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REPORT

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THE AUDITOR-GENERAL

ON

KIRINYAGA UNIVERSITY

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



KIRINYAGA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

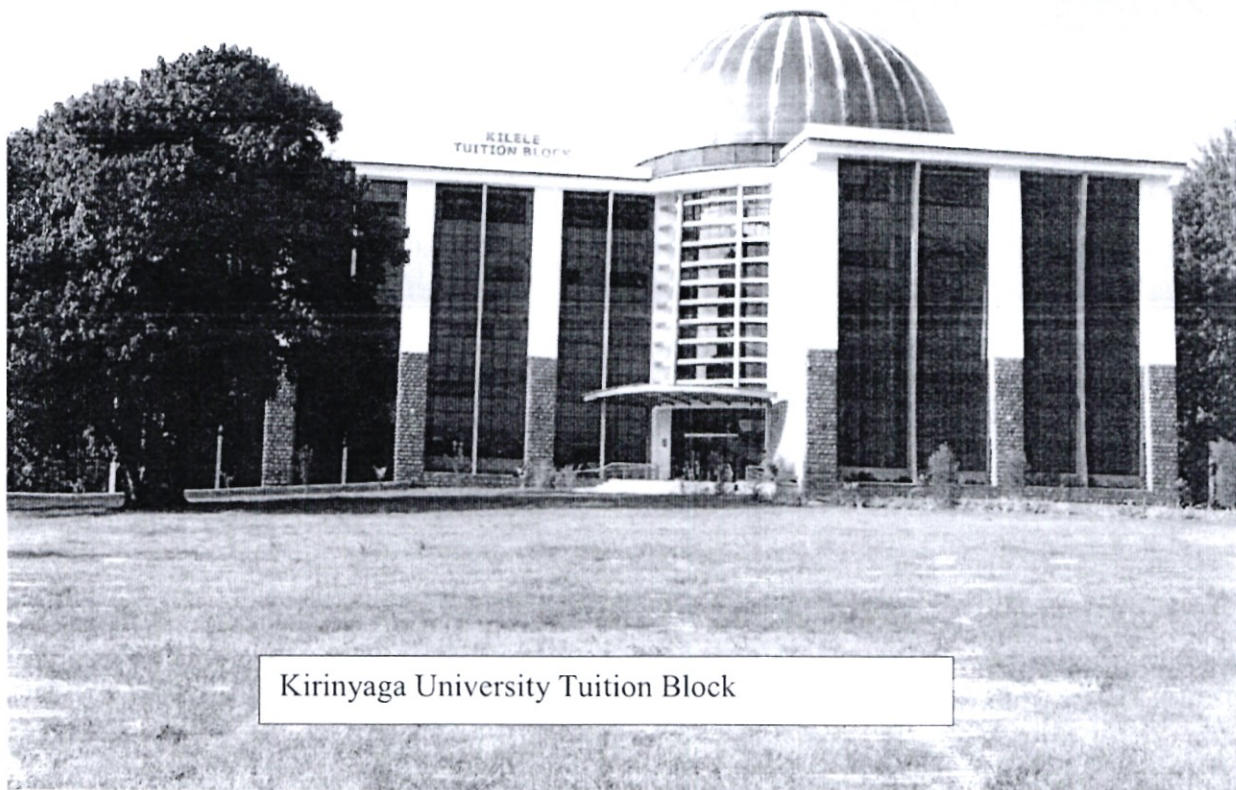
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1. Key Entity Information and Management

(a) Background information

Kirinyaga University is a fully chartered public University since 7th October, 2016. The University is located approximately 115 kilometres north east of Nairobi off Nairobi Sagana - Embu Highway, in Kutus, Kirinyaga County.

The University endeavours to be a leader in the development and expansion of opportunities for higher education, research, innovation, technology transfer and extension.



Vision

To be a leading University in quality training, strategic research, innovation and technology development and transfer.

Mission

To train and develop human resource equipped with innovative skills to inspire enterprise in the disciplines of engineering, science, health, education, ICT and technology, to meet the demands of a dynamic world.

Objective of the University

The main objective of the University is to provide, directly or indirectly through collaboration with other institutions of higher learning, university education including scientific and professional education, and technology transfer for effective application of knowledge and skills in life, work and welfare of the citizens of Kenya. The University aims to play a leading role in the development and expansion of the opportunities for higher education and research.

The University is expected to provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates.

Kirinyaga University will pursue strategic objectives in the following: policy, human resource management, library resources, resource mobilization, physical infrastructure development, information and communication technology (ICT), quality academic programmes, research, innovation, technology transfer and extension services.

(b) Principal Activities

The principal activity/mission of the University is to train and develop human resource equipped with innovative technology and skills to inspire enterprise in the discipline of engineering, science, health, education and technology, to meet the demands of a dynamic world.

(c) Key Management

The Vice Chancellor, the University Management Board (UMB), Heads of Departments and Sections are responsible for management of the day-to-day operations of the University. The UMB meets weekly and is responsible for the execution of all policies on

behalf of the University Council and is chaired by the Vice Chancellor, who is the Chief Executive Officer. The heads of sections and chairperson of academic departments steer the University mandate as cascaded to them via the statutes, and report to the UMB through the respective Deputy Vice Chancellors and Registrars.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Mary Ndung'u
3.	Deputy Vice Chancellor (Academic Research & Student Affairs)	Prof Charles Omwandho
4.	Registrar (Academic Research & Student Affairs)	Mr Wallace Waruiru Kamau
5.	Chief Finance Officer	CPA Peter Kagika
6.	Senior Procurement Officer	Ms. Esther Wanjiru Ndirangu
7.	Legal Officer	Ms. Jane Wangechi Ndegwa

(e) Fiduciary Oversight Arrangements

To execute this mandate, the University has various committees of Senate tasked with different responsibilities in the respective lines of operations; academic, student affairs, human resource, procurement, finance and general operations. These committees are domiciled in the respective divisions/ sections of the University, and have clearly defined terms of reference and reporting lines in the statutes.

The University Council has four committees as provided for in the statutes vide;

- The Finance, Human resource and General purpose committee,
- Audit & Risk management committee
- Academic and quality assurance committee
- Sealing committee

The respective committees of Council hold meetings quarterly and submit reports to full Council.

(f) Kirinyaga University Headquarters

P.O. Box 143-10300
Sagana – Embu Highway Kutus Town
Kerugoya, Kenya.

(g) Kirinyaga University Contacts

Telephone: (254) 728499650
E-mail: vc@kyu.ac.ke
Website: www.kyu.ac.ke

(h) Kirinyaga University Bankers

- Kenya Commercial Bank, Kerugoya Branch
P.O Box 405090 -10300,
Kerugoya-Kenya.
- Equity Bank, Kerugoya Branch
P.O. Box 1056 - 10300,
Kerugoya-Kenya.
- Co-operative Bank, Kutus Branch
P.O. Box 218 - 10304,
Kutus - Kenya





(i) Independent Auditors

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





(j) Principal Legal Adviser

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


2. Members of the University Council

Passport photo	Name & Title	Date of Birth	Qualifications	Experience
	Dr. Mechah Charles Moturi (Chairman of Council)	1953	PhD - Environmental Science (JNU) New Delhi, (PNL, UK) BSc, MSc Chemistry - Queen's University (Canada)	45 Years
	Prof. Mary Wambui Ndung'u (Vice Chancellor/ Secretary to council)	1962	PhD- Chemistry (JKUAT), Msc- Chemistry (Kenyatta University), B.Ed. (Kenyatta University), EMBA (JKUAT)	36 Years
	Mr. Julius Lawi Onyango	1946	Master of Laws (LL.M) UoN Bachelor of Laws (LLB) UoN	54 Years
	M/s Kibibi Ndope	1987	MBA (International Business) - USIU, Africa Bachelor of Laws (LLB) CUEA	11 Years
	Mr. Alister M Murimi	1972	M. Sc. Finance - UoN (Ongoing) MBA (Construction & Real Estate), - UK BA (Land Econ.) - UoN	20 Years



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	<p>Eng. Joel M. Kiilu</p>	<p>1956</p>	<p>MBA in Advanced Strategic Management (UoN) Bsc-Structural Engineer Bsc - Electrical Engineer</p>	<p>42 Years</p>
	<p>Mr. Milton Kiura Njuki (Rep. Ministry of Education)</p>	<p>1973</p>	<p>MBA - Kenyatta University Bed - Kenyatta University AAPAM - Kenyatta University</p>	<p>22 Years</p>
	<p>FCPA Dr. Solomon Thuo Ngahu (Rep. National Treasury and Planning)</p>	<p>1977</p>	<p>PhD - Business Administration (Finance Option), JKUAT MBA Finance - JKUAT CPA (K)</p>	<p>16 Years</p>
	<p>Ms Hannah Njeri Maina</p>	<p>1961</p>	<p>Masters in Environmental Science (Environmental Education) - KU B.Ed. - KU</p>	<p>36 Years</p>

