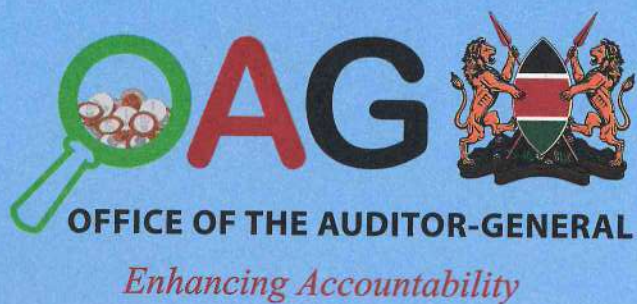


REPUBLIC OF KENYA



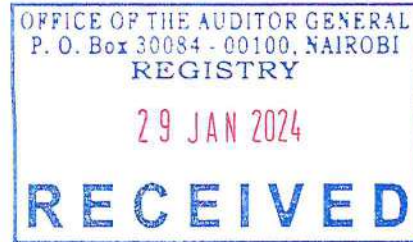
**REPORT  
OF  
THE AUDITOR-GENERAL**

**ON**

**UNIVERSITY OF EMBU**

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

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023



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# UNIVERSITY OF EMBU



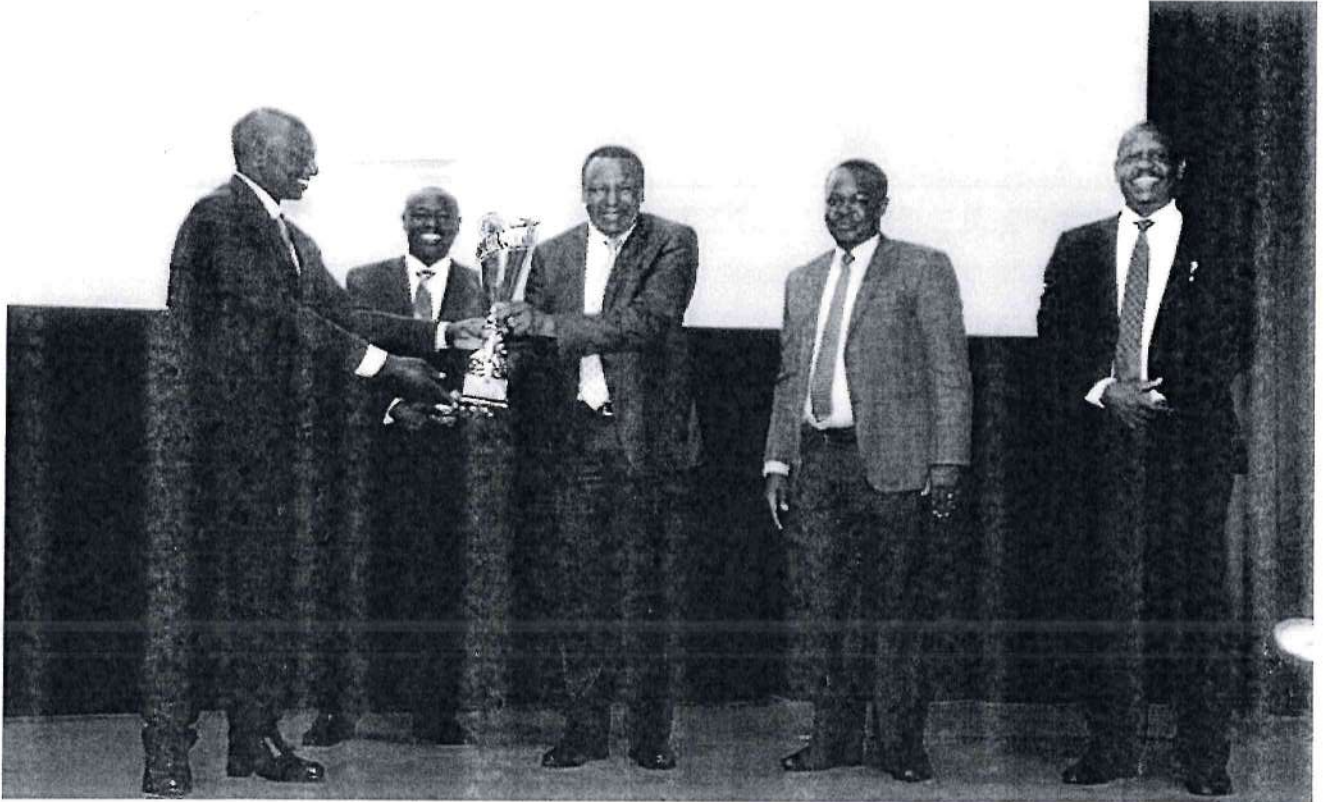
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE, 2023

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

UNIVERSITY OF EMBU  
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PICTORIALS



The President of the Republic of Kenya, H.E. Hon. Dr. William Ruto (left) presents the trophy for the Best Performing State Corporation to the University of Embu Prof. Daniel Mugendi during the official release of the 18th Cycle Report on Evaluation of the Performance of Ministries, State Corporations and Tertiary Institutions for the FY 2021-22. The ceremony was held at the Kenya International Conference Centre (KICC), Nairobi on Tuesday, 11th April, 2023. Looking on are Deputy President, H.E. Hon. Rigathi Gachagua (2nd left), UoEm Chair of Council, Dr. Kennedy Okong'o (2nd right) and UoEm Director, PC & ISO, Dr. Kirema Nkanata (right)

*Congratulations!*  
**UoEm**



**BEST PERFORMING**  
State Corporation in the  
**2021/2022 FY Performance Evaluation**

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

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## ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

### A: Acronyms and abbreviations

- (i) A-I-A – Appropriation in Aid
- (ii) FY – Financial year
- (iii) GoK – Government of the Republic of Kenya
- (iv) ICPAK – Institute of Certified Public Accountants of Kenya
- (v) IPSAS – International Public Sector Accounting Standards
- (vi) ISMS – Information Security Management System
- (vii) MoU – Memorandum of Understanding
- (viii) PC – Performance Contract
- (ix) QMS – Quality Management System
- (x) SoFP – Statement of Finance Performance
- (xi) UoEm – University of Embu
- (xii) VC – Vice Chancellor

### B: Glossary of terms

- (i) Council – University of Embu Council.
- (ii) Fiduciary Management – Members of Management directly entrusted with the responsibility of financial resources of the University.

## 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 17<sup>th</sup> June, 2011. The College was elevated to its current University status on 7<sup>th</sup> 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 10000 students in the 2022/2023 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 30<sup>th</sup> June, 2022 are:



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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](mailto:vc@embuni.ac.ke)/[info@embuni.ac.ke](mailto:info@embuni.ac.ke)  
Website: [www.embuni.ac.ke](http://www.embuni.ac.ke)  
Tel: +25420244 4136/+254727933950/ +254788199505

**h) Bankers**

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

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**UNIVERSITY COUNCIL**

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

 <p><b>Dr. Kennedy Okong'o</b> – Council Chairperson</p>	<p>Date of Birth: 16<sup>th</sup> 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><b>Mr. James Muchiri Ndung'u</b> – Representative of the Principal Secretary, Ministry of Ed. - State Department for Higher Education and Research</p>	<p>Date of Birth: 1973</p> <p>Holds a Masters degree in Education Planning, Kenyatta University and a Bachelor of Education degree from Moi University.</p> <p>He has a wealth of experience in Education Management. Mr. Ndung'u is currently serving as the Deputy Director in the Ministry of Education.</p>
 <p><b>Mr. Samuel Kiiru</b> – Cabinet Secretary Representative, National Treasury</p>	<p>Date of Birth: October 20, 1969</p> <p>Holds a Master of Arts in Economics, 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, The National Treasury</p>





 <p><b>CPA Felix Nthenge Kilonzi</b> Chairperson – Audit, Risk and Compliance Committee</p>	<p>Date of Birth: 10<sup>th</sup> October, 1977</p> <p>Holds a Masters 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 business management (Accounting option) at Moi University, Eldoret. In addition, he is a Certified Public Accountant of Kenya and a member of ICPAK, a full member of Kenya Institute of Management (MKIM) and a Certified Secretary (CS). Mr. Kilonzi has 22-year experience in accounting and financial management. He is currently serving as a member of public sector accountants committee of ICPAK Council and a subject matter expert at KRAs' Kenya School of Revenue Administration (KESRA). He is a reviewer with Africa Tax and Customs Review (ATCR) journal</p>
 <p><b>Ms. Agnes Wanjuki Ndwiga, HSC, CDFA</b> Chairperson – Human Resource Development and Academic Affairs Committee</p>	<p>Date of Birth: 4<sup>th</sup> September 1962</p> <p>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. Ms. Ndwiga was 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. She is a member of the Endowment Fund Board of Trustees, University of Embu. Ms. Ndwiga previously served in the Embu University College Council.</p>
 <p><b>CPA James Njeru Kaburu</b> Chairman – Finance, Resource Mobilization and General Purposes Committee</p>	<p>Date of Birth: 2<sup>nd</sup> May, 1969</p> <p>Holds a Master of Business Administration (MBA) in Strategic Management and a bachelor's 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 Certified Public Accountant of Kenya and a full member of The Institute of Certified Public Accountant of Kenya (ICPAK). He has a wealth of experience spanning over 25 years in financial services sector, having worked with a number of Local and International banking institutions. He is currently serving as the Group Chief Risk Officer, Co-operative Bank of Kenya Limited. Mr. Kaburu served in the 1<sup>st</sup> University of Embu Council.</p>

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 <p><b>Ms. Karen Basiye Itela</b> Member of Council</p>	<p>Date of birth: 17<sup>th</sup> November, 1978</p> <p>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) <a href="http://www.mespom.eu">www.mespom.eu</a> and a Bachelor of Environment Science degree from Kenyatta University. Currently at Safaricom, Ms. Basiye leads the Sustainability agenda for the company. She is passionate about the interplay between People, Purpose and Profit. She has a wealth of experience in Environmental Management Systems and Policies. Ms. Basiye served in the 1<sup>st</sup> University of Embu Council.</p>
 <p><b>Ms. Lilian Njeri Munene –</b> Member of Council</p>	<p>Date of Birth: 9<sup>th</sup> March, 1978</p> <p>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. Ms. Munene 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. Ms. Munene is currently working with Higher Ed Partners as the Vice President University Partnerships – East Africa.</p>
 <p><b>Prof. Daniel Mugendi – Vice-Chancellor, and Secretary to the Council</b></p>	<p>Date of Birth: 8<sup>th</sup> September 1961</p> <p>Holds a Doctorate degree in Agroforestry, University of Florida, Gainesville, FL, USA, Master of Science degree in Crop Science/Horticulture, University of Nairobi, and a Bachelor of Science degree in Forestry from Moi University. Prof. Mugendi has a wealth of experience in University Management. He is also a prolific researcher and has been recognized by being ranked position 12 best researcher in Kenya and Position 628 in Africa in the 2022 World Scientist and University Rankings, AD Scientific Index ranking which ranks individual researchers in Universities across the world. He is the Vice-Chancellor, University of Embu and the Secretary to the University Council.</p>

### UNIVERSITY MANAGEMENT BOARD

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

 <p><b>Prof. Daniel Mugendi</b></p>	<p><b>Vice-Chancellor</b></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><b>Prof. Eucharika U. Kenya</b></p>	<p><b>Deputy Vice-Chancellor (Planning Administration &amp; Finance)</b></p> <p>Holds a PhD in Applied Entomology from River's State University of Science &amp; 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><b>Prof. Kiplagat Kotut</b></p>	<p><b>Deputy Vice-Chancellor (Academic Research &amp; Extension)</b></p> <p>Holds a PhD in Phytoplankton Ecology, a Master of Science Degree in Plant Ecology, and a Bachelor of Education (Science)</p>
 <p><b>Ms. Margaret Otolo</b></p>	<p><b>Registrar, Office of the Vice-Chancellor</b></p> <p>Holds a Master of Business Administration Degree and B.Ed (Arts) Degree from Kenyatta University. Presently pursuing Doctorate studies in Entrepreneurship.</p>

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	<p><b>Registrar, Academic Research &amp; Extension</b></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><b>Registrar, Planning, Administration and Finance</b></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><b>Head of Finance</b></p> <p>Holds a Master 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

University of Embu is central to achieving national economic development, as a provider of education, research and extension services. The University offers a wide variety of market driven academic programmes, ranging from the certificate to doctorate levels.

The financial year 2022/2023 was the year that the global economy was expected to recover from the effects adverse effects of the COVID Pandemic. However, the Ukraine-Russia conflict coupled with prolonged draught in the Country, and other uncertainties that were experienced during the year slowed down the recovery process. The problem was exacerbated by depreciation of the Kenya shilling against major world currencies, resulting to high cost of most consumer goods and services.

Despite the difficulties that were experienced, activities of the University were carried out in a manner that fully met public expectations with regard to advancement of education, research and dissemination of knowledge. The University is committed to continual engagement with her various stakeholders, to promote sustainability, by adopting practices that are responsive to their needs.

### Funding by the Government of Kenya

Funding to the University during the year under review was reduced from a total of KES 703,865,333 received in the FY 2021/2022, to KES 656,351,636. This represents an aggregate reduction of 6.8%, as shown below.

Type of grant	Amount in KES (2022/2023)	Amount in KES (2021/2022)	% change
Recurrent	628,750,182	628,865,333	(0.02)
Development	27,601,454	75,000,000	(63.2)
<b>Total funding</b>	<b>656,351,636</b>	<b>703,865,333</b>	<b>(6.8)</b>

### Key activities during the financial year under review

The following are some of the key activities that took place at the University, during the year:

- i. Held the seventh graduation ceremony in September, 2022, where 1147 graduands were awarded degrees, diplomas and certificates.
- ii. The University in partnership with the Embu County Government and the Kenya National Chamber of Commerce and Industries, hosted a successful Mega Business Expo between 4<sup>th</sup> & 5<sup>th</sup> April, 2023. The Expo brought together exhibitors from various parts of the Country, who showcased their business skills and technologies.
- iii. In partnership with the National and County Government, the University hosted a week-long Micro, Small and Medium Enterprise Exhibition from 26<sup>th</sup> May to 30<sup>th</sup> May, 2023. The President of the Republic of Kenya H.E Hon. Dr. William Samoei Ruto was the Chief Guest during the opening ceremony of the Expo.
- iv. Official opening of the New Administration Block in December, 2022 by the President of the Republic of Kenya, His Excellency Hon. Dr. William Ruto. The six level Administration Block sits on a one-and-a-half-acre piece of land and hosts over 100 offices, 9 boardrooms and 15 lecture halls
- v. Held the International Mother Language Day celebrations in February, 2022, focusing on the potential role of technology in advancing multilingual education and supporting the development of quality teaching and learning for all.

