

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY PAPERS Laid	
DATE: 22 FEB 2023	DAY: /
REPORT	
TABLED BY:	HON. DWEN BAYA, MP
	DEPUTY LEADER OF MAJORITY
CLERK-AT-THE-TABLE:	CHRISTINE NDIRITU

OF

**THE AUDITOR-GENERAL**

**ON**

**MERU UNIVERSITY OF SCIENCE AND  
TECHNOLOGY**

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





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# **MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

## **ANNUAL REPORT AND FINANCIAL STATEMENT**

### **FOR THE FINANCIAL YEAR ENDING JUNE 30, 2021**

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

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**Meru University of Science and Technology**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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# PART ONE: ANNUAL REPORT

## **KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Through the Legal Notice No.103 of July 18, 2008, the then Meru College of Technology was upgraded to a constituent college of Jomo Kenyatta University of Agriculture and Technology and renamed Meru University College of Science and Technology. On March 1, 2013, the University College acquired fully fledged university status and became Meru University of Science and Technology. The University is located 16 km from Meru town along Meru-Maua road in Meru County, Tigania West Constituency.



### **(b) Principal Activities**

The principal activities of the University are to:

- a) Provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to labour market needs;
- b) Play a leading role in the development and expansion of opportunities for higher education and research in agriculture, forestry, mining, energy, water and environmental sciences on arid and semi-arid lands;
- c) Contribute to industrial and technological development through innovations and technology transfer;
- d) Contribute to agricultural, industrial and technological development of Kenya in collaboration with industry and other institutions through transfer of appropriate technology.

**(c) Key Management**

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

- University Senate
- University Management Board

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name	Remarks
1.	Vice Chancellor	Prof. Romanus Odhiambo	
2.	Deputy Vice Chancellor (Administration, Finance and Planning)	Prof. Charity W. Gichuki	
5.	Ag. Deputy Vice Chancellor (Academic, Research and Students' Affairs)	Prof. Simon Thuranira	Acted as DVC from 1 <sup>st</sup> July 2020 to 30 June 2021
6.	Registrar (Administration and Planning)	Dr. Elijah Walubuka	
7.	Ag. Registrar (Academic and Students' Affairs)	Dr. Stephen Karanja	Acted as Registrar from 1 <sup>st</sup> July 2020 to 30 <sup>th</sup> June 2021
8.	Finance Officer	CPA Nephath Njeru	

**(e) Fiduciary Oversight Arrangements**

**Audit Committee of the Council activities**

The Audit Committee of the Council assists the Council in fulfilling its responsibilities with respect to accounting and management control, and also financial reporting. Specifically, the Audit Committee is responsible for overseeing:

- The internal audit function and the work of external auditor,
- That the system of the management control in the University is robust and effective and protects the assets of the University on a reasonable and economic basis,
- Ensures that financial information is reliable and accurate,
- Monitors compliance with laws and regulations,
- Provides for proper authorization and recording of transactions.



**(f) The University Headquarters**

Meru University of Science and Technology

Physical Address: Meru-Maua Road, 16 kilometres from Meru Town

P.O Box 972 – 60200, **MERU**

**(g) The University Contacts**

Telephone: (254) 0704 508 454

E-mail: [finance@must.ac.ke](mailto:finance@must.ac.ke), [vc@must.ac.ke](mailto:vc@must.ac.ke)

Website: [www.must.ac.ke](http://www.must.ac.ke)

P.O Box 972 – 60200, Meru –Kenya

**(h) The University Bankers**

1. National Bank of Kenya – Meru Branch

P.O Box 1774 – 60200, **MERU**

2. Kenya Commercial Bank Ltd- Meru Branch

P.O Box – 178 – 60200, **MERU**

3. Equity Bank –Makutano Branch

P.O. Box 3137 -60200, **MERU**

4. Cooperative Bank- Makutano Branch

P.O. Box 1328-60200, **MERU**

**(i) Independent Auditors**

Auditor General

Office of the Auditor General,

Anniversary Towers, University Way,

P.O. Box 30084 GOP 00100,

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 City Square 00200

Nairobi, Kenya

### **THE UNIVERSITY COUNCIL**

Council is the University's highest governing body, responsible for setting the general strategic direction of the University, for ensuring proper accountability, and for the management of its finances, property and investments and the general business of the University. It approves the University's key policies and plans pertinent to its three core functions: teaching, research and public service. In that connection, the Council makes sure that the University always maintains high standards in the three core areas just mentioned. To ensure that MUST really does this, the Council reviews its performance from time to time. It also appoints persons to various leadership positions in the University.

The Council conduct of business is guided by University Act No. 42 of 2012, Mwongozo Code of Conduct 2015, Commission for University Education Regulations and Standards 2014 and MUST Charter.

The University Council is composed of a Chairperson, the Vice Chancellor and seven other members. All the members other than the Vice Chancellor are drawn from outside the University. The following are the Council members who served during the period:

### **CURRENT COUNCIL MEMBERS**

#### **PROF. BOSIRE MONARI MWEBI, PHD-CHAIRMAN OF COUNCIL**



Prof. Mwebi holds a PhD degree in the area of teacher education and a Master's in educational administration of Post-Secondary Education, both obtained from University of Alberta, Canada. He possesses a Bachelor of Education degree with a specialization in Economics and History from the University of Nairobi.

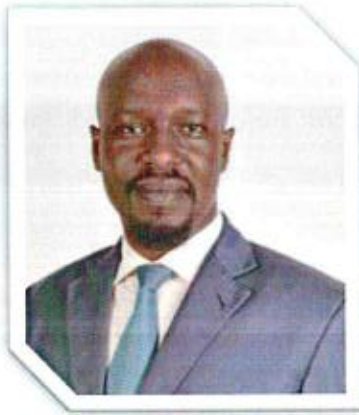
Prof. Mwebi is internationally renowned expert in the field of teacher education and curriculum development based in Kenya and Canada. He has been a university professor of education and currently works as international consultant in teacher education and curriculum related disciplines. Prior to joining independent consultant in 2018, Prof Mwebi was Associate Professor, Faculty of Education, St. Francis Xavier University Canada. During his tenure at St. Francis Xavier University, he was visiting Professor, School of Education, Kenyatta University (2011 -2012) and at the Center for Research for Teacher Education and Development, University of Alberta, Edmonton (2015).

Prior to becoming a university professor, for 15 years, Prof Mwebi was a High School Teacher, District Inspector of Schools (Murang'a) and Deputy District Educator Officer (Embu), Ministry of Education, Kenya.

Prof Mwebi has been a member of a number of scholarly associations among them include: The Canadian Society for the Study of Education (CSSE); Canadian Association for Teacher Education (CATE); Physical Education and Health Canada; Member, and Atlantic Interdisciplinary Research Network (AIRN). He was a founder Chairperson of Kenya Community in Greater Education (2003-2004) and is an active member of the Association of Kenyans in Alberta (AKA).

His three-year term as the chairman of the Council started on 2<sup>nd</sup> December 2020.

**DR. ANDREW MOKAYA MAUBI - CHAIRMAN OF COUNCIL FROM 1 JULY 2020- DECEMBER 2020**



Dr. Maubi was born in 1984. He holds a PhD in Finance and Master of Science in Finance both from Kenyatta University. His Undergraduate studies were also in Accounting and Finance. Dr. Maubi is both a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Kenya Institute of Management.

With over 15 years of experience, he has had an array of specializations ranging from Finance, taxation, Accounting, Auditing, management, Academic research having supervised a number of post-graduate students among others and has published widely in International peer reviewed journals in the Accounting and Finance Areas. He has worked in the private Sector and rose to the ranks of Finance Manager, Public sector and in Academia. He runs various mentorship programs to help the upcoming finance and Accounting professionals face the ever evolving needs of the job market. Dr. Maubi has worked as a senior consultant at Nyanchoga & Associates CPA(K) and served at the board of Kenya Meat Commission as a Director.

He served for five months as the Chairman of Council during the year before his term was terminated on 1<sup>st</sup> December 2020.

**ENGINEER MURIIRA M'MBWIRIA - COUNCIL MEMBER**



Engineer M'Mbwiria was born in 1946. He holds (the equivalent of) a Master's degree in Electrical Engineering (Power option) from Giessen - Friedberg University of Technology, Germany. He is a registered engineer by Engineers' Registration Board.

He taught at a national polytechnic before joining the private sector from where he gained over thirty years' experience in engineering and management. He is also involved in private consultancy in the field of metrology equipment and systems.



His three-year term as a member of the Council started on 10 March 2020. He chaired the Human Resources Committee during the year.