3. Management Team

Passport photo	Name & Title	Responsibility	Date of Birth	Qualifications	Experience
	Prof. Mary Wambui Ndung'u	Vice Chancellor / Chairperson	1962	PhD- Chemistry (JKUAT), Msc- Chemistry (Kenyatta University), B.Ed. (Kenyatta University), EMBA (JKUAT)	36 Years
	Prof. Charles Omwandho	Deputy Vice Chancellor (Academic, Research & Student Affairs)	1961	PhD- Reproductive Immunology (New Castle University ,Australia 1998),Msc, Biochemistry , 1991(UoN),BSC Biochemistry and Zoology 1986 (UoN),	32 Years
	Mr. Wallace Waruiru Kamau	Registrar (Academic Research & Student Affairs)	1982	MA Project Planning & Management (University of Nairobi), Bsc.- Environmental Studies (Kenyatta University)	17 Years
	CPA Peter Mugo Kagika	Chief Finance Officer	1975	MBA - Strategic Management (DeKUT) BBA (Accounting & Finance) (KEMU) CPA(K)	22 Years

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	<p>Ms. Esther Wanjiru Ndirangu</p>	<p>Senior Procurement Officer</p>	<p>1988</p>	<p>Msc. Procurement & Logistics (JKUAT) BSc Procurement and Logistics (JKUAT)</p>	<p>9 Years</p>
	<p>Ms. Jane Wangechi Ndegwa</p>	<p>Legal Officer</p>	<p>1987</p>	<p>Bachelor of Laws (LLB)-CUEA Diploma in Law- KSL</p>	<p>9 Years</p>

4. Chairman's Statement

I am pleased to present the Annual report and Financial Statements of Kirinyaga University for the year ended 30 June, 2023.

The demand for relevant higher education in the country has continued to rise prompting the University to continually develop programmes that respond to the demands of the market. The main objective of the Council is to position the University's main programmes within the context of the market requirements, cost rationalization, equity and customer satisfaction.

During the financial period, key achievements were realized at Kirinyaga University including but not limited to hiring of competent faculty, increased students' enrolment, substantial physical infrastructure development and investments in ICT. The University plan builds on to the previous plan and lays the direction for the University for Strategic positioning in the changing landscape of University education. To achieve this objective, the University has undertaken projects which include Tuition complex phase one and lecture theatre. This is in embracing the GoK policy on increasing access to higher education. As the University strives to increase capacity in teaching and learning facilities there has been commensurate increase in the operations costs.

During the year under review, the University geared its financial commitments towards provision of teaching facilities, development of new curricula and recruitment of academic staff. The numbers of academic and non-academic staff have progressively grown since the inception of the University. The Council is in the process of recruiting additional senior academic and management staff to enable the implementation of new programmes and to offer quality services to the stakeholders.

The support from the Council, Management, staff, students and stake holders is appreciated.

Dr. Idris Muhumed Kosar
Chairman of Council.



5. Report of the Vice Chancellor

Presented herein is the Annual Report and Financial Statements of Kirinyaga University for the year ended 30 June, 2023 as per requirements of the Universities Act, No. 42 of 2012 and Public Audit Act, 2015, and the PFM Act, 2012, Laws of Kenya.

Kirinyaga University was granted charter by His Excellency Hon. Uhuru Kenyatta the President of the republic of Kenya on 7th October 2016 with thirteen academic degree programmes then, and has since increased the number of academic degree programmes to Forty-eight (48). The University is positioning itself to be a leader in offering courses geared towards producing employers in areas outlined by the Vision 2030.

The mandate of the University is derived from the Universities Act No. 42 of 2012, Laws of Kenya, which outlines the objectives toward promoting higher education in Kenya as follows:

- Advancement of knowledge through teaching, scholarly research and scientific investigation.
- Promotion of learning in the student body and society in general.
- Promotion of cultural and social life of the society.
- Support and contribution to the realization of national economic and social development.
- Promotion of highest standards in and quality of teaching and research.
- Education, training and retaining higher level professional, technical and management personnel.
- Dissemination of the outcomes of the research conducted by the university to the community.
- Promotion of gender balance and equality of opportunity among students and employees.
- Fostering of capacity of independent critical thinking among its students.
- Promotion of equalization for persons with disabilities, minorities and other marginalised groups.

The University operations are guided by the core values:

- Professionalism

- Integrity, transparency and accountability
- Innovation and creativity
- Excellence
- Equity

The University aims at diversification of revenue streams through the following:

- Continued government support in capitation and development grants,
- Increasing student enrolment,
- Increasing income generating activities and strengthening the existing ones,
- Establishing a resource mobilization office. This will be achieved by hiring staff to drive commercial investment,
- Soliciting for grants, donations and sponsorship,
- Link with industries and agencies for research funding.

The current student population is 10,626 and is expected to increase to 14,148 students in the year 2023/2024 after placement of 3,522 students by Kenya University and College Placement Service. Staff population stood at total 272 for both academic and non-academic divisions and it is expected to increase to 386 due to planned recruitment of academic staff and technicians in the next financial year 2023/2024.

The University also carries out key stakeholders' analysis with a view to identifying changing needs and ensuring cooperation and support in the achievement of its mission. The major stake holders include students, staff, alumni, the government, the community, industry, development partners, research and development institutions and institution of higher learning.

During the year under review, the University embarked on developing a number of academic programmes at PhD, Master and Bachelors in the five schools, along an intensive marketing programme aimed at increasing student enrolment. The strategic objectives of the University during the year under review were in the areas of institutional governance, human resource, development of academic programmes, research and innovations, infrastructure development, community outreach, corporate image and resource mobilization as well as aligning our efforts towards support of the Big four agenda of Government. The University strengthened training in Civil,

Mechanical, Electrical Engineering and Building Sciences, Fashion and Textile Technology, Clinical Medicine and Community Health, Forensic sciences, to support the big four agenda and all in line with the Second and Third Medium Term Plans.

During the year under review, the University Senate focused on creating knowledge and delivery of accessible, equitable, relevant and quality training to sustain an internationally competitive knowledge based economy. The Senate advises and makes recommendations to Council on academic matters, including creation of schools and development, approval and implementation of academic programmes in line with the country's skills priority agenda and taking cognizance of emerging global trends in education, science, technology and innovation.

On behalf of the management and staff of Kirinyaga University, I thank Council for the guidance accorded to the University Management Board and for the visionary direction in development of this young institution of higher learning.

The support by the Government of Kenya throughout the year under review is highly appreciated. I appeal for more support especially for the purposes of establishing suitable facilities required towards becoming world class University and do hereby report that all public funds have been applied lawfully in an effective way as stipulated by the PFM Act, 2012, Laws of Kenya.

I thank the management board, staff and students of Kirinyaga University for their continued cooperation in this challenging but noble task of building the University and look forward to the same enthusiastic participation in our upcoming development strategies.



Prof. Mary Ndung'u

Vice Chancellor

6. Statement of Performance against Predetermined Objectives for FY 2022/23

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives. Attainment of these objectives has been articulated as follows;

Kirinyaga University intends to put efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, keeping in mind the specific priorities of the University.

Therefore, the university identified strategic pillars and objectives for the FY 2022/23, which were within its Strategic Plan, as follows:

1. Expand training opportunities to provide skilled manpower for delivery of Vision 2030;
2. Conduct research and innovation in Engineering, Health, ICT and Enterprise;
3. Undertake community service to enhance University-community linkages and social integration and cohesion.

The University developed annual work plans based on the above pillars. Assessment of the performance against annual work plan is done on a quarterly basis. The University achieved the performance targets set for the FY 2022/23 period for its strategic pillars, as indicated below:

Development of New Academic Programmes

During the FY 2022/23, the University committed to review the following new academic programs.

1. Bachelor of science in Community Health and Development
2. Bachelor of science in Forensic Science
3. Bachelor of science in Information Technology
4. Bachelor of Business Information Technology
5. Bachelor of science in Computer Science
6. Bachelor of Commerce
7. Bachelor of Economics

8. Bachelor of Economics and Finance
9. Bachelor of Science in Statistics
10. Bachelor of Science in Actuarial Science

During the development of the said programmes, the following activities were undertaken

1. Identification of programs that have gone through four-year cycle.
2. The Chairmen of departments requested for approval to review programs.
3. The Vice Chancellor appointment a team of experts to review in line with current trends and industry practises.
4. Draft reviewed programs were tabled at Dean's Committee and Senate for approval.
5. The reviewed Programs will be rolled out in the FY2023/24

Safety and Security Measures

During the FY 2022/23, The University committed to ensure safety of personnel, students, documents, information and assets. To achieve this objective, the University used the following strategies;

1. Putting Security personnel at the University entry points.
2. Routine check at various entry points to the university premises/buildings
3. Visitor identification and document verification

In addition to this, the University was able to put in place mechanisms to mitigate against technological hazards, terrorism, fire and natural disasters by;

1. Servicing of firefighting equipment
2. Maintenance of CCTV surveillance system
3. Maintenance of UHF radio communication system
4. Training of staff on disaster management
5. Conducted one fire drill
6. Implementing the Information Security Management System (ISMS) policy
7. Installation of antivirus updates
8. Created ISMS risk management vide risk register and risk management plan

9. Finalize documentation of ISMS: policy procedures and implementation
10. Updating and securing information assets register

7. Corporate Governance Statement

The University Council has been appointed by the cabinet secretary through open process as stipulated in the Universities Act, No. 42 of 2012, Section 36, Laws of Kenya. The Universities Act, 2012, KyU charter, and statutes guide the management of the University in achieving its mandate. Institutional governance tenets of authority, accountability, stewardship, leadership, direction and control are deployed in the operations of the University. Policy and reference documents used alongside the University Statutes include the strategic plan, the University Service Charter, various internal policies, relevant national policies, legislations and guidelines and Government circulars issued from time to time. The Council takes responsibility of ensuring that KyU has adequate systems and processes of accountability, risk management and internal controls. Operations of the University are guided by ethical practices that seek to promote good corporate citizenship, while focusing on sustainability.