### Achievements

Despite the hard economic realities, the University recorded 4% and 2% growth in revenues and total assets respectively during the year under review. Other remarkable achievements that were realized, included the following:

- (i) Ranking the best performing State Corporation in Kenya, in the 2021/2022 Financial Year, Performance Contracting cycle. The results were announced by the President of the Republic of Kenya, H.E. Hon. Dr. William Ruto, in a ceremony was held in April, 2023.
- (ii) Emerging the top ranking University in Kenya, in the Sub-Saharan Africa University Rankings conducted by Times Higher Education (THE). The ranking system was specifically tailored to Sub-Saharan Africa and considered a number of performance indicators across five pillars including: resources and finances; access and fairness; teaching skills; student engagement; and Africa impact.



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- The University of Embu excelled in the aspects of quality teaching, student engagement and Africa impact, and was placed in the 16<sup>th</sup> position in Sub-Saharan Africa.
- (iii) Webometrics ranking – in January 2022 the University was ranked position 12 out of 125 institutions of higher learning in Kenya
  - (iv) Recorded 11.3% growth in student population, from 9857 students to 10975
  - (v) Graduated **1147** students in September, 2022 during the seventh graduation ceremony. The number comprises of 16 Ph.Ds, 10 Masters, 8 post graduate diplomas, 951 Bachelors, 135 diplomas and 27 certificates.
  - (vi) 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 June, 2022 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. Escalating cost of operation, occasioned by increased prices of most consumer products.
- ii. Inadequate financial resources to cater for all the planned recurrent, as well as capital activities. The Council is in full support of the new funding model for Universities, and believes that the model will sufficiently address financial challenges currently faced by the public universities.
- iii. Reduced funding through a budget cut. During the year under review, development budget of the University was reduced by 60.6% from KES 70 million to KES 27,601,454
- iv. Stiff 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.
- v. Difficulties achieving the projected student numbers, due to reduced national catchment that mainly depends on performance in the KCSE examinations.

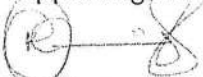
In spite of the challenges faced, we remained keen in ensuring business continuity, by minimizing impact of disruptions on our operations. We have in place, a well stipulated risk management framework to address sustainability challenges. In addition, the University has reliable strategies for tapping 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 are aligned to our 2018 – 2028 Strategic Plan. Implementation of the Plan and in light of the new funding model for universities, will see the University achieve: financial stability and sustainability, expanded infrastructure, good governance, viable partnerships and increased collaborations. The Plan clearly stipulates the aspirations of the University in the realization of Kenya Vision 2030 and internal growth potential. It is currently under review, to align it to the Bottom-up Economic Transformation Agenda.

### Appreciation

On behalf of the University Council, I wish to express my appreciation to the Government of Kenya for the support accorded during the year. My deep gratitude goes to all the members of the University Council for unwavering commitment and strong governance of the University's activities. To the University Management and all members of staff, your teamwork and dedication in service delivery is highly appreciated. Finally, I wish to thank all other stakeholders for the confidence they have in us, and for supporting the University.



**Dr. Kennedy Okong'o**

Chairman, University of Embu Council

25<sup>th</sup> October, 2023

### REPORT OF THE VICE-CHANCELLOR

During the year under review, University of Embu like many other organizations faced the unexpected challenge of high cost of consumer products, a rise that was occasioned by disruption of the global supply chain, as a result of the Ukraine war. However, owing to the existing and risk management mechanisms and the austerity measures that were instituted, coupled with hard work and resilience of our committed staff, we were able to realize a remarkable success in the execution of our mandate. Our staff are professional, hardworking, proactive and always making tremendous efforts to improve their service levels.

As usual, the University prides itself in maintaining prudent management, and persistent culture of meeting and exceeding expectations of our customers. The University fraternity remained committed to maintaining high performance standards in ethically driven systems, processes and procedures. We are proud of having very supportive stakeholders, who have contributed immensely to the success we have so far realized. They have been of great help in shaping the general direction, and expansion of the University. We have continued engaging with them, in a bid to maintaining a favourable operating environment.

### 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 addition, the University has a TVET institute that offers certificate and diploma courses. 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 & Mathematics, School of Journalism and School of Humanities & Social Sciences. The University has one hundred and seventeen 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	5	6	1
Business & Econ.	2	2	2	0	7	3	2
Nursing	4	0	1	0	3	1	0
Law	3	0	0	0	1	0	0
UoEm TVETI	1	5	12	-	-	-	-
<b>SUB-TOTAL</b>	<b>18</b>	<b>8</b>	<b>25</b>	<b>1</b>	<b>36</b>	<b>30</b>	<b>17</b>
<b>TOTAL</b>					<b>117</b>		

#### (b) Rankings Conducted by Times Higher Education

University of Embu emerged as the top ranking University in Kenya in the Sub-Saharan Africa University Rankings conducted by Times Higher Education (THE). This distinguished recognition confirms the University's unwavering commitment to becoming a dynamic epicenter of excellence in training and research. The ranking system was specifically tailored to Sub-Saharan Africa and considered a number of performance indicators across five pillars including: resources and finances; access and fairness; teaching skills; student engagement; and Africa impact. Each of the aforementioned pillars had a number of metrics assigned to it including the impact on the United Nations Sustainable Development Goals. Evidence-based data that was used for ranking, was provided by the institution and validated by THE. The ranking system further involved a student survey that collected opinions of more than 20,000 students from the 88 universities which participated in this inaugural ranking. The students responded to questions touching on the quality of teaching and learning, campus life experiences, professional development and mental health counseling, among others. The University of Embu excelled in the aspects of quality teaching, student engagement and Africa impact, and was placed in the 16<sup>th</sup> position in Sub-Saharan Africa. The University's excellent performance is as a result of its commitment to maintaining high quality education, which is supported by robust curricula, qualified faculty and innovative research and teaching methodologies. The Institution prioritizes personalized mentoring of students, leadership development and career counselling, to nurture well-rounded graduates.

#### (c) Student Enrolment

UoEm is recognized widely for quality teaching, research and welfare services for students. Our main focus is to pursue the University's vision, which is "A dynamic epicentre of excellence in training and research for service to humanity". Guided by the vision, the University sees an opportunity in the growing global population and demand for university

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education, and has progressively increased enrolment capacity to meet the demand. By innovating in digital and blended products, we continued responding to the changing needs of our students, with the aim of improving enrolment and learning outcomes. During the year under review, the University recorded a 11.3% growth in student population, from 9857 in the FY 2021/2022 students to 10975.

**(d) Student welfare**

University of Embu recognises student leadership as a key factor in its governance processes. An active student Council (University of Embu Students Association) is in place, mandated to look into all student welfare matters. Elections of the 6<sup>th</sup> University of Embu Students Association (UESA) Council were held, and the new leaders sworn in on 24<sup>th</sup> March, 2023 at the University of Embu. The Council works closely with the University Management, to ensure matters appertaining to student welfare are addressed in a satisfactory manner.

In addition, University has an Endowment Fund and a 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.

**(e) University of Embu Endowment Fund**

The Endowment Fund was formally launched in October 2018 at the University of Embu grounds by H.E. William Ruto, EGH, MBS. The Fund is all inclusive, embracing permanent, quasi and term endowments, to allow endowing partners endow in any area of their interest. Fund raising mainly targets bequests, donations, gifts and investment returns. A Board of Trustees appointed by the University Council is in place, and is responsible for mobilizing resources for the Fund and ensuring sufficient investment returns.

As stipulated in the policy of the Fund, principal amount is invested, and only the interest is expended to assist beneficiaries. During the year under review, KES 2,628,443 was disbursed to 284 University of Embu needy students, in form of bursaries. This is equivalent to 50% of the investment income of the Fund. The gross value of the Fund as at 30<sup>th</sup> June, 2023 was KES 41,998,989 Various fundraising activities are on the pipeline, aimed at growing the Fund.

**(f) Staff welfare**

UoEm over time, realised great success through its hardworking, talented and professional staff. They have consistently upheld culture of innovation, ethics, and integrity which has created a unique value to our customers and stakeholders. Their wellbeing is always part of our biggest priorities. We are committed to investing sufficiently in staff welfare, in a bid to enhancing their morale. The University has a medical scheme, that covers the principal member and their immediate families i.e. spouse and children. The scheme caters for cost of hospitalization and treatment. Work environment at the University is conducive, and staff interests adequately taken care of. Necessary support is provided to various staff groups, such as staff choir and sports teams.

The University has a well-structured performance based staff training programme for sharpening their skills and enhance their productivity. Skills gaps were identified through a training needs assessment process which involve all staff.

**(g) Performance Contracting (PC)**

University of Embu ranked the best performing State Corporation in Kenya, in the 2021/2022 Financial Year, Performance Contracting cycle. The results were announced by the President of the Republic of Kenya, H.E. Hon. Dr. William Ruto, in a ceremony was held in April, 2023. For the third year running, the University emerged the best performing public university in Kenya. We have consistently maintained an excellent score in performance contracting since the financial year 2014/2015. Displayed in the table below are the PC scores of the University for the last seven years.

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/2021	2021/2022	2022/2023
Score	2.0334 (Excellent)	1.8762 (Excellent)	1.9965 (Excellent)	1.9198 (Excellent)	2.125 (Excellent)	1.9290 (Excellent)	1.7272 (Excellent)	1.7357 (Excellent)

Self-evaluation for the year 2022/2023 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.

**(h) ISO certification**

University of Embu is both ISO 9001:2015 (ISMS) and ISO 27001:2013 (QMS) certified. Adoption of both Systems is a deliberate and 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.

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Surveillance QMS and ISMS audits that was conducted by the Kenya bureau of standards in June, 2023 revealed that on overall, the University has adequately implemented her Quality Management System (QMS) and that there is evidence of effectiveness and continual improvement.

**(i) Future outlook**

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

- 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.*

We remain optimistic that the economic environment will remain conducive for implementation of the Plan. The University Management is alive to its fiduciary responsibility of transparent mobilization and utilization of resources, and ensure full implementation of the Plan.

**FINANCIAL INFORMATION**

**Business Performance**

The University realised gross revenue of KES 1,100,841,255 during the year, which is an improvement from 1,056,527,735 reported in the FY 2021/2022. Breakdown of the recorded revenue during the year is given below.

Details	Amount in KES (2022/2023)	Amount in KES (2021/2022)	Change (KES)	% Change
Recurrent grants (GoK)	628,750,182	628,865,333	(115.15)	(0.02)
Amortization of development grants	26,550,910	27,698,876	(1,147.966)	(4.14)
Internally generated revenues	445,540,163	399,963,526	45,576.637	11.40
<b>Total funding</b>	<b>1,100,841,255</b>	<b>1,056,527,735</b>	<b>48,531,267</b>	

Expenditure for the year decreased by KES 8,963,504 from KES 1,101,753,142 incurred in the FY 2021/2022 to KES 1,092,789,638. This is equivalent to a reduction of 0.81%. On overall, the University registered a net surplus of KES 7.8 million which is an improvement from a net loss of KES 46.8 million recorded in the FY 2021/2022.

**Growth in assets**

During the year, the value of total assets increased by 2.03%, from KES 3.883 billion to KES 3.962 billion. Current assets increased by 15.81 % from KES 162.25 million to KES 187.90 million, while the non-current assets increased by 1.43% from KES 3.72 billion to KES 3.77 billion.

**(ii) Challenges**

The major challenge that University has faced since its inception is that of insufficient financial resources to cater for the recurrent as well as development needs. This is mainly attributed to: inadequate budgetary allocations, unexpected budget cuts and decreasing number of self-sponsored students.

During the year under review, development budget was reduced from KES 70 million to KES 27.6 million, equivalent to 60.57% reduction. The University faces an acute problem of inadequate hostel facilities. The available capacity can only accommodate 6.8% of the total student population. With the New Funding Model currently being rolled out with effect from the FY 2023/2024, the financial stability of the University is expected to improve, considering that every student will be expected to pay fees at the prevailing market rate.

**Appreciation**

On behalf of the University Management, I wish to express my sincere gratitude to the University Council for their support and guidance, without which the achievement so far made would not have been possible. My appreciation goes to the University Management and all members of staff, for hard work which led to remarkable performance during the year. It is truly a great privilege to me, working with you as your leader. I also would like to thank our esteemed students, customers and other stakeholders for supporting growth of the University business.



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

**25<sup>th</sup> October, 2023**

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2022/2023**

University of Embu has six strategic pillars and six objectives in its 2018-2028 Strategic Plan. 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

The University develops its annual work plans based on the above six pillars. Assessment of the Council's performance against its annual work plans is done on a quarterly basis. The University achieved its targets set for the financial year 2022/2023 in 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 79.6% to 85%
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 27 staff and 17 interns during the year.  336 members of staff received commendation letters for their exemplary performance.
Pillar 3	To promote effective Governance and leadership practices.	Approved Policies	Develop and operationalize enabling regulations.	One policy was developed, and six revised during the year, as shown below:  <b>(I) Newly developed policy</b> Succession Management Policy  <b>(II) Revised policies</b> i) Gender Mainstreaming ii) Work Place, Alcohol & Drug Abuse Prevention iii) Transport Policy iv) Anti-Corruption & Whistle-blower v) Extension vi) Research vii) Risk Management

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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	1607 teaching units uploaded in the e-learning portal as follows: Semester 1 – 707 units Semester 1 – 749 units Semester 1 – 151 units
Pillar 5	To establish and expand linkages, partnerships and collaborations with other institutions.	Signed MoU with 15 organizations for mutual benefit	Establish linkages f	Seventeen (15) 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	KE\$ 445,540,163 was generated internally while KE\$ 656,351,636 was received from the government. The entire amount was fully utilized in service delivery, and development of infrastructure.