**STEPHEN KIMANI GATAMA - COUNCIL MEMBER**



Mr. Stephen Gatama is an Advocate of the High Court of Kenya. He holds a Master of Laws (International Commercial Law) degree from the University of Cape Town and a Bachelor of Laws Degree from the Nelson Mandela Metropolitan University, South Africa as well as a Postgraduate Diploma in Law from the Kenya School of Law.

Mr. Gatama has over ten years' experience practicing law in a wide array of organizations including a law firm, in a corporate set up and in a development finance institution. He has advised clients both in the public and private sector on matters including but not limited to commercial law, cross-border transactions, energy, PPPs, infrastructure, mining and extractives, competition law, property and real estate. He is a member of the Law Society of Kenya, East African Law Society, Institute of Directors of Kenya and International Bar Association amongst other professional bodies. He is presently a partner in a leading law firm in Nairobi where he heads the Corporate/Commercial Practice Group in addition to providing consultancy services to various organizations.

His three-year term as a member of the Council started on 10 March 2020.

**DICK WASWA WEKESA - COUNCIL MEMBER**



Mr. Waswa holds a Masters of Business Administration from United States International University -USIU-A (Marketing and Finance) in addition to a Bachelor of Science degree (Biochemistry) from University of Nairobi.

He is currently a Management Consultant with expertise in Marketing, Communication and Corporate Finance acquired through 20 years' experience in Commercial sector (Fast Moving Consumer Goods, Pharmaceuticals, ICT and International Standards) and the International NGO development space. He has held top leadership roles at World Bicycle Relief (US NFP) as Country Director and GS1 Kenya Limited. Prior to these, he held senior Marketing roles at Sameer Africa limited and Kenya Network information Centre (KeNIC. Ke Registry).

He is a member of the Marketing Society of Kenya (MSK). He has contributed to development of Kenya Tea Branding and Packaging strategy and adoption of technology in driving uptake of Teas amongst Millennials and Global competitiveness under the Agricultural Food Authority (AFA). He has been Involved as a key marketing resource person and speaker during regional conferences by EATTA in Nairobi (2018) and Kampala (2019) themed on enhancing tea uptake amongst Millennials and 21st Century customer marketing strategy. He was also instrumental to empowerment of students through programs implemented by World Bicycle Relief, Ministry of Education and International Development Partners where thousands of school going students benefitted to overcome challenge of distance.

Mr. Waswa's three-year term as a member of the Council started on 10 March 2020. He chaired the Finance Committee of the Council during the year.

**PAULINE JERUTO KURGAT- COUNCIL MEMBER**



**Ms. Kurgat** holds a Master of Arts in Project Planning and Management from the University of Nairobi and a Bachelor of Arts with a linguistic concentration from Moi University.

in She has over Sixteen years of proven track record of front line experience in Policy Execution at the Operations and Marketing Division of National Hospital Insurance Fund where she was a champion of Performance Contracting, ISO and OHASAS. She also has over three years' experience Customer Relations whilst dealing with people from diverse cultural backgrounds and direct sales for advertising television airtime and consumer goods at Nation Media Group. She is an associate member of the Marketing Society of Kenya and a Certified Computerized Secretary.

She is currently a board member of the Elgeyo-Marakwet County Public Service Board and previously served in the same county as member of the Public Service Board in the County Assembly. She has served in the boards of Tambach Teachers College and St. Alphonsius Mutei Girls High School.

Her three-year term as a member of the Council started on 10 March 2020. She chaired the Audit Committee of the Council during the year.



**DR. NAOMI KIPURI - COUNCIL MEMBER**



Dr. Kipuri was born in 1952. She holds a Ph.D. in Anthropology. Kenyan, speaks Maa (Maasai language) Kiswahili, English, French (reading knowledge). She attended University of Nairobi, B. Ed. Education, Literature and Linguistics (1975). Temple University, Philadelphia, USA, MA & Ph.D. Anthropology (1989).

She worked as teacher at Narok Secondary school (1975 -1976), Kenya National Archives, Head, Oral Traditions Division (1976-1979); University of Nairobi, Research Fellow/Lecturer, Institute of African Studies (1979-1990); Coordinator, Arid Lands Resource Management (ALARM), a network for Eastern Africa; Executive Director, Arid Lands Institute, an NGO working on Policy and Pastoralist development concerns 1990 to 2016. Also she did some consultancy in development issues in Kenya & in East Africa and also played advisory role and member of various Working Groups including for African Commission on Human & Peoples' Rights (ACHPR). Presently she is involved in County/community issues relating to documentation of historical and cultural concerns including establishment of a museum and cultural centre for the County Government of Kajiado.

Her three-year term as a member of the Council started on 10 March 2020. She chaired the Academic Committee of the Council during the year.

**MR. PAUL P MUNGAI**



Mr. Mungai is the alternate to the Principal Secretary, State Department of University Education and Research.

Mr. Mungai holds a Master degree in Educational Administration and Planning from University of Nairobi and a Bachelor's degree in Education (Arts) from Kenyatta University.

He is an educationist with a wealth of experience in education administration spanning over 25 years. He is currently a Deputy Director in charge of International University Education in the State Department. He has also served as alternate to the Principal Secretary in a number of other boards.

He was appointed as alternate to Principal Secretary, State Department of University Education and Research in Meru University Council with effect from 4<sup>th</sup> June 2020.



**CPA FA DR. SOLOMON T. NGAHU, MCISI**



CPA FA Dr. Solomon Ngahu holds B. Com (Hon), MSc Public Financial Management (University of London), MBA Finance (JKUAT) and a PhD (Finance). He is a member of good standing for various professional bodies including Institute of Certified Public Accountant (CPA) Kenya, Institute of Certified Financial Analyst (CIFA) Kenya, Kenya Institute of Management (KIM) and Member Chartered Institute for Security & Investments (MCSI)-UK, He is currently *Certified International Investment Analyst (CIIA)* candidate academic year 2020.

CPA FA Dr. Ngahu has been in Public Service for over ten years as an accountant, Financial Analyst and is currently head of Financial Reporting Unit National Government at the Directorate of Accounting Services, National Treasury. He also serves as Alternate Director for Cabinet Secretary & Principal Secretary - National Treasury in School Equipment Production Unit, Turkana University College. He also serves at Legislative committee of ICPAK, Membership Committee of ICIFA and Professional Development Committee for APSEA.

He was appointed as the PS- the National Treasury representative in the Council on 22 April 2020.

**PROF. ROMANUS ODHIAMBO – VICE CHANCELLOR**



Prof. Odhiambo holds a PhD in Statistics from Kenyatta University, MSc in Statistics Kenyatta University. He also holds Executive Master of Science in Organizational Development from USIU and a Bachelor of Education (Double Mathematics) from Kenyatta University.

Prof. Odhiambo is a professor of Statistics with over 26 years' experience in academics and research. He has served in a number of administrative leadership positions at JKUAT over the years as: chairman of an academic department for two successive terms, dean of a faculty for two successive terms, and Deputy Vice-Chancellor (Academic Affairs) for 10 years. He has distinguished himself in organizational development and management aspects such as resource mobilization, projects management and leading change. He has also supervised a number of students at Masters and Doctoral level. He is a member of International Biometric Society (IBS), Institute of Mathematical Statistics (IMS) and Kenya Inter-University Association of Mathematicians and Computer Science. He has served as Vice-Chancellor since 6<sup>th</sup> August 2018.

**MISS SHARON KOSKEI - COUNCIL SECRETARY**



Miss Koskei holds a Bachelor of Laws degree (LL. B) from the University of Nairobi and Diploma in Law from the Kenya School of Law. She is currently pursuing Master of Laws (LL.M – International Business Law) from the University of Cumbria, United Kingdom. She has institutional affiliation to the Law Society of Kenya (LSK).

Miss Koskei is an experienced Advocate of the High Court of Kenya with a demonstrated history of working in the legal industry with more than 5 years of exceptional and diversified experience in public law, commercial law and corporate governance. She started her career in private practice before transitioning to public service and has a proven track record of providing the highest possible level of legal service to senior management. She is a strong legal professional skilled in negotiation, legal writing, corporate law and board of directors' management.

She became the University Legal Officer and the Secretary to the University Council on April 15, 2021.

