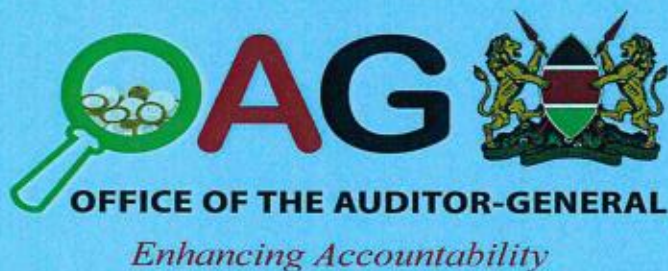
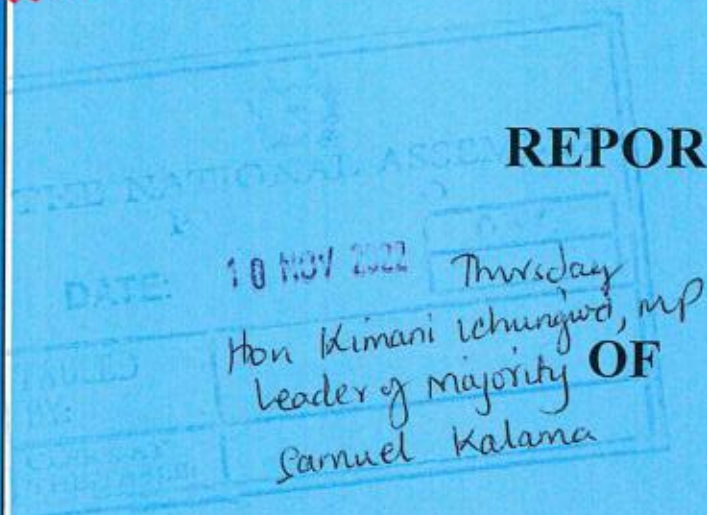


REPUBLIC OF KENYA



REPORT



THE AUDITOR-GENERAL

ON

**DEDAN KIMATHI UNIVERSITY
OF TECHNOLOGY**

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



DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021

**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

Dedan Kimathi University of Technology (DeKUT) was established under the University's Act 2012 by the Government of Kenya in December 2012. It is a Public University that focuses exclusively on Technology and has a Campus based at the Nairobi Central Business District, Pension Towers, along Loita street. It is the successor of Kimathi University College of Technology (KUCT), a constituent college of Jomo Kenyatta University of Agriculture and Technology (JKUAT), which was established in 2007. The University offers a wide range of programmes both at the undergraduate and postgraduate level in various Schools and Institutes.

These include: Computer Science and Information Technology, Engineering, Applied Sciences, Food Science and Technology, Health Science, Business Management and Economics, Geothermal Energy Technology, Geomatics, Geospatial Information Systems and Remote Sensing, Tourism and Hospitality and Technical and Professional Studies. The University also offers diploma and Certificate courses for mid-level technical skills. The programmes offered by the University are approved by Senate and other designated bodies like the Engineers Board of Kenya (EBK) and the Commission for University Education (CUE).

(b) Principal Activities

DeKUT's mandate is derived from the overriding objectives of University education in Kenya as stipulated in the Universities' Act 2012. These include: -

- a) Advancement of knowledge through teaching, scholarly research and scientific investigation;
- b) Promotion of learning in the student body and society generally;
- c) Promotion of cultural and social life of society;
- d) Support and contribution to the realization of national economic and social development;
- e) Promotion of the highest standards in, and quality of, teaching and research;
- f) Dissemination of the outcomes of the research conducted by the university to the general community;
- g) Facilitation of life-long learning through provision of adult and continuing education;
- h) Fostering of a capacity for independent critical thinking among its students;
- i) Promotion of gender balance and equality of opportunity among students and employees.
- j) Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

In the discharge of her mandate, the University is further guided by the National Values and Principles of Governance as set out in Article 10 of the Constitution. The University also takes cognizance of other relevant legal, regulatory guidelines and Government Circulars.

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also discusses the management letter by the Kenya National Audit office and the responses by the University Management at the end of each financial year's audit. The Committee also ensures that corrective actions are taken on internal and external audit recommendations. They also monitor and ensure timely implementation of the recommended corrective actions.

The Committee is also responsible for the implementation of the risk management framework in the University and compliance to statutory laws, rules and regulations. The Committee approves the internal audit work plan for the year and supervises the plan's implementation. They also approve all relevant policies supporting the Audit Risk and Compliance Department.

DeKUT has an established Audit, Risk and Compliance Department which supports this oversight role.

ii) Finance committee activities

The University Council has a Finance Committee which provides oversight and advices on matters relating to the financial position of the University. The Committee meets in every quarter to monitor the University's financial key performance indicators and performance against the annual budget. It also advices Council on the financial performance and sustainability of the University. In the periodic meetings, the Committee also discusses and determines the University's financial policies and regulations that are to be applied in a fiscal year.

At the beginning of each financial year/ the Finance Committee recommends to Council the approval of the annual University's budget and the medium term financial forecasts which are forwarded to the parent Ministry and to Treasury for approvals and funding. At the end of the financial year, the Committee receives the annual accounts of the University discusses them and recommends their approval to Council.

DeKUT has an elaborate staffing structure and facilities that support the finance operations of the University.

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(g) Entity Headquarters

Along Nyeri-Mweiga Road
Dedan Kimathi, Private Bag- 10143
Nyeri, Kenya

(h) Entity Contacts

Tel: 061-2050000
Website: www.dkut.ac.ke
Email: vc@dkut.ac.ke

(i) Entity Bankers

1. Consolidated Bank Nyeri Branch
P. O. Box 935-10100,
Nyeri-Kenya.
2. Kenya Commercial Bank Nyeri Branch
P.O Box 215-10100,
Nyeri-Kenya.
3. Standard Chartered Bank Nyeri Branch
P. O. Box 1-10100,
Nyeri-Kenya.
4. Equity Bank Nyeri Kimathi Way Branch
P.O. Box 75104-10100
Nyeri-Kenya.
5. Family Bank Nyeri Branch
P.O. Box 74145-10100
Nyeri-Kenya.

(j) Independent Auditors

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

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(k) Principal Legal Adviser
Attorney General of Kenya

Other Legal Advisors

Ms. Nelius Mwangi
Principal Legal Officer
Dedan Kimathi University of Technology
Private Bag, 10143
Dedan Kimathi, Nyeri

Mr. John Rukioyah
Assistant Legal Officer
Dedan Kimathi University of Technology
Private Bag, 10143
Dedan Kimathi, Nyeri



Wahome Gikonyo & Co Advocates,
Kona hauthi Suite F5,
Second Floor,
Kanisa Road/Kimathi Way,
P.O. Box 2088-10100,
NYERI.

Patricks Law Associates (PLASS Advocates),
Old Mutual Building, 4th Floor,
Suite 401, Kimathi Street,
P.O. Box 16727-00100 G.P.O.,
NAIROBI



2. THE UNIVERSITY COUNCIL MEMBERS

<p>1. Dr. Jane Nyakang'o - Council Chairperson</p>  <p>Dr. Jane was born on 1st January, 1967. She holds a B. Sc in Chemistry from Kenyatta University, M. Sc Environmental Science & Technology, with distinction, from IHE-Delft,</p>	<p>Netherlands, an MBA Strategic Management and PhD Environmental Policy from the University of Nairobi.</p> <p>Currently, she is the Managing Director, Kenya National Cleaner Production Centre. She has previously worked as a Research Officer, Kenya Industrial Research & Development Institute (KIRDI) and the Head, Energy & Environment Division, Kenya Industrial Research & Development Institute (KIRDI).</p>
<p>2. Dr. Janet Kabeberi Macharia - Council Member</p>  <p>Dr. Janet was born on 18th August 1962. She was admitted as an advocate, High Court of Kenya, in September 1987. She holds a degree in law from the University of Nairobi, a diploma in law from Kenya School of Law, a master of law from Columbia University, New York, USA, a Diploma in Women's Law, Women's Law Institute, Oslo Norway and a Ph.D. in</p>	<p>Warwick, England.</p> <p>She is currently the Head, Gender and Social Safeguards Unit & Senior Gender Adviser United Nations Environment, (UNEP), Nairobi, Kenya (Global). She has previously worked in various capacities as the Regional Gender and Development Specialist/Policy Advisor: United Nations Development Programme, Regional Service Centre, Johannesburg, South Africa; National Programme Officer: United Nations Development Fund for Women (UNIFEM), Regional Office for East, Central and Horn of Africa, in Nairobi, Kenya; Regional Coordinator and Founder: Women and Law in East Africa (WLEA) Research Network, based in Nairobi, Kenya covering Kenya, Uganda and Tanzania and a Senior Lecturer Faculty of Law, University of Nairobi, Kenya.</p>

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<p>Law from University of</p> <p>3. Mr. Raphael Anampiu - Independent Council Member</p>  <p>Mr. Anampiu was born on 22nd March, 1984. He holds a Bachelor of Commerce Degree, Finance Option as well as an MBA, Strategic Management from the University of Nairobi. He is also an affiliate member of the Association of Chartered Certified Accountants.</p>	<p>Currently, he serves as an Executive Director at Alpha Commercial Bank based in South Sudan and is also a Founding Partner of Flex Money Transfer, an entity focused on Global Remittances that is regulated and licensed by the Central Bank of Kenya. He previously worked with Stanbic Bank in various senior roles including heading the Banks Transactional Banking business in South Sudan and its Cash Management Business in Kenya.</p>
<p>4. Prof. Ruthie C. Rono– Independent Council Member</p>  <p>Prof. Ruthie was born on 15th August, 1954. She holds a MA in Educational Psychology from the University of Cincinnati, Ohio, USA and a PhD in</p>	<p>Educational Psychology from Kenyatta University.</p> <p>Currently, she is the Deputy Vice Chancellor Academic Affairs, United States International University – Africa. Previously, she has served as a High Commissioner of the Republic of Kenya to The Republic of Zambia and Republic of Malawi and the Kenya Permanent Representative to COMESA, an Ambassador of Kenya to the Kingdom of the Netherlands and the Czech Republic and the Dean, School of Arts & Sciences, United States International University.</p>

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<p>5. Mr. Kennedy Adongo- Independent Council Member</p>  <p>Mr. Kennedy was born on 18th May, 1984. He holds B. Ed, from Moi University and a Master's in International Studies, from the University of Nairobi.</p>	<p>Currently, he is the Programme Officer, United Nations Environment Programme, Kenya, Korea, China, Switzerland. He has previously worked in various capacities as the Programme Manager, Kinghorn Limited, Tanzania, Uganda, Somalia, Kenya (TUSK); Programme Officer, Equity Group Foundation, Kenya, Tanzania; Programme Officer, Kenya Institute of Professional Counseling, Tanzania, Uganda, Somalia, Kenya, Southern Sudan and Project Assistant (pro bono), Federation of Women Lawyers in Kenya (FIDA-Kenya)</p>
<p>6. Dr. Roselida Owour-Council Member</p>  <p>Dr. Roselida Owuor was born on 13th June 1968. She holds a Bachelor of Sciences, in Biological Sciences from Egerton University, Master of Philosophy in Reproductive Biology from University of Nairobi and PhD in Cell and Molecular Biology from Maseno University. Currently, she is a Deputy Director of Research in the State Department for University Education and Research.</p>	<p>She has previously worked in various capacities as the Alternate Liaison Officer of International Centre for Genetic Engineering and Biotechnology (ICGEB) and Alternate National Contact Point of Biological and Toxin Weapons Convention and also represented the Government of Kenya in ICGEB Board of Governors and United Nations Office for Disarmament Affairs Advisory Committee on implementation of Biological and Toxin Convention by the States Parties.</p>

4. CHAIRMAN'S STATEMENT



It is my great pleasure to present the Annual Report and Financial Statements for the 2020/21 financial year to our various stakeholders.

In keeping with the dynamic times around the globe and with the digital revolution at our doorstep disrupting every sector, the higher education sector has not been spared and we must adjust to this new normal. Globally and regionally, the sector continues to witness many changes that are propelled by shifts in government policy, empowered stakeholders and an increasingly more stringent regulatory environment. While we would like to retain our core mandate of educating the next generation and creating new knowledge, the role of academic institutions in enhancing development through knowledge and research can never be underestimated. At the same time, I acknowledge the progress and strides of the year in review largely due to our dedicated staff, students, parents, sponsors and collaborators for their continued commitment and support of the DeKUT brand. In this report, we will highlight a few of the achievements attained in the year under review.

During the year under review, the University has been passionately implementing the 2019/2023 Strategic Plan which is aimed at addressing the long term development plans of the University.

Further, the Council has continued to operationalise the National Science and Technology Park at DeKUT, by getting more Partners and realising the construction of the Design, Materials and Manufacturing (DMM) hub at the Park, among others. During the year, Council allowed two key investors to start their operations within the University facilities as DMM was being constructed.

The University has continued to embrace various measures for containing the spread of the Covid-19 pandemic, and adopted technology to ensure business continuity. In this regard, the University held a virtual graduation, and continues with e-learning, e-registration of students and virtual meetings.

The Constitution requires the University to be guided by the national values. In order to comply with this constitutional requirement, the Council has passed various policies and the University has continued to uphold the national values in all her administrative and policy decisions and in governance.

The University also implemented the University's Performance Contract with the Ministry of Education. This has assured a cooperative relationship between the University Council, Management, Senate, staff and students.

Also during the year under review, the Council concluded negotiations for the 2013/2017 collective bargaining agreements with two staff unions – UASU and KUDHEIHA. The agreements will improve the welfare of staff.

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Further, the Council continued to realise the establishment of the National Cancer Hospital at the University by engaging various stakeholders, including the key ministries and the Hungarian Government. This facility will immensely support training of health sciences, research and providing of health care to cancer patients in the region.

As part of Corporate Social Responsibility, the Council approved the project for facelift of Muringato primary school in collaboration with Nyeri Town Constituency. The project involved construction of eight classrooms and installation of solar-powered borehole and tank.

Other key achievements made by the Council during the 2020/2021 FY were:-

- Ensuring the proper and prudent management of resources which has resulted to financial stability and sustainability of the University. In this regard, the Council developed innovative strategies of generating income and has embraced cost cutting measures.
- Alignment of the University's objectives with those of the Ministry of Education by complying with the performance contracts requirements and thereby contributing to the national socio-economic development.
- Ensuring that the University is in compliance with its statutory and ethical requirements.
- Ensuring accurate and consistent reporting of the University affairs to Government and its agencies.
- The growth in the enrolment of students in the University from 7,094 in the 2018/2019 academic year to 8,705 in the 2020/21 academic year. In addition, competitive and marketable Science, Technology, Engineering and Mathematics (STEM) programmes have been rolled out by the University.
- Spearheading and supporting various infrastructure developments in the University. In addition, the Council has overseen the equipping of the facilities.
- Spearheading establishment of various Centres in the University which will encourage innovation and increase income streams for the University.

The 21st Century brings with it a fast-paced technological transformation and constant changes in how business is transacted. We acknowledge that unless we keep abreast of this fast pace, the opportunity to make an impact will be limited in meeting our stakeholders' expectations. To this end, we as the Council continue to urge a hunger for growth and curiosity to absorb all these changes and then tailor them for the University and its operations but keeping the integral human person at the centre of it all.

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In conclusion, the University continues to excel in more ways than one which is a clear sign of its growth towards being a premier University excelling in quality education, research and technology transfer for national development.



Dr. Jane Nyakang'o
DeKUT Council Chairman

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



On behalf of Dedan Kimathi University of Technology Council, it is with great pleasure that I present the Annual Report and Financial Statements for the year ended 30th June 2021. I wish to state that during the financial year, the University maintained prudent financial management strategies and controls to avoid wastage of resources. This effort worked out well as is reflected in the results hereby presented with the direction and support provided by the University Council.

The University has continued to implement the 2019-2023 Strategic Plan which is aimed at addressing the long term development plans of the University. It also responds to the political, legal and economic changes at the national and global level. The direction taken through the plan's implementation ascertains that the University is continually contributing to the realisation of Vision 2030 and the long-term national development goals. The objectives of the Strategic Plan are as follows:

- (a) To produce quality graduates in line with the University's mandate.
- (b) To generate research and innovation outputs with impact on the national development goals.
- (c) Transfer and commercialise technology from the University for the benefit of the students, University and industry.
- (d) To mobilise financial resources to support the University mandate.

The University has also been intensely engaged in the operationalization of the Dedan Kimathi National Science and Technology Park. The developments at the STP include;

- a) Continuing to engage more Partners to invest at the STP. Currently, there are 6 partners.
- b) Connecting the Park with electricity and water and construction of internal roads.
- c) Construction of the Design, Materials and Manufacturing (DMM) hub by the Ministry of Education has already commenced at the Park.
- d) Launching of a Film hub at the STP, which will support film production, including digital animation and gaming.