The University has overtime realised great success in Performance Contract (PC) activities, as well as in the implementation of the Strategic Plan (SP). 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 it. 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, 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 annual performance recorded by the University over the years is measured against performance targets contained in the negotiated annual PCs, SP, policies, service delivery charter and Government directives. 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 adheres to good corporate governance by observing high standards of ethical and moral behavior, acting in the best interest of the institution and recognizing interests of all stakeholders. We are alive to fact that the importance of good corporate governance is to facilitate effective and prudent management that can deliver the long-term success of the University. Our Council is responsible for the overall governance and is committed to upholding good 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, policies and culture.

### Corporate Governance Statement

University of Embu is committed to upholding good corporate governance, and attaches very high value to the generally accepted corporate governance practices. We recognize the importance of applying high standards of governance, as a key contributor to excellent performance and prosperity. The University 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.

### 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 6<sup>th</sup> 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 current Council was undertaken between 18<sup>th</sup> and 20<sup>th</sup> August, 2021, by the Kenya School of Government. During the FY under review, a capacity building workshop for Council was held between 26<sup>th</sup> and 30<sup>th</sup> July, 2022.

**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) 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.

**vi) Remuneration of University of Embu Council**

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

**vii) 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 2022/2023, the Council held four meetings. Members received adequate notice and documentation on issues to be discussed, in good time, to enable them prepare for the meetings. Attendance of meetings by the members both in the full Council as well as in the committees is given in the table that follows.

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 3 4 4 4 4	4



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2)	Finance, Resource Mobilization & General Purposes Committee	1. Mr. Felix Nthenge Kilonzi 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Ms. Agnes Wanjuki Ndwiga 5. Mr. James Njeru Kaburu 6. Ms. Lilian Njeri Munene 7. Prof. Daniel Mugendi – Secretary	2 5 5 2 3 3 4	5
3)	Audit, Risk and Compliance Committee	1. Ms. Karen Basiye Itela 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	2 4 4 2 2 2 4	4
4)	Human Resource Development and Academic Affairs Committee	1. Ms. Lilian Njeri Munene 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Mr. James Njeru Kaburu 5. Ms. Agnes Wanjuki Ndwiga 6. Ms. Karen Basiye Itela 7. Prof. Daniel Mugendi – Secretary	2 4 4 2 2 2 3	4

**Note:** Rotation of Council members between committees was done during the year, with the changes taking effect from the month of January, 2023. 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.

### **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 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 receiving unethical conducts. Analysis and investigation of the reported cases is normally done objectively, and appropriate actions instituted.



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

**Date: 25<sup>th</sup> October, 2023**

## MANAGEMENT DISCUSSION AND ANALYSIS

This section provides an analysis of performance for the year under review.

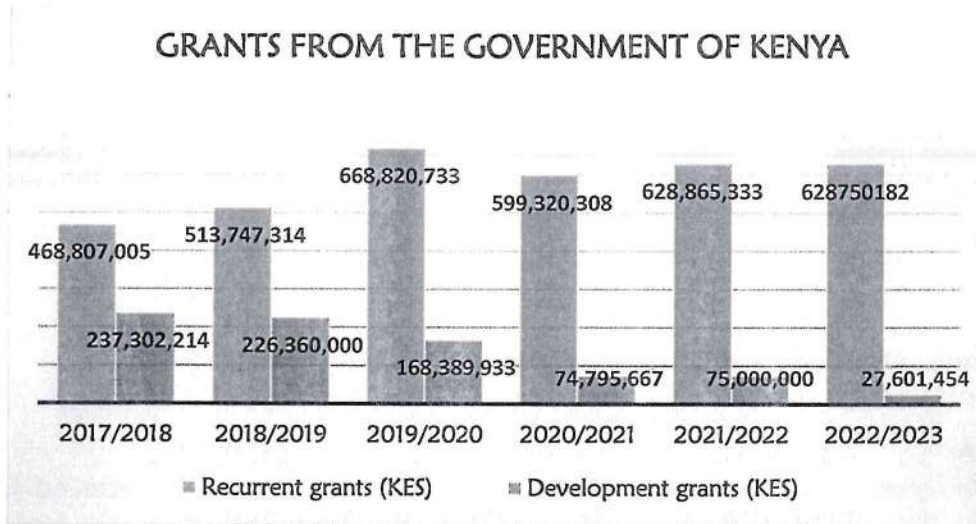
### (a) Funding from the Government of Kenya (GoK)

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 2022/2023, the University received a total of **KES 656,351,636** from the Government of Kenya as shown in the table below:

Category	Amount in KES (2022/2023)	%
Recurrent grants (GoK)	628,750,182	95.8
Development grants	27,601,454	4.2
<b>Total funding</b>	<b>656,351,636</b>	<b>100</b>

Grants received from the GoK over the last six years are presented below.

#### (i) Presentation based on type of funding

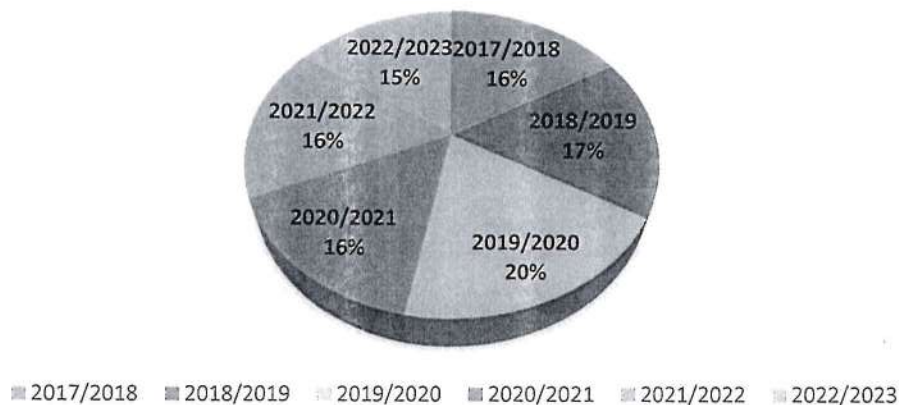


#### (ii) Presentation based on total Funding

The table below displays the total funds received from the GoK over the last five years.

Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Total funding (KES)	706,109,219	740,107,314	837,210,666	674,115,975	703,865,333	656,351,636

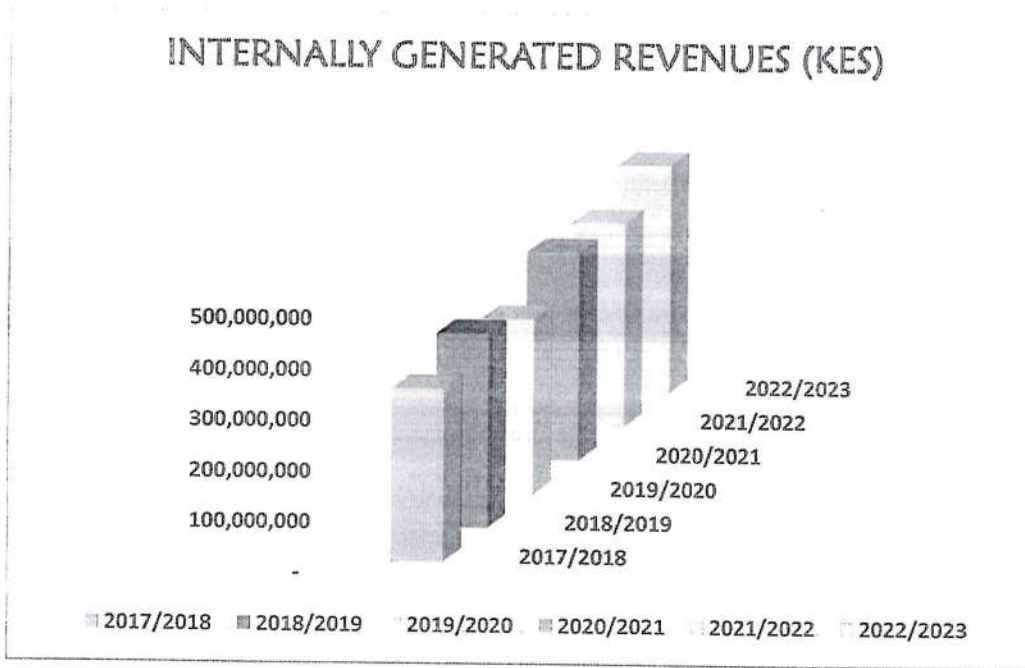
### Total funding from the GoK



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

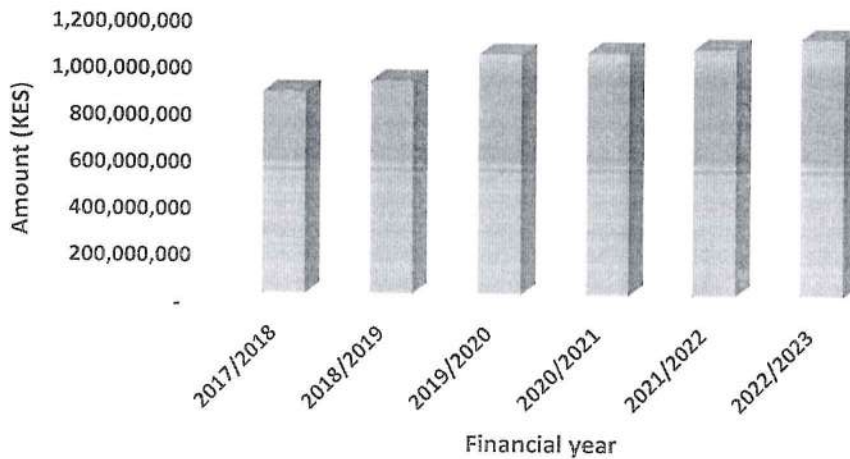
Internally generated revenues increased to KES 445 million during the year, from KES 399 million that was realized in the year 2021/2022. The revenue was generated from various sources, such as: tuition fees, rental properties, farm, graduation fee, hire of facilities and catering services.



**(c) Total revenue**

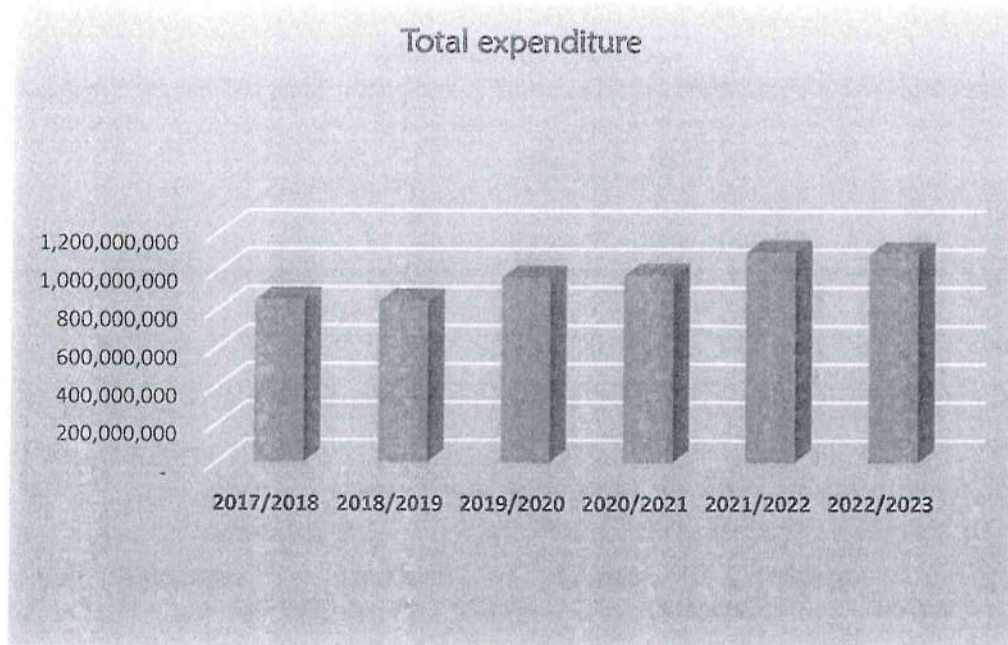
Total revenue for the year is the summation of the recurrent grants that were received from the Government of Kenya, amortization of capital grants and the revenue generated internally from various sources. Total revenue for the year increased by 4.2% from KES 1.056 billion to KES 1.1 billion. The increase is attributed to increased revenue from internal sources.

**Gross revenue**



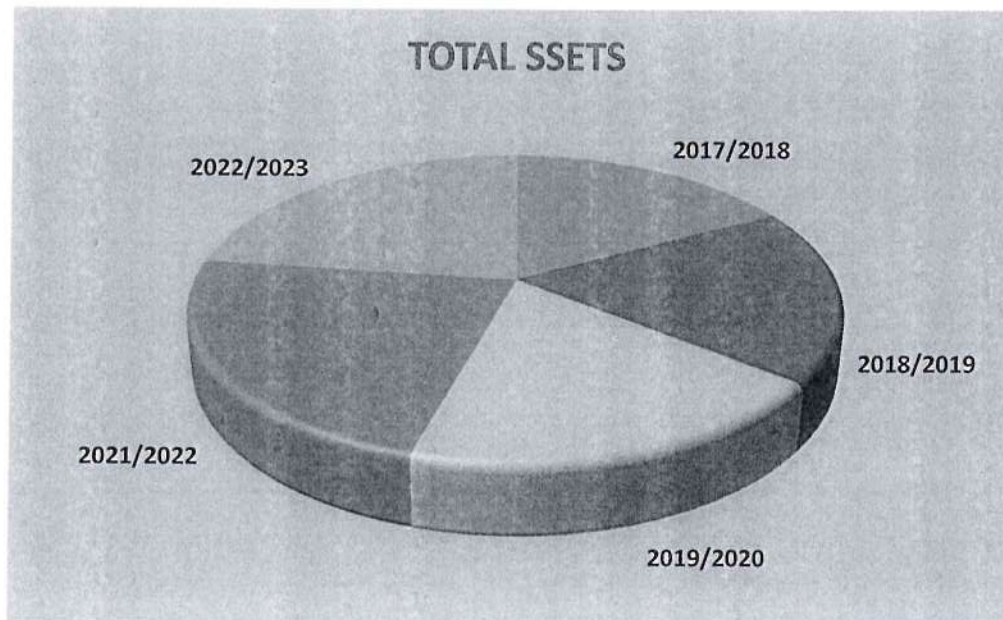
**(d) Expenses for the year**

Expenditure for the year decreased by 0.8%, from KES 1.102 billion to KES 1.093 billion.