## MANAGEMENT TEAM

Management team that served during financial year 2020/2021



### THE VICE CHANCELLOR

**Prof. Romanus Odhiambo**

B.Ed.(KU), M.Sc.(KU), EMOD (USIU), Ph.D. (KU)

### THE DEPUTY VICE CHANCELLOR (ADMINISTRATION, FINANCE AND PLANNING)

Prof. Charity W. Gichuki, BVM. (UoN), Ph.D. (Glasgow)



### AG. DVC (ACADEMIC, RESEARCH AND STUDENTS AFFAIRS)

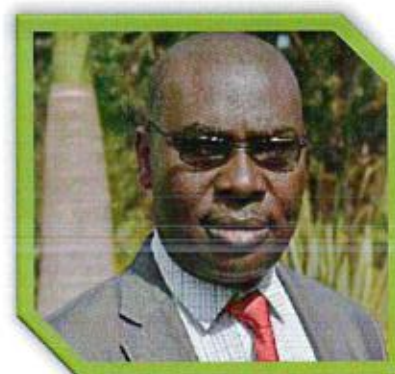
**Prof. Simon Thurania**

B.Ed. (KU), M.Ed. (KU), Ph.D. (University of  
Maryland-USA)

### AG. REGISTRAR (ACADEMIC, RESEARCH AND STUDENTS AFFAIRS)

**Dr. Stephen Karanja**

B. Ed. (KU), MSc. (KU), Ph.D (JKUAT)







**REGISTRAR (ADMINISTRATION AND PLANNING)**

**Dr. Elijah Walubuka**

MHRM, BA (Daystar), MBA (Egerton), Ph.D. (Kabarak)

**FINANCE OFFICER**

**CPA Nephath Njeru**

B. Com (KU), MBA(JKUAT), CPA(K)



## **CHAIRMAN'S STATEMENT**



This annual report reveals the great efforts the University made in the process of performing its core functions: training, research and public service in the Financial Year 2020/2021. The Council has continued to provide strategic oversight aligned to the University Vision - To be a world class university of excellence in science and technology. We are aware that it is the quality of research and student experience that will allow us to achieve our vision as a world class university. What underpins all of this, is the quality and commitment of our staff. It is imperative that we continue to celebrate their success and to make the University a great place not only to study but to work. The

University provides an environment that enables employees and students realize their full potential.

The far-reaching and prolonged impact of the global pandemic has further reinforced the need for inventiveness, flexibility and new ways of thinking by the entire University community. Our Council could not be prouder of how our staff and students have responded to the challenges posed by the global pandemic. From innovations in our digital transformation strategy to rolling out a blended learning in a brief space of time, we have seen some of the best creativity and innovations at the institution over the last year. Thanks to the extraordinary efforts of so many colleagues, our students continued to engage with their studies and were able to either progress or graduate at the end of the academic year. The rapid transition to online education and assessment was remarkable. Our ability to adapt and thrive is commendable as we have not only come through the second year of the pandemic with a healthy and vibrant student community but also further reinforced our mission which is to empower our students, placing them at the heart of everything we do.

During the financial year, the University continued with the implementation of the Strategic Plan covering the period 2020-2024. The Strategic Plan had been developed for the purpose of optimizing use of resources and making service delivery systems efficient. We continued to develop and maintain infrastructure and facilities for university education. The process will continue during the strategic plan period until the university acquires adequate infrastructure. The University was able to attract and retain productive human capital. In order to provide quality and efficient services to customers, the University enhanced and mainstreamed ICT Services in the University. The ERP system, Microsoft Navision was upgraded during the period to make it more versatile. We continued to increase the access to university education by doubling the intake during the year from 1500 in the previous year to over 3,000.

Pressure for job creation remains a top priority, as unemployment in our country is not a myth. On 26<sup>th</sup> February 2021, the University held its eight graduation ceremony where 1,237 graduands were conferred with various degrees, diplomas and certificates. Our graduates were well prepared to face the job market.

### **Financing**

It is also important to recognize that the University is operating in a very challenging funding environment. At the beginning of the financial year, the University was closed for five months due to the outbreak of Covid-19 pandemic. The closure affected our revenues negatively. The impact of Covid-19 pandemic is likely to have the negative impact on the University activities in the foreseeable future. In addition, the revenue budget allocation by the government has been declining over the years. That, coupled with increasing cost pressures, particularly for wage bill, invariably means we have to make efficiencies while also preserving the quality of the education we offer our students. In that context, our financial year end position should be viewed as a positive one achieved through stringent budget management. It is clear, however, that given the pressures on public funding in the medium to longer term we must work ever harder to increase and diversify our income streams to allow us to strengthen our competitive position and to continue to invest in the facilities and conditions that enable world class staff to inspire students to come here from all over the country and the world.

During the course of financial year 2020/21, there was one change in the Council. Dr. Andrew Mokaya Maubi who had joined the Council on 10<sup>th</sup> March 2020 left the Council on 1 December 2020. I wish to let him know how much we appreciate him for his contribution to the success of the University.

On behalf of the Council, I would like to offer our sincere gratitude to everyone that has and continues to be a part of the fabric of our unique and extremely special institution. Firstly, Our Chancellor, Dr. James Mwangi, our Vice- Chancellor, the management team, and the senate for the outstanding commitment to leadership and excellence in times of crisis and without whom none of this could have been possible, our staff who remain unwavering and dedicated to providing our students with the tools required to succeed in their lives and careers, our students – both past and present, who have faith in our ability to deliver on their behalf-placing their destinies in our hands, and lastly to my fellow Board members who have selflessly and tirelessly continued to provide guidance, experience and stewardship to our incredible Institution.

Meru University is a resilient institution. As we progress with year 3 of our strategic plan 2020-2024, I have the utmost confidence that our University community will continue to rise to the challenges and opportunities, showing the fortitude, resilience and commitment that will see us through the current pandemic. Whatever the future has in store, we have no doubt that our University community can continue to apply its collective ingenuity and determination to inspire students, sustain and grow our impact through community engagement while playing our part in regional and national recovery. I look forward to seeing what the next year will bring.



**Prof. Bosire Monari Mwebi, PhD**  
**Chairman of the Council**



## **REPORT OF THE VICE CHANCELLOR**



I am pleased to present the annual report for the Financial Year 2020/2021.

### **Financial Performance**

The Total Income for the year was Kshs. 1,021,813,832 compared to Kshs. 959,256,685 for the previous year. That was an increase of 7%. The total expenditure was Kshs. 1,221,053,905 as compared to the expenditure for the previous year of Kshs. 1,112,965,732. The expenditure increased by 108,088,173 or 10%. During the financial year, the University reported a deficit of Kshs. 199,240,072 as compared to a deficit of Kshs 153,709,047 in Financial Year 2019/20. The deficit was caused by the fact that the University did not generate the planned appropriation in aid due to the vagaries of Covid 19.

### **Teaching**

The University's outstanding reputation for research, learning and teaching, and its investment in facilities has contributed in making the University an attractive choice for the best undergraduate and postgraduate students from across the country. The University's commitment to teaching and learning excellence has been demonstrated by the results of the 2020 placements by Kenya Universities and Colleges Central Placement Services (KUCCPS) and TVETA. The University managed to admit 3,100 students as compared to 1,400 in the previous year.

### **Research**

The University continued to win competitive research grants and Financial Year 2020/21. This growth has been facilitated by recent investments in research facilities and the extensive capacity building among the academic staff.

### **Professional development**

Professional development of our staff remains a key priority and the latest data from our Human Resources department shows that all our academic staff have at least a PhD qualification or are finalizing their PhD programmes. Most staff in Administration department have also upgraded their qualifications.

### **Student employability**

On 26<sup>th</sup> February 2021, a total of 1,239 students graduated and released into the labour market. The University continues to work to increase student engagement in their future career and employment opportunities. The University has taken some initiatives to

integrate employability and sustainability into the curriculum as features of good practice at the University. Work-based placement or attachments are part of the students' academic studies. The University offers career guidance and encourages students to seek workplace internships and volunteering opportunities.

### **Challenges**

The University encountered a number of challenges during the year. The ballooning wage bill is technically unsustainable. After collective bargaining agreement between the unions and the government, universities were allocated money to pay arrears only. Subsequently, the government has not been supporting the increased wage bill causing universities massive financial problems.

The number of students joining the parallel programmes in universities in Kenya has continued to decline. In the calendar year 2020, all the students who attained a C+ and above were absorbed by Kenya Universities and Colleges Central Placement Services (KUCCPS). The number that joined our university's parallel program declined significantly.

The University is committed to implementing its strategic plan. However, it is forced to curtail its operation as a result of the reduced government capitation. The University relies heavily on government funding with over 70% of the budget coming from the government.

### **Way Forward**

The above challenges have negatively impacted on the University performance. However, the University has taken actions to manage costs in order to improve the operating performance for the subsequent years.

In the financial year 2021/22, the University will focus its efforts on continuing the implementation of its strategic plan and transformation towards a world-class university of excellence in science and technology. The University will focus on excellent teaching staff, high quality teaching, physical and technological infrastructure, student experience, support provision, student retention and employability. Through judicious financial management, MUST will be able to maintain its high academic standards, while ensuring that critical infrastructure and academic projects and maintenance of existing assets are not compromised. The University will spend more than half a billion shillings on development in the financial year 2021/22. In order to attract more students, the University will also come up with a predictable university calendar, make efforts to curb students and staff unrest by engaging students and staff and their unions in dialogues. Staff development will also be given priority. MUST will diversify the sources of income and increase the allocation to research. We shall encourage public-private-partnerships in funding university education.