The Council provides strategic direction to the University, exercises control and remains accountable to all stakeholders by:

- Administering the property and funds of the University in a manner and for the purposes which shall promote the interest of the University; and in accordance with the procedures laid down by the Government of Kenya;
- Receiving on behalf of the University, donations, endowments, gifts, grants or other moneys and make disbursements therefrom to the University or other bodies or persons;
- Approving the appointment criteria and the terms and conditions of service of staff;
- Providing for the welfare of the staff and students of the University;
- Entering into association with other Universities or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate;

- In consultation with the Senate, make regulations governing the conduct and discipline of the students of the University.

The University Council is guided by the principles of corporate governance as summarized below;

Council members should be informed and act ethically and in good faith, with due diligence and care, in the best interest of the University and the stakeholders.

- Review and guide corporate strategy, objective setting, major plans of action, risk policy, capital plans, and annual budgets.
- Oversee major acquisitions in the University.
- Select, compensate, monitor and replace key management members and oversee succession planning.
- Ensure the integrity of the University accounting and financial reporting systems, including the independent audit.
- Ensure appropriate systems of internal controls are established.
- Oversee the process of disclosure and communications.
- Where committees of the Council are established, their mandate, composition and working procedures should be well-defined and disclosed.

The University Management Board is responsible for:

- Efficient management of the human, physical and financial resources of the University.
- Making proposals to the University Council and the Senate on policies that have application across the entire University.
- Coordination of the University strategic and development plan.
- Any other matters related to the management of the University.

Membership to the council is based on a formal and transparent process by the Cabinet Secretary for Education. The University Council is committed to the highest level of corporate governance. Table 1 below summarizes the council meetings and attendance therein:

Table 1: Meetings of Full Council FY 2022/23

Name	Designation	Meeting Attendance in FY2022/23
1. Dr Mechah C. Moturi	Chairperson	5/5
2. Mr Alister M. Murimi	Member	4/5
3. Mr Milton Njuki	Rep. State Department of University Education	5/5
4. Ms Kibibi Ndope	Member	5/5
5. Mr Julius Onyango	Member	5/5
6. Eng. Joel Musembi Kiilu	Member	4/5
7. Ms. Hannah Maina	Member	4/5
8. FCPA Dr. Solomon Ngahu	Rep. National Treasury	3/5
9. Mr. Michael Muturi	Rep. Inspector General	4/5
10. Prof. Mary Ndung'u	VC/Council Secretary	5/5

For effective performance of the oversight role, the Council formed different Committees of Council to deal with specific roles as stipulated in the terms of reference to advise full Council on decision making as below;

Finance, Human Resource and General Purpose Committee

This Committee shall exercise all the powers of Council in financial and human resource matters & projects and shall report to Council. The Committee monitors the financial health of the University on behalf of Council. Table 2 below summarizes the committee meetings and attendance therein.

Table 2: Meetings of the Finance Human Resource and General Purpose Committee of Council in FY 2022/23

Name	Designation	Meeting Attendance in FY2022/23
1. Mr Alister M. Murimi	Chairperson	4/4
2. Mr Milton Njuki	Rep. State Department of University Education	4/4
3. Ms Hannah Maina	Member	4/4
4. FCPA Dr. Solomon Ngahu	Rep. National Treasury	1/4

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5. Prof Mary Ndung'u	VC/Council Secretary	4/4
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Academic & Quality Assurance Committee

The Academic Committee is responsible for academic portfolio planning and development and for making recommendations to Council on approval and re-approval of partners, with due consideration for enhancing quality and standards.

Table 3 below indicates the committee meetings and attendance therein.

Table 3: Meetings of the Academic and Quality Assurance Committee of Council in FY 2022/23

Name	Designation	Meeting Attendance in FY2022/23
1. Ms Kibibi Ndope	Chairperson	4/4
2. Eng. Joel Kiilu Musembi	Member	4/4
3. Mr Milton Njuki	Rep. State Department of University Education	4/4
4. Ms. Hannah Maina	Member	4/4
5. Prof Mary Ndung'u	VC/Council Secretary	4/4

Audit and Risk Management Committee

The primary purpose of the Audit and Risk Management Committee is to assist Council in discharging its oversight responsibilities as the governing body of Kirinyaga University.

Table 4 below summarizes the committee meetings and attendance therein.

Table 4 Meetings of Audit and Risk Management Committee of Council in FY 2022/23

Name	Designation	Meeting Attendance in FY2021/22
1. Mr Julius Onyango	Chairperson	4/4
2. Ms Kibibi Ndope	Member	4/4
3. Eng. Joel Musembi Kii'u	Member	3/4
4. FCPA Dr. Solomon Ngahu	Rep. National Treasury	2/4

Sealing Committee

The primary purpose of sealing Committee is to seal the list of students graduating before they graduate and to receive reports on use of the University seal, if any. Table 5 below summarizes the committee meetings and attendance.

Table 5: Meetings of the Sealing Committee of Council in FY 2022/23

Name	Designation	Meeting Attendance in FY2022/23
1. Dr. Mechah Charles Moturi	Chairperson	1/1
2. Mr Julius Onyango	Member	1/1
3. Prof. Mary Ndung'u	VC/Council Secretary	1/1
4. Prof. Charles Omwandho	DVC ARSA/In attendance	1/1
5. Mr. Wallace Kamau	Registrar ARSA/ In attendance	1/1


The University Senate has the mandate to:

- Establish, abolish or harmonize faculties, schools, units, departments and their titles and to recommend to Council.
- Approve all syllabus of the University
- Make recommendations to the Council for the establishment or abolition of degrees and other academic programmes.
- Approve examination results

The Council appreciates the significant growth of the University infrastructure that has promoted a good teaching and learning environment for both students and staff. The financial support by Government so far is much appreciated. However, I would like to appeal for more funding in the capital development to ensure adequate infrastructure which will support the growing student population.

I wish to thank the University Council members, management, staff, parents, guardians and students for their continued support towards building a better Kirinyaga University.

Dr. Idris Muhumed Kosar
Chairman of Council.



8. Management Discussions and Analysis

The University started the year with cash and bank balance of Kshs. 86,960,589.00 (Eighty-six million, nine hundred Sixty thousand, five hundred eighty-nine only). During the year under review, the University generated Kshs. 460,676,048.00 (Four hundred and Sixty million, six seventy-six thousand, forty-eight only) in A-in-A vide student tuition and other fees, and received Kshs. 360,106,665.00 (Three hundred sixty million, one hundred six thousand, six hundred and sixty-five only) from Government of Kenya for recurrent expenditure.

Total expenditure for the year was Kshs. 786,866,364 (Seven hundred eighty-six million, eight hundred sixty -six thousand, three hundred sixty-four only) resulting to a surplus of Kshs 33,916,348.00 (Thirty-three million, nine hundred sixteen thousand, eight hundred and forty-eight only).

When comparing the budget and actuals in these financial statements, recurrent budget variances were within the allowed range of + or - 10%.

Key Projects and Investment Decisions Kirinyaga University is planning / implementing

During the FY 2022/23, the University had two major projects as follows:

New Tuition Complex -The phase one has been completed and final account done. The building has been transferred to building account. The plans to have feasibility study for phase II is underway, following a budget allocation of 10 Million for the project.

Proposed Multi-Purpose Lecture Theatre - This project entails construction of 600 seater lecture theatre with requisite spaces and utilities, the auditorium which has a lower level and mezzanine space for audience. The tender of Kshs 208,149,185.00 (Two hundred and eight million, one hundred forty-nine thousand, one hundred eighty-five only) was awarded to High Point Agencies. The total amount paid to date for this project as at 30th June 2023 is Kshs 175,748,610.00 (One hundred seventy-five million seven hundred forty-eight thousand six hundred ten only). The project was at 100% level of completion as at 30th June 2023, awaiting final accounts from the project manager.

Kirinyaga University's Compliance with Statutory Requirements

The University governs her affairs within the legal framework provided by the Universities Act 2012 Cap 210 (b), Public Finance Management Act, 2012, Laws of Kenya, the Charter, and Statutes, and all other legal provisions and government circulars as issued from time to time. The University Statutes contain the fundamental governance provisions of the University and are developed and approved by the University Council. The University conducts quarterly legal audits to ensure compliance with all statutory obligations: remitting of; taxes, HELB deductions, NSSF, NHIF, NITA levies, Union dues, Sacco deductions etc. During the quarter under review, the University complied with statutory requirements and Public Finance Management (PFM) Act, 2012, Laws of Kenya.