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- e) The University has also created a special programme to train manpower that will be required at the STP.
- f) Getting Strategic Partners to support a Start-up Centre at the Park, through identifying and nurturing ideas, capacity building and providing venture capital.
- g) Establishment of the National cancer Hospital

The University Council passed various policies to ensure that the University is in compliance with the national laws and to enable her to deliver on her mandates. Council approved the Policy on Creation of Specialised Self-financing Centres, which will encourage innovation, enhance capacity building, and increase income streams for the University. The Centres will have freedom to engage in significant research and extension, and provide visibility to outstanding research and extension work with a view of attracting partners and resources on search engines. Other policies that have been approved during the period under review are the:-

1. External Examiners Appointment policy
2. Storage and disposal of Examinations Scripts Policy
3. Brief on adjustments of Work Place policy on Covid-19
4. University Policy on Joint Supervision, Double Degree and Exchange Programmes for Post Graduate Students
5. DeKUT Policy for the Chaplaincy
6. Policy for facilitating University Officials Movement within the Lock down Regions in Kenya.

The Constitution of Kenya 2010 requires the University as a national institution to apply the national values in all her operations. To give effect to this, the University has continued to observe the national values in all her administrative and policy decisions; governance, employment, disciplinary and elections matters, among others. The Council has also passed various policies which are aimed at giving effect to the various provisions of the Constitution.

The University has aligned its objectives with those of the Ministry of Education by complying with the performance contract requirements and it is thereby contributing to the national socio-economic development. Further, it has ensured that there is performance contract cascading to

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every member of staff whose review is conducted quarterly. This ensures that staff members are able to work towards the achievement of the University's strategic intentions which are;

1. To produce quality graduates in line with the University's mandate through innovative curriculum delivery mechanisms which ensure that students attain marketable skills to adequately contribute to national development
2. To develop world class research capacity for both faculty members and students in order to enhance research networks and innovation outputs, collaborations and partnerships for the realisation of the national development goals.
3. Transfer and commercialise technology from the University and other institutions by building innovation, entrepreneurship, and business development capacities for the realisation of Vision 2030 flagship projects and the "Big Four" initiatives.

The students have been very disciplined in the last academic years leading to a peaceful environment which is an absolute necessity for any organisation to thrive. This has been achieved because Management has embraced stakeholder involvement in its decision making process. In addition, there is student representation in the University decision making bodies through a Student's Council that has been elected in accordance with the Act. The Directorate of Students Welfare has also been active in addressing the students' welfare issues like sports, recreation, entertainment, clubs, accommodation and catering needs, medical and spiritual needs.

There exists a cooperative relationship between the University Council, Management, Senate, staff and students. This cooperation has sustained a collegiate working relationship on important University matters leading to the phenomenal growth that has been achieved by this University in terms of quality programmes and facilities. In this regard, policies approved by Council have been implemented by Management and Senate. Further, there is a free flow of information from Council to Management and vice versa.

The University has endeavoured to ensure that the funds allocated to her are prudently and transparently utilised which has resulted to financial stability and sustainability of the University. In this regard, Council has developed innovative strategies of generating income and reducing costs. The University has also embraced cost cutting measures. Further, the University always adheres to

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the planned budget and this has made the University receive a clean bill of health from the Auditor General on the utilisation of public funds, every financial year.

The University is evolving its uniqueness, through education, research, and technology transfer, to meet the technological needs of Kenya for Vision 2030 and beyond. To successfully achieve this; we are seeking to contribute towards the Government's Big Four Agenda which include manufacturing, universal healthcare, affordable housing and food security. In terms of providing universal healthcare, the University is working closely with the Ministry of Health towards the construction of the National Cancer Hospital in the University which will not only serve the nation but will also serve as a fully equipped medical education and research centre.

The growth in the enrolment of students in the University from 7,094 in the 2018/2019 academic year to 8,705 in the 2020/21 academic year. In addition, competitive and marketable Science, Technology

Additionally, the enrolment of students in the University grew from 7,094 in the 2018/2019 academic year to 8,705 in the 2020/21 academic year. Further, competitive and marketable Science, Technology, Engineering and Mathematics (STEM) programmes have been rolled out by the University. The University has a total of 45 programmes. During the year, the University graduated 1312 students; 1 with PhD and 13 with Masters Degrees.

The University has also spearheaded and supported various infrastructure development projects and has overseen the equipping of the facilities during the year under review. These included:-

1. Construction of the Proposed Resource Centre Phase III
2. Construction of the Proposed Main Lecture Theatre
3. Construction of the Academic Block Phase 2
4. Construction of Engineering Annex

We are striving towards providing better services to all our stakeholders, quality teaching, research and consultancy all of which form our core mandate as a Government policy of improving quality university education and sustainability of public universities.

COVID-19 Pandemic

Since the first case of COVID-19 Pandemic was reported in March 2020 in Kenya, the operations of our university were significantly reduced in order to observe the guidelines issued by the Ministry of Health towards the containment of the pandemic. Learning was affected since the students were sent home before the completion of the first semester of academic year 2019/2020. Staff especially those with underlying medical conditions and those whose engagements were non-essential were required to work from home. This nosedive in activities slowed down cashflows of the university. The University spent Kshs.2,257,085 for preparations and interventions to contain the pandemic. Staffs were trained by our dedicated DeKUT COVID-19 Response Team. We bought basic PPEs and sanitizers to keep the University safe. We also donated PPEs Nyeri the less fortunate in Nyeri- majengo slums and also to our students.

Online Learning

As a response to managing the effects of the COVID-19 Pandemic, the University is now using a blended learning methodology to continue delivering on its academic programmes. Academic staff has been trained by the Directorate of E- Learning (ODEL). All courses are being delivered through this platform. We have provided data bundles to both students and staff through contracts with Safaricom and Telkom to support this initiative. The University is assured of staying afloat financially during these tough times thanks to adoption of online learning. The University embraced e-examination and e-graduation, e-registration of students, holding virtual meetings and orientation of students, use of the email platform among others.

The University has also adopted various cost-cutting measures to ensure financial sustainability. Some of the measures include;

- a) Outsourcing of security, cleaning and ground maintenance services.
- b) Reducing external part-time teaching.
- c) Freezing of employment and only faculty staff are employed on a need basis.
- d) Restructuring teaching mode with a view of reducing its teaching costs by 25%.
- e) Re-organization of curricula to remove redundancies.

Challenges being faced and the way forward

The above achievements were not without challenges. These included:-

- a) **Inadequate infrastructure:-** Quality teaching must be supported by adequate infrastructure, the University with the support of the Government endeavours to put up more lecture halls, laboratories, offices and other related infrastructure. Council appreciates the Government for the support granted in the ongoing development of the Resource Centre, the Academic Block, and the Hall. Their completion will give students ample learning facilities and a conducive working environment to staff.
- b) **Financial Constraints:-** Council appreciates the adoption of a fair financing system by the Government through the Funding Board. This has been achieved through the introduction of the Differentiated Unit Cost (DUC) model, where the allocation of funds is based on the students per program.
- c) Amid the Covid 19 pandemic, the University has experienced slow payment of tuition fees by the students. This has necessitated the University management to come up with a strategy of conducting online classes and a phased face to face classes to conclude the January- April and May August semesters.

In conclusion I wish to take this opportunity to thank the Council, the University Management Board, Senate and other organs of the University for their leadership and commitment to the course of this institution in the FY 2020/2021 despite a number of challenges. I wish to thank all our students who remained calm to ensure smooth running of the University programmes. My appreciation also goes out to the entire staff for their steady commitment that realized the progress recorded in the year ended 30th June 2021. Finally, I wish to particularly appreciate the support of the National Government and other stakeholders in fulfilling their commitments to our University and we assure you of our continued cooperation and prudent utilization of resources bestowed on us.



Prof. P. Ndirangu Kioni, Ph.D, R. Eng.
Vice-Chancellor, DeKUT

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REVIEW OF ENTITY'S PERFORMANCE FOR FY 2020/2021

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.

Dedan Kimathi University of Technology has four strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Teaching

Pillar 2: Research

Pillar 3: Technology Transfer

Pillar 4: Resource Mobilisation

The University develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2020/2021 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Strategy	Key Performance Indicators	Activities	Achievements
Teaching	To produce quality graduates in line with the University's mandate, to the benefit of the students, University and industry.	Increased appropriate infrastructure and enhanced conducive environment	1502 square meters of additional space completed	Construction of Main Lecture Theatre	1502 square meters realised
			793 Square meters of additional space completed and in use	Construction of School of Engineering Academic Block	793 Square meters realised
			Increase the number of photocopiers and printers by 1	Procure photocopiers and printers	22printer/scanner/photo copier bought
			Increase the number of laptops and computers by 41	Procure computers and laptops to raise the staff to computer ratio	50 laptops and computers

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			50% automation, maintenance and upgrade of Library software, student management module, finance module, HR module, Medical module	Upgrade the ERP system	<ul style="list-style-type: none"> - 100% upgrade of student management module, HR module and finance module - Exam module is 80% complete
		Enhanced Academic Quality Service Delivery	Number of teaching staff recruited TNA conducted Number of teaching staff trained	Enhancement of HR through recruitment of competent staff and training	<ul style="list-style-type: none"> - TNA was conducted and implemented - 22 teaching staff wererecruited. - Teaching staff were trained on pedagogy
		Develop Msc. And PhD programmes	17 programmes developed	Draft curriculum at department Discuss at School, Deans committees and Senate Have them approved by CUE	7 PhD and 10Masters programmes were developed
Research	To generate research and innovations outputs with impact on the national development goals.	Increase the number of Patents, innovative products and services	Number of patents, innovative products and services	Use incentives to motivate research on innovative outputs and patents Operationalize and sensitize on the IP policy Advance innovations to the STP for incubation and commercialisation Increase the IPs and innovative products and services	<ul style="list-style-type: none"> - 5 Patents ,1 Ongoing and 4 innovations incubated - 5 members of staff were sensitized by K.I.P.I facilitator and the IP policy shared to the departments - IP policy was shared and discussed by the Senators in the year 2019/2020.
		Increased	Number of publication	Enhance and operationalize the	<ul style="list-style-type: none"> - 133Publications - 7 PhD and

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		number of publications		research fund for research, publications and conferences Publications in peer referred journals Develop Msc. And PhD programmes Develop an incentive structure for publications Develop collaborative research at institutional, national and international levels Review policy on teaching and research	10 Masters Programmes were developed - 50 local and 30 international CAs / MOUs - Policy Reviewed
		Developed local and international Partnerships and Collaborations in alignment with strategic university interest	Number of signed and active local MoUs Number of signed and active international MOUs	Increase the number of strategic partners by seeking, signing and implementing MOUs	- 6 CAs / MoUs signed during the year 2020/2021. - Kenya Institute of Highways & Building Technology, - Mukurweini Wakulima Dairy, - Kenya Forest Service, - Kenyatta National Hospital, - NG-CDF Nyeri Town Constituency under Muringato primary - GIZ - Germany for the Center of Biomass Energy studies) 50 local and 30 international CAs / MOUs

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Technology Transfer	To transfer and commercialize technology from the University, other institutions and collaborators,	Development towards being an Entrepreneurial University	Number of short training developed and offered Consultancies carried out	Built capacity for entrepreneurship through consultancy and short trainings	<ul style="list-style-type: none"> - Two consultancy services offered (Laikipia County and NYEWASCO) - 9 capacity building activities undertaken in 2020/2021 -
	To establish the directorate of Research, innovation management and linkages	Set up the directorate of Research, innovation management and linkages	Approved establishment plan Directorate established and operationalized	Allocate funds for establishment of the Directorate of Research, Innovation Management and Linkages Operationalize the directorate	- The Directorate of RIMCL was allocated a budget of Ksh 4.5M for the year 2020/2021
		To promote commercialisation of products	Number of commercialised products	Develop prototypes Market and establish clients Get approval by relevant bodies Test the products Handover to client	- Two products are in the process of commercialisation (Chia and computers in partnership with Asytec)
Resource Mobilisation	To mobilize financial resources to support University mandate.	Increased revenue from training	Increase students' enrolment	Market University programmes Conduct recruitment campaigns at secondary schools	<ul style="list-style-type: none"> - The students enrollment stands at 8,700 - Ksh 412 M generated in 2020/2021 through training
		Increased income from IGUs	Grow income generated from the products by 20%	Income generated DeKUT products and services Yogurt Coffee Soap Laboratory	- Income generated amounted to Ksh 40.8M

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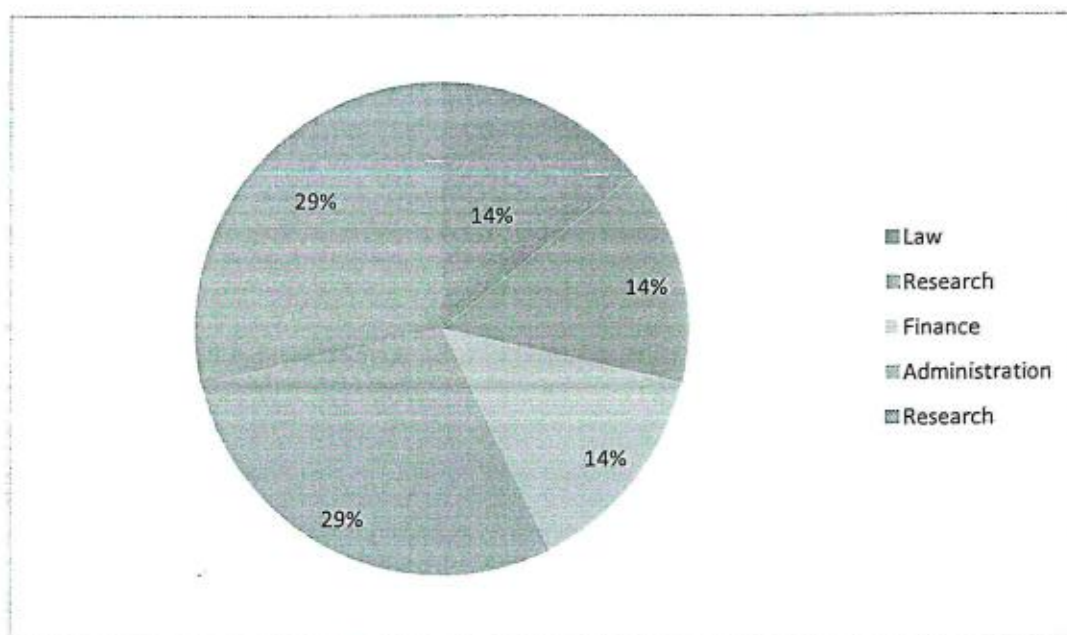
				services- Bookshop Catering services Press unit Training on short courses Hire of facilities	
	Attracting funded grants	Establish an institutional advancement office	Established and operational institutional advancement office	Develop establishment plan Equip, appoint human resource and allocate funds	Office established
	To increase revenue from consultancy services and short courses	Increase funds raised through research and scholarship grants	Amount raised from consultancies	Carry out consultancies for the university and external clients	- Amount raised in FY 2020/2021 was Ksh 7.7M
	To reduce University debts ratio	Payment of debts	% debt ratio	Processing of payment chronologically Adherence to service delivery charter on payment of debts within 90 days	The University debt ratio is at

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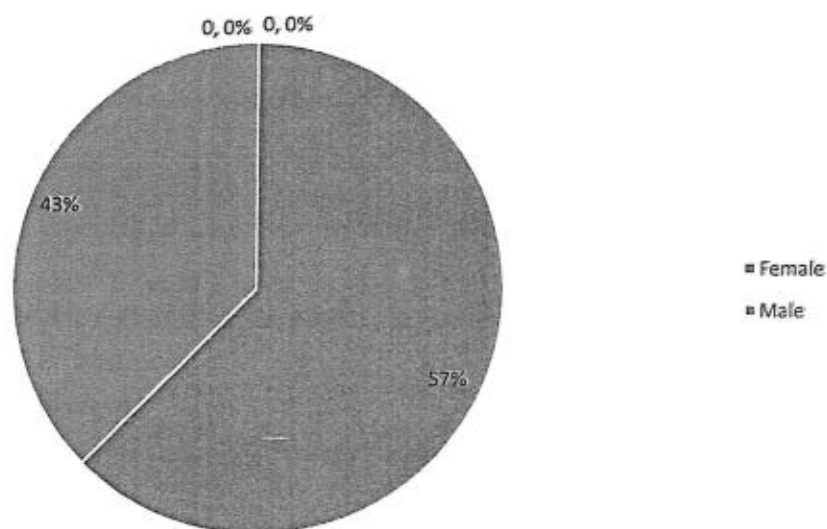
7. CORPORATE GOVERNANCE STATEMENT

DeKUT's Council is established under Section 35 of the Universities Act and comprises of the Chairman, 4 independent members, and Principal Secretary to the State Department responsible for University Education. The Vice Chancellor is an *ex-officio* member and secretary to the Council. The Board brings together members from different professional backgrounds with diverse skills, competences and complies broadly with the constitutional and gender balance requirements as shown in Pie Chart 1 and 2, below:

Pie Chart 1: Board Competences



Pie Chart 2: Board gender representation



Role of the Chairman

The Chairman utilises his/her expertise, experience, skill and leadership to facilitate the governance process. The Chairman is responsible for ensuring that meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for the University.

