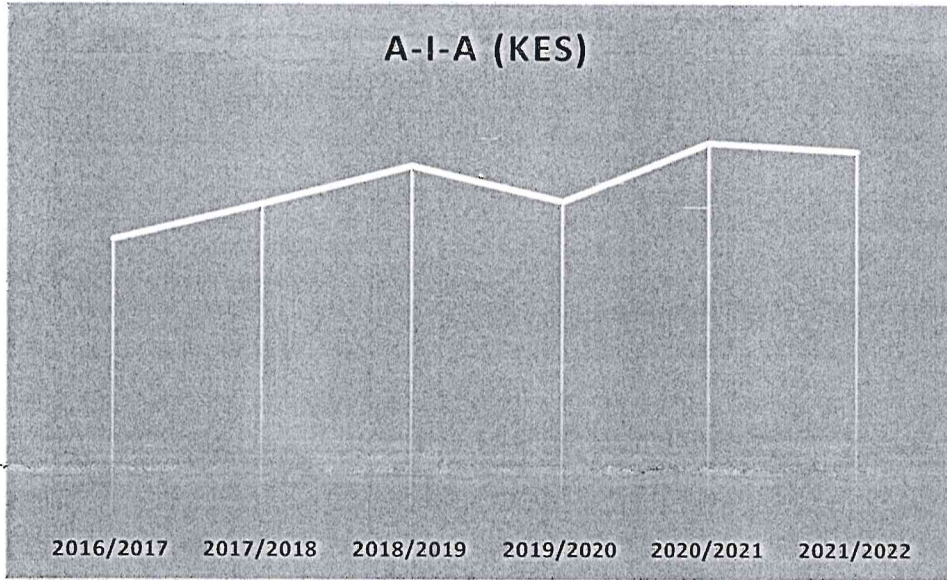


(ii) Presentation based on total Funding



(b) Internally Generated Revenues (A-I-A)

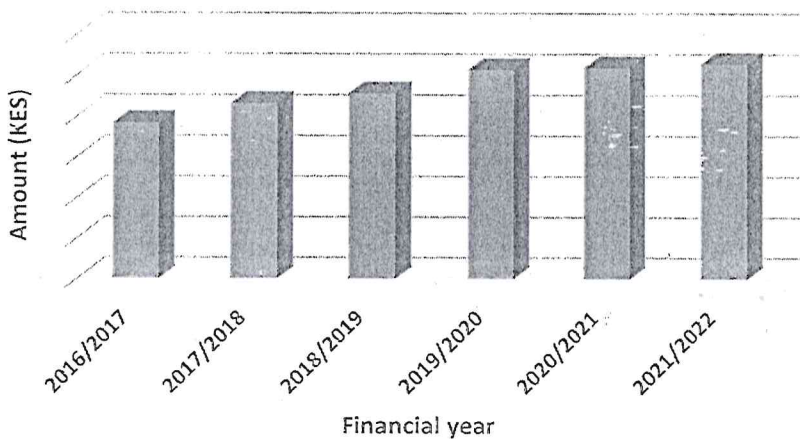
Internally generated revenues decreased to KES 399 million during the year, from KES 409 million that was realized in the year 2020/2021. The revenue was generated from various sources, such as: tuition fees, rental properties, farm, graduation fee, hire of facilities and catering services. The drop amount realized is attributed to a material drop in the amount of research grants received during the year.



Total revenue

Total revenue for the year is the summation of the recurrent grants that were received from the Government of Kenya, amortization of capital grants and the revenue generated internally from various sources. Total revenue for the year increased by 1.82% from KES 1.037 billion to KES 1.056 billion. The increase is attributed to increased funding from the GoK, as well as increase in revenue generated through rendering of services.

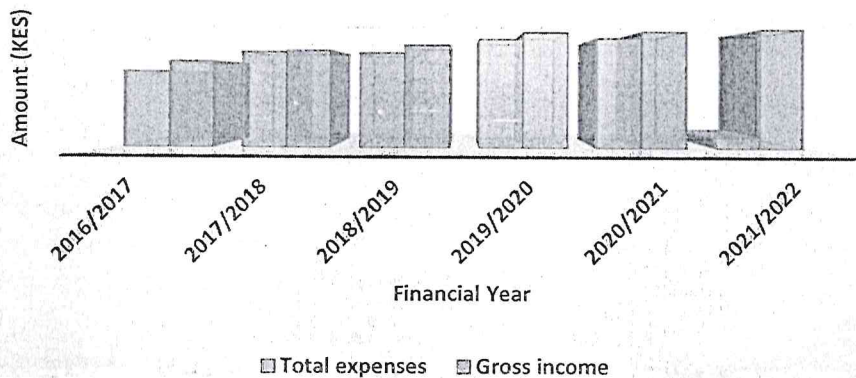
Gross revenue



(c) Expenses for the year

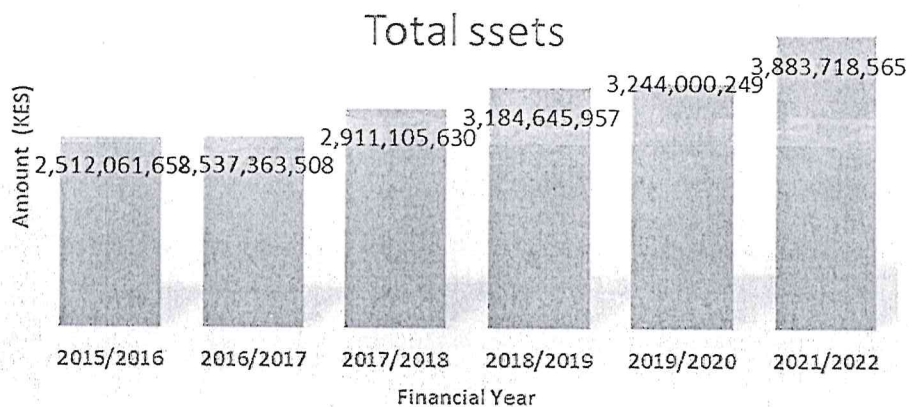
Expenditure for the year increased by 1.1%, from KES 977.7 million to KES 1.102 billion. The increase is attributed to growth in University operations, as well as to the general increase in expenditure, as a result of adverse changes in prices of commodities.

Comparison of gross income and total expenditure



(d) Total assets

During the year, value of the total assets increased by 20% from KES 3.24 billion to KES 3.88 billion. The growth is attributed to a net revaluation gain of KES 539 million and the capital funding of KES 75 million that the University received from the Government of Kenya.



(e) Performance Contracting

The University of Embu was ranked as the best performing public university in Kenya during the 2020/2021 Financial Year, Performance Contracting cycle. The results were contained in a report dated April 2022 released by the Ministry of Public Service and Gender. In the report for the 2020/2021 Financial Year evaluations for all Government Ministries / Departments / Agencies,

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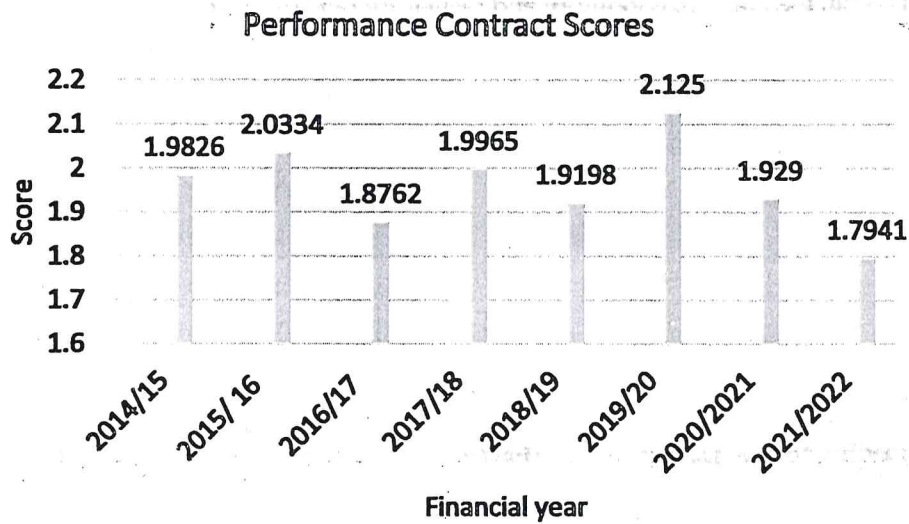
State Corporations and Tertiary Institutions, the University was also named the Overall Runners-Up i.e. the Second Best Performing State Corporation with a composite score of 1.9290.

A self-assessment for the year under review, that was conducted internally by the Directorate of Performance Contracting and ISO, placed the University at an excellent score of 1.7941. Actual evaluation for the year expected to be conducted by the Public Service Performance Management and Monitoring Unit, at an appropriate time. The table below shows the performance contracting score of the University over the last eight years.

Year	2014/15	2015/ 16	2016/17	2017/18	2018/19	2019/20	2020/2021	2021/2022 Self-evaluation
Score	1.9826 Excellent	2.0334 Excellent	1.8762 Excellent	1.9965 Excellent	1.9198 Excellent	2.125 Excellent	1.9290 (Excellent)	1.7941 (Excellent)

Note – the lower the score, the better the performance as shown in the scale below.

1.0	2.4	3.0	3.6	4.0	5.0
Excellent	Very Good	Good	Fair	Poor	



ENVIRONMENTAL AND SUSTAINABILITY REPORTING

1. SUSTAINABILITY STRATEGY

University of Embu prides herself in doing her business excellently and responsibly, empowering future generations, and building business resilience without negatively impacting the environment. Sustainability agenda of the University focuses on meeting her operational, social, and governance expectations, without compromising the ability to meet future needs.