Major Risks Facing the Entity

Kirinyaga University is exposed to two major risks as follows;

Credit risk – This refers to the risk that the students will default on payment of fees. To manage this risk, the University ensures that only students who have paid at least 60% of semester fees get to register for course units and can attend lectures up to and including the 14th week of study for the given semester by when they must attain zero balance of fees. Students with fees balances are not issued with examination cards hence they cannot sit for examinations. Such students are advised to take academic leave pending payment of requisite fees.

Liquidity risk – This is the risk to the University's financial condition or safety and soundness arising from her inability to meet her contractual obligations. To manage this risk, Kirinyaga University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time. That the University is mainly dependent on exchequer funds, compounds the risk, especially when the budget cuts/ realignment happen in the course of the plan period and without reference to the University.

Material Arrears in statutory/Financial Obligations

During the year under review, the University reported no pending bills, however we have Payables amounting to Kshs. 105,312,136.00(One hundred and Five million, three hundred twelve thousand, one hundred Thirty Six only). Further to this, the

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University also reported Kshs. 22,906,351 (Twenty-two million, nine hundred six thousand, three hundred and fifty-one only) being project retention funds. The University anticipates honoring her financial obligations in good time to avoid any litigation in future. However, this commitment is dependent upon timely release of funds by government when the same falls due.

9. Environmental and Sustainability Reporting

At Kirinyaga University we consider the broader interests of society by taking responsibility for the impact of our activities. We believe our responsibility extends beyond the statutory obligation to comply with legislation, to include voluntarily taking action to improve the quality of life among our employees and their families, local communities and society at large as well as to protect the environment.

We are dedicated to creating a workplace that is safe, fair and enriching. Safety procedures and programs are constantly monitored and improved to help ensure that our employees work safely. The University fosters a workplace culture in which the rights, needs and unique contributions of each employee are respected, while supporting their professional development opportunities.

KyU believes that strong neighborhood, towns, and cities are vital to the well-being of the society and to the economy, and we acknowledge that we have both a special responsibility and role to play in helping the communities thrive. Through our various student and staff clubs and societies, we participate in environmental and health initiatives to help conserve the environment and save lives, and create stability in local communities. The University has partnered with the Kenya Forestry Service and Equity bank to plant over 8000 trees in an initiative to contribute to the national goal of achieving 10% tree cover by 2023. The University has put in place mechanisms to protect the riparian land along its borders by planting trees, where 4000 trees were planted in the year under review. The University blood donor club through their quarterly blood donation weeks/campaigns continues to contribute upwards of 200 pints of blood every three months, towards building a sustainable blood bank in Kenya for the benefit of the community members needing blood transfusions.

The University contributes support to local community endeavours which help provide for a better quality of life, including contributing substantially to local employment, training and skills development, especially for the management staff of Kirinyaga and Nyeri county governments. In addition, our employees and students participate in

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community outreach programmes to educate on Alcohol Drugs and Substance Abuse and HIV and AIDS prevention and other volunteer services.

We are committed to enhancing the quality of life for our employees, students and the communities in which they live and work by encouraging, educating, engaging and ultimately spreading good by involving more of us in volunteerism and community service.

10. Report of the University Council

Principal activities

The principal activities of Kirinyaga University are set out on page ii.

Results

The financial results of Kirinyaga University for the year ended 30 June, 2023, are set out on page xxi

University Council

Members of Council shown on page (vi) and (vii) were appointed and gazetted. Their appointment and term expiry dates are as follows;

S/n	Council Member's Name	Date of Appointment	Term	Term Expiry Date
1.	Dr. Mechah Charles Moturi	4 th Nov. 2020	3 Years	3 rd Nov. 2023
2.	Mr. Julius Lawi Onyango	4 th Nov. 2020	3 Years	3 rd Nov. 2023
3.	Ms Kibibi Ndope	4 th Nov. 2020	3 Years	3 rd Nov. 2023
4.	Mr. Allister M. Murimi	4 th Nov. 2020	3 Years	3 rd Nov. 2023
5.	Eng. Joel M. Kiilu	10 th June 2022	3 Years	9 th June 2025
6.	Mr. Milton Kiura Njuki	1 st April 2021	3 Years	30 th March 2024
7.	FCPA Dr. Solomon Ngahu	10 th March 2022	3 Years	9 th March 2025
8.	Ms Hannah Njeri Maina	10 th June 2022	3 Years	9 th June 2025

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with Section 81 of the Public Finance Management (PFM) Act, 2015, Laws of Kenya.

Kirinyaga University's Financial Probity and Serious Governance Issues

During the year under review, nothing has come to the attention of the University Council to indicate that Kirinyaga University will not remain a going concern for at least the next twelve months from the date of this statement. Further to this, there was no conflict of interest and nothing was reported by internal auditors, external auditors or

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government agencies providing oversight, which is likely to affect the correctness of these financial statements.


Prof. Mary Ndung'u
Vice Chancellor.

Date...12/2/2024

11. Statement of the University Council Responsibilities.

Section 81 of the Public Finance Management Act, 2012, Laws of Kenya and Kirinyaga University Charter of 7th October, 2016, require the University Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results for that year/period.

The responsibilities of University Council include:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- 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;
- Safeguarding the assets of the University,
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for Kirinyaga University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 Section 81 and the State Corporations Act, revised 2012 Section 14. The Council is of the opinion that the Kirinyaga University financial statements give a true and fair view of the state of the University transactions during the financial year ended June 30, 2023, and of the University financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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Nothing has come to the attention of the University Council to indicate that Kirinyaga 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

Kirinyaga University financial statements were approved by the University Council on 12/02/2024 and signed on its behalf by:



Dr. Idris Muhumed Kosar

Chairman of Council.



Prof. Mary dung'u

Vice Chancellor

REPUBLIC OF KENYA

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

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

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 Kirinyaga University set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2023,

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

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

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with One-Third Basic Salary Rule

The statement of financial performance reflects Kshs.589,084,037 in respect to employee costs. As disclosed in Note 11 to the financial statements, the amount includes Kshs.272,541,910 in respect to basic salaries. Review of payroll records revealed thirty-one (31) employees who were earning less than a third of the basic salaries in different months, contrary to Section 19(3) of the Employment Act, 2007 which provides that, the

total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

2. Employees in Acting Capacity for More than Six Months

Review of employees' records revealed that two (2) employees have been in acting capacity for more than six months contrary to Section 34(3) of the Public Service Commission Act, 2017 which requires public officers to act in an acting capacity for a period of at least thirty days but not exceeding period of six months.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the University's ability to sustain services, disclosing, as applicable, matters related sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or 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 is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

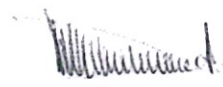
Nairobi


03 April, 2024


Kirinyaga University
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For the year ended June 30, 2023
15 Statement of Financial Performance for the year ended 30 June 2023

		FY 2022/23	FY 2021/22
	Notes	Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the Government- Recurrent	5	360,106,665	359,891,910
Sub Totals		360,106,665	359,891,910
Revenue from exchange transactions			
Rendering of services	7	387,022,053	382,439,707
Rental revenue from facilities	8	1,378,700	1,157,000
Other income	9	17,647,520	14,544,770
Farm Surplus	41	12,695,787	9,696,688
Decrease in Provision for Doubtful Debt	27(b)	497,097	123,972
Sub Totals		419,241,157	407,962,137
Total revenue		779,347,822	767,854,047
Expenses			
Bulk purchases of water and electricity	10	6,502,612	7,238,698
Employee costs	11	589,084,037	527,070,247
Remuneration of council	12	4,395,526	5,302,876
Repairs and maintenance	13	10,828,080	10,296,138
Contracted services	14	16,043,348	15,654,578
Student Welfare	15	8,166,573	6,029,972
Academic cost	16	14,596,699	21,371,768
Administrative costs	17	13,718,959	10,152,374
Finance costs	18	292,398	283,832
General expenses	19	31,188,411	35,693,863
Depreciation and amortization expense	20	83,418,148	74,539,465
Provision for Audit fee	35	696,000	696,000
Provision for Service Gratuity	36	7,592,407	13,840,911
Provision for Obsolete Stock	30	-	127,024
Total expenses		786,523,196	728,297,744
Other Gains/(Losses)			
Surplus for the period		(7,175,375)	39,556,304
Taxation			
Surplus for the period		(7,175,375)	39,556,304

The notes set out on pages 6 to 22 form an integral part of the Financial Statements