**Meru University of Science and Technology**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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Credit is owed to our tremendous staff, students and alumni, and friends in government, industry, philanthropists at all levels of communities. I would like to thank all up-front, because the efforts you put enable MUST to make valuable contributions to society. The journey ahead may be increasingly difficult, but let us not be weary as difficult roads will often lead to beautiful destinations.



**Prof. Romanus Odhiambo, Ph. D.**  
**Vice Chancellor**



**STATEMENT OF MERU UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES 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 entity's performance against predetermined objectives.

The University has five strategic pillars and objectives within its Strategic Plan for the years 2020-2024. These Strategic Pillars are as follows:

1. Academic Excellence
2. Science and Technology
3. Institutional Development
4. Research, Innovation and Extension
5. Research, Innovation and Entrepreneurship
6. Service Delivery
7. Collaborations, Partnerships and Linkages.

MUST develops its annual work plans based on the above seven pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2020/21 period for its seven strategic pillars as indicated in the diagram below:

S/N	Strategic Pillar	Objective	Key Indicator	Performance	Activities	Achievements
1	Academic excellence	To promote access to quality teaching and learning.	<ul style="list-style-type: none"> <li>• Departmental reports on needs assessment</li> <li>• New programs developed</li> <li>• Evaluation reports on the existing curricula</li> <li>• Updated programs</li> <li>• No of eLearning modules developed</li> <li>• Report of pedagogy training</li> <li>• Copies of approved new curricula</li> <li>• marketing drives conducted</li> <li>• Web and social media postings</li> <li>• Copy of advertisements</li> <li>• Number of the print, e-books and added sitting space</li> </ul>		<ul style="list-style-type: none"> <li>• Market needs assessment and development of new academic programs</li> <li>• Evaluation of existing curricula and market needs</li> <li>• Incorporation of ICT in teaching and learning</li> <li>• Increase use of eLearning modules</li> <li>• Conduct annual pedagogy</li> <li>• train academic staff</li> <li>• Develop new curricula</li> <li>• Conduct marketing drives</li> <li>• Use of social media and University</li> </ul>	<ul style="list-style-type: none"> <li>• Interventions in teaching and learning have established the University as a market leader in educating a unique brand of graduates who are self-reliant, dependable, competent and innovative thinkers who will lead progressive development.</li> <li>• MUST's population has grown to approximately 8,000 students in niche programmes that address current and emerging issues in different sectors of the global economy.</li> </ul>

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				website to increase programme visibility	
				• Increase library resources and capacity	
2	Science and technology	To enhance the development and transfer of science and technology	<ul style="list-style-type: none"> <li>• Functional network in place</li> <li>• Acquisition of computers.</li> <li>• Signed SLA's</li> <li>• Payment for License agreements</li> <li>• IT policy developed and approved.</li> <li>• Implemented Network Access policy</li> <li>• Upgraded bandwidth.</li> <li>• Approved extra bandwidth request</li> <li>• Signed SLA's with service provider.</li> <li>• Organogram developed awaiting approval.</li> <li>• Approved robust ICT policy/Procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Develop Network infrastructure.</li> <li>• Upgrade the ERP System.</li> <li>• Signing of Service level agreements</li> <li>• Develop IT security policy</li> <li>• Implement centralized and unified network access policy</li> <li>• Upgrade Internet Bandwidth.</li> <li>• Develop and implement ICT organogram.</li> <li>• Realign the ICT procedures with the related department operations</li> </ul>	<ul style="list-style-type: none"> <li>a) Improved network infrastructure to ease service delivery.</li> <li>b) Quality services to the University in line with Policy requirements.</li> <li>c) Increased number of student computers.</li> <li>d) Improved competence in use of ICT.</li> <li>e) Enhanced technical skills.</li> <li>f) Improved service delivery to the University.</li> <li>g) Compliance in use of software tools.</li> </ul>
3	Institutional development	To enhance sustainable institutional development	<ul style="list-style-type: none"> <li>• Equipment bought</li> <li>• Designs of the Nursing and health science building developed</li> <li>• Phase I of the Engineering complex complete and Phase III on going.</li> <li>• Innovation centre furnished</li> <li>• Water tank constructed and water reticulated</li> <li>• Walk ways constructed</li> <li>• Construction of sports and recreation facilities on going.</li> <li>• Boundary wall plans developed</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase of quality equipment for Science and Technology</li> <li>• Design and develop the Nursing and Health science building</li> <li>• Construct Phase II and III of the Engineering Complex building</li> <li>• Furnishing and equipping of the IIEC</li> <li>• construct water tank and reticulation system</li> <li>• Construction of ramps, lifts and walkways</li> <li>• Construct and equip a sports and recreation facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Conducive environment for teaching, learning, research, innovation and service delivery.</li> <li>• MUST has improved and developed the institution's physical facilities, infrastructure and capital equipment, to deliver its core mandate, develop the institution, generate income and transfer knowledge and technology.</li> </ul>



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			<ul style="list-style-type: none"> <li>• Development of Mariene Research centre on course.</li> <li>• CCTV and Biometrics installed.</li> </ul>	<ul style="list-style-type: none"> <li>• construction of boundary wall</li> <li>• develop Mariene Research University College</li> <li>• Develop security infrastructure, facilities and partnerships</li> </ul>	
4	Research, innovation and extension	To develop and apply research, innovation and extension	<ul style="list-style-type: none"> <li>• Training Report</li> <li>• -grant agreement</li> <li>• -Copies of internal call for proposals</li> <li>• -Appointment letters for peer reviewers</li> <li>• -Conference proceedings</li> <li>• -Extension services report</li> <li>• -Number of mobile apps developed</li> </ul>	<ul style="list-style-type: none"> <li>• Training of staff in grant writing</li> <li>• -Support of multi-disciplinary research</li> <li>• -Funding of more internal calls</li> <li>• -Establish internal peer review mechanism</li> <li>• Participation in conferences</li> <li>• -Conduct extension services to the community</li> <li>• -Use of social media for technology transfer</li> </ul>	a) Increase in donor funded research projects. b) Equity and fairness in research grant allocation and distribution c) Improved functional knowledge for wealth creation and poverty reduction d) Increased access to scientific knowledge for improving livelihood of societies e) Increased inflow of grants and scholarships f) Improved academic and economic empowerment of the beneficiaries g) Innovative ideas for socio-economic development h) Improved service delivery in the directorate
5	Service delivery	To enhance excellence in service delivery	<ul style="list-style-type: none"> <li>• A 30% increase in sporting facilities</li> <li>• Increase in student participants in sports &amp; recreation</li> <li>• More clubs and societies registered</li> <li>• Professional counsellor appointed</li> <li>• Decrease in time used to serve students and staff</li> </ul>	<ul style="list-style-type: none"> <li>• Construct and maintain sporting facilities (outdoor and indoor)</li> <li>• Introduce more sports disciplines eg.</li> <li>• Floor ball,</li> <li>• Korfball</li> <li>• registration of student clubs and societies</li> <li>• Recruitment of a student counsellor</li> <li>• Automate services</li> </ul>	<ul style="list-style-type: none"> <li>• An engaging, secure and productive campus life for its students and all the stake holders.</li> <li>• Improved sporting activities that engage students throughout the year.</li> <li>• Automated fee payment</li> <li>• Automated payroll</li> </ul>



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6	Collaborations, Partnerships and Linkages.	To strengthen collaborations, partnerships and linkages	<ul style="list-style-type: none"> <li>• Collaborations and Linkages office in place</li> <li>• Appointment letter for the linkages and collaborations coordinator</li> <li>• SOPs</li> <li>• Number of signed MoUs</li> </ul>	<ul style="list-style-type: none"> <li>• -Establish linkages and collaborations office</li> <li>• Develop standard operating procedures (SOPs) for linkages and collaborations</li> <li>• Establishment and operationalization of MoUs</li> </ul>	Established linkages and strong partnerships.
7	Financial Management	To enhance prudent financial management.	<ul style="list-style-type: none"> <li>• Functional directorate of income generation</li> <li>• Number of alternative sources identified</li> <li>• Percentage of income collected vs expected</li> <li>• Automated financial systems</li> <li>• Approved budgets</li> </ul>	<ul style="list-style-type: none"> <li>• Increase and streamline the institution's fundraising activities;</li> <li>• Seeking alternative sources of funds</li> <li>• Enforce the student fee collection policy</li> <li>• Enhance mechanisms for collection of other incomes</li> <li>• Streamline the financial management systems</li> <li>• Rationalize budgets at all levels;</li> </ul>	<ul style="list-style-type: none"> <li>• MUST has achieved a stable financial base.</li> <li>• The University has strengthened the Income Generation Directorate which will expand the University's financial base to sustain growth of its programs, facilities, and infrastructure. To keep it efficient, accountable and transparent, the university has strengthened its financial management by hiring, developing and retaining high quality financial staff and investing in quality financial management systems.</li> </ul>

## **CORPORATE GOVERNANCE STATEMENT**

The members of Council and members of University Management Board (UMB) are bound by the highest standards of integrity in carrying out their responsibilities and in the relationship of the University with stakeholders. All members exercise their responsibilities in the interests of the University as a whole rather than as representative of any constituency. The University maintains a register of interests of members of the Council and UMB members. Council members are expected to attend scheduled meetings as regularly as possible. The role of Council members is similar to that of the non-executive directors of a company. They have collective responsibility for Council decisions. They observe the clear distinction between their strategic governance role and that of operational management of the University (a role being played by the University Management Board chaired by the Vice-Chancellor). The Council receives presentations from the officers on specific issues.