**(e) Total assets**

During the year, value of the total assets increased by 2% from KES 3.88 billion to KES 3.96 billion. The growth is attributed to the capital investment made by the University during the year.



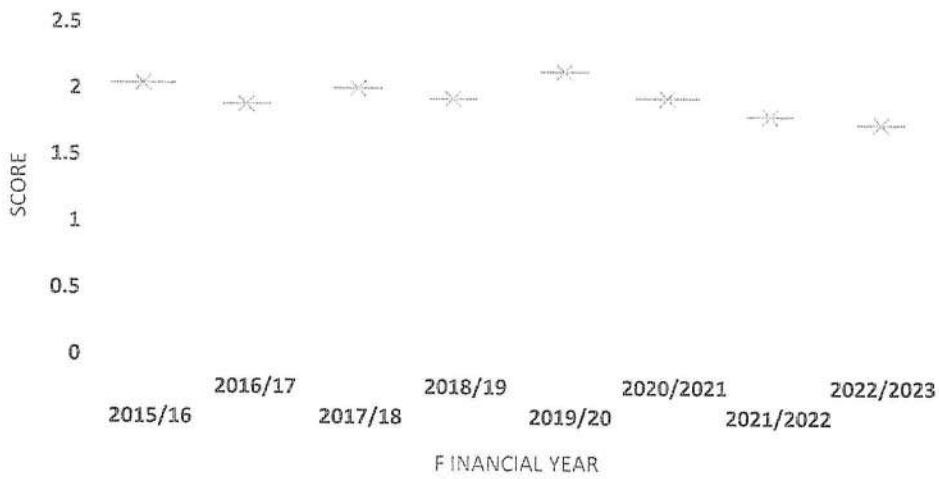
**(f) Performance Contracting (PC)**

University of Embu ranked the best performing State Corporation in Kenya, in the 2021/2022 Financial Year, Performance Contracting cycle. PC scores of the University for the last seven years are presented in the below. Performance for the FY 2022/2023 will be determined after evaluation by the relevant office.

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/2021	2021/2022	2022/2023
Score	2.0334 (Excellent)	1.8762 (Excellent)	1.9965 (Excellent)	1.9198 (Excellent)	2.125 (Excellent)	1.9290 (Excellent)	1.7272 (Excellent)	1.7357 (Excellent)

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PC SCORES



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 AND PROFILE

We are alive to the positive impact that our products have on the society, but recognize that we must act ethically in our operations, from environmental sustainability, to supporting our staff members and the communities that we serve. Our aim is to create value for our stakeholders, meet and exceed their expectations. With their interests at the center of our priorities, our growth plans are definitely aligned to their anticipations of a flourishing future.

Our sustainability agenda focuses on meeting operational, social, and governance expectations, without compromising the ability to meet future needs. We pride ourselves in doing our business responsibly, empowering future generations, building business resilience and conserving the environment. The University has in place, mechanism for adequately responding to emerging risks that can adversely affect our business continuity. Our sustainability strategies focus on customer focus, staff welfare, operational excellence, stakeholder involvement information security, risk management, fiscal discipline. staff motivation and compliance with the applicable laws.

#### i) Customer focus

Customer focus is one of our five core values. We recognise the significance of delivering exceptional customer service, bearing in mind that our business survival depends on the level of satisfaction that a customer gets after consuming our goods and services. We take great pride in treating all our customers with respect and dignity, regardless of their race, colour, nationality, religion, or gender. For customers with physical challenges, we have designed our facilities to offer necessary support, enabling them to move around and access our ground services easily. By investing in technology and providing employee training, we strive to improve the overall customer experience in a manner that set us apart from the competition. We engage with our customers in various ways, including providing a formal complaint-handling process and soliciting service feedback.

#### ii) 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 5<sup>th</sup> 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.

#### iii) 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.

#### iv) 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.

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**v) 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 committed to progressively invest sufficiently in the staff training and welfare, in a bid to enhancing their morale.

**vi) 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.

**vii) 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**

University of Embu is a key champion of environmental conservation through planting of trees, environmental clean ups and in consistently promoting sustainable environmental practices to combat global warming and other potential climate change impacts. We adopted strategies to minimise paper usage by adopting technology in some of our activities such as, internal communications, tendering and revenue management. By saving on paper, less trees are cut and less industrial waste is generated during paper manufacturing.

We are committed to supporting environmental conservation efforts as a sure way of improving the quality of life for the current as well as future generations. The University has continued making deliberate efforts towards ensuring that its operations are carried out in an environmentally sustainable manner. For example, the University obtains relevant approvals from the National Environment Management Authority, before commencement of any new capital project. Whenever a project is to be implemented at the University, we ensure that necessary mitigations against environmental degradation are instituted. This involves 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. The following are some of environmental sustainability initiatives that were undertaken during the year under review:

- i) In partnership with Embu County Government, conducted a clean-up exercise of Embu town, on 8<sup>th</sup> October, 2022.
- ii) During the World Wetlands Day that was celebrated on 2<sup>nd</sup> February, 2023, the University in partnership with the County Government of Embu, Ministry of Water, Sanitation and Natural Resources, and other stakeholders embarked on a restoration journey of the deteriorating Gatituri Spring which serves as a source of water to the residents of Embu. The theme for the year 2023 was, *Revive and restore degraded wetlands*. Over 600 indigenous and exotic trees were planted.
- iii) On 6<sup>th</sup> May, 2023, the University community planted over 2500 indigenous and fruit trees in support of the National Tree Growing Restoration Campaign.
- iv) On 21<sup>st</sup> May, 2023 the University joined hands with the Young Farmers of Kenya (Embu Branch), which serves under the auspices of the Agricultural Society of Kenya, in a tree-planting exercise at St. Bhakita Siakago Girls High School in Mbeere Constituency. Over 15,000 tree seedlings (indigenous, exotic and fruit-trees) were planted.
- v) On 5<sup>th</sup> June, 2023, the University participated in a tree-planting exercise at Moi High School, Mbiruri where over 1000 indigenous and exotic trees were planted. Later in the day, the University participated in a clean-up exercise of Runyenjes Town, and conducted a sensitisation to residents at Runyenjes Stadium on proper plastic use and disposal.



Photo taken during the clean-up exercise of Embu town clean-up exercise on 8th October, 2022.

### **Waste Management**

University of Embu recognises the importance of effective waste management to enhance corporate image and reduce negative impacts on the environment. We maintain a clean environment, and exercise care in the management of wastes, to avoid exposing communities to health risks. 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. As a practice, the University manages her waste in an environmentally conscious way. 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 following mechanisms are 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 and disposal.
- e) Waste incinerations.

### **3. EMPLOYEE WELFARE**

#### **i) Medical care**

The University values its employees' health and wellness of mind and body for optimum performance. We believe that prevention is better than cure. A healthy workforce is key to high productivity. The University has a robust in-house staff medical cover for all employees, covering the principal member, spouse and their children. On regular basis, free and voluntary staff wellness clinics are held, where staff undergo medical examinations to identify health problems, and ensure early remedial actions are taken, to prevent health deterioration.

#### **ii) Recruitment**

Guided by the human resource policies and procedures, the University hires competent staff to fill vacant positions. 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.

#### **iii) Capacity building**

During the year under review, we carried out professional and leadership development training of staff designed to enable employees to respond to the changing business environment, enhance their productivity and improve their services to customers. The University has a Training Committee, which prepares the annual Training Work Plan, on which all trainings are based. Through the performance management process, staff training needs/skills gaps are 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.



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**iv) Employee retention**

The university has necessary human resource policies to help in ensuring that human resource matters are handled in a consistent and equitable manner. 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.

**4. MARKET PLACE PRACTICES**

University of Embu views competition positively, as a force that drives her innovation to enhance quality of service given to its customers. 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. 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**

All procurement at the University are carried out in accordance with the relevant laws and regulations. The University encourages fair competition through open advertisement of tenders, and transparently inviting and processing of quotations. 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 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. This has helped the University to operate without pending bills.

**Product Stewardship**

University of Embu guarantees the quality of the products and services she offers. Our customers are normally given necessary support to enable them make well-informed decisions about choices. Our quality systems are effective and reliable. The University abides to all the applicable legal and regulatory requirements relating to quality. Further, adequate feedback mechanisms are in place to enable the customers report any non-conforming products.

### CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS

University of Embu is committed to good corporate governance, and understands her roles with regard to making a positive contribution in the wider community. We have in place well-conceived corporate social responsibility activities, in a bid to promoting social and economic status of the less fortunate in the society. The University believes in making a difference in her surroundings, and will continue implementing a corporate social investment programme, with a view to empowering communities to improve their living standards. Besides delivering on our core mandate, University of Embu has integrated corporate social responsibility initiatives into her business. 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 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 following are some of the activities undertaken during the year under review, in the fulfilment of our corporate social responsibility objectives:

- a) On 18<sup>th</sup> March, 2023, the University staff and students visited the A.C.K St. Magdalene Special School for the Deaf and presented gifts in kind to them.
- b) Conducted a free road Safety Training at Lions Primary School on Tuesday 7<sup>th</sup> March, 2023.
- c) Held a free Legal Aid Clinic dubbed "Bottom-up Justice" for Mungania Tea Farmers on Thursday 2<sup>nd</sup> February, 2023, to sensitize the farmers on the issues of inheritance, will, shares transmission, and land disputes among other areas.
- d) Donated fluorescent tubes, mattresses, food supplies and assorted consumer products to various institutions in Embu County, on Tuesday, 19<sup>th</sup> 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.
- e) Participated in the ACK Diocese of Embu Education Sunday, held at A.C.K. King David Boys High School-Kamama on Sunday 4<sup>th</sup> June, 2023. The University donated trophies for the Best Secondary School and the Best Primary School.
- f) On 26<sup>th</sup> January, 2023 held a farmers training workshop, focusing on hydroponic tomato production. The training was on tomato production and pest control.
- g) In-partnership with the Affordable, Sustainable Farming Networks (ASFAN), the University trained ASFAN Board members on production of herbs and extraction of essential oils. The training was conducted on 16<sup>th</sup> and 17<sup>th</sup>, February, 2023 at the University.
- h) Hosted many schools on different dates, both primary and secondary, for educational and career advisory.



A phot taken during a visit to a children's home

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**REPORT OF THE COUNCIL MEMBERS**

University of Embu Council submits its report together with the financial statements for the period ended 30<sup>th</sup> June, 2023 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 30<sup>th</sup> June, 2023 are set out on pages 36 to 74

**UNIVERSITY OF EMBU COUNCIL MEMBERS**

The members of the Council who served during the year are shown on pages 9 to 11

**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: 25<sup>th</sup> October, 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 30<sup>th</sup> June, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council 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 30<sup>th</sup> 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 15<sup>th</sup> September, 2023, and signed on behalf of the Council by:



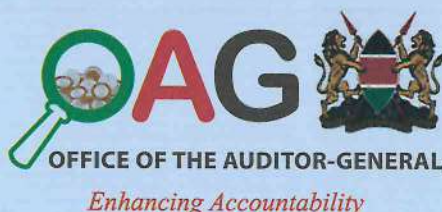
.....  
Dr. Kennedy Okong'o  
COUNCIL CHAIRMAN



.....  
Prof. Daniel Mugendi Njiru  
ACCOUNTING OFFICER

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

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal 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 for the year ended 30 June, 2023 set out on pages 36 to 75, which comprise the statement of financial

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

position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of University of Embu as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities (Amendment) Act, 2016 and the Public Finance Management Act, 2012.

### **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.

### **Emphasis of Matter**

#### **1. CBA Refund**

As previously reported, the statement of financial position reflects CBA Refund amounting to Kshs.81,560,000 as further disclosed in Note 39 to the financial statements. Review of records revealed that 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.

#### **2. Unsettled Liabilities**

The statement of financial position reflects current liabilities and non-current liabilities amounting to Kshs.278,000,291 and Kshs.1,507,563,391 respectively all totaling Kshs.1,785,563,682. This is an increase of Kshs.70,862,186 from the previous year amount of Kshs.1,714,701,496. However, Management has not provided any explanation for the delays in settling the liabilities while the University is exposed to litigations and the risk of incurring penalties and interest for late payments.

In the circumstances, University may not receive prompt supply of goods and services due to delay in settling of debts.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me belief that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Un-approved Expenditure on Foodstuff and Kitchen Supplies**

The statement of financial performance reflects general expenses amounting to Kshs.218,501,453. The amount includes food stuffs and kitchen supplies expenditure totalling to Kshs.33,330,171 as reflected in Note 21 of the financial statements. Review records revealed that the budget allocation for foodstuffs and kitchen supplies was amounting to Kshs.29,863,083 which was revised upwards by Kshs.3,844,917 or 13% of the original budget. However, the revised budget was not approved by the Ministry of Education and the National Treasury. This is contrary to National Treasury Circular No. 15/2021 guidelines for the preparation of the Annual Budget for State Corporations for the financial year 2022/2023 which requires revision of budget exceeding 10% to be reviewed and approved by the line Ministry and the National Treasury.

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

#### **2. Delayed Construction of Tuition Complex**

The statement of financial position reflects property, plant and equipment totalling to Kshs.3,758,874,122. The amount includes additions to capital work in progress totalling to Kshs.99,643,880 as reflected in Note 27 to the financial statements in respects of the construction of the Tuition Complex. As reported in the previous year, the tender for the construction of the proposed tuition block was awarded to a local Contractor at a contract price of Kshs.651,192,721 for a contract period of 184 weeks commencing 23 May, 2018

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

and completion date of 1 December, 2021. The contractor requested for an extension of 42 weeks for the works to be completed on 21 September, 2022, and thereafter, an additional 54 weeks extension from 13 December, 2022 to 28 September, 2023. However, physical verification conducted in September, 2023 revealed that project was 85% complete.