Dr. Idris Muhumed Kosar
Chairman of Council
Date 12/2/2024


Prof. Mary Ndung'u
Vice Chancellor
Date 12/02/2024



CPA Peter Kagika
(Mbr No. 9632)
Chief Finance Officer
Date 12/02/2024


14 Statement of Financial Position as at 30 June 2023


ASSETS	Notes	FY 2022/23	FY 2021/22
Current assets		Kshs	Kshs
Cash and cash equivalents	26	84,280,822	86,960,589
Receivables from exchange transactions	27(a)	25,630,260	35,075,099
Receivables from Non exchange transactions	28	8,658,389	-
Investments	29	137,589,836	172,196,823
Inventories	30	1,254,698	4,085,980
		<u>257,414,006</u>	<u>298,318,491</u>
Non-current assets			
Property, Plant and Equipment(PPE)	24	1,942,017,178	1,887,270,532
Biological assets	31	59,481,000	59,920,500
Intangible Assets	32	701,568	3,105,247
Library Books	33	12,276,824	17,732,435
		<u>2,014,476,569</u>	<u>1,968,028,713</u>
Total assets		<u>2,271,890,575</u>	<u>2,266,347,205</u>
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	34	180,446,757	170,586,935
Provision for audit fee	35	1,392,000	1,392,000
		<u>181,838,757</u>	<u>171,978,935</u>
Long term liabilities			
Provision for service gratuity	36	6,833,642	27,193,609
		<u>6,833,642</u>	<u>27,193,609</u>
FUNDS AND RESERVES			
Revaluation Reserves - PPE	37	1,073,211,668	1,073,211,668
Revaluation Reserves - Biological Assets	38	41,975,500	42,415,000
Accumulated surplus	39	62,087,569	69,262,944
Capital fund	40	905,943,439	882,285,050
		<u>2,083,218,176</u>	<u>2,067,174,662</u>
Total Funds, Reserves & Liabilities		<u>2,271,890,575</u>	<u>2,266,347,205</u>

The notes set out on pages 6 to 24 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council members by:


Dr. Idris Muhumed Kosar
Chairman of Council
Date 12/2/2024


Prof. Mary Ndung'u
Vice Chancellor
Date 12/2/2024


CPA Peter Kagika
(Mbr No. 9632)
Chief Finance Officer
Date 12/2/2024

15 Statement of Changes in Net Assets for the year ended 30 June 2023

	CAPITAL FUND	REVALUATION RESERVE (PPE & INTANGIBLE ASSET)	REVALUATION RESERVE (BIOLOGICAL ASSETS)	ACCUMULATED FUNDS	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2021	802,285,050	1,073,211,668	42,415,000	29,706,640	1,947,618,358
Additions in the year (Note 6)	80,000,000	-	-	-	80,000,000
Surplus for the Year	-	-	-	39,556,304	39,556,304
Balance as at 30 June 2022	<u>882,285,050</u>	<u>1,073,211,668</u>	<u>42,415,000</u>	<u>69,262,944</u>	<u>2,067,174,662</u>
Balance as at 1 July 2022	882,285,050	1,073,211,668	42,415,000	69,262,944	2,067,174,662
Additions in the year (Note 6)	23,658,389	-	-	-	23,658,389
Surplus for the Year	-	-	-	(7,175,375)	(7,175,375)
Balance as at 30 June 2023	<u>905,943,439</u>	<u>1,073,211,668</u>	<u>42,415,000</u>	<u>62,087,569</u>	<u>2,083,657,676</u>

16 Statement of Cash Flows for the year ended 30 June 2023

	NOTES	FY 2022/23 Kshs	2021/2022 Kshs
Surplus/(Deficit) for the period		(7,175,375)	39,556,304
Adjustments for:			
Provision for audit fees	35	696,000	696,000
Provision for Depreciation	20	83,418,148	74,539,465
(Decrease) Provision for Doubtful Debt	27(b)	(497,097)	(123,972)
Provision for service gratuity	36	7,592,407	13,840,911
Provision for Obsolete Stock	30	-	127,024
Surplus /Deficit before Working Capital changes		84,034,083	128,635,732
Cash flows from changes in Working Capital			
Decrease Receivables - Exchange transactions	27(a)	9,444,838	2,355,469
Increase Receivables -Non Exchange transactions	28	(8,658,389)	-
Decrease in Inventory	30	2,831,282	1,033,191
Increase in Payables	34	6,157,997	74,088,605
Net cash flows from working capital changes		9,775,728	77,477,265
Net cashflow from/(used) in operating activities		93,809,811	206,112,997
Cash flows from Investing activities			
Purchase of Motorvehicles	24	(19,203,000)	-
Purchase of Computers	24	(8,924,010)	(2,422,391)
Purchase of software	32	(1,002,240)	(376,838)
Purchase of Furniture & Fittings	24	(9,583,354)	(420,110)
Purchase of Plant & Machinery	24	(35,168,494)	(9,426,934)
Purchase of Loss Tools	24	-	(25,140)
Work in progress	25	(52,921,481)	(136,250,432)
Increase/(Decrease) in Fixed Deposit account	29	34,606,987	(60,000,000)
Gratuity paid	36	(27,952,373)	(22,205,743)
Net Cash flows from Investing activities		(120,147,965)	(231,127,587)
Cash flows from financing activities			
Capital fund	6	23,658,389	80,000,000
Net cash flows from financing activities		23,658,389	80,000,000
Net cashflow from/(used) during the year		(2,679,765)	54,985,409
Cash and cash equivalents at the beginning of the year		86,960,587	31,975,178
Cash and cash equivalents at the end of the year		84,280,823	86,960,587

Kirinyaga University
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For the year ended June 30, 2023
Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

1. Recurrent Expenditure

	Original Budget	Adjustment	Final Budget	Actual	Performance Difference	% Of Utilization
	Kshs	Kshs	Kshs	Kshs		
	a	b	c=(a-b)	d	e=(c-d)	F=d/c*100
Revenue						
Transfers from government	513,340,933	(153,234,268)	360,106,665	360,106,665	-	-
Other Income	8,772,309	8,683,343	17,455,652	17,647,520	191,868	1
Rendering of services	291,375,302	127,099,054	418,474,356	387,022,053	(31,452,303)	(8)
Rental income	1,200,000	100,000	1,300,000	1,378,700	78,700	6
Farm Surplus	10,495,525	1,504,475	12,000,000	12,695,787	695,787	6
Total Income	825,184,069		809,336,673	778,850,725		
EXPENSES						
Bulk purchases of water and electricity	12,848,410	(5,908,033)	6,940,377	6,502,612	437,765	6
Employee costs	608,080,000	(216,589)	607,863,411	589,084,037	18,779,374	3
Remuneration of council	8,220,000	(3,750,000)	4,470,000	4,395,526	74,474	2
Repairs and maintenance	11,105,000	611,903	11,716,903	10,828,080	888,823	8
Contracted services	20,383,500	(4,243,738)	16,139,762	16,043,348	96,414	1
Student Welfare	24,602,657	(15,801,875)	8,800,782	8,166,573	634,209	7
Academic cost	20,117,638	(3,987,433)	16,130,205	14,596,699	1,533,507	10
Administrative costs	14,814,300	(525,440)	14,288,860	13,718,959	569,901	4
Finance costs	300,000	-	300,000	292,398	7,602	3
General expenses	93,905,563	(58,895,658)	35,009,905	31,188,411	3,821,494	11
Provision for Audit fee	696,000	-	696,000	696,000	-	-
Provision for service gratuity	8,000,000	-	8,000,000	7,592,407	407,593	5
Total expenditure	823,073,068		730,356,205	703,105,048		

2. Development/Capital Expenditure

	Original Budget	Adjustment	Final Budget	Actual	Performance Difference	% Variance
Tuition Complex	22,402,000	(18,458,935)	3,943,065	-	3,943,065	100
Lecture Theatre	400,000,000	(380,284,676)	19,715,324	25,066,284	(5,350,960)	(27)
Furniture	15,000,000	(5,436,392)	9,563,608	9,583,354	(19,746)	(0)
Foot bridge	7,500,000	(5,500,000)	2,000,000	1,851,962	148,038	7
University vehicles	20,000,000	(1,000,000)	19,000,000	19,203,000	(203,000)	(1)
Expansion of examination office	-	2,500,000	2,500,000	2,695,790	(195,790)	(8)
Lecture theatre external works	7,500,000	17,601,730	25,101,730	23,307,445	1,794,286	7
Library books	5,000,000	(1,300,000)	3,700,000	3,502,923	197,077	5
Equipment(engineering)	67,224,000	(31,224,000)	36,000,000	35,168,494	831,506	2
Computer & ICT infrastructure	8,500,000	886,367	9,386,367	9,436,010	(49,643)	(1)
	553,126,000	(422,215,906)	130,910,094	129,815,262		

NB/The items with no budget were approved in previous budget hence the difference was as a result of timing difference.

Notes to the Financial Statements (Continued)

1. General Information

Kirinyaga University is a fully chartered public University, granted Charter by His Excellency Hon. Uhuru Kenyatta the President of the Republic of Kenya on 7th October 2016. It is owned by the government of Kenya and is domiciled in Kenya. The mandate of the University is derived from the Universities Act No. 42 of 2012, Laws of Kenya. The main objective of the University is to provide, directly or indirectly through collaboration with other institutions of higher learning, University education including scientific and professional education, and technology transfer for effective application of knowledge and skills in life, work and welfare of the citizens of Kenya.

2. Statement of compliance and basis of preparation

Kirinyaga University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared in accordance with PFM Act, 2012, Laws of Kenya, and the State Corporation and International Public Sector Accounting standard (IPSAS) accrual basis.

3. Adoption of new and revised standards.

Kirinyaga University is a non-profit making organization and hence was not affected by IPSAS 40 on Public Sector Combinations during the year under review.

Kirinyaga University adopt IPSAS 41 on financial instruments effective from 1st January 2023 to provide users with information on interest receivable as a result of fixed and on call deposits.