The Chairman chairs Council meetings and may also attend all other Council Committees meetings by invitation.

Board Committees

There are five standing committees of the Board which assist the Chairman to discharge its functions and responsibilities effectively. The operations of each committee are defined in the Statutes. The Council Committees are as follows:-

Finance Committee

The Finance Committee is responsible for:-

1. the oversight of the University's entire finances and recommends to Council for approval, the University's annual budget and certain items of major expenditure;
2. the administration of special funds benefactions;
3. the investment policy;
4. the University budget;
5. the quarterly financial reports and final accounts;

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6. staff loan schemes;
7. analysing the financial consequences of the decisions of the Terms of Service Committee;
8. considering reports on fee revisions;
9. ensuring the preparations of proper reports and records of accounts of income and expenditure, assets and liabilities of the University;
10. receiving and considering the University audit reports
11. fundraising for the University.

Its members are; Mr. Raphael Anampiu (Chairman), Prof. P. Ndirangu Kioni (Vice Chancellor), and Mr. Dr. Roselida Owour.

Risk and Audit Committee

The Risk and Audit Committee is mandated to:-

1. Independently monitor, review and report to Council on the processes of governance and, where appropriate, to facilitate and support through its independence, the attainment of effective processes.
2. Monitor, review, and report to the Council as to whether the University's processes in the following areas are efficient and effective:- internal control and risk management; internal audit; and financial reporting.
3. Review the management letter provided by the Auditor General on any weaknesses in internal accounting, organization and operating controls, and consider the recommendations made by the Auditor General and analyse the action taken by the Management Board in response to the suggestions.
4. Review the Audit, Risk and Compliance Department's reports on any weaknesses in internal accounting, organization and operating controls, and consider there commendations made by the Chief internal Auditor and analyse the action taken by the Management Board in response to the suggestions.
5. Review and or initiate any other act necessary to ensure: - compliance with policies, plans, procedures, laws and regulations; safeguarding of University assets; Economic and efficient use of resources; and accomplishment of established objectives and goals for operations or programs.
6. Ensure that attention is drawn to any failure to take prompt remedial action relating to previously identified shortcomings.
7. Review the proposed scope of the internal and the external audit function.
8. Review performance of the internal audit function.
9. Appraise the effectiveness of the audit by discussing the approach to the examination and areas where special attention is considered necessary.
10. Approve annual audit plans for the year.
11. Identify, assess, and evaluate the University's risk areas and ensure that all the risks identified are mitigated and more so in the major risks which are:-
 - (a) Financial risks.

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- (b) Technical risks.
- (c) Managerial risks.
- (d) Behavioral risks.
- (e) Legal risks.

12. to perform any other duty delegated to the Risk and Audit Committee by the Council.

Its members are; Dr. Janet Kabeberi-Macharia (Chairman), Prof. Ruthie C. Rono, Dr. Roselida Owour and P. Ndirangu Kioni (Vice-Chancellor).

Strategic Planning and Development Committee

The Strategic, Planning and Development Committee is responsible for:-

1. The management of the University's planning, building, farm development, and other development projects;
2. Receiving and considering progress proposals of development plans from the University Management Board on issues of development planning, academic affairs, income generating activities and cause them to receive approval by Council;
3. The general supervision of campus development including such issues as the use of planning and location of building;
4. Receiving, considering and processing proposals of development plans from the University Management Board;
5. Causing the University Development Plan to be prepared and approved by the Council; and
6. Receiving and reviewing performance contract reports.

Its members are; Mr. Kennedy Adongo (Chairman), Prof. P. Ndirangu Kioni (Vice-Chancellor), and Mr. Raphael Anampiu.

Human Resource and Staff Welfare Committee

The Human Resource and Staff Welfare Committee is responsible for appointments, staff welfare and disciplinary matters as indicated below:-

1. Staff Appointment

- (a) To consider staff and recommend to Council for appointment and promotions into all established academic and administrative posts provided that the Vice-Chancellor can make temporary appointments to such posts for renewable contractual periods not exceeding one year. When this is done, due care should be taken regarding relevance and adequacy of qualification of the persons being so appointed.

2. Staff Welfare matters

- (a) To initiate and review amendments to the disciplinary procedure.
- (b) To review and approve those materials published either in the handbooks or other such compilation affecting the welfare of Administrative/Academic Staff for purposes of providing current and accurate information to staff.

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3. Staff Housing matters

- (b) To set up and review the University's housing policies and schemes as and when necessary and make recommendations thereon to Council
- (c) To review staff entitlement to housing as and when necessary and make recommendations there on to Council.

4. Staff disciplinary matters – To consider charges and evidence of staff in disciplinary cases and recommend to Council appropriate action to be taken.

Its members are; Prof. Ruthie C. Rono (Chairman), Prof. P. Ndirangu Kioni (Vice Chancellor), and Dr. Janet Kabeberi-

Sealing Committee

The Sealing Committee is mandated to authorize, on behalf of Council, the application of the University Seal on documents.

Its members are; Dr. Janet Kabeberi- Macharia (Chairman), Prof. P. Ndirangu Kioni (Vice Chancellor), and Mr. Kennedy Adongo.

a) Board meetings held and the attendance to those meetings by members

Council holds meetings at least four times annually. The meetings are held on a quarterly basis, in accordance with the calendar of meetings approved by Council. Council has established five standing Committees which also meet quarterly. Council and its Committees held meetings as follows:

- | | |
|-------------------------------------|--------------|
| • Full Council | - 4 meetings |
| • Special Full Council | - 3 Meetings |
| • Human Resource & Staff Welfare | - 1 meeting |
| • Finance | - 4 meetings |
| • Sealing | - 1 meeting |
| • Audit, Risk & Compliance | - 3 meetings |
| • Strategic, Planning & Development | - 3 meetings |

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Council Member	Classification	Designation	HR& Staff Welfare Committee	Finance Committee	Audit, Risk & Compliance Committee	Strategic, Planning & Development Committee	Full & Special Council	Sealing Committee
Dr. Jane Nyakang'o	Independent	Council Chair					7	
Amb. Prof. Ruthie C. Rono	Independent	Chairperson, Human Resource & Staff Welfare	1		2		7	
Dr. Janet Wahito Kabeberi-Macharia	Independent	Chairperson, Audit, Risk & Compliance, and Sealing	1		4		7	1
Mr. Raphael Anampiu	Independent	Chairman, Finance		4		3	7	
Mr. Kennedy Adongo	Independent	Chairman, Strategic, Planning & Development		1		3	7	1
Dr. Roselida Owour	Rep. PS. Ministry of Education	Council Member		4	3	1	7	
Prof. P. N Kioni	Vice-Chancellor		1	4	4	3	7	1

b) Succession Plan

Council has put in place a succession plan for top Management and staff across the University and reviews the same regularly. This is through the Succession Planning Policy, 2018, which focuses on ways of building capacity by ensuring that vacancies are filled from within the organisation while at the same time encouraging competitiveness in filling such positions. Some of the succession management strategies include:

- Replacement of retiring staff through promotion of serving staff, and recruitment in key service areas.
- Introduction of management trainee programmes to facilitate annual recruitment at entry level for purposes of succession, through graduate assistantship programme, appointment of adjunct professors, mentorship and coaching, among others.
- Addressing staff turnover through provision of conducive working environment and reviewing of terms and conditions.

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- iv. Continuous human resource planning through workload analysis, reconciliation of staff establishment records and keeping of skills inventory.
- v. Addressing staff stagnation through reviewing of scheme of service, and strengthening of human resource audit.
- vi. Ensuring recruitment and selection process is competence-based and is supported by human resource plans.
- vii. Continuous training and development of the staff through upgrading of skills, induction and graduate assistantship programmes.
- viii. Introduction of leadership training and development programmes through bonding, benchmarking, sabbatical leave and secondment.
- ix. Reviewing of performance management framework, to effectively measure institutional and individual performance.
- x. Creation of knowledge and talent management systems, to help in attraction and retention of right employees.

c) Existence of a Board Charter

Council has an approved Board Charter, which serves as a reference guide on Council's operations. It seeks to expound and explain to each Council Member the collective and individual powers, duties, obligations, responsibilities and liabilities of Council. It also highlights the requirements of good corporate governance which are necessary to bring the level of standards of corporate governance in DeKUT to international best practice.

The Charter also helps Council in directing the University to maximise on the long term value of services that are provided to all stakeholders. It assists the Council members to understand their individual and collective roles with the purpose of helping the University fulfil its mandate.

The Charter has been adopted by the University, acting in accordance with *Mwongozo, Code of Governance for State Corporations* ('the Code'), and is complementary to the statutory requirements of Council as contained in applicable Kenyan Laws and regulations.

d) Process of Appointment and removal of Council Members

Council members are appointed by the Cabinet Secretary and they hold office for a period of three years. They are eligible for re-appointment.

The office of a member of the Council shall become vacant if not being an ex-officio member, where the member resigns his/her office by writing to the Cabinet Secretary.

e) Roles and functions of the Board

Council has authority to exercise all the powers conferred upon it by the Universities Act 2012, the DeKUT Charter and the DeKUT Statutes.

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Council also exercises leadership, enterprise, integrity, and sagacious judgment in directing DeKUT so as to achieve continuing prosperity and always acts in the best interest of DeKUT. Council is also responsible for ensuring that DeKUT is financially viable and properly managed so as to protect and enhance its (DeKUT) interests at all times. In achieving this purpose, Council carries out the following key tasks:

- (a) Subject to the provisions of the Act to make new or additional regulations, and alter, amend or revoke existing Statutes;
- (b) making and approving Statutes for gazettment in accordance with the Act, for any purpose in respect of which Statutes are required;
- (c) Subject to the Act and the Statutes, to determine the method of recruitment, appointment and promotion of all staff of the University;
- (d) making the appointments authorized by the Act and the Statutes and to determine the terms and conditions of service for all staff of the University;
- (e) conferring after a report from the Senate, the title of Emeritus Professor, Visiting Professors, Honorary Professor, Honorary Lecturer or Honorary Fellow;
- (f) approving the budget;
- (g) promoting and to make financial provisions and facilities for execution of the functions of the University;
- (h) Subject to the laid down Government procedures, to approve the investment of any money belonging to the University including any unutilized income, in such stocks, funds, fully paid shares or securities as Council may from time to time deem fit, in accordance with the general Law for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rents and subject to the Act with the powers of varying such investment from time to time by sale or re-investment or otherwise;
- (i) Subject to the laid down Government procedures, to approve sale, purchase, exchange, take on, or lease of movable and immovable property on behalf of the University;
- (j) Subject to the laid down Government procedures, to approve the borrowing of money on behalf of the university, and for that purpose and subject to the Act, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon movable and immovable property or otherwise as the Council may deem fit;
- (k) On the recommendation of Senate to provide in accordance with the Statutes, for the creation of new Divisions, Faculties, Schools, Institutes, Departments, Centres or other bodies of learning, research and production in the University, whether formed by the sub-division of any one or more than one of any such new body or otherwise, and for the abolition from time to time of any such body, and to approve the establishment, abolition or subdivision of any such body however so described;
- (l) instituting on the recommendation of Senate fellowships, scholarships, studentships, exhibitions, bursaries, prizes and other aids to study and research;
- (m) To approve the terms and conditions upon which Internal and External examiners shall be appointed by Senate;

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- (n) The Council may empower any such committees to act jointly with any Committees appointed by Senate, provided that Council shall not delegate to the Chairperson or to a Committee the powers to approve without further reference to the Council the annual estimates of expenditure;
- (o) Approve regulations governing the conduct and discipline of the students of the University;
- (p) Shall receive, on behalf of the University, donations, endowments, gifts, grants or other moneys and make legitimate disbursements wherefrom;
- (q) To approve the Constitution of the Students Organization and so far as is reasonably practicable, to ensure that the Students' Organization operates in a fair and democratic manner and is accountable for its finances;
- (r) Shall provide for the welfare of the staff and students of the University;
- (s) May, after consultations with the University Management Council approve regulations governing the recruitment, conduct and discipline of the staff of the University;
- (t) Recommend for appointment of the Vice-Chancellor, Deputy Vice-Chancellors and Principals of constituent colleges through a competitive process
- (u) Monitor and evaluate the implementation of strategies, policies, and the management criteria and plans of the University;
- (v) Constantly review the viability and financial sustainability of the University, and shall do so once every year;
- (w) Ensure that the University complies with all the relevant Laws, Regulations, governance practices, accounting and auditing standards;
- (x) Subject to the Act and the Statutes, the Council may refer any matters affecting the academic policy of the University to Senate for advice.
- (y) Undertake other functions as set out under the Universities Act 2012, DeKUT Charter and the DeKUT Statutes.

f) Induction and Training

Training and development programs are developed to equip Council with the necessary skills for effective discharge of their mandate. Newly appointed Members underwent a detailed induction process that enhanced their understanding of the University's Mandate and their obligations under all Statutes underpinning the University's operations and the Mwongozo Code of Governance for State Corporations. Each Council member was provided with sufficient information on appointment to enable him perform his or her duties. These included copies of:

- a) The Constitution of Kenya 2010;
- b) The Universities Act 2012;
- c) The DeKUT Charter;
- d) The DeKUT Council Charter;
- e) The DeKUT Statutes;
- f) The DeKUT Code of Conduct and Ethics;
- g) The State Corporations Act;
- h) The Public Procurement and Disposal Act 2015;

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- i) The Public Officer Ethics Act 2003;
- j) The Ethics and Anti-Corruption Act;
- k) The DeKUT Strategic Plan 2019-2023;
- l) The Performance Contracts between the Council and the Government of Kenya and Vice Chancellor; and
- m) The Council calendar and work plan for the year.

g) Board and Member performance

Board evaluation is key in assessing the performance, efficiency and effectiveness of an organisation. Council undertakes regular annual performance evaluation to enable it to review its strategies to ensure continuous growth and sustainability. This evaluation exercise is conducted by the State Corporation Advisory Committee (SCAC). In previous reviews, the Council performed remarkably well.

h) Conflict of Interest

Council members and staff are obligated to fully disclose and declare any potential or real conflict of interest, which comes to their attention, whether direct or indirect. At any meeting of the University, Council members and staff are expected to declare any interest they may have in any agenda item under discussion. In case of conflict of interest the affected member or staff is excluded from any discussion or decision on the matter in question.

i) Board Remuneration

Council Members are entitled to a sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable. This is done within the limits set by the Government for State Corporations. In addition, the Chairman is paid a monthly honorarium.

j) Ethics, Conduct and Governance Audit

Council ensures that a governance audit of the University is undertaken on an annual basis. The purpose of the governance audit is to ensure that the University conforms to the highest standards of good governance. The governance audit covers the following parameters among others:-

- (a) Leadership and strategic management;
- (b) Transparency and Disclosure;
- (c) Compliance with Laws and Regulations;
- (d) Communication with stakeholders;
- (e) Council independence and governance;
- (f) Council systems and procedures;
- (g) Consistent shareholder and stakeholders' value enhancement; and
- (h) Corporate social responsibility and investment

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i) Internal Audit and Assurance

The University has an Internal Audit department whose main objective is to provide assurance of the risk management, internal control and governance processes. The assurance is meant to deepen good governance practices and support the achievement of the best internal controls through continual improvement and engagement. The University's system of internal controls has been defined by approved policies and procedures which contain operational and financial controls that ensure that the assets are safeguarded, transactions authorized and accurately recorded. Further, they ensure that material errors and irregularities are either prevented or detected within a reasonable time.

ii) Corruption Prevention Strategies

The University continued to implement the Anti- Corruption Policy and Corruption prevention strategies through the guidance of the Corruption Prevention Committee. The main objectives of the anti-corruption policy is to marshal the efforts and resources of various stakeholders to progressively and systematically reduce to the extent possible, the causes and the destructive effects of corruption in the institution.

The specific objectives are:-

1. To involve all departments and stakeholders in fighting and preventing corruption where they are, wherever it is or is expected to surface.
2. To create awareness of the causes and terrible effects of corruption and the role of the stakeholders in the prevention and eradication.
3. To promote good governance in all the functional departments of the institution in order to fight and prevent corruption.
4. To encourage all functional departments to develop their strategies for preventing and fighting corruption.
5. To encourage all departments and stakeholders to contribute towards the evaluation, improvement and reinforcement of the policy.
6. To create an environment where corrupt activity is seen and expressed as a social aberration.
7. To enhance collaboration among all stakeholders in ensuring that all corruption cases are reported, effectively and expeditiously investigated and prosecuted.