In the circumstances, the completion of the project has negatively affected the public and value for money for the expenditure amount of Kshs.119,219,183 paid so far could not be confirmed.

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 those Charged with Governance**

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.

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

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

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

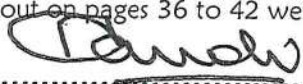
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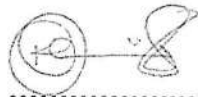
UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2023			
	Note	2022/2023	2021/2022
		(KES)	(KES)
<b>Revenue from non-exchange transactions</b>			
Transfer from other Government entities	6	628,750,182	628,865,333
Amortization of grants	45	26,550,910	27,698,876
		<b>655,301,092</b>	<b>656,564,209</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	7	372,502,044	345,312,920
Rental revenue	8	6,876,766	6,947,118
Farm income	9	16,405,010	14,685,845
Finance Income	10	4,444,818	4,458,875
Research income	11	33,185,813	15,103,563
Hire of Facilities	12	1,470,429	980,787
Graduation fee	13	5,410,000	5,937,150
Library services	14	872,614	766,672
Income Generating	15	2,014,063	3,945,261
Other income	16	2,358,606	1,825,335
		<b>445,540,163</b>	<b>399,963,526</b>
<b>Total revenue</b>		<b>1,100,841,255</b>	<b>1,056,527,735</b>
<b>Expenses</b>			
Employee costs	17	751,383,479	744,074,615
Remuneration of University Council	18	11,074,410	11,911,213
Depreciation and amortization expense	27	66,396,210	66,509,119
Repairs and maintenance	19	14,476,543	13,534,696
Research expenses	20	30,957,543	47,654,994
General expenses	21	218,501,453	218,068,505
<b>Total expenses</b>		<b>1,092,789,638</b>	<b>1,101,753,142</b>
<b>Surplus/(Deficit) from operations</b>		<b>8,051,617</b>	<b>(45,225,406)</b>
<b>Other gains/(losses)</b>	22	<b>(201,780)</b>	<b>(1,610,230)</b>
<b>Surplus/(Deficit) for the period</b>		<b>7,849,837</b>	<b>(46,835,636)</b>

The notes set out on pages 43 to 74 form an integral part of these Financial Statements. The Financial Statements set out on pages 36 to 42 were signed on behalf of the Council by:

  
.....  
Prof. Daniel Mugendi Njiru  
SECRETARY

  
.....  
Mr. Lawrence Kamonjo  
HEAD OF FINANCE  
ICPAK NUMBER: 7080  
Date: 25<sup>th</sup> October, 2023

  
.....  
Dr. Kennedy Okong'o  
COUNCIL CHAIRMAN  
Date: 25<sup>th</sup> October, 2023

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023


STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2023			
	Note	2022/2023	2021/2022
		(KES)	(KES)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	23	144,774,399	113,528,356
Receivables from exchange transactions	24	17,204,002	33,490,650
Receivables from non-exchange transactions	25	16,552,469	3,098,223
Inventories	26	8,236,311	10,559,121
Biological assets	28(i)	1,136,320	1,571,500
<b>Total Current Assets</b>		<b>187,903,501</b>	<b>162,247,850</b>
<b>Non-current assets</b>			
Property, plant and equipment	27	3,758,874,122	3,701,479,315
Biological assets	28(ii)	6,509,300	6,275,900
Intangible Assets	29	9,143,667	13,715,500
<b>Total Non - current assets</b>		<b>3,774,527,088</b>	<b>3,721,470,715</b>
<b>Total assets</b>		<b>3,962,430,589</b>	<b>3,883,718,565</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	31	180,202,705	109,472,705
Payables from non-exchange transactions	32	77,673,672	72,557,163
Refundable deposits	33	984,849	937,614
Provision for audit fee	34	1,044,000	1,566,000
Payment received in advance	35	7,232,446	1,156,055
Bursaries Fund	36	10,862,620	8,008,163
<b>Total current liabilities</b>		<b>278,000,291</b>	<b>193,697,699</b>
<b>Non-current liabilities</b>			
Caution money	37	24,051,974	21,282,000
Retention money	38	32,804,016	50,064,940.00
CBA refund	39	81,560,000	81,560,000.00
Deferred income	43	1,369,147,401	1,368,096,856.43
<b>Total non-current liabilities</b>		<b>1,507,563,391</b>	<b>1,521,003,796</b>
<b>Total liabilities</b>		<b>1,785,563,682</b>	<b>1,714,701,496</b>
<b>Net Assets</b>			
Revaluation reserves	45	1,866,688,262	1,866,688,262.00
Revenue reserve	46	310,178,644	302,328,807.00
<b>Total Reserves</b>		<b>2,176,866,906</b>	<b>2,169,017,069</b>
<b>Total net assets and liabilities</b>		<b>3,962,430,589</b>	<b>3,883,718,565</b>

Financial Statements set out on pages 36 to 42 were signed on behalf of the Council by:



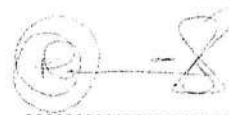
Prof. Daniel Mugendi Njiru  
SECRETARY

Date: 25<sup>th</sup> October, 2023



Mr. Lawrence Kamonjo  
HEAD OF FINANCE  
ICPAK NUMBER: 7080

Date: 25<sup>th</sup> October, 2023



Dr. Kennedy Okong'o  
COUNCIL CHAIRMAN

Date: 25<sup>th</sup> October, 2023

<b>STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2023</b>			
	Revaluation reserve	Revenue reserves	Total
	(Ksh)	(Ksh)	(Ksh)
Balance as at 1st July 2021	1,327,024,973	349,164,444	1,676,189,417
Deficit/Surplus for the period	-	(46,835,636)	(46,835,636)
Increase/(Decrease) in revaluation	539,663,289		539,663,289
<b>Balance as at 30th June, 2022</b>	<b>1,866,688,262</b>	<b>302,328,808</b>	<b>2,169,017,069</b>
			-
Balance as at 1st July 2022	1,866,688,262	302,328,808	2,169,017,069
Increase/(Decrease) in revaluation	-		-
Deficit/Surplus for the period	-	7,849,837	7,849,837
<b>Balance as at 30th June, 2023</b>	<b>1,866,688,262</b>	<b>310,178,645</b>	<b>2,176,866,906</b>

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023			
		2022/2023 (KES)	2021/2022 (KES)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>	<b>Note</b>		
Transfer from other Government entities	6	628,750,182	628,865,333
Rendering of services	7 (i)	403,300,814	355,275,647
Rental income	8 & (ii)	6,924,001	6,952,118
Farm income	9 & (iii)	16,339,040	14,695,601
Finance income	10	4,444,818	4,458,875
Research income	11 & (iv)	33,531,134	30,729,994
Hire of Facilities	12 (v)	1,414,429	980,787
Graduation fee	13(vi)	5,352,574	4,400,186
Library services	14	872,614	766,672
Income Generating	15	2,014,063	3,945,261
Other income	16 & (vii)	3,454,606	3,385,875
		<b>1,106,398,275</b>	<b>1,054,456,349</b>
<b>Payments</b>			
Employee costs	17 & (viii)	681,356,376	662,338,076
University Council expenses	18	11,074,410	11,911,213
Repairs & maintenance	19	14,476,543	13,534,696
Research expenses	20 & (ix)	28,263,527	42,413,082
General expenses	21 & (x)	219,869,730	220,894,095
Trade creditors paid		13,045,788	13,577,821
		<b>968,086,374</b>	<b>964,668,983</b>
<b>Net cash flows from operating activities</b>		<b>138,311,901</b>	<b>89,787,366</b>
<b>Cash flows from investing activities</b>			
Property, plant, equipt and intangible assets	27 & (xi)	124,565,858	137,126,925
<b>Net cash flows used in investing activities</b>		<b>124,565,858</b>	<b>137,126,925</b>
<b>Cash flows from financing activities</b>			
Government development grants	44(xii)	17,500,000	75,000,000
<b>Net cash flows from financing activities</b>		<b>17,500,000</b>	<b>75,000,000</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>31,246,043</b>	<b>27,660,441</b>
Cash and cash equivalents at 1st July, 2022		113,528,356	85,867,915
Cash and cash equivalent as at 30th June, 2023		144,774,399	113,528,356

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

CASHFLOW NOTES	2022/2023	2021/2022
	(KES)	(KES)
<b>(i) Rendering services</b>	<b>372,502,044</b>	<b>345,312,920</b>
Add: Fees receivable b/f	32,059,832	32,133,706
Increase in caution money	2,769,974	2,556,000
Increase/(Decrease) in student subscription	(8,849)	1,390,442
Deferred fees c/f	7,232,446	1,156,055
Unclaimed fees c/f	3,144,497	3,030,879
Increase in bursary fund	2,854,457	1,479,618
Endowment fund received	3,719,235	5,086,807
Less: Deferred fees b/f	(1,156,055)	(1,536,964)
Unclaimed fees b/f	(3,030,879)	(3,273,984)
Fees receivable c/f	(16,785,888)	(32,059,832)
	<b>403,300,814</b>	<b>355,275,647</b>
<b>(ii) Rental income</b>	<b>6,876,766</b>	<b>6,947,118</b>
Increase/(decrease) in rental deposit	47,235	5,000
	<b>6,924,001</b>	<b>6,952,118</b>
<b>(iii) Farm income</b>	<b>16,405,010</b>	<b>14,685,845</b>
Add: Farm income receivable b/f	43,968	53,724
Less: Farm income receivable c/f	(109,938)	(43,968)
	<b>16,339,040</b>	<b>14,695,601</b>
<b>(iv) Research income</b>	<b>33,185,813</b>	<b>15,103,563</b>
Add: Deferred research grants c/f	15,971,752	15,626,431
Less: Deferred research grants b/f	(15,626,431)	-
	<b>33,531,134</b>	<b>30,729,994</b>
<b>(v) Income on hire of facilities</b>	<b>1,470,429</b>	<b>980,787</b>
Less: Income receivable	(56,000)	-
	<b>1,414,429</b>	<b>980,787</b>
<b>(vi) Graduation fee</b>	<b>5,410,000</b>	<b>5,937,150</b>
Less: Recoveries from Fees	(57,426)	(1,536,964)
	<b>5,352,574</b>	<b>4,400,186</b>
<b>(vii) Other income</b>	<b>2,358,606</b>	<b>1,825,335</b>
Add: Increase/(decrease) alumni fund	1,096,000	1,560,540
Add: Insurance compensation	-	-
	<b>3,454,606</b>	<b>3,385,875</b>
<b>(viii) Employee costs</b>	<b>751,383,479</b>	<b>744,074,615</b>
Add: Provision for b/f	96,426,917	27,884,982
Less: Provision for salary arrears c/f	(143,096,375)	(96,426,917)
Decrease in voluntary pay cut	148,816	(148,816)
Statutory deductions payable c/f	-	(13,045,788)
Part-time teaching payable	(23,148,852)	-
Non-cash deductions	(357,609)	-
	<b>681,356,376</b>	<b>662,338,076</b>



UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

CASHFLOW NOTES (continued)

		2022/2023 (KES)	2021/2022 (KES)
<b>(ix) Research expenses</b>		<b>30,957,543</b>	<b>47,654,994</b>
Less: Imprest surrenders		(2,694,016)	(5,241,912)
		<b>28,263,527</b>	<b>42,413,082</b>
<b>(x) General expenses</b>		<b>218,501,453</b>	<b>218,068,505</b>
Less: Provision for audit fee		(522,000)	(522,000)
Provision for bursaries		-	(2,500,000)
Imprests surrenders		(260,239)	(267,508)
Bad debts written off		(172,294)	-
Add: Decrease in inventory		2,322,810	193,119
Change in overdrawn bank account		-	5,921,979
		<b>219,869,730</b>	<b>220,894,095</b>
<b>(xi) Property, Plant and equipment</b>		<b>119,219,183</b>	<b>146,097,285</b>
Decrease /(Increase) in retention		17,260,924	(8,914,358)
Recoveries		2,043,229	(56,002)
Amount payable c/f		(13,957,478)	-
		<b>124,565,858</b>	<b>137,126,925</b>
<b>(xii) Government Development grants</b>		<b>(KES)</b>	<b>(KES)</b>
Development grants		<b>27,601,454</b>	<b>75,000,000</b>
Less: Receivable c/f		(10,101,454)	-
<b>Actual received</b>		<b>17,500,000</b>	<b>75,000,000</b>