The University adopt IPSAS 42 on social benefits effective from 1st January 2023 to enhance revenue mobilization strategies from all stake holders. This will improve the University's corporate social responsibility and also improve financial performance.

Notes to the Financial Statements (Continued)

4. Summary of significant accounting policies

(a) Revenue recognition

Revenue from exchange transactions

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

(ii) Rental income

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

(iii) Interest income

This relates to held-to-maturity investments with commercial banks. The entity determines the classification of its financial assets at initial recognition.

(iv) Farm

University operates a farm for coffee, tea and horticulture. The proceeds of the farm are recognised in the financial statement net of related cost.

(v) Revenue from non-exchange transactions

The University recognizes revenue from transfers from government once they are included in the printed estimates and the outcome of the transaction can be estimated reliably. The University has received recurrent grant amounting to Kshs. 360,106,665.00 as follows:

a)	Recurrent expenditure		
i.	3 rd August 2022	-	Kshs. 30,008,889
ii.	8 th September 2022	-	Kshs. 30,008,889
iii.	3 rd October 2022	-	Kshs. 30,008,888
iv.	10 th November 2022	-	Kshs. 30,008,889
v.	12 th December 2022	-	Kshs. 30,008,889
vi.	30 th December 2022	-	Kshs. 30,008,888

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vii.	3 rd February 2023	-	Kshs. 30,008,889
viii.	17 th March 2023	-	Kshs. 30,008,889
ix.	14 th April 2023	-	Kshs. 30,008,885
x.	5 th May 2023	-	Kshs. 30,008,890
xi.	9 th June 2023	-	Kshs. 30,008,890
xii.	27 th June 2023	-	<u>Kshs. 30,008,890</u>
Total:			<u>Kshs. 360,106,665</u>

Development

During the FY 2022/23, the University received capital grant amounting to Kshs. 23,658,389.00 as follows;

i)	30 th September 2022	-	Kshs. 15,000,000
ii)	4 th July 2023	-	<u>Kshs. 8,658,389</u>
Total:			<u>Kshs. 23,658,389</u>

b) Budget information

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

(c) 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. 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.

Notes to the Financial Statements (Continued)

Depreciation

The University land is a freehold property and not subjected to amortization. Fixed assets have been depreciated using straight line method to write off the costs of the assets over their useful economic life at the following rates;

Land	Nil
Building	2%
Furniture and Fittings	12.5%
Motor Vehicles	25%
Computers and Accessories	30%
Intangible assets	30%
Plant and Equipment	12.5%
Library Books	20%
Loose tools	25%

Depreciation is charged fully in the year of acquisition and no depreciation charged in the year of disposal.

(d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at

Notes to the Financial Statements (Continued)

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 entity.

Library books

Library books relate to books purchase and they are treated as fixed assets hence depreciated at 20% straight line Method. These are deemed to be used by the student hence represented in the financial statements.

(e) Employee benefits

Retirement benefit plans

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

Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts (through employee contributions and, if applicable, employer contributions) plus any investment earnings on the money in the account.

(f) Foreign currency transactions

There were no foreign currency transactions during the period under review.

Notes to the Financial Statements (Continued)

(g) 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.

(h) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statement for the year ended June 30, 2023.

(i) Receivables

Receivables are recognized when commitments are effected at their fair value and there is no policy in place for their provisions.

(j) Trade payables

Trade payables are nearly always classified as current liabilities, since they are usually payable within one year. If that is not the case, then such payables can be classified as long-term liabilities. A longer-term liability typically has an interest payment associated with it, and so is more likely to be classified as long-term debt.

(k) Nature and purpose of reserves

Kirinyaga University creates and maintains reserves in terms of specific requirements. The entity has the following reserves:

Revaluation Reserve. This reserve was occasioned by the fact that the University valued all its assets in June 2020. It represents the difference between the net book value as at June 30, 2023 and the revalued amount.

Accumulated Surplus. This reserve represents the accumulated surplus over years.

Capital fund. This relate to development funds made to the University.

(l) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

(m) Biological assets

Kirinyaga University accounting treatment and disclosures related to Agricultural activity is provided for in these financial statements. These activities have been measured at fair value less estimated cost to sell at the point of harvest or at the point of disposal.

(n) Significant judgements and sources of estimation uncertainty

The preparation of Kirinyaga University 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. Nothing has come to the attention of the University Council that can result to contingent liability or asset.

(o) Related parties' disclosures

In accordance to IPSAS 20, Kirinyaga University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University. The University Council and the key management are regarded as related parties and comprise the Chancellor, Vice Chancellor, Deputy Vice Chancellors, Registrars, Deans of Schools, Chairmen of Departments and Heads of sections in the University.

National Government is also a related party to the University by the factual of it being formed by the Act of Parliament through the University Charter of 7th October, 2016.

(p) Disclosure on financial risk management

Credit risk - Credit risk refers to the risk that the students will default fees by failing to make required payments. To manage this risk, the University ensures that students with fees balances are not issued with examination cards hence they cannot sit for examinations.

Notes to the Financial Statements (Continued)

Trade receivables

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As at 30 June 2023	Fully performing	Between 0-5months	Over 5 Months
Student Receivables	9,128,814	-	-
Deposit with Financial Institution	137,589,836	137,589,836	
Accrued Interest on Call Deposits	3,229,375	3,229,375	-
Bank Balance	84,280,822	-	-
Totals	234,228,847		
As At 30 June 2022			
Student Receivables	9,679,008	-	-
Deposit with Financial Institution	172,196,823	172,196,823	-
Accrued Interest on Call Deposits	4,644,388	4,644,388	-
Bank Balance	86,960,589	-	-
Totals	273,480,808		

Liquidity risk - Liquidity risk is the risk to an institution's financial condition or safety and soundness arising from its inability to meet its contractual obligations. To manage this risk, Kirinyaga University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time.

	Less than 1 month Kshs	Between 1-5 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2023				
Trade payables	131,062,420	4,665,008	44,719,328	180,446,757
	=====	=====	=====	=====
At 30 June 2022				
Trade payables	4,231,650	87,874,000	78,481,285	170,586,935
	=====	=====	=====	=====

Notes to the Financial Statements (Continued)

(q) On call / Fixed Deposit Kshs. 137,589,836.00 (One hundred thirty seven million, five hundred eighty nine thousand, eight hundred thirty six only)

1. Kshs. 1,115,000.00 (One Million hundred thousand only) is a bank guarantee with KCB Bank Ltd for fuelling with Rubis Energy Kenya.
2. Kshs. 123,196,008.00 (One hundred twenty-three million, one hundred ninety-six thousand, eight only) deposited in a call deposit account with Equity Bank Ltd at a rate of 8% per annum for the payment of staff gratuity and University projects retention funds.
3. Kshs. 13,278,828, (Thirteen Million, two hundred seventy-Eight, Eight Hundred Twenty-Eight Only) deposited in a call deposit account with KCB Bank Ltd at a rate of 5% per annum for payment of staff gratuity.

(r) Comparative information

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

(s) Related Party Disclosures

During the financial year the University paid Kshs. 4,395,526.00 to Council and Kshs. 53,283,521.00 to the top management.

(t) Capital Commitment

The University had an approved capital budget of Kshs. 23,658,389.00 and received Kshs. 23,658,389 from the Ministry of Education, State department of University and research during the year under review.

(u) Ultimate and Holding Entity

Kirinyaga University is a Semi - Autonomous Government Agency under Ministry of Education.

(v) Currency

The financial statements are presented in Kenyan shillings (Kshs.)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	FY 2022/23	FY 2021/22
5 TRANSFER FROM THE GOVT - RECURRENT		
July	30,008,889	29,886,192
August	30,008,889	29,886,192
September	30,008,888	29,886,191
October	30,008,889	29,886,192
November	30,008,889	29,886,192
December	30,008,888	29,886,192
January	30,008,889	29,886,192
February	30,008,889	29,886,192
March	30,008,885	29,886,192
April	30,008,890	29,886,192
May	30,008,890	30,514,995
June	30,008,890	30,514,996
	<u>360,106,665</u>	<u>359,891,910</u>
6 TRANSFER FROM THE GOVT - DEVELOPMENT		
August	-	40,000,000
September	15,000,000	-
June	8,658,389	40,000,000
Total	<u>23,658,389</u>	<u>80,000,000</u>

NB/This amount relates to Development grant recognised in changes in Net asset Statement.