The outbreak of COVID-19 pandemic and its devastating impact on the global economy brought about the need for organizational preparedness in response to adverse challenges that can threaten its business continuity. The pandemic generally is a clear demonstration that the University need to prepare for threats that can affect its business sustainability. The Management must adopt a sustainable business practices across all operations, and paying attention to environmental, social and governance issues. This way the University will be prepared to respond adequately to emerging risks that may adversely affect our operations. Our sustainability strategy entails: operational excellence, managing information security, risk identification and mitigation, fiscal discipline. staff training and motivation, compliance with the applicable laws and stakeholder involvement.

(a) Operational excellence

University of Embu is both information Security Management System (ISMS) ISO 9001:2015 and Quality Management System (QMS) ISO 27001:2013 certified. Adoption of both Systems is a strategic decision that was made to improve the overall business performance, and provide a sound basis for sustainability. During the year under review, the Management continued conducting the University business with close adherence to the two ISO standards, policies and procedures. Reliable systems are in place, to guarantee consistent quality and adequately secure our information asset. Implementation of the quality management system, ensured that the University provided services that meet its stakeholder expectations within the applicable statutory and regulatory requirements.

A Surveillance QMS audit that was conducted by the Kenya bureau of standards in March, 2022 revealed that on overall, the University has adequately implemented her Quality Management System (QMS) and that there is evidence of effectiveness and continual improvement. The auditors further noted that System is able to meet the statutory, regulatory and contractual commitments. In addition to the surveillance audit, the University successfully conducted the 5th internal audit during the year, covering both the ISO 9001:2015 (ISMS) and ISO 27001:2013 (QMS) standards. The audit conclusion was that the University's management system is effective in attaining the specified objectives. This shows our determination in pursuit of excellence. To improve on efficiency and effectiveness in service delivery, the University has further automated its operations by implementing an ERP system covering all operations of the University.

The University recognizes information security as a key requirement for its business survival. Information that is generated internally and/or acquired through interactions with stakeholders is handled with care, and appropriately safeguarded. We have greatly leveraged on our ICT infrastructure for enhanced information security. The University has several sites for information storage, for business continuity.

(b) Risk management

For long term sustainability, University of Embu embedded risk management in her systems and processes, so that her risk response mechanism can remain relevant and effective. During the year under review, risk assessment was carried out, where all potential risks were assessed, and necessary mitigation measures instituted. The risk management framework in place has enabled us to anticipate and minimize likelihood of occurrence of risks. It helps us in addressing sustainability challenges and in making informed decisions even under conditions of uncertainty.

(c) Fiscal discipline

University of Embu prepares and implements her budgets in accordance to the guidelines issued by the National Treasury. Tight budgetary controls are in place, to ensure availability of funds, before making any financial commitment. As a practice, University of Embu allocates resources strictly to projects that are technically and financially feasible. This ensures that selected projects have the capacity to generate sufficient revenues to cover the relevant costs.

(d) Staff training and motivation

We recognize our employees as the most valuable resource. Our survival greatly relies on the services they render. They have continued to demonstrate culture of innovation, ethics, and integrity which has created a unique value for our customers and stakeholders. Thus, we are commit to progressively invest sufficiently in the staff training and welfare, in a bid to enhancing their morale.

Compliance with the applicable laws and regulations

The Council is at the forefront in inculcating the culture of good corporate governance. It ensures that corporate governance guidelines and best practices are followed in the delivery of the University mandate, in addition to ensuring that University's affairs are conducted in compliance with the applicable Laws of the Republic of Kenya.

(e) Stakeholder relations

Our success as a University is to a very great extent attributed to the support that we receive from our stakeholders. The University engages with her stakeholders and on need basis, as a way of enhancing our relations, and maintaining a favourable operating environment.

2. ENVIRONMENTAL PERFORMANCE

The University remains committed to promoting sustainable environmental practices mitigating current, combat global warming and other potential climate change impacts.

We recognize that we are key players in the process of safeguarding the environment, and we can do a lot to enhance its sustainability. The University continued making deliberate efforts towards ensuring that its operations are carried out in an environmentally sustainable manner. The University obtains relevant approvals from the National Environment Management Authority, before commencement of any new project. Whenever a key operation or project is to be implemented at the University, we ensure that necessary mitigations against environmental degradation are instituted. This involves making decisions and taking actions to protect our waters and wet lands, control soil erosion, and maintain the natural beauty of the environment, with particular emphasis on preserving its capability to support life. During the year under review, we continued conducting environmental conservation campaigns through tree planting, responsible waste disposal and energy saving initiatives. Some of the key environmental initiatives that were undertaken include:

- (i) The University staff and students planted 3700 tree seedlings at the University, along Kathita river. Out of this number, three thousand seedlings were donated by the Equity Bank, while the rest were obtained from the University Tree Nursery.
- (ii) In celebrating 2022 World Environment Day, the University joined The National Environment Management Authority in planting trees at Nyangwa Boys High School, and in cleaning up of Kiritiri Market in Mbeere South.
- (iii) Trained Environmental, Health and Safety Committee members on "The Role of Vermicomposting on Environmental Conservation" on 1st April, 2022.

1. Waste Management

Waste management is one of the most daunting challenges facing many nations. Every household, business and organization generates wastes, and how that waste is managed is critical. The University maintains a clean environment, and exercises care in the management of wastes, to avoid exposing communities to health risks. We actively encourage our staff and students to manage resources and waste efficiently, through internal campaigns around recycling and energy saving initiatives.

The University collaborates with the County Government of Embu and other specialized entities in waste management to ensure high levels of compliance with the recommended waste management practices. The University has the following mechanisms in place, for management of wastes:

- a) Setting litter bins in strategic locations across the University for collecting wastes.
- b) Partnering with the County Government of Embu in the management of infectious wastes.
- c) Recycling materials that can be reused.
- d) Contracted waste collectors for professional management of wastes.
- e) Waste incinerations.

2. Employee welfare



Members of staff during tem building exercise that was held in December, 2022

i) Recruitment

Guided by the human resource policies and procedures, the University hires competent staff to fill vacant positions. The policies provide a structured approach in management of the hiring process. The recruitment process strives to reach and attract as many applicants as possible. This is an effort to ensure compliance with the 1/3 rule on gender and ethnicity.

ii) Capacity building

The University builds its internal capacity through requisite staff training in various aspects of business management. Through the performance management process, staff training needs/skills gaps were identified and relevant training offered. This has enabled our staff to continuously sharpen their skills and competencies, to enable them effectively deliver services. In addition to the structured training, the university also invested in employees' professional development by paying for their subscription to various professional bodies and continuous professional development. The university has necessary human resource policies to help in ensuring that human resource matters are handled in a consistent and equitable manner.

iii) Employee retention

The University has a Scheme of Service that provides clear paths for growth and career advancement through promotion. Further, the University has put in place promotion criteria that guides the promotion process. Reward and Sanctions Framework is in place, where members of staff are rewarded and sanctioned accordingly, after the annual performance appraisal process. The University is committed to ensuring a safe, healthy and conducive work environment for staff. Interests for staff with special needs are well taken care of. Towards this end, the University has a developed Occupational Safety and Health policy that is aligned to Occupational Safety and Health Act, 2007. These policies are reviewed regularly to reflect changes in the law, relevant regulations and University policies and procedures. The University values its employees' health and wellness of mind and body for optimum performance. Thus, a robust health scheme has been put in place for staff and their dependents. In addition, in-house counselling services are available for employee support whenever necessary. During the year under review, a wellness clinic was held, where staff members were offered free medical checks and counselling.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Market place practices

Competition in the higher education has recently become increasingly fierce, mainly because of the increase in the number of universities and other institutions of higher learning. At the same time the limited number of KCSE graduates attaining the University entry grade has also contributed to the intensity of competition in the sector. University of Embu views competition positively, as a force that drives her innovation to enhance quality of service given to its customers. The University being a provider of education advertises its academic schools and programmes responsibly, in a bid to attract new students, with a greater focus on the self-sponsored category. The University engages in ethical marketing activities, and evaluates its decisions from both the business, as well as moral perspectives. This ensures fairness and respect to competitors.

Responsible supply chain and supplier relations

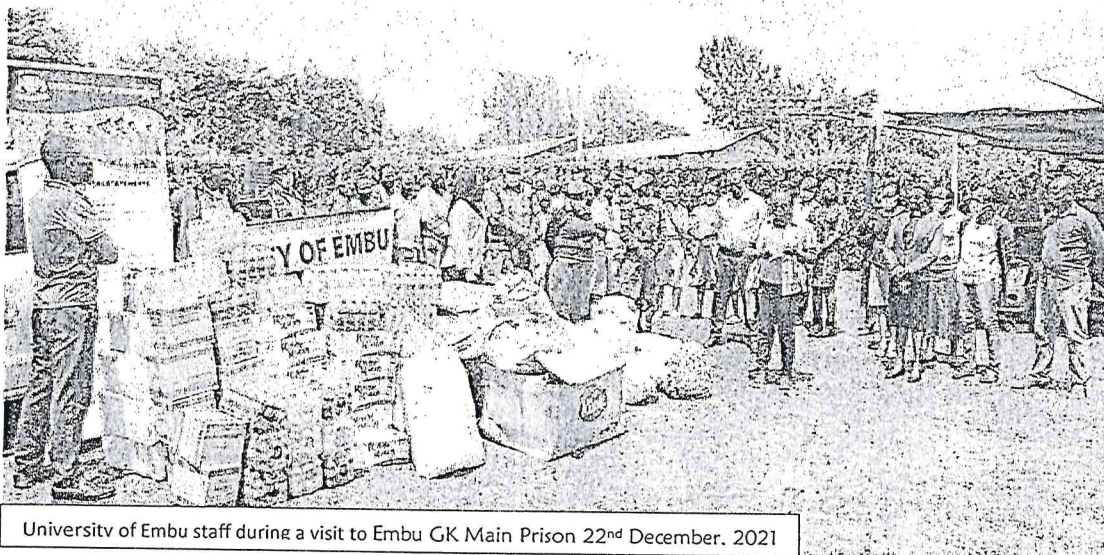
The University encourages fair competition through open advertisement of tender and inviting competitive requests for quotation. Further, to ensure transparency in the procurements process, all tenders are opened in the presence of bidders. Evaluation of all tenders is done objectively by strictly adhering to the evaluation criteria outlined in the bid documents. All awarded contracts are placed on the University website for information to the stakeholders. The University adheres to all provisions in its contract, and where amendments are necessary, the supplier is engaged for mutual agreement. To ensure that the University gets value for money, all goods delivered and works done are normally inspected to ensure adherence to the user specifications. All Suppliers and contractors are normally paid within 30 days after the acceptance of goods/works. The University has tight budgetary controls to ensure availability of funds, before making any financial commitment.

CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS

Besides delivering on our core mandate, University of Embu has integrated corporate social responsibility initiatives into her business to support in improving welfare of the community. Our Corporate Social Responsibility activities are geared towards poverty eradication, climate change mitigation, community health and provision of education. We believe that the success the University has realized over time, is attributed to our consistent culture of caring for the less fortunate, putting customer first, providing quality goods and services, conserving the environment, and fostering good relations with our stakeholders, including the community in which we operate. The University believes in making a difference in her surroundings, and continues implementing a corporate social investment programme, with a view to improving the welfare, and empowering communities to improve their living standards. The University remains committed as a responsible corporate citizen in prioritizing mitigation measures on the impact of her activities on the environment, communities, employees and stakeholders. The University has continued to build strong partnerships with its stakeholders and with the wider community, through well-conceived corporate social responsibility activities, in a bid to promoting social and economic welfare of the less fortunate in the society.

The following are some of the activities undertaken during the year under review, in the fulfilment of our corporate social responsibility objectives:

- a) The University of Embu visited the Embu GK Main Prison to share a word of encouragement and Christmas goodies, on Wednesday, 22nd December, 2021.



University of Embu staff during a visit to Embu GK Main Prison 22nd December, 2021

- b) Donated fluorescent tubes, mattresses, food supplies and assorted consumer products to various institutions in Embu County on Tuesday, 19th July 2022. The items were provided by the University in addition to generous donations by members of the University community. The institutions that benefited include St. Angela Embu Children's Home, ACK St. Monica School for the Physically Challenged, Jomo Kenyatta Children's Home and St. Stephen Children's Home.
- c) Hosted students from various schools, under the Secondary Schools Students Mentorship and Career Guidance Programme. This University seeks to equip the students with knowledge on the available career paths after secondary school, as well as the necessary skills to enable them to succeed in their academic, professional and social life.
- d) The University through the School of Education and Social Sciences has been collaborating with Dr. Sonia James-Wilson, an independent scholar from the United States, in a project dubbed "The ArtLab Partnership." The partnership has seen the contribution of financial resources to renovate one of the largest buildings on the Kangaru DEB campus which is referred to as "The Hall" to transform the "Hall" space into a vibrant learning environment for teacher professional development and training, arts education and child development research.
- e) In partnership with the Diocese of Embu – CARITAS, the University conducts farmers' training in various thematic areas to Farmers' self-help groups to enable them to grow in their agribusiness.
- f) During the year under review, the University facilitated trainings for farmers as follows:
- On 23rd November 2021, seven (7) farmers of Karaba Vision Common Interest group in Mwea.
 - On 26th November 2021, Twenty-four (24) farmers from the Wendani-Gicago group in Kairuri.
 - On 10th December 2021, Eleven (11) members from Karaba Wango group in Mwea.

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022.

REPORT OF THE COUNCIL MEMBERS

University of Embu Council submits its report together with the financial statements for the period ended 30th June, 2022 which show the state of affairs of the University.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the University of Embu for the period ended 30th June, 2022 are set out on pages 36 to 77

UNIVERSITY OF EMBU COUNCIL MEMBERS

The members of the Council who served during the year are shown on pages 7 to 8

AUDITORS

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

By Order of the University of Embu Council



Prof. Daniel Mugendi Njiru (Ph.D)
SECRETARY, UNIVERSITY COUNCIL

Date: 7th February, 2023

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

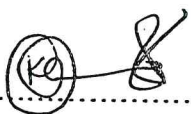
The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on 30th June, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act No. 42, of 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended 30th June, 2022, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements, as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved on 15th September, 2022, and signed on behalf of the Council by:



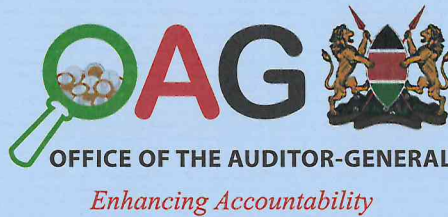
Dr. Kennedy Okong'o
COUNCIL CHAIRMAN



Prof. Daniel Mugendi Njiru
COUNCIL SECRETARY

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF EMBU FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of University of Embu set out on pages 36 to 75, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets,

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the University of Embu as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2016.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

CBA Refund

As previously reported, the statement of financial position and as disclosed in Note 40 to the financial statements reflects Kshs.81,560,000 in respect to CBA Refund. The University received Kshs.106 Million in the financial year 2012/2013 and 2013/2014 from The National Treasury for CBA implementation. This amount was reallocated to other vote heads and spent by the University. Later, the University, under the direction of the Ministry of Education refunded Kshs.24,440,000 resulting to an outstanding balance of Kshs.81,560,000 which had not been refunded as at the time of audit.

The University has not shown how it planned to clear the outstanding debt.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources Section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delayed Construction of Auditorium and Lecture Classroom

As reported in the previous year, the statement of financial position and as reflected in Note 27 to the financial statements reflects Kshs.3,701,479,315 in respect to property, plant and equipment. The amount includes Kshs.146,097,285 in respect to additions for the period of Kshs.111,855,533 in respect to work-in-progress for the Auditorium and Tuition Block. However, physical verification of the projects carried out in January, 2023 and review of the projects file revealed that the tender for the construction of the auditorium and lecture classroom was awarded to a new contractor at a contract price of Kshs.39,938,440 for a contract period of 27 weeks commencing on 11 August, 2021 and expected to be completed on 16 February, 2022. An extension was granted for an additional 22 weeks bringing the new completion date to 03 August, 2022 and a total of 49 weeks for the project to be completed.

Management made payments to the Contractor amounting to Kshs.24,567,333 during the year. The site visit revealed that the project had stalled and the Contractor was not on site. The Contractor had written to the University Management requesting termination of the contract since he was unable to complete the outstanding works.

In the circumstances, the completion of the project was in doubt and the value for money for the expenditure amount of Kshs.111,855,533 could not be confirmed.

2. Non-Compliance with Fiscal Responsibilities Principles - Compensation of Employees

The statement of financial performance for the year reflects revenue totalling to Kshs.1,056,527,735 and employee costs totalling Kshs.744,074,615. The employee costs for the year constituted seventy percent (70%) of the total receipts contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that the employee costs should not exceed 35% of the University's total revenue.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the University Council

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to 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

24 April, 2023

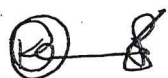
UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

UNIVERSITY OF EMBU			
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2022			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2022			
	Note	2021/2022	2020/2021
		(KES)	(KES)
Revenue from non-exchange transactions			
Transfer from other Government entities	6	628,865,333	599,320,308
Amortization of grants	45	27,698,876	28,984,606
		656,564,209	628,304,914
Revenue from exchange transactions			
Rendering of services	7	345,312,920	323,318,936
Rental revenue	8	6,947,118	5,783,326
Farm income	9	14,685,845	14,003,299
Finance Income	10	4,458,875	5,336,061
Research income	11	15,103,563	49,327,534
Hire of Facilities	12	980,787	391,069
Graduation fee	13	5,937,150	3,490,000
Library services	14	766,672	535,300
Income Generating	15	3,945,261	4,122,229
Other income	16	1,825,335	3,029,873
		399,963,526	409,337,627
Total revenue		1,056,527,735	1,037,642,542
Expenses			
Employee costs	17	744,074,615	647,837,069
Remuneration of University Council	18	11,911,213	10,129,366
Depreciation and amortization expense	27	66,509,119	70,894,028
Repairs and maintenance	19	13,534,696	15,608,011
Research expenses	20	47,654,994	56,247,137
General expenses	21	218,068,505	176,982,331
Total expenses		1,101,753,142	977,697,942
Surplus/(Deficit) from operations		(45,225,406)	59,944,599
Other gains/(losses)	22	(1,610,230)	2,992,225
Surplus/(Deficit) for the period		(46,835,636)	62,936,824

The notes set out on pages 43 to 74 form an integral part of these Financial Statements.