The Council was appointed to serve for a period of three years with effect from 10 March 2020.

### **Council Meetings Attendance from 1 July 2020 – 30 June 2021**

COUNCIL MEETINGS/NAMES	Dr. Andrew Mokaya Maubi	Prof. Bosire Mwebi	Mr. Waswa Wekesa	Eng. Muriira M'Mbwiria	Dr. Naomi Kipuri	Ms. Pauline Jeruto Kurgat	Mr. Paul Mungai	Mr. Stephen Kimani Gatama	CPA Ngahu Solomon
Full Council	5/5	6/7	12/12	12/12	12/12	12/12	12/12	11/12	8/12
Finance	-	-	4/4	4/4	-	-	3/3	-	3/3
HR	-	-	6/6	6/6	6/6	-	-	-	-
Audit	-	-	-	-	-	4/4	4/4	4/4	3/4
Academic	-	-	0	-	4/4	3/4	1/4	4/4	-
Ad hoc	2/2	2/2	4/4	-	2/2	2/2	2/2	1/1	-
Training	6/6	-	6/6	6/6	6/6	6/6	6/6	6/6	1/6
	13	8	32	28	30	27	28	26	15

The Council has four (4) committees and the Council and the Council committees have four scheduled meetings per annum.

#### **Committees of the Council**

The following are the committees of the Council:

- i. Finance Committee
- ii. Audit Committee
- iii. Human Resources Committee
- iv. Academic Committee

**Committee Membership during FY 2020/21**

**COUNCIL COMMITTEES**

**ACADEMIC COMMITTEE**

1. Dr. Naomi Kipuri
2. Ms. Pauline Jeruto
3. Mr. Stephen Kimani
4. Prof. Romanus Odhiambo

**HUMAN RESOURCE COMMITTEE**

1. Eng. Muriira M'Mbwiria
2. Mr. Wekesa Waswa
3. Dr. Naomi Kipuri
4. Prof. Romanus Odhiambo

**FINANCE COMMITTEE**

1. Mr. Waswa Wekesa
2. Eng. Muriira M'Mbwiria
3. Mr. Paul P Mungai- Rep. PS. University Education
4. CPA FA Dr. Solomon Ngahu – Rep. PS. National Treasury
5. Prof. Romanus Odhiambo

**AUDIT COMMITTEE**

1. Ms. Pauline Jeruto
2. Mr. Stephen Kimani
3. Mr. Paul P Mungai- Rep. PS. University Education
4. CPA FA Dr. Solomon Ngahu – Rep. PS. National Treasury

**Finance Committee**

The Finance Committee is responsible for monitoring and advising Council on the financial health of the university, including the financial strategy, budget setting, annual accounts, investment activity, and consideration of capital expenditure. The Committee also has responsibility for monitoring institutional level Key Performance Indicators in order to measure and monitor University performance against agreed strategies and targets. The Committee also monitors and advises on the conduct of the University's estates/infrastructure activity including revenue and capital expenditure. The Committee may draw on professional expertise beyond that available within the Council membership.

**Audit Committee**

The Audit Committee has responsibility for monitoring the effectiveness of the University's risk management, control and governance arrangements, along with the arrangements to promote economy, efficiency and effectiveness throughout the institution, and advises the Council accordingly. The Committee exercises oversight over internal audit arrangements. It considers internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The Committee



also exercises oversight over external audit arrangements, such as the nature, scope and effectiveness of the process, and considers the audit aspects of the institution's financial statements.

#### **Human Resources Committee**

The Committee monitors and reviews the development and implementation of good governance practice. The Committee is responsible for the oversight of human resource strategy, policies and associated procedures including the use of performance and development systems, indicators and benchmarks.

#### **The Academic Committee of the Council**

The Academic Committee of the Council assists the Council in fulfilling its oversight of the University academic programs, strategic academic plans, student learning, graduation matters and related activities such as:

- i. To advise Council on students' access and admissions, curriculum design, course and fees structure, academic and mentoring support, provision and use of learning resources and students' welfare.
- ii. To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice;
- iii. To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance;
- iv. To consider the overall balance of academic activities and provision of resources;
- v. To develop, amend, repeal and approve regulations concerning academic programmes;
- vi. To receive and consider proposals and nominations for the award of honorary degrees and recommend to Council award of honorary degrees;
- vii. To consider and advice Council on all matters related to research and innovation in the University.
- viii. To authorize on behalf of Council the application of the University Seal on documents.

#### **Ad hoc Committee**

The Council may appoint an ad hoc committee to handle special matters.

#### **Conflict of interest**

The University has adopted a conflict of interest policy which applies to the Council, Management and Staff. All persons governed by the policy are under the obligation to avoid and disclose ethical, legal, financial, or other conflicts of interest involving the University, and remove themselves from a position of decision-making authority with respect to any conflict situation involving the University. Any person who has a material personal interest in a particular matter and who is able to influence the decision will not vote on the matter when it is being discussed or considered.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SECTION A

#### The University's Operational and Financial Performance

##### REVENUE

Table 1 below is the analysis of the revenue received during the financial:

**Table 1: Sources of Revenue**

	FY 2020/21	Percentage Of Total Revenue
	Kshs.	
Transfer from GOK	768,564,995	75%
<b>Appropriation in Aid</b>		
<i>Tuition and Other Fees</i>	227,206,461	22%
<i>Other Income</i>	26,042,376	3%
<b>Total Appropriation in Aid</b>	253,248,837	25%
<b>Total Revenue</b>	1,021,813,832	

The major source of the University revenue during the FY 2020/21 was transfers from GOK or government grants. The University received a total of Kshs. 768,564,995 from the government for the recurrent expenditure. That means 75% of the total University revenue came from the government. The revenue from tuition fees was Kshs. 227,206,461 or 22% of the total revenues and revenue from other income generating activities was Kshs. 26,042,376 or 3% of the total revenue.

In comparison with the previous year, the total revenue increased by 7% as per Table 2 below:

**Table 2: Comparison of Revenue for FY 2020/21 and FY 2019/20**

	FY 2020/21	FY 2019/20	Increment	
	Kshs.	Kshs.	Kshs.	%
Transfer from GOK	768,564,995	690,155,084	78,409,911	11%
<b>Appropriation in Aid</b>				
<i>Tuition and Other Fees</i>	227,206,461	244,801,464	(17,595,003)	-7%
<i>Other Income</i>	26,042,376	24,300,137	1,742,239	7%
<b>Total Appropriation in Aid</b>	253,248,837	269,101,601	(15,852,764)	-6%
<b>Total Revenue</b>	1,021,813,832	959,256,685	62,557,147	7%

**Transfers from Government**—the University received a total of Kshs. 768,564,995 from the Government during FY 2020/21 as compared to Kshs. 690,155,084 for FY 2019/20. However, the amount included Kshs. 75,642,386 for the implementation of Collective Bargaining Agreement 2017/21. Therefore, the capitation for the FY 2020/21 increased by Kshs. 2,767,525 only despite the fact that during the year, the government sponsored students number increased by 1,151.

Details	Kshs
Total Receipts	768,564,995
CBA 2017/21	75,642,386
Capitation for the year	692,922,609



The amount allocated for CBA 2017/2021 was used to pay arrears for the period July 2017 to June 2020.

**Appropriation in Aid (AIA)**- the total AIA for the year was Kshs. 253,248,837 as compared to Kshs. 269,101,601 in the previous year.

Both financial years were affected negatively by Covid 19 pandemic. In both years only one semester was started and completed within the same year. The other semester was started during the year but completed in the following year due to closures as a result of lock downs imposed by the government. The Academic Year 2020/21 was scheduled to begin in May 2020 and end in March 2021 and the Academic Year 2021/22 to start in May 2021. However, due to Covid 19 pandemic, significant changes were made on the academic calendar. Instead of starting in May 2020, the Academic Year 2020/21 started in November 2020 and is scheduled to end in September 2021.