Detailed analysis of the grants received by Kirinyaga University

Name of the entity sending the Grant	Amount recognized to Statement of Financial Performance	Amount recognised in capital fund	Prior Year FY 2021/2022
MoE -Reccurent	360,106,665	-	359,891,910
MoE -Development	-	23,658,389	80,000,000
Total	<u>360,106,665</u>	<u>23,658,389</u>	<u>439,891,910</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	FY 2022/23	FY 2021/22
7 RENDERING SERVICES		
Tuition and other fees	387,022,053	382,439,707
	<u>387,022,053</u>	<u>382,439,707</u>
8 RENTAL REVENUE		
Staff Houses	1,378,700	1,157,000
Totals	<u>1,378,700</u>	<u>1,157,000</u>
9 OTHER INCOMES		
Sale of tender forms	4,000	10,000
Sale of Water bottles	124,738	116,628
Medical & Other Income	24,300	52,460
Kitchen sales	4,282,660	4,510,675
Interest Income	10,217,632	8,471,784
Bursary fund Donations	176,910	15,000
Hire of Facilities	1,118,640	1,368,223
Research Income	1,698,640	-
TOTAL INCOME	<u>17,647,520</u>	<u>14,544,770</u>
10 BULK PURCHASE OF WATER AND ELECTRICITY		
Electricity expenses	6,109,022	6,411,468
Water expenses	393,590	827,230
	<u>6,502,612</u>	<u>7,238,698</u>
11 EMPLOYEE COSTS		
Basic Salaries	272,541,910	239,635,059
Casual workers	2,240,488	3,971,230
House allowances	117,990,670	105,307,565
Part time teaching	55,161,165	46,143,698
Pension	49,408,895	39,077,197
House to Office allowance	26,580,962	25,043,863
Other personal allowances	37,660,904	36,741,425
Passage & Baggage	138,021	114,806
Staff Medical Cover	27,361,021	31,035,404
	<u>589,084,037</u>	<u>527,070,247</u>
12 RENUMERATION OF COUNCIL		
Chairman's Allowance	1,020,000	1,020,000
Sitting Allowance	2,540,000	3,320,000
Travelling & Accommodation	835,526	462,876
Chancellor Allowance	-	500,000
	<u>4,395,526</u>	<u>5,302,876</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	FY 2022/23	FY 2021/22
13 <u>REPAIRS AND MAITENANCE</u>		
Vehicle repairs	1,856,097	1,634,719
Maintenance of Buildings	7,595,815	6,863,811
Machine & Equipment repairs	1,376,168	1,797,608
	<u>10,828,080</u>	<u>10,296,138</u>
14 <u>CONTRACTED/PROFESSIONAL SERVICES</u>		
Asset Tagging	998,673	-
Legal Services	1,138,086	255,000
ISO Expenses	150,000	1,288,598
House Keeping/Cleaning Services	9,968,200	9,582,751
Security Services	3,788,389	4,528,229
	<u>16,043,348</u>	<u>15,654,578</u>
15 <u>STUDENTS WELFARE</u>		
Students games	2,500,536	1,549,700
Students medical expenses	2,334,188	1,697,890
Fees refunds	605,429	1,578,442
Students Entertainment	2,329,821	798,340
KYU Students union	396,600	405,600
	<u>8,166,573</u>	<u>6,029,972</u>
16 <u>ACADEMIC COSTS</u>		
Curriculum Development	1,097,052	310,048
Attachement expenses	1,918,759	575,075
Student admision Expense	1,766,000	10,284,000
Gratuation Expense	1,775,986	1,285,043
Teaching materials	7,568,466	5,632,178
Research Expenses	470,436	3,285,424
	<u>14,596,699</u>	<u>21,371,768</u>
17 <u>ADMINISTRATIVE COSTS</u>		
Travelling and accommodation	5,707,218	5,276,976
Stationery	8,011,741	4,875,398
	<u>13,718,959</u>	<u>10,152,374</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 <u>FINANCE COSTS</u>	FY 2022/23	FY 2021/22
Bank charges	292,398	283,832
	<u>292,398</u>	<u>283,832</u>
19 <u>GENERAL EXPENSES</u>		<u>Kshs</u>
Conferences & Seminars	1,487,120	3,611,985
Internet expenses	8,060,126	9,344,360
Vehicle licenses & insurance	2,613,112	2,029,072
Purchase of Uniforms	433,951	777,256
Vehicle fuel and oil	4,127,436	3,865,526
Advertisement & Marketing	2,196,529	2,640,815
Staff Welfare & Trainings	522,439	1,801,050
News papers	235,385	265,077
Telephone & Postage expenses	122,743	135,283
Subscription to Professional bodies	1,148,980	821,880
Cleaning Materials	205,046	1,202,001
Public celebrations/Demise	180,000	380,000
Catering expenses	9,786,144	8,746,869
Corporate Social Responsibility	69,400	72,690
Totals	<u>31,188,411</u>	<u>35,693,863</u>
20 <u>Depreciation and Amotization Expense</u>		
Property Plant and Equipment	71,053,694	57,981,760
Intangible Asset Amortization	3,405,919	8,299,755
Library Books	8,958,534	8,257,950
Total	<u>83,418,148</u>	<u>74,539,465</u>
21 <u>PROVISION FOR AUDIT FEE</u>		
Annual Audit Fee Provision	696,000	696,000
	<u>696,000</u>	<u>696,000</u>
22 <u>PROVISION FOR OBSOLETE STOCK</u>		
Provision for Obsolete Stock	-	127,024
	<u>-</u>	<u>127,024</u>
23 <u>PROVISION FOR SERVICE GRATUITY</u>		
Provision for Service Gratuity	7,592,407	13,840,911
	<u>7,592,407</u>	<u>13,840,911</u>

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Note 24 : Property, Plant and Equipment

Details	LAND	BUILDING	MOTOR VEHICLES	COMPUTER & ACCESSORIES	PLANT & EQUIPMENT	FURNITURE & FITINGS	LOOSE TOOLS	WORK IN PROGRESS	TOTAL
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
Cost as at 01/07/2021	911,700,000	392,666,291	44,032,402	18,891,333	68,861,110	23,853,344	3,559,448	397,984,388	1,861,548,316
Additions for the period	-	-	-	2,422,391	9,426,934	420,110	25,140	135,551,384	147,845,959
Transfers	-	320,822,492	-	32,096,875	25,148,798	-	-	(378,068,165)	-
As at 30/06/2022	<u>911,700,000</u>	<u>713,488,783</u>	<u>44,032,402</u>	<u>53,410,599</u>	<u>103,436,842</u>	<u>24,273,454</u>	<u>3,584,588</u>	<u>155,467,607</u>	<u>2,009,394,275</u>
Additions for the period	-	-	19,203,000	8,924,010	35,168,494	9,583,354	-	52,921,481	125,800,339
Transfers	-	-	-	-	-	-	-	-	-
As at 30/06/2023	<u>911,700,000</u>	<u>713,488,783</u>	<u>63,235,402</u>	<u>62,334,609</u>	<u>138,605,336</u>	<u>33,856,808</u>	<u>3,584,588</u>	<u>208,389,088</u>	<u>2,135,194,614</u>
<u>Depreciation</u>									
Depreciation as at 01/07/2021	-	15,362,626	22,016,201	8,956,612	12,311,444	4,071,319	1,423,779	-	64,141,981
Depreciation of the disposed asset	-	-	-	-	-	-	-	-	-
Charge for the period	-	14,269,776	11,008,101	16,023,180	12,929,605	3,034,182	716,918	-	57,981,760
As at 30/06/2022	-	29,632,402	33,024,302	24,979,792	25,241,049	7,105,501	2,140,697	-	122,123,741
Depreciation of the disposed asset	-	-	-	-	-	-	-	-	-
Charge for the period	-	14,269,776	15,808,851	18,700,383	17,325,667	4,232,101	716,918	-	71,053,694
As at 30/06/2023	-	43,902,177	48,833,152	43,680,174	42,566,716	11,337,602	2,857,614	-	193,177,436
Net Book value as at 30/06/2023	<u>911,700,000</u>	<u>669,586,606</u>	<u>14,402,250</u>	<u>18,654,435</u>	<u>96,038,620</u>	<u>22,519,206</u>	<u>726,974</u>	<u>208,389,088</u>	<u>1,942,017,178</u>
Net Book value as at 30/06/2022	<u>911,700,000</u>	<u>683,856,381</u>	<u>11,008,101</u>	<u>28,430,807</u>	<u>78,195,793</u>	<u>17,167,953</u>	<u>1,443,891</u>	<u>155,467,607</u>	<u>1,887,270,532</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 <u>WORK-IN-PROGRESS</u>	Bal B/D At 01/7/2022	As Additions During the year	Bal C/D As At 30/06/2023
Lecture Theatre	150,680,326	25,066,284	175,746,610
External Works at Lecture Theatre	4,787,281	23,307,445	28,094,726
Foot Bridge	-	1,851,962	1,851,962
Exam Office Extension	-	2,695,790	2,695,790
	<u>155,467,607</u>	<u>52,921,481</u>	<u>208,389,088</u>
26 <u>CASH AND BANK BALANCES</u>			
<u>Kenya comercial bank</u>	Account No.	FY 2022/23	FY 2021/22
Current Account	1135935173	49,658,803	38,786,899
Fees collection Account	1104016028	9,472,846	7,709,556
Development Account	1164419137	254,118	833,832
<u>Equity bank</u>			
Fee collection Account	0100299420333	9,683,259	3,172,189
<u>Cooperative bank</u>			
Fees collection Account	01129489200000	9,043,898	25,374,814
Farm Account	01120489200000	2,795,534	7,273,545
Giachai Farm Account	01120489200001	3,336,216	3,778,310
Cash balances		36,150	31,445
		<u>84,280,822</u>	<u>86,960,589</u>
27(a) <u>RECEIVABLES FROM EXCHANGE TRANSACTIONS</u>			
Student debtors		9,128,814	9,679,008
K.P.L.C. deposits		984,500	984,500
Accrued Interest - KCB Bank		-	55,582
Accrued Interest - Equity Bank		3,229,375	4,588,806
Accrued Lease Income		2,334,100	2,538,575
Rent Deposit		19,500	-
Prepaid Insurance		11,282,933	19,074,685
		<u>26,979,221</u>	<u>36,921,156</u>
Less Provision For Doubtful Debt @ 5%		(1,348,961)	(1,846,058)
Net Receivables		<u>25,630,260</u>	<u>35,075,099</u>
27(b) <u>PROVISION FOR DOUBTFUL DEBT ANALYSIS</u>			
Balance C/D		1,348,961	1,846,058
Balance B/D		(1,846,058)	(1,970,030)
Increase/(Decrease) in Provision for Doubtful dept		<u>(497,097)</u>	<u>(123,972)</u>
28 <u>RECEIVABLES FROM NON EXCHANGE TRANSACTIONS</u>			
MOEST		8,658,389	-
		<u>8,658,389</u>	<u>-</u>
29 <u>INVESTMENT</u>			
On call Deposit - KCB Bank		14,393,828	13,878,828
On call Deposit - Equity Bank		123,196,008	158,317,995
		<u>137,589,836</u>	<u>172,196,823</u>
NB/ This is money set aside on call deposit for Retention fund and staff Gratuity.			
30 <u>INVENTORIES</u>			
Stock		1,254,698	4,213,004
Less Provision for Obsolete Stock		-	(127,024)
		<u>1,254,698</u>	<u>4,085,980</u>