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2022			
	Note	2021/2022	2020/2021
		(KES)	(KES)
ASSETS			
Current assets			
Cash and cash equivalents	23	113,528,356	85,867,916
Receivables from exchange transactions	24	33,490,650	33,574,280
Receivables from non-exchange transactions	25	3,098,223	8,607,643
Inventories	26	10,559,121	10,752,240
Biological assets	28 (i)	1,571,500	2,336,830
Total Current Assets		162,247,850	141,138,910
Non-current assets			
Property, plant and equipment	27	3,701,479,315	3,082,227,859
Biological assets	28 (ii)	6,275,900	7,120,800
Intangible Assets	29	13,715,500	13,715,500
Total Non - current assets		3,721,470,715	3,103,064,159
Total assets		3,883,718,565	3,244,203,069
LIABILITIES			
Current liabilities			
Overdrawn Cash Book	31		5,921,979
Trade and other payables from exchange transactions	32	109,472,705	41,462,803
Payables from non-exchange transactions	33	72,557,163	48,354,434
Refundable deposits	34	937,614	932,614
Provision for audit fee	35	1,566,000	1,044,000
Payment received in advance	36	1,156,055	1,536,964
Bursaries Fund	37	8,008,163	6,528,545
Total current liabilities		193,697,699	105,781,339
Non-current liabilities			
Cautions money	38	21,282,000	18,726,000
Retention money	39	50,064,940	41,150,582
CBA refund	40	81,560,000	81,560,000
Deferred income	44	1,368,096,856	1,320,795,732
Total non-current liabilities		1,521,003,796	1,462,232,314
Total liabilities		1,714,701,496	1,568,013,653
Net Assets		2,169,017,069	1,676,189,416
Revaluation reserves	46	1,866,688,262	1,327,024,973
Revenue reserve	47	302,328,807	349,164,443
Total Reserves		2,169,017,069	1,676,189,416
Total net assets and liabilities		3,883,718,565	3,244,203,069



Dr. Kennedy Okong'o
COUNCIL CHAIRMAN

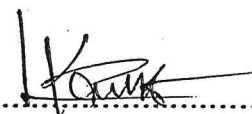
7th February, 2023



Prof. Daniel Mugendi Njiru
SECRETARY

Date: 7th February, 2023

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Mr. Lawrence Kamonjo
HEAD OF FINANCE
ICPAK NUMBER: 7080

Date: 7th February, 2023

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2022			
	Revaluation reserve	Revenue reserves	Total
	(Ksh)	(Ksh)	(Ksh)
Balance as at 1st July 2020	1,327,024,973	286,227,619	1,613,252,592
Deficit/Surplus for the period	-		-
Revaluation adjustment	-	62,936,824	62,936,824
Balance as at 30th June , 2021	1,327,024,973	349,164,444	1,676,189,417
			-
Balance as at 1st July 2021	1,327,024,973	349,164,444	1,676,189,417
Increase/(Decrease) in revaluation	539,663,289		539,663,289
Deficit/Surplus for the period	-	(46,835,636)	(46,835,636)
Balance as at 30th June , 2022	1,866,688,262	302,328,807	2,169,017,069

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

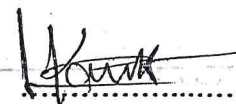
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022			
		2021/2022 (KES)	2020/2021 (KES)
Cash flows from operating activities			
Receipts	Note		
Transfer from other Government entities	6 & (i)	628,865,333	687,955,384
Rendering of services	7 (ii)	355,275,647	319,290,057
Rental income	8 & (iii)	6,952,118	5,769,126
Farm income	9 & (iv)	14,695,601	14,004,372
Finance income	10	4,458,875	5,336,061
Research income	11 & (v)	30,729,994	40,600,040
Hire of Facilities	12	980,787	391,069
Graduation fee	13(vi)	4,400,186	3,490,000
Library services	14	766,672	535,300
Income Generating	15	3,945,261	4,122,229
Other income	16 & (vii)	3,385,875	11,717,126
		1,054,456,349	1,093,210,764
Payments			
Employee costs	17 & (viii)	662,338,076	706,504,624
University Council expenses	18	11,911,213	10,129,366
Repairs & maintenance	19	13,534,696	15,608,011
Research expenses	20 & (ix)	42,413,082	48,693,730
General expenses	21 & (x)	220,894,095	183,277,564
Trade creditors paid		13,577,821	310,714
Audit fee paid		-	522,000
		964,668,983	965,046,008
Net cash flows from operating activities		89,787,366	128,164,756
Cash flows from investing activities			
Property, plant, equipt and intangible assets	27 & (xi)	137,126,925	153,403,328
Net cash flows used in investing activities		137,126,925	153,403,328
Cash flows from financing activities			
Government development grants	44	75,000,000	74,795,667
Net cash flows from financing activities		75,000,000	74,795,667
Net increase/(decrease) in cash & cash equivalents		27,660,441	49,557,094
Cash and cash equivalents at 1st July 2021		85,867,915	36,310,821
Cash and cash equivalent as at 30th June, 2022		113,528,356	85,867,915



Dr. Kennedy Okong'o
COUNCIL CHAIRMAN



Prof. Daniel Mugendi Njiru
SECRETARY



Mr. Lawrence Kamonjo
HEAD OF FINANCE
ICPAK NUMBER: 7080

Date: 7th February, 2023

Date: 7th February, 2023 Date: Date: 7th February, 2023

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

CASHFLOW NOTES		2021/2022	2020/2021
(i) Government recurrent grants		(KES)	(KES)
Recurrent grants		628,865,333	599,320,308
Add: Receivable b/f		-	88,635,076
		628,865,333	687,955,384
(ii) Rendering services		345,312,920	323,318,936
Add: Fees receivable b/f		32,133,706	21,868,526
Increase in caution money		2,556,000	2,962,000
Increase in students' union subscription		1,390,442	1,984,765
Deferred fees c/f		1,156,055	1,536,964
Unclaimed fees c/f		3,030,879	3,273,984
Endowment fund received less receivable		5,086,807	5,364,288
Less: Deferred fees b/f		(1,536,964)	(6,002,606)
Decrease in bursary fund		1,479,618	-
Unclaimed fees b/f		(3,273,984)	(2,883,094)
Fees receivable c/f		(32,059,832)	(32,133,706)
		355,275,647	319,290,057
(iii) Rental income		6,947,118	5,783,326
Increase/(decrease) in rental deposit		5,000	(14,200)
		6,952,118	5,769,126
(iv) Farm income		14,685,845	14,003,299
Add: Farm income receivable b/f		53,724	54,797
Less: Farm income receivable c/f		(43,968)	(53,724)
		14,695,601	14,004,372
(v) Research income		15,103,563	49,327,534
Add: Deferred research grants c/f		15,626,431	-
Less: Deferred research grants b/f		-	(8,727,494)
		30,729,994	40,600,040
(vi) Graduation fee		5,937,150	3,490,000
Less: Recoveries from Fees		(1,536,964)	-
		4,400,186	-
(vii) Other income		1,825,335	3,029,873
Add: Increase/(decrease) in: Alumni association		1,560,540	1,146,750
Insurance compensation		-	3,500,000
Seized Performance bond		-	4,040,503
		3,385,875	11,717,126
(viii) Employee costs		744,074,615	647,837,069
Add: Provision for b/f		27,884,982	88,635,075
Less: Increase in voluntary pay cut		(148,816)	(313,242)
Payroll deductions		-	(1,526,127)
Imprest recovery		-	(243,169)
Provision for salary arrears c/f		(96,426,917)	(27,884,982)
Statutory deductions payable c/f		(13,045,788)	-
		662,338,076	706,504,624

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

CASHFLOW NOTES (continued)

	2021/2022 (KES)	2020/2021 (KES)
(ix) Research expenses	47,654,994	56,247,137
Less: Imprest surrenders	(5,241,912)	(6,920,963)
	42,413,082	49,326,174
(x) General expenses	218,068,505	176,982,331
Less: Provision for audit fee	(522,000)	(522,000)
Provision for bursaries	(2,500,000)	(2,500,000)
Decrease in staff imprests	(267,508)	(3,729,611)
Add: Decrease in inventory	193,119	425,659
Change in overdrawn bank account	5,921,979	12,621,184
	220,894,095	183,277,564
(xi) Property, Plant and equipment	146,097,285	165,934,355
Add: Increase in intangible assets	-	6,530,500
Less: Increase in Retention	(8,914,358)	(5,542,338)
Outstanding tuition block certificate no 18	-	(13,519,189)
Recoveries	(56,002)	-
	137,126,925	153,403,328

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2022							
	Original budget 2021-2022	Adjustments 2021-2022	Final budget 2021-2022	Actual on comparable basis 2021- 2022	Performance difference 2021-2022	% of utilisation difference to final budget	Explanation of material variances (above 10%)
REVENUE							
Government recurrent grants	626,179,422	2,685,911.60	628,865,334	628,865,333	(1)	(0)	Variance not above 10%
Government devt grants	75,000,000	-	75,000,000	75,000,000	-	-	Variance not above 10%
Researcher's grants	17,300,000	(1,570,000.00)	15,730,000	15,103,563	(626,437)	(4)	Variance not above 10%
Endowment Fund	4,000,000	1,719,000.00	5,719,000	5,719,605	605	0	Variance not above 10%
Accommodation fee	7,400,000	195,250	7,595,250	7,595,500	250	0	Variance not above 10%
Tuition fee	315,362,586	2,365,000	317,727,586	317,047,200	(680,386)	(0)	Variance not above 10%
Catering	18,300,000	2,370,000	20,670,000	20,670,220	220	0	Variance not above 10%
Farm	15,000,000	(314,000.00)	14,686,000	14,685,845	(155)	(0)	Variance not above 10%
Rent	6,000,000	947,000.00	6,947,000	6,947,118	118	0	Variance not above 10%
Finance Income	4,200,000	259,000.00	4,459,000	4,458,875	(125)	(0)	Variance not above 10%
Hire of Facilities	500,000	481,000.00	981,000	980,787	(213)	(0)	Variance not above 10%
Graduation fee	4,800,000	1,137,000.00	5,937,000	5,937,150	150	0	Variance not above 10%
Library services	700,000	67,000.00	767,000	766,672	(328)	(0)	Variance not above 10%
Income Generating	3,000,000	945,000	3,945,000	3,945,261	261	0	Variance not above 10%
Other income	3,000,000	(1,175,000)	1,825,000	1,825,335	335	0	Variance not above 10%
Other income	1,100,742,008	10,112,162	1,110,854,170	1,109,548,464	(1,305,705)		
Expenses							
Employee costs	669,343,008	4,435,469	673,778,477	675,532,680	1,754,203	0	Variance not above 10%
Remuneration to the Council	12,644,000	(732,879)	11,911,121	11,911,213	92	0	Variance not above 10%
Repairs and maintenance	16,200,000	(2,665,000)	13,535,000	13,534,696	(304)	(0)	Variance not above 10%
Research expenses	35,000,000	9,000,000	44,000,000	42,413,082	(1,586,918)	(4)	Variance not above 10%
Farm enterprise	11,500,000	683,000	12,183,000	12,183,240	240	0	Variance not above 10%
General expenses	211,055,000	-4,239,644	206,815,356	205,885,265	(930,091)	(0)	Variance not above 10%
Endowment fund	4,000,000	1,719,000	5,719,000	5,719,605	605	0	Variance not above 10%
Property, Plant & Equipment	35,000,000	(3,982,647)	31,017,353	34,241,752	3,224,399	10	Variance not above 10%
Minor works	4,000,000	(36,000)	3,964,000	3,924,973	(39,027)	(1)	Variance not above 10%
Development projects	102,000,000	5,930,863	107,930,863	107,930,560	(303)	(0)	Variance not above 10%
Total expenditure	1,100,742,008	10,112,162	1,110,854,170	1,113,277,066	2,422,896		
Surplus for the period	-	(0)	(0)	(3,728,602)	(3,728,601)		