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE,2023							
	Original budget 2022-2023	Adjustments 2022-2023	Final budget 2022-2023	Actual on comparable basis 2022-2023	Performance difference 2022-2023	% of utilisation difference to final budget	Explanation of material variances (above 10%)
<b>REVENUE</b>							
Government recurrent grants	628,750,182	-	628,750,182	628,750,182	-	-	Variance not above 10%
Government devt grants	70,000,000	(42,398,546)	27,601,454	17,500,000	(10,101,454)	(37)	Development budget was reduced by the GoK from KES 70 million to KES 27,601,454. Out of the reduced amount, KES 10,101,454 was received in the month of July, 2023.
Researcher's grants	35,300,000	(4,200,000)	31,100,000	33,185,813	2,085,813	7	Variance not above 10%
Endowment Fund	4,200,000	2,300,000	6,500,000	6,531,659	31,659	0	Variance not above 10%
Accommodation fee	7,171,250	1,205,000	8,376,250	8,376,960	710	0	Variance not above 10%
Tuition fee	310,528,750	22,000,460	332,529,210	339,541,506	7,012,296	2	Variance not above 10%
Catering	16,300,000	7,000,000	23,300,000	24,583,578	1,283,578	6	Variance not above 10%
Farm	15,000,000	1,400,000	16,400,000	16,405,010	5,010	0	Variance not above 10%
Rental	6,000,000	876,000	6,876,000	6,876,766	766	0	Variance not above 10%
Finance Income	2,500,000	1,940,000	4,440,000	4,444,818	4,818	0	Variance not above 10%
Hire of Facilities	1,000,000	470,000	1,470,000	1,470,429	429	0	Variance not above 10%
Graduation fee	6,000,000	(589,000)	5,411,000	5,410,000	(1,000)	(0)	Variance not above 10%
Library services	700,000	171,500	871,500	872,614	1,114	0	Variance not above 10%
Income Generating	5,000,000	(2,986,000)	2,014,000	2,014,063	63	0	Variance not above 10%
Other income	800,000	1,555,000	2,355,000	2,358,606	3,606	0	Variance not above 10%
<b>Other income</b>	<b>1,109,250,182</b>	<b>(11,255,586)</b>	<b>1,097,994,596</b>	<b>1,098,322,004</b>	<b>327,408</b>		
<b>Expenses</b>							
Employee costs	681,541,682	16,902,975	698,444,657	694,323,957	(4,120,700)	(1)	Variance not above 10%
Remuneration to the Council	13,244,000	(2,168,485)	11,075,515	11,074,410	(1,105)	(0)	Variance not above 10%
Repairs and maintenance	17,100,000	(2,622,000)	14,478,000	14,476,543	(1,457)	(0)	Variance not above 10%
Research expenses	25,000,000	6,500,000	31,500,000	30,957,543	(542,457)	(2)	Variance not above 10%
Farm enterprise	14,000,000	(116,000)	13,884,000	13,873,707	(10,293)	(0)	Variance not above 10%
General expenses	240,625,500	(25,173,715)	215,451,785	204,627,746	(10,824,039)	(5)	Variance not above 10%
Endowment fund	4,200,000	2,300,000	6,500,000	6,531,659	31,659	0	Variance not above 10%
Property, Plant & Equipment	36,539,000	(18,710,990)	17,828,010	19,575,303	1,747,293	10	Variance not above 10%. The over-utilization in the vote occasioned by increases in the market prices of products.
Minor works	7,000,000	10,500,000	17,500,000	16,942,724	(557,276)	(3)	Variance not above 10%
Development projects	70,000,000	1,332,629	71,332,629	68,743,678	(2,588,951)	(4)	Variance not above 10%
<b>Total expenditure</b>	<b>1,109,250,182</b>	<b>(11,255,586)</b>	<b>1,097,994,596</b>	<b>1,081,127,270</b>	<b>-16,867,326</b>		
Surplus for the period	-	-	-	17,194,734	17,194,734		
<b>Note:</b>							
The total adjustment of the budget from KES 1,109,250,182 to KES 1,097,994,596 was mainly caused by a cut in the development budget by the GoK. Consequently, austerity measures were instituted in a bid to absorbing the reduction, hence the adjustment.							

## 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 17<sup>th</sup> June, 2011, under the University of Nairobi Act (Cap 210), legal notice No. 65 of 17<sup>th</sup> 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 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

UNIVERSITY OF EMBU  
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Standard	Effective date and impact:
	<p><b>Impact of the standard</b> 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><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(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> <p><b>Impact of the standard</b> The standard does not have any impact since the University does not deal with social benefits.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><b>Impact of the standard</b> The standard will change the way we account for financial instruments</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <i>IPSAS 29: Financial instruments: Recognition and Measurement.</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><b>Impact of the standard</b> The improvements have enhanced disclosures in our financial statements</p>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>Impact of the standard</b> 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 determined and applied appropriately.</p>

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Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> 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><b>Impact of the standard</b></p> <p>The Standard will be relevant since due to changing technology and business dynamics, 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 required 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 2022/2023.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

**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.

**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**

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

### **b) Budget information**

The original budget for FY 2022/2023 was approved by the National Assembly on 7<sup>th</sup> April, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University, upon receiving the respective approvals in order to conclude the final budget. However, appropriation of the University was reduced by the GoK by KES 42,398,546, 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 done as follows.

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	Statement of Financial performance	Statement of budget	Difference	Reconciliation	
Total income	1,100,841,255	1,098,322,004	2,519,251	Total revenue as per the SoFP	KES 1,100,841,255
				Less: Amortization of capital grants	(KES 26,550,910)
				<b>Add items in the statement of budget not in the SoFP</b>	
				Contributions to the Endowment Fund	KES 6,531,659
				Development grants	KES 17,500,000
				<b>Total in the Statement of Budget</b>	<b>KES 1,098,322,004</b>
Total expenses	1,092,789,638	1,081,127,270	(11,662,368)	Total expenditure as per the SoFP	KES 1,092,789,638
				Less: Depreciation which is not in the budget	KES (66,396,210)
				Less: Provision for salary arrears	KES (57,059,522)
				<b>Add items in the statement of budget not in the SoFP</b>	
				Transfer to Endowment Fund	KES 6,531,659
				Expenditure on Property, Plant & Equipment	KES 19,575,303
				Expenditure on capital projects	KES 85,686,402
				<b>Total as per the Statement of Budget</b>	<b>KES 1,081,127,270</b>

### c) 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 derecognition. Transfers are made to or from investment property only when there is a change in use.

### d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. 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 &amp; Fittings</i>	<i>12.5%</i>
<i>Computer &amp; Printers</i>	<i>30%</i>
<i>Plant &amp; Equipment</i>	<i>12.5%</i>
<i>Library books</i>	<i>20%</i>
<i>Bearer plants</i>	<i>10%</i>

**e) Intangible assets**

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

**f) 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.

**g) 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.

##### **h) Inventories**

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

- 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.

**i) 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) Hash 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

**j) 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.

**k) 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.

**l) 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.

**m) 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.

**n) 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.

**o) 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.

**p) 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.

**q) Borrowing costs**

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

**r) 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.

**s) Service concession arrangements**

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

**t) 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.

**u) 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.

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- 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, 2023.

	2022/2023	2021/2022
<b>Note 6: Transfer from Ministry of Education</b>	<b>(KES)</b>	<b>(KES)</b>
Unconditional (Recurrent) grants	628,750,182	628,865,333
Conditional (Capital) grants	27,601,454	75,000,000
<b>Total</b>	<b>656,351,636</b>	<b>703,865,333</b>
<b>Note 7: Rendering of services</b>		
Tuition fees	339,541,506	317,047,200
Accommodation Fees	8,376,960	7,595,500
	<b>347,918,466</b>	<b>324,642,700</b>
Catering	24,583,578	20,670,220
<b>Total</b>	<b>372,502,044</b>	<b>345,312,920</b>
<b>Note 8: Rental revenue</b>		
Residential and commercial	6,876,766	6,947,118
<b>Total</b>	<b>6,876,766</b>	<b>6,947,118</b>
<b>Note 9: Farm revenue</b>	<b>16,405,010</b>	<b>14,685,845</b>
<b>Note 10: Finance income</b>		
Interest from call deposits	4,444,818	4,458,875
	<b>4,444,818</b>	<b>4,458,875</b>
<b>Note 11: Research income</b>		
Research income	31,302,864	14,493,792
Add: Administrative fee - research grants	1,882,949	609,771
	<b>33,185,813</b>	<b>15,103,563</b>
<b>Note 12: Hire of Facilities</b>		
Hire of Facilities	1,470,429	980,787
<b>Note 13: Graduation fee</b>	<b>5,410,000</b>	<b>5,937,150</b>
<b>Note 14: Library Income</b>		
Library services	872,614	766,672
<b>Note 15: Income generating Units</b>		
Income Generating	2,014,063	3,945,261
	<b>2,014,063</b>	<b>3,945,261</b>

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Notes to the Financial Statements (continued)

	2022/2023	2021/2022
<b>Note 16: Other income</b>	<b>(KES)</b>	<b>(KES)</b>
Disposal of obsolete items	21,870	23,700
Miscellaneous income	2,336,736	1,765,912
Conference Income	-	35,723
<b>Total</b>	<b>2,358,606</b>	<b>1,825,335</b>
<b>Note 17: Employee costs</b>		
House allowance	150,806,203	150,876,020
House to office (Commuting All.)	46,541,423	46,115,094
Interns honoraria	5,261,684	4,844,681
Leave Travelling	5,885,050	5,662,079
National Ind' Training Authority	73,850	287,000
NSSF	6,101,788	5,961,627
Part time teaching	75,883,258	38,262,871
Pension	57,830,684	56,779,815
Responsibility allowance	38,273,709	38,066,552
Salaries and wages	364,725,830	397,218,876
<b>Total</b>	<b>751,383,479</b>	<b>744,074,615</b>
<b>Note 18: Remuneration of Council</b>		
Chancellor's honoraria	-	322,581
Chairman's honoraria	1,044,000	1,044,000
Council Capacity buiding	2,146,515	1,677,799
Council Insurance	523,809	463,740
University Council's emoluments	7,360,086	8,403,093
<b>Total</b>	<b>11,074,410</b>	<b>11,911,213</b>
<b>Note 19: Repairs and maintenance</b>		
Maintenance of buildings	5,971,160	5,662,897
Maintenance of equipment	4,504,695	3,698,711
Maintenance of grounds	3,947,112	4,173,088
Maintenance of Internal road	53,576	76,000
<b>Total</b>	<b>14,476,543</b>	<b>13,610,696</b>
<b>Note 20: Research expenses</b>		
Research grant expenses	30,957,543	47,654,994
<b>Total</b>	<b>30,957,543</b>	<b>47,654,994</b>

Notes to the Financial Statements (continued)

	2022/2023	2021/2022
Note 21: General expenses	(KES)	(KES)
Advertisement and publicity	1,003,528	3,136,450
Agricultural Teaching & Research	626,800	294,280
Anti-HIV expenses and Health Ed.	112,000	171,045
Asset Valuation	-	1,254,001
Audit fees	522,000	522,000
Bad debts write off	172,294	-
Bank charges	268,592	260,648
Board of Post Graduate studies	27,558	22,393
Celebration & ceremonies	1,897,072	1,957,442
Cleaning & sanitary	10,057,685	11,055,237
Cleaning materials	1,732,376	185,256
Conferences & seminars	470,594	965,443
Consultancy Services	329,020	1,461,055
Culfest	1,434,914	-
Customer Relations	14,500	14,500
Electricity	9,421,755	9,367,577
Exam Moderation and Supervision	4,091,099	3,482,639
Exam Stationery & related materials	4,288,224	3,294,196
Ex-gratia	93,570	84,034
Exhibitions	238,105	296,025
Farm Enterprise	13,873,707	12,183,240
Field course	275,233	192,640
Food stuff & kitchen supplies	33,330,171	30,778,124
Games & sports	2,192,342	1,521,151
Gas & Charcoal	1,660,011	1,178,050
Graduation gowns	122,354	-
Honors and Awards	18,000	-
ICT expenses	1,679,533	1,801,326
Income generating units	2,406,363	4,947,904
Insurance expenses	7,354,966	6,803,097
International travel expenses	3,802,729	1,206,242
Internet expenses	9,730,996	9,865,480
ISO expenses	923,415	436,936
TVETI Expenses	836,219	-
Kitchenware/cutlery	382,310	65,925
Legal expenses	3,415,543	384,426
Library expenses	1,941,225	1,422,330
Local travel & subsistence	9,354,739	8,993,243
Management board	1,794,690	2,093,723
Marketing services	24,000	1,514,203
Medical expenses	25,129,632	24,004,096
Membership subscription	287,688	153,792
Non-pharmaceuticals	1,092,587	1,366,285
Other office expenses	1,845,052	2,254,807
Performance management	3,385,474	3,066,700
Pharmaceuticals	7,774,989	7,559,680
Postage	92,505	97,831
Printing, photocopying & publishing	733,432	1,125,399



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Notes to the Financial Statements (continued)

	2022/2023	2021/2022
	(KES)	(KES)
Programme & facilities accreditation	960,000	2,670,000
Protective gear	52,396	91,414
Public relations	259,801	1,070,855
Quality assurance	48,303	50,250
Quality Placement & services	4,293,804	8,610,000
School of Law Expenses	368,585	218,792
Schools and programme devt costs	277,491	304,085
Security	7,021,462	6,095,970
Staff training, Development & Scholarship	778,029	1,227,948
Staff uniform	206,700	113,130
Staff Welfare	1,681,626	1,274,000
Stationery expenses	6,214,255	4,807,399
Student awards & bursaries	-	2,500,000
Student welfare & mentorship	3,104,945	1,069,725
Teaching materials	2,688,388	2,020,257
Teaching Practice & Practicum	4,468,760	6,461,524
Telephone	577,900	528,900
Transport operating	9,255,558	6,938,962
University Senate	-	3,443,694
Water & conservancy	3,981,859	5,654,749
<b>Total general expenses</b>	<b>218,501,453</b>	<b>217,992,505</b>
<b>Note 22: Other gain/(loss)</b>	<b>(201,780)</b>	<b>(1,610,230)</b>
This represents the difference between the value of the biological assets at the beginning and at the end of the financial year.		