Further, the University carried out a Corruption Risk Assessment in all its functional areas, developed and implemented appropriate mitigation plans. As a result, zero cases of corruption were reported during the year under review.

iii) Whistle Blowing Policy

The University is committed to protecting the identity and well-being of all employees and stakeholders when they provide information regarding corruption related activities or participate in investigations towards this, it has established reporting channels through which anonymous reports

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on unethical/fraudulent behaviour can be made without fear of retaliation from the suspected individuals. The channels are the corruption reporting hotline, email and corruption reporting boxes.

iv) Code of Conduct

Council has developed and put in place a code of ethics outlining the values, ethics and beliefs that guide the policy and behaviour of DeKUT and define the ethical standards applicable to it and to all who deal with it.

v) Risk Management

Risk Management is one of the strategic functions and is applied in the day –today operations of the University. This ensures that all risks are managed optimally. In the year under review, the University continued to implement the various mitigation strategies to ensure that the risk levels were minimised.

8. MANAGEMENT DISCUSSION AND ANALYSIS

(a) (Operational performance of the University as at 30th June 2021

i) Staff Welfare

By offering competitive packages, workplace incentives and training opportunities, DeKUT has created a great University culture and we have positioned ourselves as an employee of choice for all the whole country. In 2020/2021 FY, we recruited 50 Graduate Student in various academic departments as indicated below.

The University has representation in 38 counties out of 47. The University gender representation improved by 2 percent. 8 staff on PhD Training completed their studies

In 2020/2021 FY, we recruited 14 and promoted 7 academic staff, 21 administrative staff were promoted to higher grades, and 3 new staff joined the University in various departments. In 2020/2021 FY, we offered 36 attachments and 5 internships opportunities.

The Public Service Commission (PSC) deployed 49 interns to the University, who deployed sent to various departments for coaching and mentorship. The second cohort completed their one-year internship in January 2021.

ii) Students Welfare

The Directorate of Students' Welfare (DSW) has always been on the frontline to champion seamless service delivery to the students and promote their welfare, in a bid to give them a great University experience. During 2020/2021 academic year, DSW diligently provided services to its customers by utilizing its budgetary allocation in the most practical way. Despite the challenges posed by the COVID-19 pandemic, the Directorate delivered remarkable results in various aspects pertinent to its operations – a continuation of previous year's work. Some of the major achievements are outlined below.

- The DSW served over 11,000 clients during the year, including issuance of 1500 travel passes during the March- April, 2021, lockdown.
- DSW wrote at least 40 recommendation letters for students seeking financial support and other services.
- Over seven (7) meetings were facilitated between DeKUTSO Students' Council and the University Management.

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- DSW participated in the virtual orientation of the first-year students in July 2020 and in-person orientation in November, 2020.
- DSW facilitated Kimathi Week activities which were successfully held between 22nd-27th February, 2021.
- At least eight (8) Directorate meetings were held during the year.
- Designated DSW members of staff attended and participated in scheduled University meeting and other meetings outside the University.
- DSW facilitated the provision of transport services to and from various residential areas and also for various games and sports activities.
- Students were facilitated to secure both internal and external accommodation.
- The DSW webpage was continuously updated throughout the year.
- The DSW cascaded the Performance Contract signed by the University with the Ministry for 2020/2021 FY to all members. The 360 degree and half-year PC appraisals for staff members were done and documents forwarded to Human Resource office. End of year PC Appraisal for 2019/2020 were also conducted and forwarded to Human Resource office.
- A Suicide prevention awareness training on 10th September 2020 for both staff and students drawn from across departments and schools was organized; 100 students attended.
- DeKUTSO training at Tabor Hill on Ethics and Personal Development held between 9th -11th December, 2020, was facilitated by the Directorate.
- Men's Empowerment Conference held on 3rd February 2021 which was attended by 100 male students.
- In-house Training on Basic Helping Skills for PLWD for staff in both housekeeping and Security departments was held on 25th February, 2021, with 12 members of staff in attendance.
- Between 27th and 29th January, 2021, an ADA peer counsellors training was conducted; 49 students were trained.
- Between 6th- 7th February, 2021, DeKUT hosted KUSA Central tournament (I) for Badminton singles and Tug of war.
- On 16th January 2021, an online Captains' training on how to conduct sports during COVID-19 pandemic was conducted.

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- DeKUTSO elections were held on 27th November, 2020. Swearing-in of DeKUTSO Council took place on 30th November, 2020.
- During the 2020/2021 financial year, forty-six (46) students benefited from the University bursary amounting to KES.474,961.00.
- Work-study programme proceeds worth KES. 400,260 were processed with 112 students benefitting during the 2020/2021 financial year. Also, between June - August period, 229 students were placed on work-study programme.
- The Directorate on behalf of the University continued to work with private hostel providers in support of the DeKUT students seeking accommodation off-campus. During the year, nine (9) financially challenged students benefitted from free accommodation provided by six (6) different hostels.
- In February 2021, DeKUTSO Students' Council paid a visit to Neema Children's home in Kamakwa and donated 15 mattresses and other consumables worth Ksh. 15,000. The visit was sponsored by the University.
- On 20th August, 2020, DSW staff visited a family of a needy student at Nyaribo area, donating food stuff, assorted baby & other items.
- On 20th November, 2020, members of DSW assisted a needy first year student, under category B, to acquire a smart phone to enable her follow the online classes.
- On 4th December, 2020, members of DSW in conjunction with the Warden in charge of Township Sector assisted two ladies who suffered from a fire tragedy in their room in Blue Valley Estate, Nyeri town.

iii) Quality teaching programs

To enrich and broaden the student experience and to fill gaps which are not easy to bridge, DeKUT has a number of MOUs with the industry and other public education institutions. Under the auspices of these MOUs, students and staff are able to access the equipment necessary to fulfil academic programme requirements.

The University has a total land area of approximately 347.37 Ha (858 acres) on which physical facilities have been developed for teaching and learning. These include lecture halls of various capacities, seminar rooms, lecture theatres, science laboratories, computer laboratories, engineering workshops among others. These are accessible by people with disability.

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Further, the University has 45 accredited programmes. 24 programmes have been submitted to CUE for evaluation and are at different points of accreditation. Additionally 9 new programmes were launched during the 2020/21 financial year. During the year, the University revised its curricula on all its programmes to ensure that curricula are linked with the respective industry's demand. The University also recruited 4 staff members who are PhD holders.

DeKUT has a 5 years accreditation and has a CUE accredited Campus at Pension Towers, Nairobi. It facilitates Criminology and Geothermal programmes which are unique to DeKUT.

iv) Disability issue

The University has created a conducive environment for people living with disability by, representation in the students' leadership, construction of a ramp at the Resource Centre III and the Lecture theatre and procurement of a TukTuk for ferrying by the PWDS. During the year that ended, a sensitization workshop on disability issues was also conducted.

v) Gender and diversity

DeKUT adhered to the provisions of the Constitution of Kenya 2010 and the National Cohesion and Integration Act on Ethnic Diversity and the rights of the minorities and marginalised groups. The University has embraced strategies like coming up with an Affirmative Action Policy and taking steps to institutionalise diversity in the University

Further, the University has an established Gender, Disability and Equity Affairs Directorate which handles upcoming issues on ethnic diversity and inclusivity. This office has accomplished the following: -

- a. Trained 30 gender violence and recovery champions
- b. Conducted a Peer counsellor's gender mainstreaming awareness.
- c. Established a clear Gender Violence reporting and recovery mechanism
- d. Review of the curriculum on HIV aids to handle reproductive health and sexuality
- e. Conducted quarterly Seminars to students on reproductive health
- f. Mentorship to High schools on inclusion of Female in STEM.
- g. Senate Representation:
- h. Empowered mom graduates

The University has progressively improved on diversity compliance and had a representation of 38 counties in its staff population as per the table below:-

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STAFF COUNTY DISAGGREGATION						
County	No of staff					
	Top Management	Admin (Grade 1 - 7)	Admin (Grade 8 - 15)	Academic staff	TAs/TFs	Total
Mombasa	-	-	1	2	-	3
Kwale	-	-	-	-	-	-
Kilifi	-	1	-	-	1	2
Tana River	-	-	-	-	-	-
Lamu	-	-	-	1	-	1
TaitaTaveta	-	1	2	-	1	4
Garissa	-	-	-	-	-	-
Wajir	-	-	-	-	-	-
Mandera	-	-	-	-	-	-
Marsabit	-	1	1	-	-	2
Isiolo	-	-	-	-	-	-
Meru	1	9	10	9	2	31
Tharaka-Nithi	-	1	1	-	1	3
Embu	-	4	4	1	-	9
Kitui	-	-	1	1	-	2
Machakos	-	2	2	4	-	8
Makueni	-	-	1	1	-	2
Nyandarua	1	6	7	6	-	20
Nyeri	-	77	69	39	5	190
Kirinyaga	-	5	2	5	-	12
Murang'a	-	11	15	12	7	45

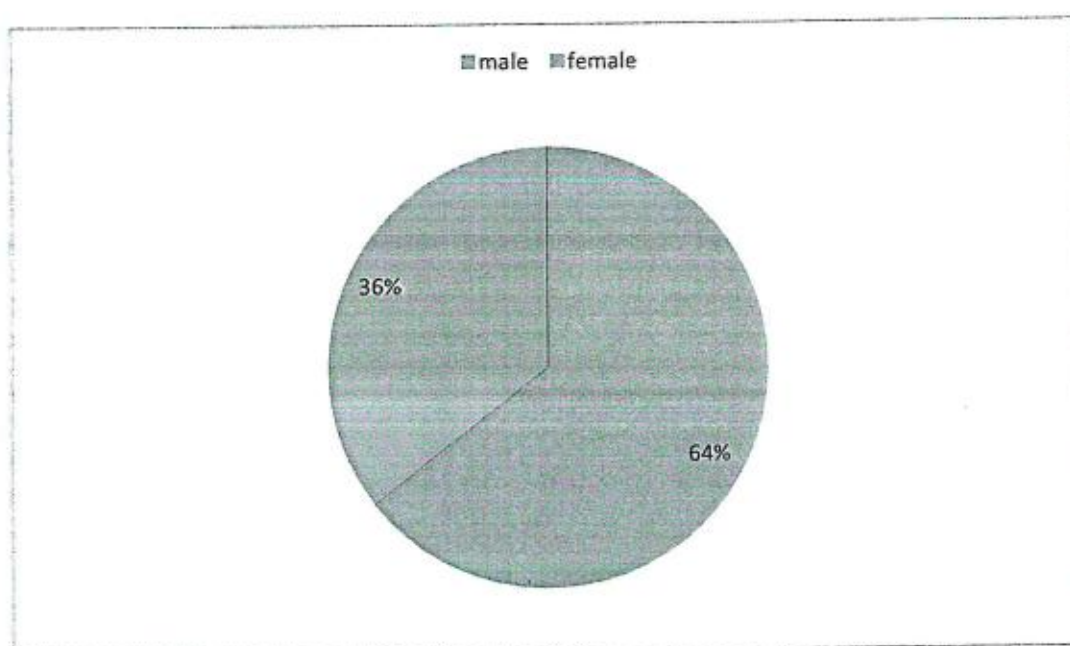
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Kiambu	-	10	18	17	4	49
Turkana	-	-	-	-	-	-
West Pokot	-	-	-	-	-	-
Samburu	-	1	-	1	-	2
Trans-Nzoia	-	1	3	-	-	4
UasinGishu	-	-	3	4	2	9
Elgeyo-Marakwet	-	-	-	-	-	-
Nandi	-	-	1	4	-	5
Baringo	-	-	-	3	1	4
Laikipia	-	2	5	-	-	7
Nakuru	-	4	8	1	4	17
Narok	-	-	-	-	2	2
Kajiado	-	-	-	3	1	4
Kericho	-	-	1	5	1	7
Bomet	-	1	1	-	-	2
Kakamega	-	1	7	5	1	14
Vihiga	-	-	2	1	-	3
Bungoma	-	1	2	3	2	8
Busia	-	1	1	2	-	4
Siaya	-	-	1	2	3	6
Kisumu	-	-	-	3	3	6
Homa Bay	-	1	-	1	1	3
Migori	-	1	1	-	-	2
Kisii	-	5	3	8	3	19

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Nyamira	-	1	-	1	1	3
Nairobi	-	3	8	10	6	27
Diaspora	-	-	-	11	-	11
Total	2	151	181	166	52	552

The staff establishment further met the Gender rule requirement as per the figure below



vi) DeKUT Enterprises Company (DeKUTES)

DeKUTES was operationalised as a corporate business entity that aspires to be more effective, efficient and sustainable. It is a company where the University professionals bring together their expertise with an objective of providing appropriate business, research and innovative solutions.

vii) Dedan Kimathi Science and Technology Park

The University has established the Dedan Kimathi Science and Technology Park on 177.8 acres of land and has already entered into agreements with two anchor clients.

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viii) Automation

In view of leveraging on ICT to improve service delivery, efficiency of internal operations and engagement with stakeholders and the general public, the University continued to implement automation process. A dedicated team from the University has developed an ERP software (NAV 2018) which already in implementation stage by the University. We intend to be a solution provider to a number of public and private entities.

ix) Quality Management System

The University was certified to ISO 9001:2015. The Quality Management System (QMS) has been maintained and continually improved through regular internal audits as well as surveillance audits done by certifying body, SGS.

(b) Financial performance of the University as at 30th June 2021

The COVID-19 pandemic has caused an unprecedented human and health crisis. The measures necessary to contain the virus have triggered an economic downturn. At this point, there is great uncertainty about its severity and length. The latest Global Financial Stability Report shows that the financial system has already felt a dramatic impact, and a further intensification of the crisis could affect global financial stability.

Through a collaborative process of management working together with staff, with the full support of the University Council, we have continuously worked to ensure that the University meets its financial obligations for sustainability and for expansion as a not-for-profit institution.

The University made a deficit of Kshs56,102,502 due to impact of the COVID 19. More details about our performance are included in the financial statements from page 1.

As a University, we continue to explore other sources of revenues to avoid being over-reliant on student fees. One of the key areas we are venturing into is consultancies and short courses by collaborating and engaging with County Governments and Ministry of Education.

Resource Mobilisation

The University continues to rely on the exchequer for funding its activities. This is supplemented by internally generated revenues mainly from students and other investment incomes. During the year, the University received an allocation of Kshs891,228,672 while Appropriation in Aid (AIA) was Kshs480,143,701 against an original budget of Ksh. 622,563,029. This shortfall was as a result of semester schedule interruptions due to the effects of COVID-19.

The University continues to explore sustainability and ensuring implementation of planned activities in the wake of growing competition demands at the exchequer level. Prioritization and expected impact analysis will continue to inform our allocation of financial resources while our internal systems will be enhanced for efficiency, effectiveness and accountability.

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For more information about our financial performance please refer to the Financial Statements Section.

(c) Key projects/investments decision implemented/ongoing

The university has three ongoing main projects i.e construction of Lecture theatre, Academic block phase II and Resource centre phase III which are expected to be complete in financial year 2121/2022. The completion rate for the three projects are as follows

- i) Construction of Resource Centre Phase III 99%
- ii) Construction of the Main Lecture Theatre 98%
- iii) Construction of Academic Block Phase II 90%

The lecture theatre will provide space for large groups of students and especially students taking common units this will lead to reduction of teaching costs.

The Academic block and Resource Centre III will increase access to education by providing space and facilities for quality education, learning and teaching which is in line with the Government of Kenya strategic objective of increasing access to University education in support of vision 2030. The University will also be in a position to increase the number of students it admits.

During the financial year 2020/2021 the following projects were financed as tabulated below:

- i. Construction of Resource Centre Phase III (Kshs. 24,984,660)
- ii. Construction of Academic Block Phase II (Kshs. 3,442,864)

(d) Compliance with statutory requirements

The University Audit department conducts quarterly statutory compliance audits and tables the reports to the Audit, Risk and Compliance Committee and subsequently to the Full Council. Further, the University is also audited by the office of the Auditor General and is compliant with all her statutory requirements.

a) Major risks facing the University

The University's activities are exposed to a variety of financial risks including; Credit risk, Market risk and Liquidity risk. The University's overall risk management frameworks focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The specific details of each risk component have been discussed below:

(i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due resulting in financial loss to the University. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University Management based on prior experience and their

assessment of the current economic environment. Credit risk on liquid funds with financial institutions is low because the counter parties are banks with high credit ratings and students whose balances are manageable since students are not allowed to sit for examinations or graduate with outstanding fees balances.

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The University Council sets the credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Liquidity risk is the risk to the University's financial condition or safety and soundness arising from her inability (whether real or perceived) to meet her conditional obligation. To manage this risk, Dedan Kimathi University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Ultimate responsibility for liquidity risk management rests with the entity's management, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements.