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.
IPSASB deferred the application date of standards from 1st January 2022 owing to COVID 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>Impact of the standard The standard will not have any impact on the University since it has never issued or acquired a financial instrument.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>Impact of the standard The proposed standard will be relevant to the University and users of the financial statements as it will enhance disclosure relating to social benefits. The University will after adoption of the Standard, henceforth give details of the impact of social benefits to financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Impact of the standard The above three amendments will neither have any impact nor relevance to the University.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p>Impact of the standard The above three improvements will neither have any impact nor relevance to the University.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>Impact of the standard The standard will not have any impact on the University since the University does not have any existing lease contract. However, should the University enter into a lease agreement later, the impact of the Standard shall be assessed and disclosed appropriately.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>Impact of the standard The Standard will be relevant to the University since due to changing technology and business dynamics. The University may from time to time have assets earmarked for sale. The standard will be used in measuring the carrying amount. Further, should the University discontinue any of its operations, the Standard will be relevant in giving the necessary disclosure.</p>

2) Early adoption of standards

University of Embu did not early – adopt any new or amended standards in the year 2021/2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

(a) Recurrent grants

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

(b) Development grants

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

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

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

The original budget for FY 2021/2022 was approved by the National Assembly on 10th June, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. However, appropriation of the University remained the same since no additional appropriations were allocated during the year under review.

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

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

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 (SoFP) has been presented below.

	Statement of Financial performance	Statement of budget	Difference	Remarks
Total income	1,056,527,735	1,109,548,464	(53,020,729)	The difference was caused by: i) Amortization of capital grants which is not a budget item KES 27,698,876 ii) Contributions to the Endowment Fund (KES 5,719,605) which is in the budget not in the SoFP iii) Development grants which is not in the SoFP (KES 75,000,000)
Total expenses	1,101,753,142	1,113,277,066	(11,523,924)	The difference was caused by: i) Depreciation which is in the SoFP and not in the budget KES 66,509,119 iii) Transfer to the Endowment Fund (KES 5,719,605) which is in the budget not in the SoFP iv) Expenditure on Property, Plant & Eqpt (KES 34,241,752) which is not in the SoFP v) Expenditure on capital projects (KES 107,930,560) which is not in the SoFP vi) Imprests issued carried forward utilized in the year under review KES 5,241,912 vii) Accrued salaries that were in the SoFP and not in the budget KES 68,541,935 viii) Minor works which is in the budget not in the SoFP (KES 3,924,973)

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the

time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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 depreciation is calculated on the reducing balance to write down the cost of each asset to its residual value over its estimated useful life using the following rates:

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

d) Intangible assets

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

e) Research and development costs

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

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale

- ii. Its intention to complete and its ability to use or sell the asset
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset
- v. The ability to measure reliably the expenditure during development

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

f) Financial instruments

Initial recognition and measurement

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

Held-to-maturity

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

Impairment of financial assets

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

- a) The debtors or entity of debtors are experiencing significant financial difficulty
- b) Default or delinquency in interest or principal payments

- c) The probability that debtors will enter bankruptcy or other financial reorganization
- d) Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

g) Inventories

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

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

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

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

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

h) Biological assets

The University has various biological assets including cows, goats, pigs, bearer plants and horticultural plants.

- **Measurement of biological assets**

The assets are measured on initial recognition, and at each reporting date, at their fair value i.e. the price that would be earned if the assets were sold. The assets are valued by professional valuers at the end of each reporting period, using fair value method, which reflects economic and financial reality and therefore increases the value relevance of the accounting information.

The main assumption in the measurement of biological assets is that fair value can be reliably measured.

- **Restrictions on biological assets**

None of biological assets had any restriction during the year under review.

- **Financial risk on biological assets**

Biological assets are affected by the following risks:

- a) Adverse changes in prices of products
- b) Adverse changes in prices of inputs
- c) Disease infections
- d) Harsh weather conditions

- **Management strategies on agricultural activities**

The University uses the following strategies to decrease cost and increase yields:

- a) Climate-resilient farming
- b) Buying inputs in large volumes to fetch fair prices.
- c) Crop rotation

i) Provisions

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

j) Contingent liabilities

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

k) 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.

l) Nature and purpose of reserves

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

(i) Revenue reserves

The revenue reserve is created out of the surpluses generated by the University from its operating activities, and retained for the purpose of expanding business or to meet contingencies in the future.

(ii) Revaluation reserves

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

m) Changes in accounting policies and estimates

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

n) Employee retirement benefits

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

o) Foreign currency transactions

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

p) Borrowing costs

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

q) Related parties

University of Embu regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa.

Members of key management are regarded as related parties, and comprise of the Chancellor, Council members, the Vice-Chancellor and senior managers.

r) Service concession arrangements

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

s) Cash and cash equivalents

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

t) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

(i) Useful lives and residual values

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

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

(ii) Provisions

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

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

a) Provision for depreciation

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

b) Provision for audit fee

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

c) Provision for bursaries.

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

(iii) Subsequent events

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

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE, 2022		
	2021/2022	2020/2021
Note 6: Transfer from Ministry of Education	(KES)	
Unconditional (Recurrent) grants	628,865,333	599,320,308
Conditional (Capital) grants	75,000,000	74,795,667
Total	703,865,333	674,115,975
Note 7: Rendering of services		
Tuition fees	317,047,200	302,287,996
Accommodation Fees	7,595,500	4,204,045
	324,642,700	306,492,041
Catering	20,670,220	16,826,895
Total	345,312,920	323,318,936
Note 8: Rental revenue		
Residential and commercial	6,947,118	5,767,326
Guest House	-	16,000
Total	6,947,118	5,783,326
Note 9: Farm revenue	14,685,845	14,003,299
Note 10: Finance income		
Interest from call deposits	4,458,875	5,336,061
	4,458,875	5,336,061
Note 11: Research income		
Research income	14,493,792	48,264,329
Add: Administrative fee - research grants	609,771	1,063,205
	15,103,563	49,327,534
Note 12: Hire of Facilities		
Hire of Facilities	980,787	391,069
Note 13: Graduation fee	5,937,150	3,490,000
Note 14: Library Income		
Library services	766,672	535,300
Note 15: Income generating Units		
Income Generating	3,945,261	4,122,229
	3,945,261	4,122,229

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

	2021/2022	2020/2021
Note 16: Other income		
	(KES)	
Disposal of obsolete items	23,700	150,760
Gain on disposal of motor vehicle	-	1,473,616
Miscellaneous income	1,765,912	1,405,497
Conference Income	35,723	-
Total	1,825,335	3,029,873
Note 17: Employee costs		
House allowance	150,876,020	144,856,718
House to office (Commuting All.)	46,115,094	43,649,508
Interns honoraria	4,844,681	4,872,326
Leave Travelling	5,662,079	4,875,653
National Ind' Training Authority	287,000	285,200
NSSF	5,961,627	5,095,262
Part time teaching	38,262,871	50,463,725
Pension	56,779,815	47,482,370
Responsibility allowance	38,066,552	37,504,415
Salaries and wages	397,218,876	308,751,892
Total	744,074,615	647,837,069
Note 18: Remuneration of Council		
Chancellor's honoraria	322,581	1,200,000
Chairman's honoraria	1,044,000	696,000
Council Capacity buiding	1,677,799	1,547,177
Council Insurance	463,740	819,160
University Council's emoluments	8,403,093	5,867,029
Total	11,911,213	10,129,366
Note 19: Repairs and maintenance		
Maintenance of buildings	5,662,897	8,757,928
Maintenance of equipment	3,698,711	3,330,739
Maintenance of grounds	4,173,088	3,519,344
Total	13,534,696	15,608,011
Note 20: Research expenses		
Research grant expenses	47,654,994	56,247,137
Total	47,654,994	56,247,137

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

	2021/2022	2020/2021
Note 21: General expenses	(KES)	(KES)
University Senate	3,443,694	-
Advertisement and publicity	3,136,450	594,849
Agricultural Teaching & Research	294,280	52,800
Anti-HIV expenses and Health Ed.	171,045	127,050
Audit fees	522,000	522,000
Asset Valuation	1,254,001	-
Bank charges	260,648	330,032
Celebration & ceremonies	1,957,442	1,299,462
Cleaning & sanitary	11,055,237	6,243,559
Cleaning materials	185,256	813,003
Conferences & seminars	965,443	156,400
Consultancy Services	1,461,055	1,153,708
Customer Relations	14,500	34,470
Marketing services	1,514,203	
Board of Post Graduate studies	22,393	-
Electricity	9,367,577	9,311,967
Exam Moderation and Supervision	3,482,639	5,389,342
Exam Stationery & related materials	3,294,196	3,183,933
Ex-gratia	84,034	416,659
Exhibitions	296,025	88,220
Farm Enterprise	12,183,240	15,236,396
Field course	192,640	61,300
Food stuff & kitchen supplies	30,778,124	23,400,570
Games & sports	1,521,151	546,030
Gas & Charcoal	1,178,050	596,600
ICT expenses	1,801,326	593,327
Income generating units	4,947,904	5,797,928
Insurance expenses	6,803,097	5,417,624
International travel expenses	1,206,242	-
Internet expenses	9,865,480	9,412,677
ISO expenses	436,936	850,332
Kitchenware/cutlery	65,925	252,824
Legal expenses	384,426	423,120
Library expenses	1,422,330	1,181,630
Local travel & subsistence	8,993,243	4,802,073
Maintenance of Internal road	76,000	70,737
Management board	2,093,723	897,185
Medical expenses	24,004,096	24,179,760
Membership subscription	153,792	186,344
Non-pharmaceuticals	1,366,285	1,553,260
Other office expenses	2,254,807	2,173,340
Performance management	3,066,700	3,293,159
Pharmaceuticals	7,559,680	4,016,443
Postage	97,831	55,085
Printing, photocopying & publishing	1,125,399	953,451