#### **EXPENSES**

The total expenses for the year amounted to Kshs. 1,221,053,905. The expenses are analysed as follows:

**Table 3: Expenses**

2020-2021		
Expenses	Kshs	% of total Expenses
Operational Expenses		
a) <i>Personnel Emoluments</i>	843,688,302	69%
b) <i>Maintenance Costs</i>	21,692,712	2%
c) <i>Council Expenses</i>	10,125,873	1%
d) <i>Other Operational Expenses</i>	138,802,134	11%
e) <i>Depreciation</i>	142,690,082	12%
<b>Total Operational Expenses</b>	<b>1,156,999,103</b>	<b>95%</b>
Academic Costs	42,156,500	3%
Administration Costs	12,742,655	1%
Student Welfare	9,155,646	1%
<b>Total expenses</b>	<b>1,221,053,905</b>	<b>100%</b>

The University remained closed for more than six months during the year. Some costs decreased during the year as compared to the previous year. However, compared to the previous year, the total expenditure increased by Kshs. 108,088,172 or 10% as per Table 4 below. The expenses did not decrease as expected due to the fact that over 85% of the university expenses are semi-variable. For instance, the personnel emolument expenses which are 69% of the total expenses could not be reduced within the year. Other expenses such as the contracted services (security, cleaning, internet), medical expenses and insurance could not be varied downwards. In addition, the personnel emoluments increased due to the payment of CBA 2017/2021 arrears and depreciation increased due to the additional non-current assets acquired during the year.



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**Table 4:**

	2020/21	2019/20	Variance	
Expenses	Kshs	Kshs	Kshs	%
a) Personnel Emoluments	843,688,302	779,891,158	63,797,144	8%
b) Maintenance Costs	21,692,712	17,099,693	4,593,019	27%
c) Council Expenses	10,125,873	11,076,062	-950,189	-9%
d) Other Operational Expenses	138,802,134	131,965,364	6,836,770	5%
e) Depreciation	142,690,082	95,039,965	47,650,117	50%
<b>Operational Expenses</b>	<b>1,156,999,103</b>	<b>1,035,072,242</b>	<b>121,926,861</b>	<b>12%</b>
Academic Costs	42,156,500	45,037,880	-2,881,380	-6%
Administration Costs	12,742,655	18,253,688	-5,511,033	-30%
Student Welfare	9,155,646	14,601,923	-5,446,277	-37%
<b>Total expenses</b>	<b>1,221,053,905</b>	<b>1,112,965,733</b>	<b>108,088,172</b>	<b>10%</b>

**Personnel Emoluments**—Personnel emoluments amounted to Kshs. 843,688,302 or 69% of the total expenditure for the year. The personnel emoluments increased by Kshs. 63,797,144 or 8% from previous year due to the payment of CBA 2017/21 arrears.

	Revenue	Personnel Emoluments	Variance	
	Kshs	Kshs	Kshs	%
GOK Transfers	768,564,995	843,688,302	(75,123,307)	91%
AIA	249,456,103		(594,232,199)	30%
<b>Total income</b>	<b>1,018,021,098</b>		<b>174,332,796</b>	<b>21%</b>

The total revenue for the year was Kshs. 1,018,021,098. GOK transfers were Kshs. 768,564,995. Personnel emoluments amounted to Kshs. 843,688,302. Therefore, GOK transfers could only cover 91% of the personnel emolument and the remaining 9% came from AIA. Cumulatively, only Kshs. 174,332,796 or 21% of total revenue remained to cater for all the other University expenses.

The University is a teaching, research and extension institution. The personnel required include academic and non-teaching staff. The Transfers from GOK are used for paying the personnel emoluments and meeting other expenses. The Transfers from GOK are expected to increase with increase in number of students and staff. However, there was an obvious mismatch in the government support and the growth of the University. For instance, in FY 2019/20, the Transfer from GOK was Kshs. 690 million. The first years admitted in that year were 1,499. In the FY 2020/21 the Transfer from GOK was Kshs. 692 million. The first years admitted were three thousand. The number of students admitted in FY2020/21 increased by about 1,500 but Transfer from GOK increased by Kshs. 2 million only.

**Maintenance cost**—The cost increased by 27% as compared to the previous years due to various measures taken to prevent the spread of Covid 19. These included additional water points and labelling of seats.

**Council Expenses**—the expenses decreased during the year as compared to the previous year due to the fact that more meetings were held virtually. Consequently, there was a reduction in the payment of per diems and transport costs.

**Other Operational Expenses**—These expenses increased during the year by 6% compared to the previous year. Depreciation increased by 50% due to the fact that a building worth Kshs. 673,131,871 was completed during the year and depreciated at the rate of 4% per year. In addition, noncurrent assets bought during the year were also depreciated.

**Academic Costs**—these expenses decreased as compared to the previous year due to the fact that students were not physically present in the University for more than six months during the year. Graduation ceremony was held virtually. Field trips and any other forms of travel were kept to the minimum.

**Administration costs**—The expenses decreased as compared to the previous year due to the fact that staff were not physically present in the University for more than six months during the year. Costs such as stationery, travelling and accommodation, entertainment and training were minimal.

**Student Welfare**—these expenses decreased as compared to the previous year due to the fact that students were not physically present in the University for more than six months during the year. Sporting activities were minimal in strict observation of the Ministry of Health directives. Only non-contact games were allowed during the year.

#### **DEFICIT**

The University reported a deficit of Kshs. 199,240,072 as compared to a deficit of Kshs. 153,709,047 reported in the previous year. The deficit arose due to the fact that there was a significant decrease in AIA as a result the closure of the University due to Covid 19. The expenditure nevertheless remained fairly constant throughout the year. The University had budgeted to generate Kshs. 402 million from Tuition Fees and Kshs. 52 million from other income generating activities. However, the University managed to generate Kshs. 227 million and Kshs. 26 million from Tuition Fees and other IGAs respectively.

The University is wary about future financial sustainability considering that it has reported a deficit for the fourth year running. If the trend continues, the University will suffer technical insolvency. The University will avoid going into insolvency by diversifying income generated internally and managing cost so that marginal cost will be equivalent to or less than the marginal revenue.

- **Increase Revenue**—The University will venture into other sources of revenue generation. Other than government grants and fees from students, the University will explore other income generating activities.
- **Manage Cost**—The University will institute cost management strategies. The University will ensure that wastages are eliminated and efficiency is increased. We shall embrace innovation and automation in our operations. Further, we shall benchmark with the best universities or



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other organizations in order to adopt the best practices in our operations. All decisions will be made prudently. When making decisions, the financial implications of the decisions will be considered. We shall focus on consolidating what we already have instead of starting new projects, departments or faculties. We shall merge roles where they have been duplicated. We shall strictly adhere to the budget allocations.

**CAPITAL EXPENDITURE**

During the year, the University received a total of Kshs. 233,591,333 from the government to finance capital expenditure. On the other hand, the capital expenditure for the year was Kshs. 532,198,189 as detailed below:

Name	Additions
Car wash	141,300
Sheds for Student Eateries	341,197
Borehole	407,017
Computer Software	550,620
Computer	605,800
Biometric System	1,193,066
Three Million Litre Water Tank	4,416,792
ICT Network Infrastructure	6,734,048
Motor Vehicle	9,951,001
Furniture & Fittings	12,953,926
Mariene-Modern Library	38,952,811
Mariene-Admin	57,652,614
Mariene-Science Lab	62,776,694
Nursing and Public Health Building	64,522,644
Equipment	70,862,953
Engineering Complex	102,603,040
Sport Fields	97,532,666
<b>Total</b>	<b>532,198,189</b>

Some minor capital expenditure included construction of a car wash, sheds for students' eateries, solar power for a bore hole, purchase of software and computers. Other capital expenditure included completion of biometric system, a three million water tank project and network infrastructure. Two motor vehicles were procured during the year. Furniture for offices, lecture halls, laboratories and workshops were also procured during the year.

Major capital expenditure included the purchase of equipment for various laboratories and workshops. The equipment included World Health Organization approved medical laboratory



equipment. The other major capital expenditure included construction works for the following construction projects:

- i. Engineering complex – the project was completed during the year
- ii. Nursing and Public Health Building
- iii. Sports fields
- iv. Mariene Institute projects which include
  - (a) Morden Library
  - (b) Administration Block
  - (c) Laboratory

## **SECTION B**

### **The University's compliance with statutory requirements**

The University complied with all statutory requirements. The University withheld taxes where it was required to do so. All withheld taxes, payroll deductions-NHIF, NSSF, PAYE, Pension and other deductions were paid fully and on time.