(iii) Market risk

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

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

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Effective risk management and control are essential pillars for the sustainable growth of the University. The role of risk management is to evaluate, respond to, and monitor risks in the execution of our strategy. The University Council is responsible for determining the system of internal control operated by the University and for monitoring its adequacy and effectiveness. Risk management is also a significant ongoing part of the University's system of internal control.

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The University has implemented a global risk-based approach to the design, application and review of its risk management systems and internal controls. The risk assessment practices are incorporated into planning, budgeting and financial reporting processes through risk registers which have been developed for all of the University operations. The risk register identifies, evaluates and manages all the material risks facing the University. A department that deals with Audit risk and compliance is fully operationalized.

The University's objectives for Audit risk and compliance are

1. Promoting constructive change and accountability through continuous appraisal of internal controls, processes and procedures
2. Managing the principal risks to the efficient and effective achievement of the University's aims and objectives;
3. Determining that systems have been established to ensure compliance with policies, procedures, plans, laws, regulations and controls

The University Council accepts that it is neither possible nor desirable to build a control environment that is free from risk. The University's system of internal control therefore only provide reasonable but not absolute assurance over the governance, operational, compliance, management, reputational and financial risks to the University. The University has established policies and supporting structures designed to prevent and detect corruption, fraud, bribery and other irregularities.

DeKUT's Council recognises that risk management cannot eliminate all risk, particularly where risks are outside the University's control. The following processes have been established to review the adequacy and effectiveness of the system of internal Control for the University:

- Each operational unit in the University assess risks inherent in its operations and records them in the list Register
- The University's risk working committee aggregates risks to a University wide register and is in charge of implementing the Enterprise Risk Management initiative
- The University council meets at least four times in the year to discuss reports on audit risk and compliance
- The council reviews the effectiveness of the University's system of internal control risk management and compliance to ensure systems have generally operated as intended up to the date of approval of the audited financial Statements.
- The University monitors areas of high risk and has set in place a programme of activities to minimize the impact of these risks.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Dedan Kimathi University of Technology exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the University's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The University is proud of its long-standing commitment to sustainability, and the international recognition we have secured for our leadership on this critical challenge for the 21st century. We see sustainability as a force for transformative change across our academic activities, business operations, public outreach and the entire student experience. As a University of Technology, we recognize that we impact the world we live in and the people we interact with. Our actions affect our students, employees, suppliers, the communities in which we live and work, and the environment. CSR represents the University's commitment to operate in an economically, socially, and environmentally sustainable manner while recognizing the interests of its stakeholders.

Sustainability in Dedan Kimathi University is about understanding the wider consequence of our current activities while using learning, imagination and leadership to support societies towards more sustainable futures. The concept of sustainability is like a prism with different facets. Looking through the sustainability lens requires an interconnected view of the three pillars of sustainability - financial, social and environmental – known as the 'triple bottom line'. Our shared understanding of sustainability is based on internationally agreed principles of learning and change for sustainability, providing a working definition adaptable to different areas of professional and academic practices.

Sustainability is ultimately a challenge of learning and change. As a University, our most important contribution to sustainability is through education, by building the capability and confidence of our students to shape the future.

ii) Environmental performance

Dedan Kimathi University recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all of her essential strategies and operations consider their environmental and ecological aspects and impacts.

To support the surrounding community and maintain a conducive environment for students and the local community, the University has provided sewer connections. This has significantly impacted the community around the University since there is proper waste management in the area. The community is able to live in a clean and sanitary environment.

The University in her strategic plan 2019-2023 continues with the transformative initiatives of providing a green environment, which will in turn enhance the employee work environment. To achieve the green agenda the University aims to continue pursuing sustainable best practices in waste management, creation of pedestal walkways, construction of new buildings with solar systems, and adequate window space to enhance use of natural lighting and promote green procurement. The university will also continue managing its lawns and planting more trees to provide a fresh air circulation.

iii) Employee welfare

Dedan Kimathi University is committed to being a good employer. As an employer, the University is committed to ensuring that all staff members are fully supported by providing a conducive working environment and are fairly rewarded. The University engages with recognized trade unions that represent and protect the interests of its staff.

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By offering competitive packages, workplace incentives and training opportunities, DeKUT has created an excellent University culture, and we have positioned ourselves as an employee of choice for the whole country. The University has representation in 38 counties out of 47. The University gender representation improved by 2 percent. 8 staff on PhD Training completed their studies

In 2020/2021 FY, we recruited 14 and promoted 7 academic staff, 21 administrative staff were promoted to higher grades, and 3 new staff joined the University in various departments. In 2020/2021 FY, we offered 36 attachments and 5 internships opportunities.

During the year, the University Council developed and approved a policy for facilitating University officials movement within the Locked down areas with Kenya

In order to achieve this, the University commits to;

- Providing an in-house quality medical scheme for her staff
- Encouraging staff to join staff welfare for the University
- Providing an operating and successful pension scheme
- Developing staff reward policy to recognize staff achievements in various areas
- Bringing staff together during planned staff fun days every year.
- Ensuring staff can achieve their full potential through training, mentoring and other staff development activities

The University is also striving to create a framework to ensure that DeKUT offers a supportive environment for all university community members. The University's commitment to all PWDs (students, staff and visitors) is to have an enabling environment that will foster University-led and university-specific strategies to make a deliberate effort to ensure that Persons with Disabilities are accorded equal opportunities in all spheres of their University of life. This means ensuring that

disabled people have a voice in the future development of the university community, that they can benefit from the new opportunities that the said developments bring, have access to the resources needed, and share in higher education. For this purpose, the DeKUT has established the University Disability mainstreaming Committee, whose overall objective is to address the social, cultural and economic disadvantages experienced by many persons with disabilities. This is done by mainstreaming disability in all University's policies and programmes.

iv) Market place practices-

The Marketplace Responsibility Principles is a Corporate Social Responsibility (CSR) framework that maps out what the University should seek to achieve in relationship with customers, suppliers and governments, and terms of impacts of products and services on third parties.

a) Responsible competition practice.

Dedan Kimathi University is a chartered University and attracts students from all over the country due to her strategic investment in teaching facilities. Students apply for their programmes of choice, and KUCCPS usually does placement. The University has an established public relations department whose mandate is to publicize the University and uses the media, social media platforms, and face-to-face marketing strategies while adhering to all ethical issues on advertisement and publicity.

It is common for individuals to feel that they have chosen the wrong course or the wrong university. With the KUCCPS inter university transfer a student can apply to transfer to another university and pursue the course that they want. The KUCCPS inter university transfer procedure and forms can be easily found and filled online eliminating person interference thus reducing corruption and unfair practices.

b) Responsible Supply chain and supplier relations

At the beginning of every financial year, the University is supposed to recruit suppliers of goods and services, this is done through an open and competitive tendering process. These suppliers serve the University for specified period of time ranging from twelve to twenty four months depending on the contract type. The University has a customer service charter, and the suppliers are supposed to be paid within 90 days. This process is free from internal and external interruptions, which may lead to corruption.

DeKUT continues to adopt best practices in its dealings with its suppliers and Creditors by performing the following:

- i. Carrying out prequalification of suppliers
- ii. Promoting transparency and competitiveness in the tendering process
- iii. Compliance with the law in procurement
- iv. Prompt settlement of supplier accounts
- v. Timely resolution of supplier complaints

c) Responsible marketing and advertisement

Ethical marketing refers to how the University markets her programs and services by focusing not only on how its products benefit customers but also how they benefit socially responsible or environmental causes. DeKUT focuses on offering education programs that are relevant to the market and self-reliance. DeKUT is one of the most progressive universities in Africa with a keen focus on quality education, holistic development of students, and the production of relevant human resources and leaders to contribute to growth and development.

d) Product stewardship

Product Stewardship is part of DeKUT's sustainable and ethical business culture and includes all activities aimed at minimising the health, safety, environmental and social impacts of products throughout all the phases of their life-cycle.

The Institution endeavours to provide an academically stimulating, culturally diverse and quality learning environment that fosters research, innovation and technology development towards producing relevant technical and managerial human resource and leaders to contribute to the attainment of national development goals.

The mix of academic programmes are spread over Engineering, ICT, Food Technology, Health Sciences, Applied Sciences, and Business Studies - fit for this purpose. Of critical importance is that all our Academic Programmes are accredited by both local and international accrediting bodies. Locally, the University's Programmes have been accredited by the Regulatory Body, Commission for University Education, and respective Professional Bodies where they apply.

Through the effective application of the trimester system of study, DeKUT ensures that her students complete their courses within the shortest time possible while not compromising quality.

e) Community engagements

Dedan Kimathi University has been engaged in various activities that benefit the community, among them are;

i. Chia Project

In Kenya, demand for functional food with multiple health benefits has increased with increasing public health awareness worldwide. Chia (*Salvia hispanica* L.) is an exotic plant in Kenya whose health benefits have not been

well understood by the public. It has a promising future for food security, improved nutrition and health.

The University has been undertaking a project on chia research where farmers are involved. The University holds a Chia Stakeholder workshop to educate farmers on the chia plant, its production, processing, and benefits through the project. This has seen farmers and consumer education take place and the development of chia enriched foods and recipes.

ii. Muringato Primary School Project

Last year, the University and NG-CDF Nyeri Town Constituency signed a Memorandum of Understanding to further support the development of Muringato Primary School by constructing new classes for the school. The need to step in was informed by observation that the structures at the school had dilapidated to a point that they no longer supported the educational needs of the students and failed to meet the current standards of a modern primary school. This collaboration bore fruits and on 5th January, 2021, the Vice Chancellor and the Chairman of the Council of Dedan Kimathi University of Technology together with the Member of Parliament Nyeri Constituency officially handed over 8 newly constructed classrooms and a solar-powered borehole to the school at an unveiling ceremony of Muringato Primary School's new face.

iii. Coffee Education, Processing and seedling growing

As part of the CSR activity, the University has been growing coffee seedlings supplied to farmers at affordable rates to improve the coffee varieties in the region. The University has also embarked into coffee processing to spur value addition in the industry as well as educate the cooperatives and farmers on coffee value addition. Through this program, the University has trained young people from the cooperatives and the coffee growing regions in coffee processing.

Most recently, the University embarked on a project to use natural coffee flavor in yoghurt production, birthing the natural coffee-flavoured yoghurt. This innovation led the University to partner with a small scale cooperative, Mukurwe-ini Wakulima Dairy Ltd, in a unique University-Industry partnership. Under this partnership, the University licensed its natural coffee-flavoured yoghurt innovation to the dairy cooperative under the product "Royal Coffee Flavored Yoghurt," available in outlets countrywide. This has empowered the cooperative, which serves small scale farmers in the region it is domiciled.

iv. Security

The University also provides patrol services in liaising with local police posts to areas around the University, such as the external hostels where most of our students reside. This has impacted the community as it has led to the reduction of crimes around the University, making it safer for the community and our students.

v. Production of PPEs to combating the COVID-19 Pandemic

Since the emergence of the corona virus pandemic in the country, the University decided to look into several initiatives to provide local solutions to the local problems in combating the COVID-19 Pandemic. Striving to provide research and capacity development in the country, the University started creating and producing items such as; hand sanitizers, hazmat suits, face masks and ventilators. This came along way in helping the community as items such as the face masks are reusable and affordable to the common 'mwananchi'.

After the certification by the Kenya Bureau of Standards, the University also joined other local manufacturers in producing locally made sanitizers hence curbing the challenge that resulted in the sudden rise in shelf prices of hand sanitizers supplied by other commercial industries.

The University also developed a protective equipment (Hazmat suit) due to the rising concern about the medical personnel, who are at the frontline of fighting the Corona virus pandemic. The equipment was designed to protect the medics from contamination while handling patients, and unlike most other hazmat suits from other manufacturers; the suit is affordable and reusable.

The University also developed a ventilator prototype as a mitigation method of the corona virus pandemic. This helps the community around and avert a situation where the health care system is overwhelmed by the demand for ventilators.

vi. Development of Coffee Pulping Machines

The University recently partnered with Manufacturing on Wheels Ltd, an integrated agro-processing and trading start-up, to develop a drive system that taps Motorbike's power to drive a manual coffee pulper. This innovation will revolutionize the coffee subsector by enabling the farmers to sell parchment or green beans at farm-gate, and receive cash before their produce is picked by buyers and also create employment opportunities to our local bodaboda operators. The operators and farmers will also be trained in coffee processing and post-processing management by DeKUT's coffee technology program.

10. REPORT OF THE COUNCIL MEMBERS

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

Principal activities

The principal activities of the entity are as follows:-

- a) Advancement of knowledge through teaching, scholarly research and scientific investigation;
- b) Promotion of learning in the student body and society generally;
- c) Promotion of cultural and social life of society;
- d) Support and contribution to the realisation of national economic and social development;
- e) Promotion of the highest standards in, and quality of, teaching and research;
- f) Dissemination of the outcomes of the research conducted by the university to the general community;
- g) Facilitation of life-long learning through provision of adult and continuing education;
- h) Fostering of a capacity for independent critical thinking among its students;
- i) Promotion of gender balance and equality of opportunity among students and employees.
- j) Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

Results

The results of the University for the Year ended June 30, 2021 are set out from page 1 to 58

Directors

The Council members who served during the year are as shown on page viii - xii. During the year, the Council had five members who were appointed effective 10th March 2020 for a period of three years.

Auditors

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

By Order of the Council



Prof. P. N. Kioni
Vice Chancellor DeKUT
Date: 11th Feb. 2022



Dr. Jane Nyakang'o
Council Chairman
Date: 11th Feb. 2022

11. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

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

The Council members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act, 2012. The Council members are of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date.

The Council members further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Board on 6th September 2021 and signed on its behalf by:



**Dr. Jane Nyakang'o
DeKUT Council Chairman**



**Prof. P. Ndirangu Kioni, Ph.D, R. Eng.
Vice-Chancellor, DeKUT**

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2021

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 control, 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

Qualified Opinion

I have audited the accompanying financial statements of Dedan Kimathi University of Technology set out on pages 1 to 71, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Dedan Kimathi University of Technology as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Student Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.236,778,692 which includes student debtors of Kshs.197,124,228 as disclosed in Note 32 to the financial statements. The students debtors includes an amount of Kshs.106,552,838 that has been outstanding for more than one-year despite being collectable within one financial year. In addition, the University has not been able to recover an amount of Kshs.1,409,708 due from sundry debtors some dating back to financial year 2013/2014.

In the circumstances, the completeness and recoverability of student debtors of Kshs.106,552,838 could not be confirmed.

2. Long Outstanding Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.291,991,227 as disclosed in Note 41 to the financial statements. The payables includes an amount of Kshs.5,223,468 that has been outstanding since 2013.

In the circumstances, Management strategies and controls put in place to clear the payables of Kshs.5,223,468 is in doubt.

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

Material Uncertainty Related to Going Concern

The University recorded a deficit of Kshs.56,102,502 for the year ended 30 June, 2021 compared to a surplus of Kshs.118,093,127 recorded in the previous year. This increased the accumulated deficit from Kshs.224,922,577 as at 30 June, 2020 to Kshs.294,694,476

as at 30 June, 2021. Further, the total current liabilities balance of Kshs.448,728,311 exceeded the total current assets balance of Kshs.300,730,305 resulting in negative working capital of Kshs.147,998,006.

The financial position and performance of the University is an indication of the existence of material uncertainty which may cast doubt on the University's ability to continue to sustain its services and to meet its obligations as and when they fall due. The financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive financial support from the National Government and its creditors.

Management has disclosed the material uncertainty related to going concern/sustainability of services in Note 5 to the financial statements. Management has disclosed the following strategies to mitigate the material uncertainty:

- i. Restructuring of the academic divisions through reduction of teaching costs while maintaining the quality of education offered leading to savings of more than 25% of the teaching costs.
- ii. Restructuring of the non-teaching division by reducing the number of Deputy Vice-Chancellors from three to two leading to an annual saving of more than Kshs.10 million.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Completion and Cost Escalation on Construction of an Academic Block

The statement of financial position reflects property, plant and equipment balance of Kshs.5,968,212,725 and includes capital work-in-progress of Kshs.1,577,542,685 as disclosed in Note 36 and 37 to the financial statements respectively. As previously

reported, included in the balance is an amount of Kshs.5,790,071 spent on construction of Academic Block Phase II, a project that has taken over 9 years and is still incomplete.

Further, the construction cost for the project cumulatively amounts to Kshs.200,565,689, since inception, which is more than the initial contract cost of Kshs.157,100,200. This translates to a cost escalation of Kshs.43,465,489 or 28% of the original contract sum.

In the circumstances, the validity and value for money on cost increase of Kshs.43,465,489 incurred could not be confirmed.

2. Failure to Deduct and Remit Income Tax (PAYE)

The statement of financial performance reflects employees' costs of Kshs.1,088,321,062 as disclosed in Note 17 to the financial statements. Included in this amount is Kshs.13,471,294 paid as student stipend to twenty-nine (29) students at a rate of Kshs.25,000 each per month. However, Pay As You Earn (PAYE) was not deducted and remitted to Kenya Revenue Authority, contrary to Section 37(1) of Income Tax Act Cap 470, which provides that 'an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed'.