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

	2021/2022	2020/2021
	(KES)	(KES)
Programme & facilities accreditation	2,670,000	-
Protective gear	91,414	326,372
Public relations	1,070,855	665,598
Quality assurance	50,250	15,082
School of Law Expenses	218,792	249,896
Schools and programme devt costs	304,085	520,600
Security	6,095,970	6,323,403
Staff training, Development & Scholarship	1,227,948	1,063,653
Staff uniform	113,130	77,813
Staff Welfare	1,274,000	53,000
Stationery expenses	4,807,399	6,394,775
Statutory payment	8,610,000	2,369,000
Student awards & bursaries	2,500,000	2,500,000
Student welfare & mentorship	1,069,725	554,650
Teaching materials	2,020,257	2,009,570
Teaching Practice & Practicum	6,461,524	7,811,882
Telephone	528,900	388,799
Transport operating	6,938,962	5,362,224
Water & conservancy	5,654,749	4,627,365
Total general expenses	218,068,505	176,982,331
Note 22: Other gain/(loss)	(1,610,230)	2,992,225
This represents the difference between the value of the biological assets at the beginning and at the end of the financial year.		

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

	2021/2022	2020/2021
Note 23: Cash and cash equivalents	(KES)	(KES)
Current accounts	112,581,655	85,185,286
Student Paybill - A/C 418888	303,720	169,314
Farm Paybill 414444	29,769	6,832
Library buy Goods	67,970	92,176
Endowment Paybill 233320	72,360	18,000
Staff Cafeteria Buy goods	102,746	265,239
Bottled Water buy goods	130	4,137
Cleaning Solutions buy goods	88	3,483
Animal Feeds Buy Goods number 245296	0	1,677
Yoghurt Processing	2,513	37,258
Alumni Paybill 4037347	12,040	21,250
Commercial Rent paybill	32,100	63,265
Farm Buy Goods	30,714	-
Mess 1 Buy Goods	155,393	-
Mess 2 Buy Goods	137,158	-
Total	113,528,356	85,867,916
Detailed analysis of cash and cash equivalents		
a) Current accounts		
Financial institution		
Absa Fees A/C 2027527410	16,406	161,641
Co-op Fees - A/C 01129408325000	22,222	27,022
Equity Bank Farm A/c	781,092	2,685,570
Equity Bank Research	132,081	1,345,685
Equity Bank Retention	55,031,019	41,705,268
Equity Endowment A/C	38,279,754	29,493,952
Equity Fees - A/C 0190260737294	1,509,860	172,705
KCB - EURO A/c	1,118,785	3,888,804
KCB Dollar - A/C 1146975716	8,439,887	3,444,181
KCB Fees - A/C 1140846019	85,988	217,179
KCB Salary - A/C 1141890933	7,159,378	-
NBK Fees - A/C 01001081259300	5,184	86,345
On-Call deposits	-	1,956,934
Sub- total	112,581,655	85,185,286
b) Others		
Student Paybill number 418888	303,720	169,314
Cash in Hand	-	-
Farm Paybill number 414444	29,769	6,832
Endowment Fund Paybill number 233320	72,360	18,000
Library Buy Goods number 271941	67,970	92,176
Staff Cafeteria Buy Goods number 245292	102,746	265,239
Cleaning Solutions Buy Goods number 245299	88	3,483
Animal Feeds Buy Goods number 245296	0	1,677
Bottled Water 888032	130	4,137
Yoghurt Buy Goods number 245294	2,513	37,258
Alumni Paybill 4037347	12,040	21,250
Commercial Rent paybill	32,100	63,265
Farm Buy Goods	30,714	-
Mess 1 Buy Goods	155,393	-
Mess 2 Buy Goods	137,158	-
Sub- total	946,701	682,630
GRAND TOTAL	113,528,356	85,867,916

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

	2021/2022	2020/2021
	(KES)	(KES)
Note 24: Receivables from exchange transactions		
Catering income receivable	1,386,850	1,386,850
Farm income receivable	43,968	53,724
Fees receivable	32,059,832	32,133,706
	33,490,650	33,574,280
Note 25: Receivables from non-exchange transactions		
Staff debtors (temporary imprests)	1,160,520	1,428,028
Staff debtors (Research imprest)	1,937,703	7,179,615
Total receivables from non-exchange transactions	3,098,223	8,607,643
Note 26: Inventories		
Accommodation	529,181	417,291
Cleaning solutions	654,622	514,650
Farm	821,570	822,815
Food store	358,728	475,460
Hardware	628,709	1,072,102
Health Unit	3,082,862	2,977,489
Laboratory	3,284,422	2,960,208
Stationery	1,078,799	1,175,077
Water Bottling	21,304	57,337
Yoghurt processing	98,924	279,811
Total	10,559,121	10,752,240

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

Note 27: Property, plant and equipment		Land	Building	Motor Vehicle	Furniture & Fittings	Computer & hardware	Library books	Plant and Equipment	Bearer plants	Capital In Progress	TOTAL
		(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)
Cost											
At 1st July, 2020		1,200,000,000	525,000,000	98,738,136	77,415,056	86,575,874	65,548,637	116,761,812	684,050	1,091,005,530	3,261,729,095
Additions		-	-	9,220,000	13,641,664	2,491,869	508,367	27,366,292	704,770.00	112,001,393	165,934,355
Revaluation		-	-	(4,803,280.00)	-	-	-	-	-	-	(4,803,280)
Transfers		-	656,586,711.00	-	-	-	-	-	-	(656,586,711.00)	-
At 30th June 2021		1,200,000,000	1,181,586,711	103,154,856	91,056,720	89,067,743	66,057,004	144,128,104	1,388,820	546,420,213	3,422,860,171
Transfers		-	4,720,829	-	-	-	-	-	-	(4,720,829)	-
Additions		-	-	7,395,000	9,159,609	2,436,175	2,044,459	12,026,559	1,179,950	111,855,533	146,097,285
Revaluation		600,000,000.00	(60,336,711)	-	-	-	-	-	-	-	539,663,289
At At June, 2022		1,800,000,000	1,125,970,829	110,549,856	100,216,329	91,503,918	68,101,463	156,154,663	2,568,770	653,554,917	4,108,620,745
Depreciation rate		0%	2.50%	25.00%	12.50%	30.00%	20.00%	12.50%	10.00%	-	-
At July 2020		-	25,921,875	66,736,563	30,920,701	64,987,517	40,890,296	40,133,587	147,745	-	269,738,283
Depreciation charge		-	28,891,621	9,104,573	7,517,002	7,224,068	5,033,342	12,999,315	124,108	-	70,894,028
Depreciation on disposal		-	-	-	-	-	-	-	-	-	-
At 30th June, 2021		-	54,813,496	75,841,136	38,437,704	72,211,585	45,923,638	53,132,901	271,852	-	340,632,311
Depreciation charge		-	26,778,933	8,677,180	7,722,328	5,787,700	4,435,565	12,877,720	229,692	-	66,509,119
As at 30th June, 2022		-	81,592,429	84,518,316	46,160,032	77,999,285	50,359,203	66,010,622	501,544	-	407,141,430
Net book values											
As at 30th June, 2022		1,800,000,000	1,044,378,400	26,031,540	54,056,297	13,504,633	17,742,260	90,144,041	2,067,226	653,554,917	3,701,479,315
As at 30th June, 2021		1,200,000,000	1,126,773,215	27,313,720	52,619,016	16,856,158	20,133,366	90,995,203	1,116,968	546,420,212	3,082,227,858

Note: 1) KES 653,554,917 Capital Work in Progress is the cost of the on-going capital projects as follow:

Tuition Block	– KES 585,523,651
Auditorium	– KES 49,453,658
Minor works	– KES 18,577,608
Total	– KES 653,554,917

2) Transfer of KES 4,720,829 from the Work in Progress represents capitalization of the Animal House.

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

Note 28 (i): Biological assets (current)	Quantities	2021/2022 (KES)	2020/2021 (KES)
Cabbages	1,000	52,500.00	20,000
Capsicum	1 green house	42,000	24,000
Carrots	1 green house	1,000	10,000
Cow peas	1/2 green house	3,000	-
Dhania	2 beds 1*7	5,000	-
Chicken	1,900	-	585,000
Ensiled Maize	15 tonnes	900,000	120,000
Fish	400	80,000	656,330
Garden peas	1/2 acre	20,000	12,000
Gourgette	420 stems	24,000	-
Green maize	1/2 and 1/8 acre	9,000	-
Kales	1/4 acre	112,500	10,000
Managu	3/4th acre	5,000	20,000
Onions	3/4 acre	50,000	-
Pigs	53	-	144,000
Silage maize	10 acres	150,000	585,000
Spinach	1/8th acre	75,000	48,000
Spider plant	1 green house	1,500	-
Sweet potatoes	1/8th acre	5,000	12,500
Tomatoes	1 green house	-	80,000
Vegetable Seedlings (Assorted)	5,000	36,000	10,000
Sub-total		1,571,500	2,336,830
Note 28 (ii): Biological assets (Non-current)			
Cows	28	4,250,000	3,700,000
Chicken (layers)	106	57,800	1,199,600
Goats	13	214,000	224,000
Pigs	58	1,207,500	1,510,000
Bananas	822	246,600	246,600
Napier grass	4 acres	250,000	150,000
Boma Rhodes	6.5 acres	50,000	90,600
		6,275,900	7,120,800
(iii) Bearer plants			
Avocados	78 trees	780,000	270,000
Mangoes	141 trees	705,000	165,000
Macadamia	18 trees	180,000	50,000
Coffee stumps	3285 stumps	903,770	903,770
Sub-total		2,568,770	1,388,770
Notes:			
1Bearer plants are living plants used in the supply of agricultural produce and are expected to produce for more than one financial year, and has a remote likelihood of being sold as agricultural produce. Bearer plants are accounted for as Property, Plant and Equipment and depreciated at the rate of 10%.			