Notes to the Financial Statements (continued)

	2022/2023	2021/2022
<b>Note 23: Cash and cash equivalents</b>	<b>(KES)</b>	<b>(KES)</b>
Current accounts	142,599,063	112,581,655
Student Paybill - A/C 418888	42,938	303,720
Farm Paybill 414444	-	29,769
Library buy Goods	496,861	67,970
Endowment Paybill 233320	172,360	72,360
Staff Cafeteria Buy goods	2,369	102,746
Bottled Water buy goods	0	130
Cleaning Solutions buy goods	(0)	88
Animal Feeds Buy Goods number 245296	1,204	0
General purpose	2,449	-
Yoghurt Processing	2,176	2,513
Alumni Paybill 4037347	12,040	12,040
Rent paybill	1,060,755	32,100
Farm Buy Goods	380,463	30,714
Mess 1 Buy Goods	(0)	155,393
Mess 2 Buy Goods	1,720	137,158
Mess 3 Buy Goods	-	-
<b>Total</b>	<b>144,774,399</b>	<b>113,528,356</b>
<b>Detailed analysis of cash and cash equivalents</b>		
<b>a) Current accounts</b>		
<b>Financial institution</b>		
Absa Fees A/C 2027527410	15,393,666	16,406
Co-op Fees - A/C 01129408325000	27,380	22,222
Equity Bank Farm A/c 0190280250779	1,542,001	781,092
Equity Bank Research 0190280207539	2,913,634	132,081
Equity Bank Retention 0190280207509	36,711,326	55,031,019
Equity Endowment A/C 0190279052803	41,217,410	38,279,754
Equity Fees - A/C 0190260737294	35,937,803	1,509,860
KCB - EURO A/c	2,108	1,118,785
KCB Dollar - A/C 1146975716	4,573,100	8,439,887
KCB Fees - A/C 1140846019	1,698,214	85,988
KCB Salary - A/C 1141890933	2,447,908	7,159,378
NBK Fees - A/C 01001081259300	134,513	5,184
<b>Sub- total</b>	<b>142,599,063</b>	<b>112,581,655</b>
<b>b) Others</b>		
Student Paybill number 418888	42,938	303,720
Farm Paybill number 414444	-	29,769
Endowment Fund Paybill number 233320	172,360	72,360
Library Buy Goods number 271941	496,861	67,970
Staff Cafeteria Buy Goods number 245292	2,369	102,746
Cleaning Solutions Buy Goods number 245299	(0)	88
Animal Feeds Buy Goods number 245296	1,204	0.30
Bottled Water 888032	0	130
Yoghurt Buy Goods number 245294	2,176	2,513
Alumni Paybill 4037347	12,040	12,040
Commercial Rent paybill	1,060,755	32,100
Farm Buy Goods	380,463	30,714
Mess 1 Buy Goods	(0)	155,393
Mess 2 Buy Goods	1,720	137,158
Mess 3 Buy Goods	-	-
General purpose 414444	2,449	-
<b>Sub- total</b>	<b>2,175,336</b>	<b>946,701</b>
<b>GRAND TOTAL</b>	<b>144,774,399</b>	<b>113,528,356</b>

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

Notes to the Financial Statements (continued)

	2022/2023	2021/2022
	(KES)	(KES)
<b>Note 24: Receivables from exchange transactions</b>		
Catering income receivable	252,176	1,386,850
Farm income receivable	109,938	43,968
Fees receivable	16,785,888	32,059,832
Hire of Facilities Receivable	56,000	-
	<b>17,204,002</b>	<b>33,490,650</b>
<b>Note 25: Receivables from non-exchange transactions</b>		
Staff debtors (temporary imprests)	1,420,759	1,160,520
Staff debtors (Research imprest)	5,030,256	1,937,703
GoK development grants receivable	10,101,454	-
<b>Total receivables from non-exchange transactions</b>	<b>16,552,469</b>	<b>3,098,223</b>
<b>Note 26: Inventories</b>		
Accommodation	217,587	529,181
Cleaning solutions	837,375	654,622
Farm	601,555	821,570
Food store	416,419	358,728
Hardware	515,101	628,709
Health Unit	1,742,864	3,082,862
Laboratory	3,246,438	3,284,422
Stationery	428,133	1,078,799
Water Bottling	61,078	21,304
Yoghurt processing	169,761	98,924
<b>Total</b>	<b>8,236,311</b>	<b>10,559,121</b>

**UNIVERSITY OF EMBU**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023**

**Notes to the Financial Statements (continued)**

Note 27 (a): Property, plant and equipment										
	Land	Building	Motor Vehicle	Furniture & Fittings	Computer & hardware	Library books	Plant and Equipment	Bearer plants	Capital In Progress	TOTAL
Cost		(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)
At at 1st July, 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
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
Transfers		4,720,829							(4,720,829)	-
At 30th 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
Transfers		4,765,016							(4,765,016)	-
Additions	-		-	7,663,860	2,778,466	4,471,593	4,172,784	488,600	99,643,880	119,219,183
Revaluation										-
At at June, 2023	1,800,000,000	1,130,735,845	110,549,856	107,880,189	94,282,384	72,573,056	160,327,447	3,057,370	748,433,781	4,227,839,928
Depreciation rate	0%	2.50%	25.00%	12.50%	30.00%	20.00%	12.50%	10.00%	-	-
At July 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	-	66,509,118
At 30th June, 2022	-	81,592,429	84,518,316	46,160,032	77,999,285	50,359,203	66,010,621	501,544	-	407,141,430
Depreciation charge	-	26,228,585	6,507,885	7,715,020	4,884,930	4,442,771	11,789,603	255,583	-	61,824,376
As at 30th June, 2023	-	107,821,015	91,026,201	53,875,052	82,884,214	54,801,974	77,800,225	757,126	-	468,965,806
Net book values										
As at 30th June, 2023	1,800,000,000	1,022,914,830	19,523,655	54,005,137	11,398,170	17,771,083	82,527,222	2,300,244	748,433,781	3,758,874,122
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

Note: 1) KES748,433,781 Capital Work in Progress is the total cost of the on-going capital projects as follow:

Tuition Block – KES 663,959,197  
Auditorium – KES 53,719,268  
Minor works – KES 30,755,316  
Total – KES 748,433,781

**UNIVERSITY OF EMBU**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023**

**Notes to the Financial Statements (continued)**

**Valuation**

Land and buildings/ Equipment were valued by Laser Property Services in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020). The assets were revalued on this date 29<sup>th</sup> June, 2022. These amounts were adopted by the Board on 15<sup>th</sup> September, 2022, with concurrence from the National Treasury.

**27 (b) Property, Plant and Equipment at Cost**

If the land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost KES	Accumulated Depreciation KES	NBV KES
Land	1,800,000,000	Nil	1,800,000,000
Buildings	1,130,735,845	107,821,015	1,022,914,830
Plant And Machinery	160,327,447	77,800,225	82,527,222
Motor Vehicles, Including Motorcycles	110,589,856	91,026,201	19,563,655
Computers And Related Equipment	94,282,384	82,884,213	11,398,171
Furniture, And Fittings	107,880,189	53,875,052	54,005,137
Library Books	72,573,056	54,801,974	17,771,082
Bearer plants	3,057,370	757,126	2,300,244
Capital in progress	748,433,781	nil	748,433,781
<b>Total</b>	<b>4,227,879,928</b>	<b>468,965,806</b>	<b>3,758,914,122</b>

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	19,312,963	2,414,120
Motor Vehicles including Motorcycles	78,804,386	19,701,097
Computers and Related Equipment	69,556,928	20,867,078
Office Equipment, Furniture and Fittings	27,093,027	3,386,628
<b>Total</b>	<b>194,767,304</b>	<b>46,368,923</b>

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

	Quantities	2022/2023 (KES)	2021/2022
<b>Note 28 (i): Biological assets (current)</b>			
Cabbages	3,431	34,310.00	52,500
Capsicum	72	7,200	42,000
Carrots	-	-	1,000
Cow peas	-	-	3,000
Dhania	-	-	5,000
Ensiled Maize	-	-	900,000
Fish	-	-	80,000
Garden peas	-	-	20,000
Courgette	16	2,400	24,000
Green maize	3,325	49,875	9,000
Kales	2,297	45,940	112,500
Managu (Black night shade)	224	6,720	5,000
Onions	2,465	12,325	50,000
Pigs	-	-	0
Silage maize	20 acres	900,000	150,000
Spinach	365	10,950	75,000
Spider plant	-	-	1,500
Sweet potatoes	-	-	5,000
Vegetable Seedlings (Assorted)	7 seedbeds	66,600	36,000
<b>Sub-total</b>		<b>1,136,320</b>	<b>1,571,500</b>
<b>Note 28 (ii): Biological assets (Non-current)</b>			
Cows	30	4,430,000	4,250,000
Chicken (layers)	-	-	57,800
Chicken (Broilers)	1,048	471,600	0
Improved Kienyeji Chicken	10	10,100	0
Goats	13	168,000	214,000
Ram	1	15,000	0
Pigs	98	868,000	1,207,500
Bananas	822	246,600	246,600
Napier grass	5 acres	300,000	250,000
Boma Rhodes		-	50,000
		<b>6,509,300</b>	<b>6,275,900</b>
<b>(iii) Bearer plants</b>			
Avocados	78	780,000	780,000
Mangoes	141	705,000	705,000
Macadamia	18	36,000	180,000
Coffee stumps	19,025	1,536,370	903,770
<b>Sub-total</b>		<b>3,057,370</b>	<b>2,568,770</b>
<b>Notes:</b>			
Bearer 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 30<sup>TH</sup> JUNE, 2023

Notes to the Financial Statements (continued)

<b>Note 29: Intangible Assets - ERP System</b>			
	ERP work in progress	2022/2023	2021/2022
Description	(KES)	(KES)	(KES)
<b>Cost</b>			
At beginning of the year	13,715,500	13,715,500	17,341,960.00
Additions		-	
<b>At end of the year</b>	<b>13,715,500</b>	<b>13,715,500</b>	<b>17,341,960.00</b>
Additions–internal development	-	-	-
Cheque Reversal		-	-
<b>At end of the year</b>	<b>13,715,500</b>	<b>13,715,500</b>	<b>17,341,960</b>
<b>Amortization and impairment</b>	<b>33%</b>		<b>33%</b>
At beginning of the year	4,571,833.33	4,571,833	-
Amortization	-	-	-
<b>At end of the year</b>	<b>4,571,833</b>	<b>4,571,833</b>	<b>-</b>
	-	-	-
At end of the year	4,571,833	4,571,833	-
<b>Net Book Value</b>	<b>9,143,667</b>	<b>9,143,667</b>	<b>17,341,960.00</b>

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

Notes to the Financial Statements (continued)

	2022/2023	2021/2022
<b>Note 30: Investments</b>	<b>(KES)</b>	<b>(KES)</b>
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.		
<b>Note 31: Trade and other payables from exchange transactions</b>		
PAYE Payable	-	12,758,788
NITA payable	-	287,000
Trade payables - Part time teaching	23,148,852	-
Trade payables - Tuition block	13,957,478	
Provison for salary arrears	143,096,375	96,426,917
	<b>180,202,705</b>	<b>109,472,705</b>
<b>Note 32: Payables from non-exchange transactions</b>		
Alumni Association	5,808,790	4,712,790
Deferred research grant	15,971,752	15,626,431
Endowment Fund	41,998,989	38,279,754
Seized Performannce bond	4,040,503	4,040,503
Student Union subscription - UESA	6,243,633	6,252,482
Students' clubs	19,060	19,060
Unclaimed deposits	3,144,497	3,030,879
Vice-Chancellor's Fund	446,448	595,264
<b>Total</b>	<b>77,673,672</b>	<b>72,557,163</b>
<b>Note 33: Refundable deposits from customers</b>		
Rental deposits	984,849	937,614
<b>Note 34: Provision for audit fee</b>		
Balance b/f	1,566,000	1,566,000
Add: Provision for the year	522,000	-
Less: Payments during the year	(1,044,000)	-
	<b>1,044,000</b>	<b>1,566,000</b>
<b>Note 35: Payment received in advance</b>		
Deferred fees	7,232,446	1,156,055
<b>Note 36: Bursary fund</b>		
	<b>10,862,620</b>	<b>8,008,163</b>
This is a fund that was created by the University from which bursaries to the needy students are drawn.		



UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

Notes to the Financial Statements (continued)

	2022/2023	2021/2022
	(KES)	(KES)
<b>Note 37: Caution Money</b>	<b>24,051,974</b>	<b>21,282,000</b>
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.		
<b>Note 38: Retention money</b>	<b>32,804,016</b>	<b>50,064,940</b>
This comprises of money deducted from payments to contractors to cater for any defects on the construction work undertaken.		
<b>Note 39: CBA Refund</b>	<b>81,560,000</b>	<b>81,560,000</b>
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.		
<b>Note 40: Borrowings</b>		
The University did not have any borrowing during the financial year.		

<b>Note 41: Employee benefit obligations</b>					
	Defined benefit plan (KES)	Post-employment medical benefits (KES)	Other Provisions (KES)	2022/2023 (KES)	2021/2022 (KES)
Current obligation	Nil	Nil	Nil	143,096,375	96,426,917
Non-current benefit obligation	Nil	Nil	Nil	Nil	Nil
<b>Total employees obligations</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>143,096,375</b>	<b>96,426,917</b>

UNIVERSITY OF EMBU  
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Notes to the Financial Statements (continued)

<b>Note 42: Cash generated from operations</b>		
Surplus/(deficit) for the year before tax	7,849,837	(46,835,636)
<b>Adjusted for:</b>		
Provision for salary arrears	46,669,458	68,541,935
Loss/(Gain) on valuation of biological assets	201,780	1,610,230
Depreciation & amortization	66,396,210	66,509,119
Provision for bursary	-	2,500,000
Provision for audit fee	522,000	522,000
Amortized grant	(26,550,910)	(27,698,876)
	<b>87,238,538</b>	<b>111,984,407</b>
Adjusted surplus	<b>95,088,375</b>	<b>65,148,771</b>
<b>Working Capital adjustments:</b>		
Decrease/(increase) in receivables	2,832,402	5,593,050
(Increase)/decrease in inventory	2,322,810	193,119
Decrease/(ncrease) in biological assets	435,180	-
Increase/(decrease) in payables	29,177,051	23,670,696
Increase/(decrease) in refundable deposits	47,235	5,000
Increase/(decrease) in audit fee payable	(522,000)	-
Increase/(decrease) in payment received in advance	6,076,391	(380,909)
Increase/(decrease) in bursary fund	2,854,457	1,479,618
Increase/(decrease) in overdrawn account	-	(5,921,979)
	<b>43,223,526</b>	<b>24,638,595</b>
<b>Net cash flow from operating activities</b>	<b>138,311,901</b>	<b>89,787,366</b>

UNIVERSITY OF EMBU  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023

Notes to the Financial Statements (continued)