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

3. Failure to Adhere to a Third Rule on Basic Salary

Audit review of the University's payroll revealed that, thirty-two (32) employees earned net salaries which were below one-third of their basic pay. This is contrary to Section 19(3) of the Employment Act, 2007, which requires that, "without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by the employer from the wages of his employee at any time shall not exceed two-thirds of the basic salary".

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

4. Lack of Diversity in Staff Ethnic Composition

Audit review of the personnel records and establishment revealed that the University's total number of employees was 556, out of which 372(66.9%) comprised staff from the dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

Consequently, Management was in breach of the law.

5. Delayed Filling of Acting Positions

Audit review of records of the University revealed that a total of Kshs.1,252,062 was paid to two employees who had been in an acting capacity positions for a period of thirty-two (32) and thirty (30) months respectively. This is contrary to the University's Human

Resource Manual, which provides that the period of acting appointment shall not exceed a period of six months in any particular case.

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

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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the University Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such 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.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The University Council is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with the 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 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 an 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 assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with Section 7(1) of 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 ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 July, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020	2019-2020
			Restated balance	
		Kshs	Kshs	Kshs
Revenue from non-exchange transactions				
Transfers from Government	6(b)	891,228,672	978,387,319	978,387,319
Revenue from exchange transactions				
Rendering of services (tuition and other fees)	11	413,541,216	508,565,042	508,565,042
sales of goods	12	39,598,963	45,953,972	45,953,972
Rental revenue from facilities and equipments	13	8,397,754	5,619,457	5,619,457
Finance income	14	567,053	2,107,454	2,107,454
Other income	15	18,038,715	24,442,316	24,442,316
Total revenue		1,371,372,373	1,565,075,560	1,565,075,560
Expenses				
Use of Goods and Services	16	85,643,951	83,049,718	83,049,718
Employee Costs	17	1,088,321,062	1,102,959,004	1,102,959,004
Remuneration of Council	18	6,780,477	6,041,473	6,041,473
Depreciation and Amortization	19	53,173,238	55,466,670	55,466,670
Repairs and Maintenance	20	10,195,161	10,982,792	10,982,792
Contracted Services	21	2,754,632	2,638,745	2,638,745
Grants and Subsidies	22	12,397,520	8,392,955	9,882,909
Academic costs	23	30,638,330	35,222,081	31,451,395
General Expenses	24	117,317,088	111,977,299	119,445,031
Farm expenses	30	24,066,602	24,307,146	24,307,146
Total expenses		1,431,288,061	1,441,037,883	1,446,224,883
Other Gains/losses				
(Increase) /Decrease in provision for doubtful debt	32	3,813,186	(5,187,000)	-
Gain in Value of Biological Assets	30	-	434,000	434,000
Impairment (loss) in Value of Biological Assets	30	-	(1,191,550)	(1,191,550)
Total gains/(losses)		-	(5,944,550)	(757,550)
Net Surplus/(deficit) for the year		(56,102,502)	118,093,127	118,093,127

The notes set out on pages 8 to 69 form an integral part of these Financial Statements.

Dedan Kimathi University Of Technology
Annual Reports and Financial Statements
For the year ended June 30, 2021.

The Financial Statements set out on pages i to 75 were signed on behalf of the Board of Directors by:



Accounting Officer
Prof. P.N. Kioni

Date: 11th Feb. 2022



Head of Finance
CPA. A. Mwangi
ICPAK Mbr. No: 9164

Date: 11th Feb. 2022



Chairman of the Board
Dr. Jane Nyakang'o

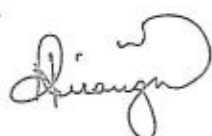
Date: 11th Feb. 2022

Dedan Kimathi University Of Technology
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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020	2019-2020
			Restated balance	
		Kshs	Kshs	Kshs
Assets				
Current assets				
Cash & Cash Equivalents	31(a)	59,935,059	55,282,101	55,282,101
Receivables from exchange Transactions	32	236,778,692	282,824,201	291,306,598
Receivables from non exchange Transactions	33	-	102,591,991	102,591,991
Inventories	34	4,016,554	3,211,276	3,211,276
		300,730,305	443,909,569	452,391,967
Non-current assets				
Property Plant and Equipments	36	5,968,718,609	5,968,212,745	5,968,212,745
Investments	38	-	-	-
Biological assets	39	13,133,100	13,669,300	13,669,300
		5,981,851,709	5,981,882,045	5,981,882,045
Total assets		6,282,582,014	6,425,791,614	6,434,274,012
Liabilities				
Current liabilities				
Bank Overdraft	40	-	16,647,474	16,647,474
Trade and other payables from exchange transactions	41	291,991,227	297,136,465	297,136,465
Trade and other payables from non-exchange transactions	42	29,352,605	83,081,232	83,081,232
Employee benefit obligations	46	67,578,967	128,051,724	128,051,724
Payments received in advance	47	59,805,512	36,146,338	36,146,338
Total liabilities		448,728,311	561,063,233	561,063,233
Net asset		5,833,853,703	5,864,728,382	5,873,210,779
Accumulated surplus	48	(294,694,476)	(233,404,974)	(224,922,577)
Revaluation reserve	49	3,591,025,437	3,591,561,637	3,591,561,637
Capital fund	50	2,537,522,743	2,506,571,719	2,506,571,719
Total net assets and liabilities		5,833,853,703	5,864,728,382	5,873,210,779

The Financial Statements set out on pages i to 75 were signed on behalf of the Board of Directors by:



Accounting Officer
Prof. P.N. Kioni

Date: 11th Feb. 2022



Head of Finance
CPA. A. Mwangi
ICPAK Mbr. No: 9164

Date: 11th Feb. 2022



Chairman of the Board
Dr. Jane Nyakang'o

Date: 11th Feb. 2022

Dedan Kimathi University Of Technology
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15. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021

	Capital Fund	Revaluation reserve	Accumulated Surplus
Balance as at 01/07/2019	2,289,049,802	594,561,639	(343,015,704)
Surplus/(deficit) for the period	-	-	118,093,127
Revaluation additions	-	2,997,000,000	-
Capital development grants	217,521,917	-	-
Restated Balance as at 30/06/2020	2,506,571,719	3,591,561,639	(233,404,974)
Prior year adjustment receivables (overcast)	-	-	(8,482,397)
Restated Balance as at 01/07/2020	2,506,571,719	3,591,561,639	(233,404,975)
Surplus/(deficit) for the period	-	-	(56,102,502)
Revaluation additions	-	(536,200)	-
Prior year restatement of receivables	-	-	5,187,000
Capital development grants	28,427,524	-	-
Capital Donation	2,523,500	-	-
Balance as at 30/06/2021	2,537,522,743	3,591,025,437	(294,694,476)

The restated balance was a result of correcting provision of trade receivables for the previous year understated in the note number 32 page 42.

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16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020	2019-2020
			Restated balance	
	Notes	Kshs	Kshs	Kshs
Cash-flows from operating activities				
Receipts				
Transfers from Government		891,228,672	875,795,328	875,795,328
Rendering of services (tuition and other fees)		507,771,577	401,827,475	401,827,475
sales of goods		39,655,563	42,502,015	42,502,015
Rental revenue from facilities and equipments		1,579,550	1,906,122	1,906,122
Finance income		567,053	2,107,454	2,107,454
Other income		16,959,220	15,527,473	15,527,473
Total Receipts		1,457,761,635	1,339,665,867	1,339,665,867
Payments				
Use of Goods and Services		84,522,947	76,068,595	76,068,595
Employee Costs		1,148,568,819	1,031,997,436	1,031,997,436
Remuneration of Council		6,455,366	6,041,473	6,041,473
Repairs and Maintenance		11,952,479	8,250,757	8,250,757
Contracted Services		2,304,242	2,638,745	2,638,745
Grants and Subsidies		12,397,520	8,392,127	9,882,909
Academic costs		28,184,606	35,222,081	31,451,395
General Expenses		105,312,642	107,463,981	109,743,885
Finance costs		-	-	-
Farm expenses		30,681,978	22,189,609	22,189,609
Total Payments		1,430,380,599	1,298,264,804	1,298,264,804
Net cash flows from operating activities	53	27,381,036	41,401,063	41,401,063
Cash-flows from investing activities				
Investing in fixed assets		(51,155,602)	(244,606,313)	(244,606,313)
Net cash-flows used in investing activities		(51,155,602)	244,606,313)	(244,606,313)
Cash-flows from financing activities				
Development grant		28,427,524	213,753,709	213,753,709
Bank Overdraft		=	(30,277,086)	(30,277,086)
Net cash-flows used in financing activities		28,427,524	183,476,623	183,476,623
Net increase/(decrease) in cash and cash equivalents		4,652,958	(19,728,626)	(19,728,626)

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		2020-2021	2019-2020	2019-2020
			Restated balance	
	Notes	Kshs	Kshs	Kshs
Cash and cash equivalents as at 1 JULY		55,282,101	75,010,727	75,010,727
Cash and cash equivalents as at 30 JUNE		59,935,059	55,282,101	55,282,101

The Financial Statements set out on pages i to 75 were signed on behalf of the Board of Directors by:



Accounting Officer
 Prof. P.N. Kioni

Date: 11thFeb. 2022



Head of Finance
 CPA. A. Mwangi
 ICPAK Mbr. No: 9164

Date: 11thFeb. 2022



Chairman of the Board
 Dr. Jane Nyakang'o

Date: 11thFeb. 2022

Dedan Kimathi University Of Technology
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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	F=d/c
Revenue	A	b	C=(a+b)	d	e=(c-d)	
Transfers from Government	891,228,672		891,228,672	891,228,672	-	100
Rendering of services (tuition and other fees)	543,368,997	(11,000,000)	532,368,997	413,541,216	118,827,781	78
sales of goods	48,142,719	(7,000,000)	41,142,719	39,598,963	1,543,756	96
Rental revenue from facilities and equipments	2,346,800	4,472,079	6,818,879	8,397,754	(1,578,875)	123
Finance income	1,000,000	-	1,000,000	567,053	432,947	57
Other income	27,704,513	50,476	27,754,989	18,038,715	9,716,274	65
Total income	1,513,791,701		1,500,314,256	1,371,372,373		
Expenses						
Use of Goods and Services	91,668,595	(605,965)	91,062,630	85,643,951	5,418,679	94
Employee Costs	1,076,859,822	16,359,223	1,093,219,045	1,088,321,062	4,897,983	100
Remuneration of Council	8,602,000	(1,558,828)	7,043,172	6,780,477	262,695	96
Depreciation and Amortization	-	-	-	53,173,238	-	
Repairs and Maintenance	13,306,021	2,830,219	16,136,240	10,195,161	5,941,079	63
Contracted Services	3,608,494	(340,000)	3,268,494	2,754,632	513,862	84
Grants and Subsidies	16,379,513	8,364,921	24,744,434	12,397,520	12,346,914	50
Academic costs	63,122,845	(19,882,000)	43,240,845	30,638,330	12,602,515	71
General Expenses	142,049,358	(11,132,801)	130,916,557	117,317,088	13,599,469	90
Farm expenses	22,000,000	3,000,000	25,000,000	24,066,602	933,398	96
Total expenditure	1,434,631,417		1,434,631,417	1,431,288,061		
Surplus for the period						

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Budget Notes:

1. Rendering of services: Achievement of the tuition and other fees was greatly affected by the Covid 19 pandemic since most of the University programs were disrupted, semesters were delayed. As a result of these, the original budget of Ksh 543 million was adjusted to 532 million.

2. Rental Revenue: During the period, the University signed additional contract with a client in the science and Technology Park. This gave a boost to the rental revenue for the period from 2.3 million budgeted to 6.8 million with an actual achievement of Ksh. 8.3 million.

3. Finance income: With the reduced income levels as a result of the Pandemic and also completion of the Resource Centre III and the Freedom hall where partial moiety was released to the contractors thus reducing the money kept aside for retention.

4. Other income: With the slowing down of economic activities in the country, DeKUT was also affected such that the level of income from research activities went down and also management income from DeKUTES also was down since the staff in the company who are seconded from the University were not fully utilised and as such they just worked for a number of hours in the company while the rest of the time was dedicated to serving the University.

5. Repairs and maintenance: The University management found it just to undertake some major repairs within the University around the time the students were away. This is because there was minimal interruptions of the programs. Some of the buildings like the BCW workshops, the Drawing room among others require renovations as well as replacement of worn out drawing tables. During the period, some major repair works to the University buses was also undertaken. But basically due to limitation of the cash flows planned activities were not all handled.

6. Academic costs: With the absence of the students in campus and also cash flow being a limiting factor, expenditure in this vote was minimal.

7. General expenses: The expenditure in this line was slowed by the fact that items like travelling and accommodation was limited, other expenses like conferences and seminars, public functions among others were few during the year, thus reduced expenditure.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Dedan Kimathi University of Technology was established by and derives its authority and accountability from University Act 2012 (No 42 of 2012). The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide education, research and effective application of knowledge and skills to life, work and welfare of citizens of Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

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

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4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies(Continued)

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

j) Inventories

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

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

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

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

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

k) Provisions

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. These reserves are accumulated surplus and deficit over the years.

o) Changes in accounting policies and estimates

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

The University operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University. The University also contributes to the National Social Security Fund (NSSF) Contributions to this fund are determined by the local statutes.

The contributions made to the above schemes by the University are charged to the income statement during the year in which they relate

q) Foreign currency transactions

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

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

s) Related parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Members of the University Council are regarded as related parties.

t) Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The University based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur. IPSAS I.140

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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

Going Concern

The University has been operating in deficit for the past periods, however measures to reverse these deficits were put in place during the year 2017/2018 and in the year 2019/2020 the University management was able to turn around the loss to a surplus of 118 million. In the year 2020/2021 due to effects of COVID 19 it made a loss of Kshs 56,102,502. The following strategies were applied and it is expected that they will work even in the coming years.

- i. Restructuring the academic divisions through reduction of teaching costs while maintaining the quality of education offered. This was possible through consolidating all the common units taught in the University, this has saved the University more that 25% of the teaching costs.
- ii. Restructuring of the Non- Teaching division. The University used to operate with three Deputy Vice Chancellors, this number was reduced to two and this saves the University more than 10 million annually
- iii. The university has also embarked on increasing the student population, students enrolment increased from 8402 (2019/2020) to 9,000 (2021/2022). If the government fully implements the Differentiated Unit Cost (DUC) model, the university being a

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technological university training in the most expensive programmes is likely to benefit from the government funding in a great way. Government is currently funding the Universities at a level of 41.3% which is far much below the DUC-expected level of 80%. If funding level is at 80% the University would receive an additional Ksh. 863 million

- iv. The university farm has been on a recovery path due to the effort put in place to rehabilitate the coffee trees. In the first half year and part of third quarters of the financial year 2021/2022 the University farm has sold coffee worth 50 million. This is a great improvement from the previous years. Though this is dependent of weather patterns, the University is in the process of having an innovative and cheaper irrigation method to maintain the productivity during the dry seasons.

These among other strategies has the indication that the University will remain a going concern for at least the next twelve months from the date of this statement.

Rendering of Services (Tuition Fees)

After the outbreak of the Covid-19 in the country in March 2020, it affected the operations of the university to a great extent. The University management has put in place mitigation measures like, online learning was introduced and as a result more income is expected in the coming years.

Other Income (DEKUTES)

DEKUTES is a newly established company wholly owned by Dedan Kimathi University of Technology Limited by Guarantee. DEKUTES is on its initial operating stages hence the University Management decided to charge management fees to cater for Salaries of the personnel who are deployed to work in the Company.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant	891,228,672	978,387,319
Other grants	28,427,524	213,753,709
Total Unconditional Grants	918,656,196	1,192,141,028
Conditional grants	-	-
National housing grant	-	-
National infrastructure grant	-	-
Provincial health grant	-	-
Social services grant	-	-
Basic services subsidy	-	-
Transportation fund (international funding)	-	-
Other organizational grants	-	-
Total government grants and subsidies	918,656,196	1,192,141,028

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2020/21 KShs	Prior year 2019/2020 KShs
Ministry of Education Science and Technology	891,228,672	-	-	891,228,672	978,387,319
Ministry of Education Science and Technology	-	-	28,427,524	28,427,524	213,753,709
Total	891,228,672	-	28,427,524	918,656,196	1,192,141,028

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Levies, Fines and Penalties

Description	2020-2021	2019-2020
	KShs	KShs
Fuel levy	-	-
Other levies (Specify)	-	-
Fines	-	-
Penalties	-	-
Total	-	-

8. Public Contributions and Donations

Description	2020-2021	2019-2020
	KShs	KShs
The Green Belt Movement	-	-
Health donations	-	-
Research donations	-	-
Other public donations (specify)	-	-
Total transfers and sponsorships	-	-
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Property Taxes Revenue

Description	2020-2021	2019-2020
	KShs	KShs
Taxable land and buildings		
Residential	-	-
Commercial	-	-
State	-	-
Penalties	-	-
Sub- total property and taxes	-	-
Income forgone	-	-
Total property taxes revenue	-	-

10. Licenses, Fees and Permits

Description	2020-2021	2019-2020
	KShs	KShs
Licenses	-	-
Fees	-	-
Permits	-	-
Total	-	-

11. Rendering Of Services

Description	2020-2021	2019-2020
	KShs	KShs
Tuition and other fees	396,510,251	501,974,619
Short courses (CPDS)	17,030,965	6,590,423
Total revenue from the rendering of services	413,541,216	508,565,042

Tuition and other fees are the fees collected from the students who have enrolled in the programs offered by the University.