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

Note 29: Intangible Assets - ERP System			
	ERP work in progress	2021/2022	2020/2021
Description	(KES)	(KES)	(KES)
Cost			
At beginning of the year	13,715,500	13,715,500	7,185,000.00
Additions		-	
At end of the year	13,715,500	13,715,500	17,341,960.00
Additions—internal development	-	-	-
Cheque Reversal		-	-
At end of the year	13,715,500	13,715,500	17,341,960
Amortization and impairment	33%		33%
At beginning of the year	-	-	-
Amortization	-	-	-
At end of the year	-	-	-
	-	-	-
At end of the year	-	-	-
Net Book Value	13,715,500	13,715,500	17,341,960.00

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

	2021/2022	2020/2021
Note 30: Investments	(KES)	(KES)
As at the end of FY under review, the University did not have any investments in treasury bills/bonds, investments in any bank or any equity investment.		
Note 31: Overdrawn CashBook		
KCB Salary - A/C 1141890933	-	5,921,979
Note 32: Trade and other payables from exchange transactions		
PAYE Payable	12,758,788	-
NITA payable	287,000	-
Trade payables	-	13,577,821
Provison for salary arrears	96,426,917	27,884,982
	109,472,705	41,462,803
Note 33: Payables from non-exchange transactions		
Alumni Association	4,712,790	3,152,250
Deferred research grant	15,626,431	-
Endowment Fund	38,279,754	32,560,149
Seized Performannce bond	4,040,503	4,040,503
Student Union subscription - UESA	6,252,482	4,862,040
Students' clubs	19,060	19,060
Unclaimed deposits	3,030,879	3,273,984
Vice-Chancellor's Fund	595,264	446,448
Total	72,557,163	48,354,434

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

	2021/2022	2020/2021
Note 34: Refundable deposits from customers	(KES)	(KES)
Rental deposits	937,614	932,614
Note 35: Provision for audit fee		
Balance b/f	1,044,000	1,044,000
Add: Provision for the year	522,000	522,000
Less: Payments during the year	-	(522,000)
	1,566,000	1,044,000
Note 36: Payment received in advance		
Deferred fees	1,156,055	1,536,964
Note 37: Bursary fund	8,008,163	6,528,545
This is a fund that was created by the University from which bursaries to the needy students are drawn.		
Note 38: Caution Money	21,282,000	18,726,000
These are refundable funds paid by all new students to cushion the University against any loss/damage by the students to property. The amount is refunded after the student clears from the University.		
Note 39: Retention money	50,064,940	41,150,582
This comprises of money deducted from payments to contractors to cater for any defects on the construction work undertaken.		
Note 40: CBA Refund	81,560,000	81,560,000
CBA refund represents the balance of Ksh 106 million received in the FYs 2012/2013 and 2013/2014 for CBA implementation. At that time the University was new and did not have CBA arrears to pay. The amount was reallocated to other University votes, and spent. The Ministry of Ed. later directed that the money be refunded to other Universities. Ksh 24.44 million was refunded, leaving the above balance.		

Note 41: Employee benefit obligations					
	Defined benefit plan (KES)	Post-employment medical benefits (KES)	Other Provisions (KES)	2021/2022 (KES)	2020/2021 (KES)
Current obligation	Nil	Nil	Nil	96,426,917	Nil
Non-current benefit obligation	Nil	Nil	Nil	Nil	Nil
Total employees obligations	Nil	Nil	Nil	96,426,917	Nil

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

	2021/2022	2020/2021
	(KES)	(KES)
Note 42: Borrowings		
The University did not have any borrowing during the financial year.		
Note 43: Cash generated from operations		
Surplus/(deficit) for the year before tax	(46,835,636)	62,936,824
Adjusted for:		
Less: Provision for salary arrears	68,541,935	(27,884,982)
Add: Loss/(Gain) on valuation of biological assets	1,610,230	(2,992,225)
Depreciation	66,509,119	70,894,028
Provision for bursary	2,500,000	2,500,000
Provision for audit fee	522,000	522,000
Amortized grant	(27,698,876)	(28,984,606)
Provision for salary arrears	-	27,884,982
Audit fee paid	-	(522,000)
Adjusted surplus	111,984,408	41,417,197
	65,148,771	104,354,021
Working Capital adjustments:		
Decrease/(increase) in receivables	5,593,050	82,100,580
(Increase)/decrease in inventory	193,119	(425,659)
Increase/(decrease) in bursary fund	1,479,618	2,891,998
Increase/(decrease) in Payment received in advance	(380,909)	-
Increase(decrease) in payables	23,670,696	(43,655,158)
Increase/(decrease) in refundable deposits	5,000	(14,200)
Increase/(decrease) in overdrawn account	(5,921,979)	(12,621,184)
	24,638,595	28,276,377
Net cash flow from operating activities	89,787,366	132,630,398

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

Note 44: Deferred Income				
	Development grants from the GoK	Other Grants		Total
		Equipment	Library books	
	(KES)	(KES)	(KES)	(KES)
Balance as at 1st July, 2021	1,303,820,374		10,813,440	1,320,795,732
Additions	75,000,000	-	-	75,000,000
Amortization for the period	(24,765,948)	(770,240)	(2,162,688)	(27,698,876)
Balance as at 30th June, 2022	1,354,054,426		8,650,752	1,368,096,856
Note 45: Amortization of deferred grants (Completed projects)				
Description	Development grants from the GoK	Other Grants		TOTAL
		Equipment	Library books	
Cost	(Ksh)	(Ksh)	(Ksh)	(Ksh)
As at 1st July, 2021	1,037,877,045	12,013,667	33,000,000	1,082,890,712
Additions	-	-	-	-
	1,037,877,045	12,013,667	33,000,000	1,082,890,712
Transfer from WIP	-	-	-	-
As at 30th June, 2022	1,037,877,045	12,013,667	33,000,000	1,082,890,712
Amortization rate	2.50%	12.50%	20%	
As at 1st July, 2021	47,239,113	5,851,750	22,186,560	75,277,423
As at 30th June, 2021	47,239,113	5,851,750	22,186,560	75,277,423
Add: Amortization for the period	24,765,948	770,240	2,162,688	27,698,876
As at 30th June, 2022	72,005,061	6,621,990	24,349,248	102,976,299
Balance as at 30th June, 2022	965,871,984	5,391,677	8,650,752	979,914,413
Balance as at 30th June, 2021	990,637,932	6,161,917	10,813,440	1,007,613,289

	2021/2022	2020/2021
Note 46: Revaluation Reserve	(KES)	(KES)
Balance b/f	1,866,688,262	1,327,024,973
Note 47: Revenue reserves		
Balance b/f	349,164,444	286,227,619
Current/(deficit) surplus	(46,835,636)	62,936,824
Balance c/f	302,328,807	349,164,444

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

Notes to the Financial Statements (continued)

Note 48: Contingent Liability

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

S/No.	Parties	Estimated contingent liability
1.	University of Embu vs. Lillian Wanyaga Njagi	Will be determined after the appeal is heard and finally determined.
2.	Dr. Philip Wafula Mayeku vs. University of Embu	Will be determined once the case is heard and finally determined.
3.	County Government of Embu vs. University of Embu	Will be determined once the case is heard and finally determined.
4.	KUDHEIHA Workers Union vs. Council- University of Embu	Will be determined once the case is heard and finally determined.

(i) Mrs. Lillian Njagi sued University of Embu seeking damages for alleged wrongful termination of employment. The University has appealed to the Court of Appeal against the decision of the High Court.

(ii) Dr. Philip Wafula Mayeku sued the University seeking damaged for alleged unlawful termination of employment. The matter is in the Employment at Labour Relations Court in Nairobi.

(iii) The County Government of Embu sued the University seeking an order for excision of fifty (50) acres from the University's land. The matter is in the Environment and Land Court in Embu.

(iv) KUDHEIHA Workers Union sued the University for alleged refusal to sign the 2013/2017 Collective Bargaining Agreement. The matter is in the Employment and Labour Relations Court in Nyeri.

In addition to the above cases, a contract between the University M/S Supreme Developers Limited for construction of the proposed auditorium and lecture classroom at cost of Kshs. 40,405,020 was terminated in the month of February, 2021 due to unsatisfactory performance by the Contractor. The matter is currently before an arbitrator who shall determine the liability by either party.

Note 49: Financial Risk management

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

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levels of risk. The University does not hedge any risks, and has in place policies to ensure that credit is extended to students and staff with an established credit history.

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

(i) Credit risk

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

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

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

Credit risk management	Fully performing (KES)	Past due (KES)	Impaired (KES)	Total amount (KES)
As at 30th June, 2021				
Receivable from exchange transactions	33,574,280	-	-	33,574,280
Receivable from non-exchange transactions	8,607,643	-	-	8,607,643
Bank balances	85,867,916	-	-	85,867,916
Total	128,049,839	-	-	128,049,839
As at 30th June, 2022				
Receivable from exchange transactions	32,103,800	1,386,850	-	33,490,650
Receivable from non -exchange transactions	3,098,223	-	-	3,098,223
Bank balances	113,528,356	-	-	113,528,356
Total	148,730,379	1,386,850	-	150,117,229

University's fee payment policy requires payment of fees within the first three weeks of a semester. Where the student is not able to pay fee within the first three weeks of the semester, they are required to either call off the semester, or apply for phased fee payment, where fee is paid in three instalments. No student is allowed to sit for examination with a fee balance, unless with a written commitment to pay by a specified date. Consequently, students'

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receivables are categorized as past due. Past due amounts are those beyond the maximum established credit period and represent slow, but paying students.