## **SECTION C**

### **Key projects and investment decisions the University is planning/implementing**

The Council plans to transform the University into a modern, sustainable learning and working environment that is innovative and engaging for both staff and students. The University will spend a total of Kshs 500 million on capital expenditure in the next financial year and a total of Kshs. 20 billion is planned over the next 10 years.

The University is undertaking the following major projects:

#### **1. Construction of Engineering Complex**

During the year the construction of the three phases of Engineering was completed. The building was put in use immediately. However, some works such as landscaping, construction of access road, furnishing, network interconnection are yet to be done.

#### **Phase 3 of Engineering Complex as at 1 July 2020**



**The Phase 3 of Engineering Complex as at 30 June 2021**



**2. Construction of Sports fields**

The project includes construction of various sports field, wash rooms and rooms for change-rooms, pavilions, access to the fields and drainage system for the fields. The project will be fully funded by the government. The students and employees' health will be improved. Students will be engaged in the extra curriculum activities and students with special talents in sports will be discovered. This Project was started in September 2020.

**Status of some sports fields as at 30 June 2021**

**Swimming Pool**



*as at 31 March 2021*



*as at 30 June 2021*



*Rugby Pitch*



*Football Pitch with Running Tracks*

**3. Construction of Nursing and Public Health Building**

The project includes construction of specialized laboratories such as skills lab, diagnostic labs, and anatomy and physiology labs. It will also include offices and lecture rooms. The building



will be constructed in conformity with the requirements of the Nursing Council of Kenya. The University is working closely with the Nursing Council of Kenya. We have already admitted students both in Nursing and Public Health. As these students progress to 2<sup>nd</sup>, 3<sup>rd</sup> year and 4<sup>th</sup> years, they will require the specialized labs. This Project was started in September 2020.

**Status of Nursing and Public Health Building**



as at 31 March 2021



as at 30 June 2021

**(b) Development of Mariene Research Institute**

The University owns a land in Mariene which is about 30 kilometers from the University. The Institute will focus on research and post graduate studies.

There are three projects being carried out, namely, construction of Modern Library, Construction of Administration Block and Lecture Halls and Construction of Science Laboratories. The three project were started in September 2020. Each project has a different contractor.

**a) Construction of Modern Library**

Status as at 31 March 2021





Status as at 30 June 2021



b) Construction of Administration Block and Lecture Halls-  
Status as at 30 June 2021



c) Construction and Equipping of Science Laboratories-  
Status as at 30 June 2021



Status as at 30 June 2021



#### SECTION D

##### Major risks facing the University

###### Operational risks

Just like any organization, the University faces many operational risks. Some of the risks include the following:

The University is located in a water deficient region. Most of the water consumed in the University comes from boreholes. During dry season, some of the bore holes dry up. The University has invested in water storage facilities.

Just like in any other establishment in Kenya, the risk of terrorism is real. The University has invested heavily in a bid to mitigate against the risk by installing a biometric system, CCTV cameras in sensitive places, security men at the entrance of major buildings and having armed security men in the University for 24 hours a day. Even with these measures, the University perimeter fence (diameter of 7.5 km) is poorly fenced (chain link). It is possible for an individual to cut through chain link and enter the compound from any direction. The permanent solution is construction of a stone fence. The University has budgeted for a stone fence in the financial year 2022/2023.

The number of students joining the university under the parallel programme has been declining year after year. The parallel programme is a major source of revenue for the University. Financial sustainability of the University is therefore under threat. The University is investing heavily on facilities and other resources and has also stepped up the promotion of its programs in order to attract as many students as possible.



**Meru University of Science and Technology**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**SECTION E**

**Material arrears in statutory/financial obligations**

The University did not have any material financial obligation during the year.

**SECTION F**

**The University's financial probity and serious governance issues**

There was no financial improbity reported during the year. No governance issue was reported during the year.



## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

### **i) Sustainability strategy and profile**

The University operates in a very challenging environment. In the past, the government used to allocate students to universities. Currently, students choose the university of their preference. Only universities offering quality university education get enough students. The funding from the government has been dwindling while costs have continued to increase. For instance, the workers have been demanding for better pay but the government has not been financing the increased wage bills.

In order to attract more students, the University has improved the quality of our education. Every year we have been receiving increasing number of government students.

We have initiated several income generating activities in order to reduce the dependency on government funding.

### **ii) Environmental performance**

Meru University of Science and Technology exists to transform lives. This is our purpose; the driving force behind everything we do.

#### **(a) Tree Planting at Meru University of Science and Technology**

Trees occupy more than 70 acres of the University land. In total, the University forest cover is 13% of the total acreage. During the year, the University continued to take care of the trees including replacing the dried ones, watering the trees during the dry spell, pruning the trees where necessary.

#### **(b) The Sanitation Research Centre**

During the year, a Sanitation Research Centre was established. The center deals with management of sanitation. The centre offered post graduate scholarships to over 80 masters students undertaking a Master in Science degree in sanitation. These champions are expected to spearhead the management of wastes in the community.

Providing safe sanitation in the developing world is still a major hurdle to achieving the Sustainable Development Goals (SDGs), with 61% of the global population lacking safely managed sanitation services, and hence not resilient to future changes. In low income countries, people's sanitation needs are often served by onsite, with 5 billion people expected to be served by onsite sanitation by 2030. The existing forms of onsite sanitation such as pit latrines lack resilience to future shocks, as they are often prone to flooding, are difficult to empty in areas with a high water table and the practice of filling in a latrine and digging a new one becomes less viable with increasing urbanization. Whereas aspirations for improved sanitation from low income countries focus on sewer systems, the combination of high capital expense, high operational cost, high demand for water and installation difficulties in dense urban areas make this an unviable option for the near future. Thus the insufficiency of both existing onsite and sewer-based systems raises the need for new resilient ways of managing waste in low income cities.

The Centre is focused on providing the solution not only in Kenya but the entire Africa region.

**iii. Employee Welfare**

The university has in place policies that have been developed with the participation of the staff unions to guide in management of its staff. The policies are reviewed every three years or as need arises. The following policies that have been approved and are being implemented in the management of human resource:

- (a) **Human Resource Policy manual** - the manual provides management with a reference for everyday decision making and advisory purpose on matters that concern staff. The main components in the manual include general code of regulation, selection and recruitment, orientation and induction, performance management, staff training and development, disciplinary and grievance handling, separation and termination of employment, compensation and benefits, allowances and other benefits, leave management, staff welfare and workplace safety and health.
- (b) **Recruitment and Promotions policy** - the policy has been developed to guide the recruitment and promotion processes in the university. The recruitment process is undertaken on the basis of fair competition and merit, representation of Kenya's diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups and persons living with disabilities. In selecting candidates for promotion, regard is given to affording adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.
- (c) **Occupation Safety and Health policy** - The main objective of this policy is to establish occupational safety and health systems and programmes geared towards the improvement of the work environment. The Policy seeks to reduce the number of work related accidents and diseases, and equitably provide compensation and rehabilitation to those injured at work or who contract occupational diseases. Further the HIV/AIDS policy is in place to help maintain a healthy and safe work environment for all employees, as well as providing support for individual employees who may face HIV/AIDS related illnesses.
- (d) **Disability Mainstreaming policy** - The university disability mainstreaming policy exist to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, and to promote respect for their inherent dignity.

## **REPORT OF THE COUNCIL**

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

### **Principal activities**

The principal activities of the University continue to be provision and advancement of university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate may from time to time determine and in so doing, contribute to labour market needs.

### **Results**

The financial performance results of the University for the year ended June 30, 2021 are set out on page 1.

### **University Council**

The members of the University Council who served during the year are shown on pages vi to xii

### **Auditors**

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

By Order of the Council.



**Prof. Romanus Odhiambo**  
**Council Secretary/ Vice Chancellor**  
**Date: December 10, 2021**



### **STATEMENT OF COUNCIL'S RESPONSIBILITIES**

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

The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the University;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The University Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public-Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Section 47 of the Universities Act No. 42 of 2012. The University Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date. The University Council further confirms the completeness of the accounting records maintained by the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

#### **Approval of the financial statements**

The University's financial statements were approved by the Council on 28<sup>th</sup> September, 2021 and signed on its behalf by:



Vice Chancellor



Chairman



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2021**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Meru University of Science and Technology set out on pages 1 to 37, 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 Meru University of Science and Technology as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Weak Financial Performance**

As reported in the previous year, the statement of financial performance for the year reflects Kshs.1,021,813,833 and Kshs.1,221,053,905 in respect to total revenue and total expenses respectively resulting to a deficit of Kshs.199,240,072 (2020: Kshs.153,709,047). The deficit resulted to an increase in accumulated deficit from Kshs.471,467,211 as at 30 June, 2020 to accumulated deficit of Kshs.670,707,283 as at 30 June, 2021.