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12. Sale of Goods

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods		
Kitchen sales	14,203,704	23,247,584
Farm sales (12b)	25,395,259	22,706,388
Total revenue from the sale of goods	39,598,963	45,953,972

b) FARM SALES

Description	2020-2021	2019-2020
	KShs	KShs
Coffee	16,345,092	15,275,776
Milk	2,215,984	2,954,177
Horticulture	2,368,186	2,259,368
Livestock Sales	1,602,763	471,925
Miscellaneous	39,596	110,280
Charcoal Sales	190,944	48,494
Piggery Sales	380,389	541,318
Coffee seedlings	2,252,305	1,045,050
	25,395,259	22,706,388

Farm sales is the income generated by the University farm.

13. Rental Revenue from Facilities and Equipment

Description	2020-2021	2019-2020
	KShs	KShs
Staff Quarters Rent	1,579,550	259,200
Science and Technologically Park	6,818,204	5,360,257
Total rentals	8,397,754	5,619,457

14. Finance Income

Description	2020-2021	2019-2020
	KShs	KShs
Interest from call deposit	567,053	2,107,454
Total finance income-external investments	567,053	2,107,454

(This is interest generated from money held on call deposit)

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15. Other Income

Description	2020-2021	2019-2020
	KShs	KShs
Miscellaneous income (15b)	4,927,897	6,541,265
Research grants	9,120,550	4,070,874
DeKUTES Management fees	3,990,268	13,830,177
Total other income	18,038,715	24,442,316

(b) MISCELLANEOUS INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Bookshop Sales	97,985	164,225
Conservancy Sales	94,800	93,450
Coffee Sales	18,500	104,250
Ground Charges	-	78,220
Library	18,950	40,049
Medical Fee	48,655	118,400
Utility fee	26,289	2,205,918
Transport Hire	-	229,915
Sewer	427,013	341,664
IEK Grant	250,000	-
DeHUB	30,000	-
Hire of Gowns	184,300	-
ITOHM sale	-	163,331
Hire of Facilities	795,338	-
Innovation	-	1,330,000
Endowment funds	138,185	-
Cultural Vistas	1,037,367	-
COVID 19 Donations	-	1,050,308
Conference income	1,740,000	232,795
Sale of tree-seedlings	20,515	388,740
Total	4,927,897	6,541,265

16. Use of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Electricity	15,754,947	14,728,630
Water	7,421,519	8,246,316
Security	-	2,210,000
Contracted Professional services	4,719,970	3,816,300
Subscriptions to professional bodies	1,104,617	388,837
Internet services	15,327,030	12,763,079

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Description	2020-2021	2019-2020
	KShs	KShs
Gas and fuel	790,347	797,070
Fumigation services	135,955	94,440
Utensils and crockery	-	-
Purchase of Drugs	1,584,894	2,160,785
Medical expenses	33,546,040	32,516,964
Optical and Dental	4,390,029	2,116,374
Bank Charges	808,603	3,015,137
Marketing Expenses	60,000	195,786
Total good and services	85,643,951	83,049,718

17. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Basic Salaries	552,411,077	470,824,153
CBA Salary Arrears	-	104,868,054
Casual workers	40,439,174	52,116,051
Part time teaching	20,580,000	20,766,400
Gratuity and pension	77,589,292	72,486,415
House to Office allowance	55,693,505	54,386,186
Other personal allowances	76,610,757	72,778,603
Passage and Baggage	382,195	326,930
Group life (pension) insurance	4,399,998	4,154,177
House allowances	241,733,979	232,806,753
Graduate sponsorship programme	13,112,156	14,878,242
Internship	2,645,164	-
Leave allowance	2,723,765	2,567,040
Employee costs	1,088,321,062	1,102,959,004

18. REMUNERATION OF COUNCIL MEMBERS

Description	2020-2021	2019-2020
	KShs	KShs
Chancellor Allowance	-	-
Chairman's Allowance	1,044,000	1,044,000
Council Sitting Allowance	3,530,000	3,192,250
Council Insurance	724,073	55,750
Council travelling & Accommodation	1,482,404	1,749,473
Total director emoluments	6,780,477	6,041,473

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19. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	53,173,238	55,466,670
Total depreciation and amortization	53,173,238	55,466,670

20. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Buildings	3,557,718	4,580,916
Water and sewerage	894,488	213,285
Equipment and machinery	1,307,151	3,797,048
Vehicles	3,459,581	2,139,783
Computers and accessories	290,400	-
Roads and grounds	412,223	251,760
Asset tagging	273,600	-
Total repairs and maintenance	10,195,161	10,982,792

21. Contracted Services

Description	2020-2021	2019-2020
	KShs	KShs
Hygiene services	537,510	540,056
Legal expenses	2,217,122	2,098,689
Total contracted services	2,754,632	2,638,745

22. Grants and Subsidies

Description	2020-2021	2019-2020	2019-2020
		Restated balance	
	KShs		KShs
Internal research grants	710,950	2,550,558	2,550,558
International Conference	-	774,991	774,991
Innovation and technology	2,477,690	345,125	345,125
DeHub	88,330	396,225	396,225
KENET Project	279,457	-	-
Science Park	-	-	1,489,954
Wind energy (Nairutia)	-	255,182	255,182
NRF Project	3,666,481	2,674,962	2,674,962
Data Science Africa Project	2,365,003	498,458	498,458
BMBF Project	747,840	-	-
DePUK Project	234,000	867,454	867,454
International Foundation Science Grant	555,710	-	-
VLIR-Belgium project	-	30,000	30,000

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DAAD Project	1,272,059	-	-
Total grants and subsidies	12,397,520	8,392,955	9,882,909

The restated balance is as a result of reclassification of science park expenses kshs 1,489,954 from grants and subsidies to general expenses.

23. ACADEMIC COSTS

Description	2020-2021	2019-2020	2019-2020
		Restated balance	
	KShs		KShs
External Examiners	3,073,463	3,770,686	-
Examination materials	4,929,759	4,746,240	4,746,240
Attachment expenses	2,191,676	4,809,492	4,809,492
Academic Travelling and accommodation	-	1,765,885	1,765,885
Payment of use of lab	-	55,500	55,500
Library	885,291	3,173,577	3,173,577
Field courses	272,120	990,425	990,425
Graduation expenses	528,582	460,618	460,618
Teaching materials	2,336,710	4,054,810	4,054,810
CUE Quality Assurance	5,569,000	-	-
Renewal of software licenses	961,883	-	-
IHTOM/Coffee Expenses	305,425	-	-
CUE Institutions Accreditations	1,875,000	932,100	932,100
KUCCPS admission expenses	2,789,859	3,004,500	3,004,500
Purchase of software	-	957,580	957,580
Hire of teaching facilities	-	196,087	196,087
Purchase of Gowns	-	-	-
Curriculum Development	116,740	630,138	630,138
Siemens	3,406,570	2,874,026	2,874,026
TIVET	-	2,551,022	2,551,022
Final year project	1,396,252	249,395	249,395
Total academic costs	30,638,330	35,222,081	31,451,395

The restated balance is as a result of reclassification of external examiners expenses kshs 3,770,686 from general expenses to academic expenses.

24. GENERAL EXPENSES

Description	2020-2021	2019-2020	2019-2020
		Restated balance	
	KShs		KShs
Advertising and Publicity	2,873,408	1,741,412	1,741,412
Conferences and seminars	1,952,297	2,697,964	2,697,964
Vehicle fuel and oil	4,729,951	5,887,629	5,887,629
Insurance premiums	4,939,266	2,783,371	2,783,371
Vehicle licenses & insurance	425,853	821,154	821,154

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Postal expenses	168,382	137,865	137,865
Publishing & Printing	1,154,200	2,218,970	2,218,970
Stationery and stores	5,654,077	6,140,565	6,140,565
Adimin Travelling and accommodation	5,408,539	4,271,115	4,271,115
Committee Facilitation	107,590	335,755	335,755
Staff Welfare	1,779,765	1,845,000	1,845,000
Guest house Expenses	-	188,604	188,604
Alumni Association	1,133,027	946,100	946,100
Recruitment expenses	-	-	-
Telephone expenses	1,415,889	2,058,260	2,058,260
Purchase of uniforms	542,568	505,162	505,162
Demise	403,068	203,068	203,068
University Public Functions	26,700	905,414	905,414
Exchange Programme	192,218	532,155	532,155
Catering	16,766,894	23,345,505	23,345,505
Cleaning materials	1,649,089	1,562,667	1,562,667
Set up of ICT infrastructure	1,178,015	664,535	664,535
External travelling	509,814	2,502,846	2,502,846
Training expenses	4,945,983	6,652,795	6,652,795
Book shop expenses	22,515	162,875	162,875
Performance Contract	-	585,257	585,257
Graduate assistant Expenses	13,471,294	-	-
Show and Exhibitions Expenses	-	1,357,816	1,357,816
Staff Entertainment	56,745	424,249	424,249
Work permit	1,048,300	648,196	648,196
Linkages	1,037,365	-	-
Levies (NEMA/NITA/Energy board)	232,900	250,150	250,150
DKUT Affiliation Associations	1,718,397	2,903,721	2,903,721
National Cancer Hospital	440,205	-	-
Newspapers	359,290	377,544	377,544
Conservancy Expenses	4,600	59,263	59,263
Provision for doubtful debt	-	-	5,187,000
Audit Fee	870,000	870,000	870,000
Sports and Games	1,667,571	2,576,980	2,576,980
Students insurance	1,051,450	1,071,420	1,071,420
Student benevolent fund	90,200	306,085	306,085
Mt. Kenya expedition climb to educate	108,432	1,004,992	1,004,992
Students conference/workshops	317,300	-	-
Work-study	531,965	763,210	763,210
Science Park	94,250	1,489,954	-
Student Awards	445,912	405,976	405,976
Student bursary	474,961	987,586	987,586
Counselling expenses	8,340	298,985	298,985

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Entertainment	192,730	675,721	675,721
Rent	29,283,390	24,042,064	24,042,064
Kimathi students union allow	1,440,298	1,345,834	1,345,834
Sports equipments	-	326,510	326,510
Corporate social responsibilities	2,135,000	95,000	95,000
COVID 19	2,257,085	-	-
External Examiners	-	-	3,770,686
Total general expenses	117,317,088	111,977,299	119,445,031

The restated balance is as a result of reclassification of external examiners expenses kshs 3,770,686 science park expenses kshs 1,489,954 and provision of doubtful debt kshs 5,187,000.

25. Finance Costs

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)*	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

26. Gain on Sale of Assets

Description	2020-2021	2019-2020
	KShs	KShs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

27. Unrealized Gain on Fair Value Investments

Description	2020-2021	2019-2020
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

28. Impairment Loss

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

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29. Taxation

Description	2020-2021	2019-2020
	KShs	KShs
Current income tax charge	-	-
Tax charged on rental income	-	-
Tax charged on interest income	-	-
Deferred tax: [Note 53]	-	-
Original and reversal of temporary differences	-	-
Income tax expense reported in the statement of financial performance	-	-

30. FARM EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Seeds-Hort	239,257	270,724
Horticulture - Labour	1,872,092	1,876,529
Chemicals-Hort	205,866	232,646
Fertilizers-Hort	73,150	224,384
Farm inputs	165,370	83,750
Coffee Labour	5,887,621	6,387,081
Coffee picking expenses	1,646,000	1,628,550
Fertilisers-coffee	2,078,310	1,188,270
Herbicides-Coffee	1,171,976	1,017,154
Fungicides-coffee	510,727	325,995
Insecticides-coffee	262,785	128,588
Coffee nyllex& sisal twine	339,820	114,303
Farm Tools	100	26,290
Certified Coffee Seeds	22,500	1,000
Feeds/Fodder	1,528,406	1,291,513
Labour - Livestock	1,686,079	1,614,422
Veterinary bills & A.I	333,123	340,414
Grooming and local treatment	74,512	56,980
Acaricides	74,080	64,320
Piggery feeds	321,705	312,100
Polythene & Twine-Dairy	138,400	70,000
Fish rearing expenses	-	24,300
Buildings maintenance	242,041	66,619
Machinery maintenance	645,585	291,859
Electricity-irrigation	302,416	863,543
Electricity-wet mill	55,401	135,602
Electricity- office/stores/dairy	105,935	79,788
Travel & Subsist	85,055	163,196
Stationery & printing	170,520	4,250
Security	21,000	29,880
Licences and legal fees	26,000	26,000
Insurance	60,300	427,061

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Staff entertainment	248,993	23,261
Hired Transport	130,000	-
Fuel and oils	1,529,187	1,212,622
Telephone	6,260	87,080
Protective clothing	265,997	25,128
Cleaning Materials	34,547	17,739
Packaging materials	23,895	17,555
Printing & Publishing	-	79,435
Indirect labour	1,481,591	1,094,014
Stock Movement	-	2,383,201
Total Farm Expenses	24,066,602	24,307,146

31. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account	59,935,059	20,188,368
On- call deposits	-	35,093,733
Total cash and cash equivalents	59,935,059	55,282,101

31 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
Standard chartered bank			
DEKUT Fee collection A/C	0102045131200	171,252	304,017
DEKUT Fee collection A/C	0102045131201	195,407	166,643
DEKUT Farm Operating A/C	0102045131202	58,784	138,158
DEKUT Fee collection A/C	0102045131203	514,439	45,030
Consolidated bank			
DEKUT Payment main A/C	10061200000061	6,525,850	-
DEKUT Fee collection A/C	10061200000062	24,872,239	9,960,116
DeKUT Project A/C	10061203000003	19,277,313	1,039,370
DEKUT TIVET A/C	10061203000002	-	-
Call Deposit			35,093,733
Family Bank			
DEKUT Payment A/C	055000028807	343,891	-
DEKUT Mathira TTI A/C	055000031309	144,767	148,367
DEKUT Farm Operating A/C	055000032397	10	10
Call Deposit			
Kenya commercial bank			
DEKUT Fee collection A/C	1121318274	39,680	729,362
DEKUT Coffee research Fund A/C	1158874847	7,534,032	7,264,702
Equity bank			
DEKUT Fee collection A/C	1150297300480	257,395	392,592
Cash balances		-	-
Sub- total		59,935,059	55,282,101

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32. Receivables from Exchange Transactions

32(a) Current Receivables from Exchange Transactions

	2020-2021	2019-2020	2019-2020
		Restated	
	KShs	KShs	KShs
Current receivables			
Student debtors	197,124,228	273,387,947	273,387,947
5% Provision for doubt-full debt	(9,856,211)	(5,187,000)	(5,187,000)
Understatement of provision	-	(8,482,397)	-
Restated provision	-	(13,669,397)	-
	187,268,017	259,718,550	268,200,947
Sundry debtors	46,740,531	20,259,128	20,259,128
Farm debtors (coffee sales)	217,896	-	-
Staff debtors	285,105	579,380	579,380
Deposits	2,267,143	2,267,143	2,267,143
V.A.T. arrears	2,985,164	2,985,164	2,985,164
Impairment of VAT receivables	(2,985,164)	(2,985,164)	(2,985,164)
Total Exchange transactions	236,778,692	282,824,201	291,306,598

The restated balance is a result of understated provision of doubtful debt by ksh 8,482,397

32(b) Provision for doubtful debt

Description	2020-2021	2019-2020	2019-2020
		Restated	
	KShs	KShs	KShs
Provision			
Provision at the beginning of the year	13,669,397	8,482,397	8,482,397
Movement during the year	(3,813,186)	5,187,000	5,187,000
Provision at the end of the year	<u>9,856,211</u>	<u>13,669,397</u>	<u>13,669,397</u>

Nb. Provision for doubtful debt is charged at 5% on student receivables.