(ii) Concentration risk

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

(iii) Liquidity risk management

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

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

Note 50: Liquidity risk management				
The table below analyses the University's financial liabilities into relevant maturity groupings, as at				
30th June, 2022				
	Less than 1 month	Between 1-3 months	Over 3 months	Total
As at 30th June 2021				
Trade payables	13,577,821	-	-	13,577,821
Provision for salary arrears	27,884,982	-	-	27,884,982
Deferred Research grants	-	-	-	-
Vice-Chancellor's Fund	-	-	446,448	446,448
UESA Subscription	-	-	4,862,040	4,862,040
Students' clubs	19,060	-	-	19,060
Unclaimed deposit	-	-	3,273,984	3,273,984
Allumni association	-	-	3,152,250	3,152,250
Endowment fund	-	-	32,560,149	32,560,149
Seized Performannce bond	-	4,040,503	-	4,040,503
Rental deposits	-	-	932,614	932,614
Provision for audit fees	-	-	1,044,000	1,044,000
Deferred fee income	-	-	1,536,964	1,536,964
Students' bursary fund	-	-	6,528,545	6,528,545
Caution Money	-	-	18,726,000	18,726,000
CBA refund	-	-	81,560,000	81,560,000
Retention on constructions	-	-	41,150,582	41,150,582
Deferred income	-	-	1,320,795,732	1,320,795,732
Total	41,481,863	4,040,503	1,516,569,308	1,562,091,674
As at 30th June 2022				
Provision for salary arrears	-	-	96,426,917	96,426,917
Deferred Research grants	-	-	15,626,431	15,626,431
Vice-Chancellor's Fund	-	-	595,264	595,264
UESA Subscription	-	-	6,252,482	6,252,482
Students' clubs	-	-	19,060	19,060
Unclaimed deposit	-	-	3,030,879	3,030,879
Allumni association	-	-	4,712,790	4,712,790
Endowment fund	-	-	38,279,754	38,279,754
Seized Performannce bond	-	-	4,040,503	4,040,503
Rental deposits	-	-	937,614	937,614
Provision for audit fees	-	-	1,566,000	1,566,000
Deferred fee income	-	-	1,156,055	1,156,055
Students' bursary fund	-	-	8,008,163	8,008,163
Caution Money	-	-	21,282,000	21,282,000
CBA refund	-	-	81,560,000	81,560,000
Retention on constructions	-	-	50,064,940	50,064,940
Deferred income	-	-	1,368,096,856	1,368,096,856
PAYE Payable	12,758,788	-	-	12,758,788
NITA payable	287,000	-	-	287,000
Total	13,045,788	-	1,701,655,708	1,714,701,496

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(iv) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

Foreign exchange risk

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

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

	Other currencies		Total (KES)
	Dollars (USD)	Euros	
At 30 June, 2022			
Financial assets (cash)	1,118,785	8,439,887	9,558,671
Net foreign currency asset/ (liability)	Nil		Nil

Price risk

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

Interest rate risk

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

Management of interest rate risk

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

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Capital risk management

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

	2021/2022 (KES)	2020/2021 (KES)
Revaluation reserve	1,866,688,262	1,327,024,973
Revenue reserves	302,328,807	349,164,444
Total funds	1,676,189,416	1,676,189,416
Total borrowings	Nil	Nil
Less: Cash and bank balances	113,528,356	85,867,916
Net debt/(excess cash and cash equivalents)	113,528,356	85,867,916
Gearing	Nil	Nil

Note 50: Related party disclosures

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

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

Related party transactions

(i) Government of Kenya

Transaction with the Government of Kenya

Nature of transaction	Amount in 2020/2021 (KES)	Amount in 2020/2021 (KES)
Transfer from the GoK	703,865,333	674,115,975
Transfer to the GoK	Nil	Nil

(ii) University Council.

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

S/no.	Category	Number of people	2021/2022 (KES)	2020/2021 (KES)
1.	University Chancellor	1	322,581	1,200,000
2.	University Council expenses	9	10,544,632	8,233,366
3.	Chairman - on full time equivalent	1	1,044,000	696,000
	TOTAL		11,911,213	10,129,366

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(iii) Due from related parties

Nature of transaction	Amount in 2021/2022 (KES)	Amount in 2020/2021 (KES)
Due from the Ministry of Education	Nil	Nil

(iv) Dues to related party

Nature of transaction	Amount in 2021/2022 (KES)	Amount in 2020/2021 (KES)
Salary arrears	96,426,917	27,884,982

Note 51: Segment reporting

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

Note 52: Capital commitments

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

Note 53: Ultimate and Holding entity

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

Note 54: Currency

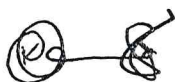
The financial statements are presented in Kenya Shilling (KES).

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

The following issues were raised by the Auditor General in the report for the financial year 2020/2021, and were all addressed:

S/No.	Issues	Action taken	Status
1)	Unreconciled variances between Ledger and the Enterprise Resource Planning balance	Automation was completed and the System operationalised. Variances existed because the ERP System was still being developed and had not stabilised.	Addressed
2)	Unsupported student awards and bursaries	The required support documents were made available	Addressed
3)	Biological assets	Required information was provided	Addressed
4)	Unauthorized expenditure on procurement of Foodstuffs	Budgetary controls enhanced	Addressed
5)	Irregularly overdrawn Cashbook	Control over expenditure was tightened to avoid overdrawing cashbook. Refer to note 31 of this financial statements.	Addressed
6)	Delayed Implementation and Commissioning of Enterprise Resource Planning (ERP) System	Automation was completed and the System operationalised	Addressed
7)	Delayed Construction of Auditorium and Lecture Hall	Contract was terminated, performance bond seized by the client and new contractor engaged.	Addressed
8)	Non-rotation of suppliers in framework contracting in the supply of foodstuff	No action was required since non-rotation was based on Public Procurement and Assets Disposal Regulations 2020, Reg. 91(5)	Addressed
9)	Irregular Procurement of Group Life Insurance	No action was required since the University used Section 102(1)(b) of the Public Procurement and Asset Disposal Act (2015) hence, procurement of Group Life Insurance was not irregular	Addressed
10)	Lack of Public Finance Management Standing Committee	Committee was appointed	Addressed
11)	Irregular access to software system by outsiders	No action was required since the access was regular, restricted and needed by the University for support and training purposes	Addressed



Dr. Kennedy Okong'o
COUNCIL CHAIRMAN



Prof. Daniel Mugendi Njiru
SECRETARY

UNIVERSITY OF EMBU
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APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY OF EMBU

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

(ii) **Status of projects completion**

S/No.	Project	Total project Cost (KES)	Total expended to date (KES)	Completion % to date	Budget (KES)	Actual per quarter (KES)	Source(s)
1.	Tuition Block	899,035,682	585,523,651	79.6%	75,000,000	18,750,000	GoK
2.	Auditorium	39,938,440	28,560,697	89 %	28,561,000	7,140,250	A-in-A

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Appendix III: Inter-entity transfers

Name of the entity: University of Embu				
Break down of Transfers from the State Department of University Education and Research for the financial year 2021/2022				
a.	Recurrent Grants			
	Bank statement date	Grant	Amount (KES)	Financial year
	03.08.2021	Recurrent	52,181,618	2021/2022
	01.09.2021	Recurrent	52,181,618	2021/2022
	29.09.2021	Recurrent	52,181,618	2021/2022
	02.11.2021	Recurrent	52,181,618	2021/2022
	26.11.2021	Recurrent	52,181,618	2021/2022
	28.12.2022	Recurrent	52,181,618	2021/2022
	01.02.2022	Recurrent	52,181,618	2021/2022
	02.03.2022	Recurrent	52,181,618	2021/2022
	01.04.2022	Recurrent	52,181,618	2021/2022
	28.04.2022	Recurrent	52,181,618	2021/2022
	6.06.2022	Recurrent	53,524,574	2021/2022
	28.06.2022	Recurrent	53,524,579	2021/2022
		Total	628,865,333	
b.	Development Grants			
	Bank statement date	Grant	Amount (KES)	Financial year
	12.08.2021	Development	37,500,000	2021/2022
	16.03.2022	Development	37,500,000	2021/2022
		Total	75,000,000	
c.	Direct Payments			
		Bank statement date	Amount (KES)	Financial year
		N/A	N/A	N/A
d.	Donor Receipts			
		Bank statement date	Amount (KES)	Financial year
		N/A	N/A	N/A

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



HEAD OF FINANCE
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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred capital grants	Receivables	Others - must be specific	
Ministry of Education	03.08.2021	Recurrent	52,181,618	√					52,181,618
	12.08.2021	Development	37,500,000			√			37,500,000
	01.09.2021	Recurrent	52,181,618	√					52,181,618
	29.09.2021	Recurrent	52,181,618	√					52,181,618
	02.11.2021	Recurrent	52,181,618	√					52,181,618
	26.11.2021	Recurrent	52,181,618	√					52,181,618
	28.12.2022	Recurrent	52,181,618	√					52,181,618
	01.02.2022	Recurrent	52,181,618	√					52,181,618
	02.03.2022	Recurrent	52,181,618	√					52,181,618
	16.03.2022	Development	37,500,000			√			37,500,000
	01.04.2022	Recurrent	52,181,618	√					52,181,618
	28.04.2022	Recurrent	52,181,618	√					52,181,618
	6.06.2022	Recurrent	53,524,574	√					53,524,574
	28.06.2022	Recurrent	53,524,579	√					53,524,579
Total			703,865,333						703,865,333