<b>Note 43: Deferred Income</b>				
	Development grants from the GoK	Other Grants		Total
		Equipment	Library books	
	(KES)	(KES)	(KES)	(KES)
Balance as at 1st July, 2022	1,354,054,426		8,650,752	1,368,096,856
Additions	27,601,454	-	-	27,601,454
Amortization for the period	(24,146,800)	(673,960)	(1,730,150)	(26,550,910)
<b>Balance as at 30th June, 2023</b>	<b>1,357,509,080</b>		<b>6,920,602</b>	<b>1,369,147,401</b>
<b>Note 44: Amortization of deferred grants (Completed projects)</b>				
Description	Development grants from the GoK	Other Grants		TOTAL
		Equipment	Library books	
Cost	(Ksh)	(Ksh)	(Ksh)	(Ksh)
As at 1st July, 2022	1,037,877,045	12,013,667	33,000,000	1,082,890,712
Additions	-	-	-	-
Transfer from WIP	-	-	-	-
<b>As at 30th June, 2023</b>	<b>1,037,877,045</b>	<b>12,013,667</b>	<b>33,000,000</b>	<b>1,082,890,712</b>
<b>Amortization rate</b>	<b>2.50%</b>	<b>12.50%</b>	<b>20%</b>	
As at 1st July, 2022	72,005,061	6,621,990	24,349,248	102,976,299
As at 30th June, 2022	72,005,061	6,621,990	24,349,248	102,976,299
Add: Amortization for the period	24,146,800	673,960	1,730,150	26,550,910
<b>As at 30th June, 2023</b>	<b>96,151,860</b>	<b>7,295,949</b>	<b>26,079,398</b>	<b>129,527,208</b>
Balance as at 30th June, 2023	941,725,185	4,717,718	6,920,602	953,363,504
Balance as at 30th June, 2022	965,871,984	5,391,677	8,650,752	979,914,413

	2022/2023	2021/2022
	(KES)	(KES)
<b>Note 45: Revaluation Reserve</b>		
Balance b/f	1,866,688,262	1,866,688,262
<b>Note 46: Revenue reserves</b>		
Balance b/f	302,328,807	349,164,444
Current/(deficit) surplus	7,849,837	(46,835,636)
<b>Balance c/f</b>	<b>310,178,644</b>	<b>302,328,807</b>

**Notes to the Financial Statements (continued)**

**Note 47: 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.	Benson Muia Mumo vs. University of Embu	Will be determined once the case is heard and finally determined.
4.	Daniel Warui Mwaura vs. University of Embu	Will be determined once the case is heard and finally determined.
5.	Daniel Mutwiri Gitonga vs. University of Embu	Will be determined once the case is heard and finally determined.
6.	Geoffrey Onala Wanyaga vs. University of Embu	Will be determined once the case is heard and finally determined.

(i) Mrs. Lilian Njagi sued the 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 damages for alleged unlawful termination of employment. The matter is in the Employment at Labour Relations Court in Nairobi.

(iii) Benson Muia Mumo sued the University seeking compensation in a road traffic accident claim against the University.

(iv) Daniel Warui Mwaura sued the University seeking compensation in a road traffic accident claim against the University.

(v) Daniel Mutwiri Gitonga sued the University seeking compensation in a road traffic accident claim against the University.

(vi) Geoffrey Onala Wanyaga sued the University seeking compensation in a road traffic accident claim against the University.

In addition to the above cases, a contract between the University M/S Supreme Developers Limited for the construction of the proposed auditorium and lecture classroom at a cost of KES. 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 of either party.

UNIVERSITY OF EMBU  
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**Note 48: 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 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)
<b>As at 30th June, 2022</b>				
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
<b>Total</b>	<b>148,730,379</b>	<b>1,386,850</b>	<b>-</b>	<b>150,117,229</b>
<b>As at 30th June, 2023</b>				
Receivable from exchange transactions	17,204,002	-	-	17,204,002
Receivable from non -exchange transactions	16,552,469	-	-	16,552,469
Bank balances	144,774,399	-	-	144,774,399
<b>Total</b>	<b>178,530,870</b>	<b>-</b>	<b>-</b>	<b>178,530,870</b>

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

**(ii) Concentration risk**

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

**(iii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the University Management, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding, and liquidity management requirements. University of Embu manages liquidity risk by maintaining banking facilities and through continuous forecasts and monitoring of actual cash flows. Prudent liquidity risk management includes maintaining sufficient cash to meet the University's obligations. University of Embu management reviews its cash forecasts regularly and determines the University's cash requirement. However, the University as a government funded institution, faces the risk of inadequate and/or delayed funding by the National Treasury. This implies that sometimes the University operates with insufficient cash to cater for operational costs and obligations, on timely basis. The table that follows analyses the University's financial liabilities, into relevant maturity groupings, based on the remaining period at the end of the financial year to the contractual maturity. The reported balances equal their carrying amounts, as the impact of discounting is not significant.

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<b>Liquidity risk management</b>				
The table below analyses the University's financial liabilities into relevant maturity groupings, as at 30th June, 2023				
	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 3 months</b>	<b>Total</b>
<b>As at 30th June 2022</b>				
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
<b>Total</b>	<b>13,045,788</b>	<b>-</b>	<b>1,701,655,708</b>	<b>1,714,701,496</b>
<b>As at 30th June 2023</b>				
Provision for salary arrears	-	-	143,096,375	143,096,375
Deferred Research grants	-	-	15,971,752	15,971,752
Vice-Chancellor's Fund	-	-	446,448	446,448
UESA Subscription	-	-	6,243,633	6,243,633
Students' clubs	-	-	19,060	19,060
Unclaimed deposit	-	-	3,144,497	3,144,497
Allumni association	-	-	5,808,790	5,808,790
Endowment fund	-	-	41,998,989	41,998,989
Seized Performannce bond	-	-	4,040,503	4,040,503
Rental deposits	-	-	984,849	984,849
Provision for audit fees	-	-	1,044,000	1,044,000
Deferred fee income	-	-	7,232,446	7,232,446
Students' bursary fund	-	-	10,862,620	10,862,620
Caution Money	-	-	24,051,974	24,051,974
CBA refund	-	-	81,560,000	81,560,000
Retention on constructions	-	-	32,804,016	32,804,016
Deferred income	-	-	1,369,147,401	1,369,147,401
Unpaid certificate for Tuition Block	-	-	13,957,478	13,957,478
Unpaid part-time teaching	-	-	23,148,852	23,148,852
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,785,563,682</b>	<b>1,785,563,682</b>

**(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.

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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	
<b>At 30 June, 2022</b>			
Financial assets (cash)	4,573,100	2,108	4,578,208
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.

#### 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:

	2022/2023 (KES)	2021/2022 (KES)
Revaluation reserve	1,866,688,262	1,866,688,262
Revenue reserves	310,178,644	302,328,807
<b>Total funds</b>	<b>2,176,866,906</b>	<b>2,169,017,069</b>



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Total borrowings	Nil	Nil
Less: Cash and bank balances	144,774,399	113,528,356
Net debt/(excess cash and cash equivalents)	144,774,399	113,528,356
<b>Gearing</b>	Nil	Nil

**Note 49: 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 2022/2023 (KES)	Amount in 2021/2022 (KES)
Transfer from the GoK	656,351,636	703,865,333
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	2022/2023 (KES)	2021/2022 (KES)
1.	University Chancellor	1	-	322,581
2.	University Council expenses	9	10,030,410	10,544,632
3.	Chairman - on full time equivalent	1	1,044,000	1,044,000
	<b>TOTAL</b>		<b>11,074,410</b>	<b>11,911,213</b>

**(iii) Due from related parties**

Nature of transaction	Amount in 2022/2023 (KES)	Amount in 2021/2022 (KES)
Dues from the Ministry of Education	10,101,454	Nil
Dues from staff	6,451,015	3,098,223
Dues from students	16,785,888	32,059,832

**(iv) Dues to related party**

Nature of transaction	Amount in 2022/2023 (KES)	Amount in 2021/2022 (KES)
Salary arrears	143,096,375	96,426,917

**Note 50: Segment reporting**

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

**Note 51: 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 52: 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 53: Currency**

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

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**APPENDIX 1: Implementation Status of Auditor-General's Recommendations**

The following issues were raised by the Auditor General in the report for the financial year 2021/2022, and were all addressed:

S/No.	Issues	Action taken	Status
1)	Delayed Construction of Auditorium and Lecture Classroom	The project was completed	Resolved
2)	Non-Compliance with Fiscal Responsibilities Principles – Compensation of Employees	Marketing of University to attract more students. This will increase revenues and lower the percentage of employee cost on the total revenue.  In addition, the new funding model for universities which was operationalised with effect from the FY 2023/2024, is expected to benefit the University immensely, because every student will be paying course fee at the prevailing market cost. The University will attain compliance within the next four years when all our students will be under the new model.	Not Resolved
3)	CBA Refund to the Ministry of Education	Funding to the University has been inadequate since inception. The University has been totally unable to pay the parent ministry KES 81.56 million. The University wrote to the Ministry seeking writing off of the outstanding debt.	Not Resolved



.....  
Prof. Daniel Mugendi Njiru  
VICE-CHANCELLOR

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

**Projects implemented by the University of Embu funded by the development partners and or the Government**

The only externally funded project that was undertaken by the University during the year under review is the ongoing Tuition Block. The Project is funded by the GoK, through development grants.

Project title	Project number	Donor	Period/Duration	Donor commitment	Separate reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Tuition Block	N/A	Funded by the GoK	On-going	N/A	N/A	Yes

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**APPENDIX III: Status of projects completion**

S/No.	Project	Total project Cost (KES)	Total expended to date (KES)	Completion % to date	Budget (KES)	Actual (KES)	Sources
1.	Tuition Block	899,035,682	642,758,288	85%	67,000,000	64,478,068	GoK
2.	Auditorium	39,938,440	39,938,440	100%	4,265,610	4,265,610	A-in-A

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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	03/08/2022	Recurrent	52,395,849	√					52,395,849
	08/09/2022	Recurrent	52,395,849	√					52,395,849
	30/09/2022	Development	17,500,000			√			17,500,000
	03/10/2022	Recurrent	52,395,847	√					52,395,847
	10/11/2022	Recurrent	52,395,849	√					52,395,849
	09/12/2022	Recurrent	52,395,849	√					52,395,849
	30/12/2022	Recurrent	52,395,848	√					52,395,848
	03/02/2023	Recurrent	52,395,849	√					52,395,849
	17/03/2023	Recurrent	52,395,849	√					52,395,849
	14/04/2023	Recurrent	52,395,840	√					52,395,840
	05/05/2023	Recurrent	52,395,851	√					52,395,851
	09/06/2023	Recurrent	52,395,851	√					52,395,851
	27/06/2023	Recurrent	52,395,851	√					52,395,851
	04/07/2023	Development	10,101,454			√			10,101,454
<b>Total</b>			<b>656,351,636</b>						<b>656,351,636</b>

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APPENDIX V: INTER-ENTITY CONFIRMATION LETTER

CONFIRMATION OF AMOUNTS RECEIVED BY UNIVERSITY OF EMBU AS AT 30 <sup>TH</sup> JUNE, 2023								
Reference number	Date disbursed (KES)	Amounts disbursed by the Ministry of Education as at 30 <sup>th</sup> June, 2023				TOTAL (KES) (D) = (A)+ (B)+ (C)	Amount received by the University of Embu as at 30 <sup>th</sup> June, 2023 (KES) (E)	Difference (KES) (F) = (D) - (E)
		Recurrent (KES) (A)	Development (KES) (B)	Inter-Ministerial (KES) (C)				
FT22215S91GG	03/08/2022	52,395,849	-	-	52,395,849	52,395,849	-	
FT22251FPWFS	08/09/2022	52,395,849	-	-	52,395,849	52,395,849	-	
FT2227323WQ1	30/09/2022	-	17,500,000	-	17,500,000	17,500,000	-	
FT22276QCSRC	03/10/2022	52,395,847	-	-	52,395,847	52,395,847	-	
FT223140LOFH	10/11/2022	52,395,849	-	-	52,395,849	52,395,849	-	
FT22343QQYS1	09/12/2022	52,395,849	-	-	52,395,849	52,395,849	-	
FT22364GSBP5	30/12/2022	52,395,848	-	-	52,395,848	52,395,848	-	
FT230341BFPY	03/02/2023	52,395,849	-	-	52,395,849	52,395,849	-	
FT23076HRQ9R	17/03/2023	52,395,849	-	-	52,395,849	52,395,849	-	
FT23104M8Y35	14/04/2023	52,395,840	-	-	52,395,840	52,395,840	-	
FT23125VBY49	05/05/2023	52,395,851	-	-	52,395,851	52,395,851	-	
FT231606GD8J	09/06/2023	52,395,851	-	-	52,395,851	52,395,851	-	
FT23178TZVYY	27/06/2023	52,395,851	-	-	52,395,851	52,395,851	-	
FT231851FX23	04/07/2023	-	10,101,454	-	10,101,454	10,101,454	-	
		<b>628,750,182</b>	<b>27,601,454</b>	-	<b>656,351,636</b>	<b>656,351,636</b>	-	

I confirm that the amounts shown above are correct as of the date indicated

LAWRENCE KAMONJO  
HEAD OF FINANCE

Signature:  .....

Date: 25<sup>th</sup> October, 2023

**APPENDIX VI: REPORTING OF CLIMATE RELEVANT EXPENDITURES**

Project name	Project description	Project objectives	Project activities	Quarter				Sources of funds	Implementing partners
				Q1	Q2	Q3	Q4		
Tree planting	Purchase of trees	To increase the forest cover within the University and its surrounding	Purchase of trees Planting of tress		45,750	24,420	250,000	A-I-A	1) County 2) Government of Embu Young Farmers Kenya
Garbage management	Garbage collection and disposal	To ensure that garbage management is handled in an environmentally friendly manner.	Garbage collection and disposal	171,000	207,000	233,400	205,212	A-I-A	Josky General Suppliers



**APPENDIX VII: REPORTING ON DISASTER MANAGEMENT EXPENDITURE**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-Programme	Disaster type	Category of disaster related activity that require expenditure reporting (Response/recovery/mitigation/preparedness)	Expenditure item	Amount (KES)	Comments
Fire fighting	1) Training on basic safety fire incident command system. 2) Servicing of fire extinguishers, alarm system and purchase of fire blankets	Fire	Preparedness	1) Staff training and development 2) Maintenance	1,153,150	The University takes the risk of fire seriously, and ensures that necessary firefighting equipment are in good working condition.
Road safety	Training for defensive driving facilitation for drivers	Road accident	Preparedness	Staff training and development		