32(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/ Provision	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-

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At the end of the year	-	-
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
CBA Salary Arrears	-	102,591,991
Total current receivables	-	102,591,991

33(b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

34. Inventories

Description	2020-2021	2019-2020
	KShs	KShs
Farm stocks	4,016,554	3,211,276
Total inventories at the lower of cost and net realizable value	4,016,554	3,211,276

35. Investments

Description	2020-2021	2019-2020
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-

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Sub- total	-	-
c) Equity investments (specify)		-
Equity/ shares in entity xxx	-	-
Sub- total	-	-
Grand total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) Movement of Equity Investments

Impairment Allowance/ Provision	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Increase /(decrease) in fair value of investments	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed under note 32 above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Shs	Shs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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36. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Computers	Plant and machinery	Tractor	Furniture and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation rates	NIL	2%	25%	30%	12.5%	37.5%	12.5%	NIL	
Cost									
At 1 July 2019	435,000,000	823,353,412	78,008,693	72,909,735	24,992,766	12,887,572	560,727,044	1,348,800,163	3,356,679,385
Additions	-	-	850,506	9,188,890	-	-	9,592,603	228,742,522	248,374,521
Disposals	-	-	-	-	-	-	-	-	-
Valuation	2,997,000,000	-	-	-	-	-	-	-	2,997,000,000
At 30 th June 2020	3,432,000,000	823,353,412	78,859,199	82,098,625	24,992,766	12,887,572	570,319,647	1,577,542,685	6,602,053,906
Additions	-	-	-	2,573,000	-	-	8,985,124	42,120,978	53,679,102
Disposals	-	-	-	-	-	-	-	-	-
Valuation	-	(117,239,465)	-	-	-	-	-	(117,239,465)	-
At 30 th June 2021	3,432,000,000	940,592,877	78,859,199	84,671,625	24,992,766	12,887,572	579,304,771	1,502,424,198	6,655,733,008
Depreciation and impairment									
At 1 July 2019	-	107,982,764	69,779,174	67,928,781	18,556,407	12,092,486	302,034,877	-	578,374,489
Depreciation	-	14,307,413	2,270,006	4,250,953	804,545	298,157	33,535,596	-	55,466,670
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-

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	Land	Buildings	Motor vehicles	Computers	Plant and machinery	Tractor	Furniture and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation rates	NIL	2%	25%	30%	12.5%	37.5%	12.5%	NIL	
Cost									
At 30 th June 2020	-	122,290,177	72,049,180	72,179,734	19,360,952	12,390,643	335,570,473	-	633,841,159
Depreciation	-	16,366,054	1,702,505	3,747,567	703,977	186,348	30,466,787	-	53,173,238
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30 th June 2021	-	138,656,231	73,751,685	75,927,301	20,064,929	12,576,991	366,037,260	-	687,014,397
Net book values									
At 30 th June 2021	3,432,000,000	801,936,646	5,107,514	8,744,323	4,927,837	310,580	213,267,511	1,502,424,198	5,968,718,609
At 30 th June 2020	3,432,000,000	701,063,235	6,810,018	9,918,891	5,631,814	496,928	234,749,174	1,577,542,685	5,968,212,745

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Valuation

Land was valued by Ministry of Land and physical planning (Kirinyaga county) independent valuer. The new land value was established at Kshs 3,432,000,000 from the initial value of Kshs 435,000,000. These amounts were adopted on financial year 2019/2020

36(b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant and machinery	-	-	-
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	-	-	-
Office equipment, furniture, and fittings	-	-	-

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

	Cost or valuation	Normal annual depreciation charge
Plant and machinery	-	-
Motor vehicles, including motor cycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
Total	-	-

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37. WORK-IN PROGRESS

Description					
WORK-IN-PROGRESS	Description	BAL B/F	ADDITIONS	Transfer to building	TOTAL
Hostels	Buildings	14,619,741	-	14,619,741	-
Academic Block P1	Buildings	385,679,549	-	-	385,679,549
Academic Block P2	Buildings	194,293,822	5,790,071	-	200,083,893
Dining Hall	Buildings	231,249,404	-	-	231,249,404
Resource III	Buildings	409,408,218	24,984,660	-	434,392,878
Lecture Hall	Buildings	159,886,909	4,696,424	-	164,583,333
link Road	Land improvements	85,445,658	-	85,445,658	-
Engineering Annex	Buildings	79,785,319	6,649,823	-	86,435,142
Conservancy Phase II	Buildings	5,478,581	-	5,478,581	-
Ambulation Block	Buildings	7,862,213	-	7,862,213	-
University Gate	Buildings	3,833,272	-	3,833,272	-
Bal c/d		<u>1,577,542,686</u>	<u>42,120,978</u>	<u>117,239,465</u>	<u>1,502,424,199</u>

38. Investment Property

Description	2020-2021	2019-2020
	KShs	KShs
i) One (1) ordinary shares of Ksh 20.00 in Kenya Farmers Association	20	20
ii) 130175 redeemable ordinary shares of ksh 10.00 each with Kenya Planters Co-operative Union Ltd.	1,301,750	1,301,750
Impairment of investment	<u>(1,301,770)</u>	<u>(1,301,770)</u>
	-	-

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39. Biological Asset

Description	2020-2021	2019-2020
	KShs	KShs
Livestock	4,611,000	5,154,000
Coffee trees		
Number of coffee trees 170,442 @ 50	8,522,100	8,515,300
Total	13,133,100	13,669,300

This was net realisable value

40. Bank Overdraft

Description	Account Number	2020-2021	2019-2020
		KShs	KShs
Consolidated Payment main A/C	100612000000061	-	16,581,864
Family Bank Payment A/C	055000028807	-	65,610
Total		-	16,647,474

41. Trade and Other Payables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Trade and other payables	262,015,460	284,452,401
Provisions (audit fees)	870,000	870,000
Research grants	29,105,767	11,814,064
Total trade and other payables	291,991,227	297,136,465

42. Trade and Other Payables from Non Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Prepayment (AFDB, CUE & HELB)	11,125,414	37,327,937
Capital Development Retention Funds	18,227,191	45,753,295
Total Non-Exchange Transactions	29,352,605	83,081,232

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43. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance b/d (1.07.2020)	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Transfers from non -current provisions	-	-	-	-	-
Total provisions as at 30.6.2021	-	-	-	-	-

44. Finance Lease Obligation

Description	2020-2021	2019-2020
	KShs	KShs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: Unearned interest	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

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OTES TO THE FINANCIAL STATEMENTS (Continued)

45. Deferred Income

Description	2020-2021	2019-2020
	KShs	KShs
National government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

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46. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2020-2021	2019-2020
	KShs	KShs	KShs	KShs	KShs
Pension arrears	-	-	-	23,183,670	23,183,670
CBA Salary Arrears	-	-	-	-	104,868,054
June 2021 Salary deductions	-	-	-	44,395,297	-
	-	-	-	<u>67,578,967</u>	<u>128,051,724</u>

Retirement benefit Asset/ Liability

The University operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University

	2020-2021	2019-2020
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

	2020-2021	2019-2020
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

	2020-2021	2019-2020
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

The University also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The University's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 400 per employee per month.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. Payment received in advance

Description	2020-2021	2019-2020
	KShs	KShs
Students creditors	59,805,512	36,146,338
Total	59,805,512	36,146,338

48. ACCUMULATED SURPLUS

Description	2020-2021	2019-2020	2019-2020
		Restated balance	
	KShs		KShs
Bal as at 1/7/2020	(233,404,974)	(343,015,704)	(343,015,704)
University Surplus/deficit for the period	(56,102,502)	118,093,127	118,093,127
Prior year adjustment	(5,187,000)	(8,482,397)	-
Bal as at 30/6/2021	(294,694,476)	(233,404,974)	(224,922,577)

The restated balance is a result of understated provision of doubtful debt by ksh 8,482,397 and correction of variance in the financial statement year 2019/2020 Khs 5,187,000.

49. REVALUATION ACCOUNTS

Description	2020-2021	2019-2020
	KShs	KShs
Bal as at 1/7/2020	3,591,561,637	594,561,637
Addition in the year	(536,200)	2,997,000,000
Bal as at 30/6/2021	3,591,025,437	3,591,561,637

50. CAPITAL FUND

Description	2020-2021	2019-2020
	KShs	KShs
Bal as at 1/7/2020	2,506,571,719	2,289,049,802
Development fund	28,427,524	213,753,709
Donation	2,523,500	3,768,208
Bal as at 30/6/2021	2,537,522,743	2,506,571,719

NOTES TO THE FINANCIAL STATEMENTS (Continued)

51. Borrowings

Description	2020-2021	2019-2020
	KShs	KShs
a) External Borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic Borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
Balance at end of the period- Domestic and External borrowings c = a+b	-	-

The analyses of both external and domestic borrowings are as follows:

	2020-2021	2019-2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organization'	-	-
Sterling Pound denominated loan from organization'	-	-
Euro denominated loan from organization'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Description	2020-2021	2019-2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

52. Service Concession Arrangements

Description		
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

53. Cash Generated from Operations

	2020-2021	2019-2020	2019-2020
		Restated	
	KShs	KShs	KShs
Surplus/Deficit for the year before tax	(56,102,502)	118,093,127	118,093,127
Adjusted for:			
Depreciation	53,173,238	55,466,670	55,466,670
Provision for doubtful debt	(5,187,000)	(7,724,847)	757,550
	(8,116,264)	165,834,950	174,317,347
Working Capital adjustments			
Increase in inventory	(805,278)	3,185,546	3,185,546
Increase in receivables	148,637,500	(133,608,022)	(142,090,419)
Increase in payables	(135,994,096)	8,986,145	8,986,145
Increase in payments received in advance	23,659,174	(2,997,556)	(2,997,556)
Net cash flow from operating activities	27,381,036	41,401,063	41,401,063

The restated balance is a result of under-casted provision for doubtful debt and reclassification of provision for provision for doubtful debt from general expenses.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

54. Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The University's financial risk management objectives and policies are detailed below:

i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	250,448,089	250,448,089	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	59,935,059	59,935,059	-	-
Total	310,383,148	310,383,148	-	-
At 30 June 2020				
Receivables from exchange transactions	291,306,598	291,306,598	-	-
Receivables from non exchange transactions	102,591,991	102,591,991	-	-
Bank balances	55,282,101	55,282,101	-	-
Total	449,180,690	449,180,690	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Trade payables	31,769,060	42,417,649	306,962,635	381,149,344
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	44,395,297	-	23,183,670	67,578,967
Total	76,164,357	42,417,649	330,146,305	448,728,311
At 30 June 2020				
Trade payables	10,723,649	11,831,650	357,662,398	380,217,697
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	104,868,054	-	23,183,670	128,051,724
Total	115,591,703	11,831,650	380,846,068	508,269,421

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

iii) Market risk

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

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

The University's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The University has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The University manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

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

FY 2021

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2021			
Financial assets			
Investments	-	-	-
Cash	59,935,059	-	59,935,059
Debtors	250,448,089	-	250,448,089
Total financial assets	310,383,148	-	310,383,148
Financial Liabilities			
Trade and other payables	448,728,311	-	448,728,311
Borrowings	-	-	-
Total financial liabilities	448,728,311	-	448,728,311
Net foreign currency asset/(liability)	(138,345,163)	-	(138,345,163)

FY 2020

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2020			
Financial assets			
Investments	-	-	-
Cash	55,282,101	-	55,282,101
Debtors	393,898,589	-	393,898,589
Total financial assets	449,180,690	-	449,180,690
Financial Liabilities			
Trade and other payables	544,415,759	-	544,415,759
Borrowings	-	-	-
Total financial liabilities	544,415,759	-	544,415,759
Net foreign currency asset/(liability)	(95,235,069)	-	(95,235,069)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

Foreign currency sensitivity analysis

The following table demonstrates the effect on the entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

Sensitivity analysis

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *University's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *University* considers relevant and observable market prices in its valuations where possible.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
As at 30 June 2021				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	4,233,936,646	4,233,936,646
	-	-	4,233,936,646	4,233,936,646
As at 30 June 2020				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	4,133,063,235	4,133,063,235
	-	-	4,133,063,235	4,133,063,235

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	3,591,025,437	3,591,561,637
Retained earnings	(281,025,079)	(224,922,577)
Capital reserve	2,537,522,743	2,506,571,719
Total funds	5,847,523,101	5,873,210,779
Total borrowings	-	-
Less: cash and bank balances	59,935,059	55,282,101
Net debt/(excess cash and cash equivalents)	59,935,059	55,282,101
Gearing	-	-

55. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Council Members
- iv) DeKUTES

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

58. Capital Commitments

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

59. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The University did not make any surplus during the year (FY 2020 Nil) and hence no remittance to the Consolidated Fund.

The Surplus Remission has been computed as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Surplus for the period	-	-
Less: Allowable deductions by NT	-	-
90% computation (Included in Statement of Financial performance)	-	-

Surplus Remission Payable

	2020-2021	2019-2020
	Kshs	Kshs
Payable at the beginning of the year	-	-
Paid during the year	-	-
Payable at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

60. Taxation

	2020-2021	2019-2020
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 27)	-	-
Under/(over) provision in prior year/s (note 27)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

[Provide short appropriate explanations as necessary]

61. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020-2021	2019-2020
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability/(asset)	-	-
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

62. Events after the Reporting Period

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

63. Ultimate And Holding Entity

The University is a State Corporation under the Ministry of Education and Technology. Its ultimate parent is the Government of Kenya.

64. Currency

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

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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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
AA	Failure to disclose material uncertainty in relation to going concern	The University is in recovery period after COVID 19 pandemic effects. The University want to increase students population which will lead to increased funding. The University farm is on recovery path with its revenue increasing in the recent years.	Not Resolved	June 30 th 2022
A1	Delay in filling of acting position	The university council resolved to have the positions appointed for a term of two years renewable.	Not Resolved	April 30 th 2022
A2	Failure to adhere to a third rule on basic salary	The HR with the lending banks monitors staff loans to ensure compliance with one third rule	Not Resolved	March 31 st 2022
A3	Delayed completion of Academic Block	The University management has written to the Ministry of Education to appeal for release of development funds.	Not Resolved	June 30 th 2022
A4	Affirmative action on gender, ethnicity and	Management has developed affirmative action policy with a view	Not Resolved	May 31 st 2022

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	regional distribution	to ensure fair and equitable representation of all regions.		
B1	Long outstanding receivables	The University has written demand notice and letters to the long outstanding debtors as the first step.	Not Resolved	March 31 st 2022
B2	Long outstanding payables	The management has appealed to Government for a review of the recurrent expenditure funding allocation and full adoption of the Differentiated Unit Cost model (DUC)	Not Resolved	March 31 st 2022



Vice chancellor

11th February 2022

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or 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)
1 Resource III		GOK	3 Years	100%	NO	YES
2 Lecture Theatre		GOK	3 Years	100%	NO	YES
3 Academic Block P2		GOK	3 Years	100%	NO	YES

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Resource III	475,096,810	434,392,878	97%	25,000,000	24,984,660	GOK
2	Lecture Hall	234,428,237	164,583,333	88%	5,000,000	4,696,424	INTERNAL
3	Academic Block P2	285,899,378	200,083,893	87%	6,000,000	5,790,071	GOK/ INTERNAL

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY		
Break down of Transfers from the State Ministry of Education Science and Technology				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		07-08-20	74,269,056	2020/2021
		31-08-20	74,269,056	2020/2021
		01-10-20	74,269,056	2020/2021
		30-10-20	74,269,054	2020/2021
		07-12-20	74,269,056	2020/2021
		04-01-21	74,269,056	2020/2021
		04-02-21	74,269,054	2020/2021
		10-03-21	74,269,056	2020/2021
		10-05-21	74,269,056	2020/2021
		16-06-21	74,269,054	2020/2021
		25-06-21	74,269,056	2020/2021
		Total	891,228,672	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		14-09-20	28,427,524	2020/2021
		Total	28,427,524	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	

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

Finance Officer
Dedan Kimathi University of Technology

Sign:



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APPENDIX IV; RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
07-08-20	Recurrent	74,269,056	74,269,056	-	-	-	-	-	74,269,056
31-08-20	Recurrent	74,269,056	74,269,056	-	-	-	-	-	74,269,056
09-04-21	Recurrent/Development	74,269,056	74,269,056	28,427,524	-	-	-	-	102,696,580
30-10-20	Recurrent	74,269,054	74,269,054	-	-	-	-	-	74,269,054
07-12-20	Recurrent	74,269,056	74,269,056	-	-	-	-	-	74,269,056
4-01-21	Recurrent	74,269,054	74,269,054	-	-	-	-	-	74,269,054
4-02-21	Recurrent	74,269,054	74,269,054	-	-	-	-	-	74,269,054
10-03-21	Recurrent	74,269,054	74,269,054	-	-	-	-	-	74,269,054
09-04-21	Recurrent	74,269,054	74,269,054	-	-	-	-	-	74,269,054
10-05-21	Recurrent	74,269,054	74,269,054	-	-	-	-	-	74,269,054
16-06-21	Recurrent	74,269,054	74,269,054	-	-	-	-	-	74,269,054
25-06-21	Recurrent	74,269,054	74,269,054	-	-	-	-	-	74,269,054
Total		891,228,672	891,228,672	28,427,524	-	-	-	-	919,656,196