NB/This Inventory represent repair materials in the store.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 <u>BIOLOGICAL ASSETS</u>	FY 2022/23	FY 2021/22
64,108 Coffee trees	19,500,000	19,500,000
148,052 Tea bushes	37,500,000	37,500,000
4.5 acres Banana Plantation	850,000	850,000
28 Avocado trees	140,000	140,000
15 Macandamia trees	172,500	172,500
2.5 acres Agroforest	1,318,500	1,758,000
Total	<u>59,481,000</u>	<u>59,920,500</u>
This was at net realisable value		
 32 <u>INTANGIBLE ASSETS</u>		
Cost at the beginning of the year	27,665,850	27,289,012
Additional	1,002,240	376,838
Cost at the end of the year	<u>28,668,090</u>	<u>27,665,850</u>
Amortization		
At the beginning of the year	24,560,603	16,260,848
Amortization for the Year (30%)	3,405,919	8,299,755
At the end of the year	<u>27,966,522</u>	<u>24,560,603</u>
 Net Book Value	 <u>701,568</u>	 <u>3,105,247</u>
NB/These are software.		
 33 <u>LIBRARY BOOKS</u>		
Cost at the beginning of the year	41,289,749	41,289,749
Additional	3,502,923	-
Cost at the end of the year	<u>44,792,672</u>	<u>41,289,749</u>
Depreciation		
At the beginning of the year	23,557,314	15,299,364
Depreciation for the Year (20%)	8,958,534	8,257,950
At the end of the year	<u>32,515,848</u>	<u>23,557,314</u>
 Net Book Value	 <u>12,276,824</u>	 <u>17,732,435</u>
 34 <u>TRADE AND OTHER PAYABLES</u>		
Student creditors	52,228,270	3,006,105
Trade Creditors- Recurrent	83,499,159	78,542,717
Trade Creditors - Development	21,812,977	33,616,883
Retention funds	22,906,351	55,421,230
Total	<u>180,446,757</u>	<u>170,586,935</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	FY 2022/23	FY 2021/22
35 <u>AUDIT FEES</u>		
Balance b/f	1,392,000	1,392,000
Paid in the Year	(696,000)	(696,000)
Provision Audit fees for the Year	696,000	696,000
Balance c/d	<u>1,392,000</u>	<u>1,392,000</u>
36 <u>PROVISION FOR SERVICE GRATUITY</u>		
Balance b/f	27,193,609	35,558,441
Add provision for the year	7,592,407	13,840,911
Gratuity paid during the year	(27,952,373)	(22,205,743)
Balance c/d	<u>6,833,642</u>	<u>27,193,609</u>
37 <u>REVALUATION RESERVE - PPE</u>		
Balance b/f	1,073,211,668	1,073,211,668
Additions for the Year	-	-
Balance c/d	<u>1,073,211,668</u>	<u>1,073,211,668</u>
38 <u>REVALUATION RESERVE (BIOLOGICAL ASSETS)</u>		
Balance b/f	42,415,000	42,415,000
Reduction during the Year	(439,500)	-
Balance c/d	<u>41,975,500</u>	<u>42,415,000</u>
39 <u>ACCUMULATED SURPLUS</u>		<u>Kshs</u>
Balance b/f	69,262,944	29,706,640
Surplus/(Deficit) for the period	(7,175,375)	39,556,304
Balance c/d	<u>62,087,569</u>	<u>69,262,944</u>
40 <u>CAPITAL FUND</u>		
Balance b/f	882,285,050	802,285,050
Development fund	23,658,389	80,000,000
Balance c/d	<u>905,943,439</u>	<u>882,285,050</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 FARM ACCOUNTS	FY 2022/23	FY 2021/2022
<u>Revenue</u>		
Coffee	1,995,525	1,995,525
Tea income	10,677,150	10,407,847
Horticulture	110,335	545,193
Sale of Trees	2,453,350	-
Total Income	15,236,360	12,948,565
<u>Expenditure</u>		
Tea picking casuals	2,062,208	1,913,304
Tea pruning	97,000	99,730
Fertilizers & Inputs	303,861	1,114,772
Horticulture expenses	8,500	63,780
Farm staff welfare	24,510	16,780
Farm travelling charges	10,560	12,760
Electricity Water & Conservation	33,933	30,751
Total Expenditure	2,540,572	3,251,877
Sulplus for the year	12,695,787	9,696,688

19. Appendix

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1.0	Delay Projects Implementation	The project have been completed.	Vice Chancellor	Completed	Completed
2.0	Non-compliance to one third Basic Salary Rule	This was affected by change of tax rate as a result of president's directive on tax waiver to citizens during Covid 19 Pandemic and staff locked the waiver to loans.	Vice Chancellor	The vice chancellor has developed a check point in finance department to ensure that staff are not committing more than two thirds of their basic salary to loans.	Continuous
3.0	Ethnicity Diversity Compliance.	The management will continue advertising for jobs in the newspapers to attract all ethnic communities and also consider those candidates who apply and qualify, and are from other ethnic	Vice Chancellor	Close monitoring is being done	Continuous

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		communities <i>vide</i> the affirmative action.			
4.0	Fiscal Responsibility principle on compensation of employees	Kirinyaga University being a teaching & learning institution, it is deemed to be a service oriented entity where big percentage of expenses will go to salaries.	Vice Chancellor	Close monitoring is being done	Continuous

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APPENDIX II: Projects Implemented by the University

Projects

Projects implemented by the Kirinyaga University funded by the government.


Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Tuition Complex	KyU/TC1/001/2016/2017	GOK		Fully Committed	No	Yes
Multipurpose Lecture Theatre	KyU/LTH/001/2016/2017	GOK		Fully Committed	No	Yes


Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Tuition Complex	1,200,000,000	366,772,236	30.6 %	1,200,000,000	1,200,000,000	GOK
2	Multipurpose Lecture Theatre	208,149,185	175,746,610	100 %	208,149,185	208,149,185	GOK

APPENDIX III: INTER-ENTITY TRANSFERS

	Date Received	Nature	Total	Recognition	
				Statement of Financial Performance	Capital Fund
Ministry of Education State Department for University Education	3/8/2022	Recurrent Grants	30,008,889	30,008,889	-
	8/9/2022	Recurrent Grants	30,008,889	30,008,889	-
	30/9/2022	Development Grant	15,000,000	-	15,000,000
	3/10/2022	Recurrent Grants	30,008,888	30,008,888	-
	10/11/2022	Recurrent Grants	30,008,889	30,008,889	-
	9/12/2022	Recurrent Grants	30,008,889	30,008,889	-
	30/12/2022	Recurrent Grants	30,008,888	30,008,888	-
	3/2/2023	Recurrent Grants	30,008,889	30,008,889	-
	17/3/2023	Recurrent Grants	30,008,889	30,008,889	-
	14/4/2023	Recurrent Grants	30,008,885	30,008,885	-
	5/5/ 2023	Development Grant	30,008,890	30,008,890	-
	9/6/2023	Recurrent Grants	30,008,890	30,008,890	-
	27/6/ 2023	Recurrent Grants	30,008,890	30,008,890	-
	4/7/2023	Development Grant	8,658,389	-	8,658,389
	Totals			383,765,054	360,106,665


Prof. Mary Ndung'u
Vice Chancellor
Kirinyaga University


CPA Peter Kagika
Chief Finance Officer
Kirinyaga University

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Date received as per bank statement	Nature	Total Amount - KES	Statement of Financial Performance	Receivables	Total Transfers during the Year
N/A	N/A	N/A	N/A	N/A	N/A	N/A