Further the current liabilities of Kshs.537,467,931 exceeded the current assets of Kshs.297,563,247 resulting to a negative working capital of Kshs.239,904,684. The University is therefore technically insolvent, and the financial statements have been prepared on a going concern basis on the assumption of continued financial support from the Government and its creditors.

In the circumstances, , the University is likely to face financial challenges and might find it difficult to sustain its services.

#### **2. Unsupported Property, Plant and Equipment - Land Records**

The statement of financial position reflects balance Kshs.2,580,927,064 in respect of property plant and equipment and as disclosed in Note 15 to the financial statements. The balance includes land with a value of Kshs.108,292,000 which is based on a valuation done in 2009 over twelve (12) years ago. Further, the land ownership documents provided for audit indicate that one parcel of land is registered under Meru University College of Science and Technology while the other parcel in the name of Meru College of Technology .In addition, no evidence was provided to confirm that the University has taken the necessary steps to have the names changed accordingly.

In the circumstances, the completeness and accuracy of the balance Kshs.108,292,000 in respect to property, plant, and equipment could not be confirmed.

#### **3. Inaccuracies in Receivables from Exchange Transactions - Student Debtors**

As previously reported, the statement of financial position reflects balance of Kshs.113,498,829 in respect of receivables from exchange transactions , as disclosed in Note 13 to the financial statements. The balance includes an amount of



Kshs.111,517,307 in respect to student debtors, which further includes Kshs.43,172,394 due from one thousand, five hundred and thirty-two (1,532) students and much has been outstanding from the beginning of the financial year. However, Management had not made any effort to recover. Further, the ageing analysis provided for student debtors did not have accurate information to conclude on the actual period the debtors have been outstanding..

In the circumstances, the accuracy and completeness of the balance of Kshs.111,517,307 in respect to student debtors could not be confirmed.

#### **4. Unsupported Rent and Rates Expenditure**

The statement of financial performance reflects an expenditure totalling to Kshs 1,156,999,103 in respect to operational expenses. In addition, Included in the amount is Kshs 138,802,134 incurred for other operating expenses, which further includes Kshs.13,433,128 in respect to rent and rates for Meru university campus located in Meru town as disclosed in Note 7(d) to the financial statements. The lease agreement required the University to pay a monthly rent of Kshs.930,917 for the initial two (2) years and Kshs.1,024,008 for the next two (2) years and Kshs.1,126,385 for the final year. However, no evidence was provided to confirm that the identification of these offices was subjected to procurement procedures.

In the circumstances, the accuracy and completeness of Kshs.13,433,128 in respect to rent and rates could not be confirmed.

#### **5. Provision for Bad Debts**

The statement of financial position reflects balance of Kshs.113,498,829 in respect of receivables from exchange transactions and as disclosed in Note 13 to the financial statements. However, Management did not provide a provision for bad and doubtful debt in the financial statement.

In the circumstances, the accuracy and completeness of the balance Kshs.113,498,829 in respect of receivables from exchange transaction could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Meru University of Science and 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.

#### **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 are no key audit matters to report in the year under review.

## **Other Matter**

### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts for the year reflects final budgeted revenue of Kshs.1,222,632,995 and actual revenue of Kshs.1,021,813,832 resulting to a net revenue shortfall of Kshs.200,819,163 or 16%. In addition, the statement reflects final budgeted expenditure of Kshs.1,200,581,869 and actual expenditure of Kshs.1,221,053,905 resulting to a net over-expenditure of Kshs.20,471,035.

Further, there was no evidence provided by the Management for audit to show if a supplementary budget was approved for an over expenditure of Kshs.20,471,035 contrary to Section 12 of the State Corporation Act, 2010 which provides that no State Corporation shall, without prior approval in writing of the Minister and the National Treasury incur any expenditure for which a provision has not been made in the annual estimates.

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

### **2. Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

## **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. Ethnic Composition of Employees**

Review of records revealed that out of the 403 employees, 265 employees (67%) were from the dominant ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

## **2. Outstanding Imprests**

As previously reported, Note 13 to the financial statements reflects Kshs.113,498,829 in respect to receivables from exchange transactions which includes Kshs.421,800 in respect to outstanding imprest which further includes Kshs.393,900 comprising of two imprest of Kshs.18,900 and Kshs.375,000 issued to a former employee on 25 July, 2019 and 28 July, 2019 respectively contrary to Section 93(4)(b) of the Public Finance Management (National Government) Regulations, 2015 which provides that, before issuing temporary imprests, the Accounting Officer shall ensure that the applicant has no outstanding imprests.

Further, the holder of the Kshs.393,900 outstanding imprest is no longer an employee of the University as his contract for employment was terminated after a disciplinary process.

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

## **3. Procurement of Insurance Services**

Note 7(d) to the financial statements reflects Kshs.138,802,134 in respect to other operating expenses which includes Kshs.26,004,726 in relation to insurance services. The Management entered into a contract with an insurance company for the renewal of provision of insurance cover for group life, fire, peril, burglary, motor vehicle, student on attachment and personal accident through tender number MUST/ONT/INS/8/2019/2020 at a premium cost of Kshs.10,230,068 and another insurance company for the provision of medical insurance cover for the University staff insurance under tender No. MUST/ONT/MED/11A/2019/2020 at a premium cost of Kshs.15,318,773. However, tender number MUST/ONT/INS/8/2019-2020 did not provide for the provision of performance security by the successful tenderer contrary to Section 142(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that subject to the regulations, a successful tenderer shall submit a performance security equivalent to not more than ten (10%) per cent of the contract amount before signing of the contract.

Further, it was noted that although the contract for the provision of medical insurance cover for the University staff and dependents was renewed through a contract dated 27 April, 2021 for a tender sum of Kshs.15,318,773, the University was invoiced and paid a total cost of Kshs.15,775,805. No proper explanation was provided for the variation of the contract sum by Kshs.457,032 which is contrary to Section 139(3) of the Public Procurement and Asset Disposal Act, 2015 which states that no contract price shall be varied upwards within twelve (12) months from the date of the signing of the contract.

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

## **4. Construction for Three Million Litres Water Tank**

The statement of financial position and in Note 15 to the financial statements reflects Kshs.2,580,927,064 in respect to property, plant and equipment which includes Kshs.748,371,633 in respect to work-in-progress, which further includes Kshs.23,804,728 for the construction of three (3) million litres water tank. It was observed that the contract agreement between the University and the contractor dated



18 June, 2018 provided for a contract sum of Kshs.19,387,938. However, documents provided for audit revealed that a total of Kshs.23,804,728 was incurred on the project which was occasioned by instructions by the project manager to the contractor to carry out some extra works which were not included in the bill of quantities. In addition, the final accounts show the University incurred Kshs.23,804,728 which resulted to a variation of Kshs.4,416,762 or (22.8%). However, a memo Ref: MU/1/9/73-1(006) from the Chair Implementation Committee and instructions from the project manager justifying the variations of work done was contrary to Clause 5(a)(b) of the contract which required the contractor not to effect any variations in the project without prior written approval by the client on recommendation of contract implementation team and that any proposed variation to be accompanied by a certificate of justification from the contractor to justify any variation. Further, the variance was contrary to the provisions of Section 139(3) of the Public Procurement and Asset Disposal Act, 2015 which states that no contract price shall be varied upwards within twelve months (12) from the date of signing of the contract.

In the circumstances, it was not possible to ascertain whether the University obtained value for money for the expenditure of Kshs.23,804,728. In addition, Management was in breach of the law.

#### **5. Direct Procurement of Motor Vehicle Fuel**

Note 7(d) to the financial statements reflects Kshs.138,802,134 in respect to other operating expenses which includes Kshs.3,930,726 in relation to motor vehicle fuel. However, the fuel was procured through direct procurement method without justification contrary to Section 103(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that a procuring entity may use direct procurement as allowed under subsection (2) as long as the purpose is not to avoid competition.

In the circumstances, the value for money on the Kshs.3,930,726 expenditure could not be confirmed. In addition, Management was in breach of the law.

#### **6. Delayed Completion of Engineering Tuition Block**

The statement of financial position and in Note 15 to the financial statements reflects Kshs.2,580,927,064 in respect to property, plant and equipment which includes Kshs.748,371,633 in respect to work-in-progress which further include Kshs.478,451,980 for the construction of an engineering tuition block. However, and as reported in the previous year, no document or record was provided to confirm the overall completion level and the expected completion period of the project.

In the circumstances, the completeness and value for money on the Kshs.478,451,980 could not be confirmed.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 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 cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

16 September, 2022



**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2021**

		2020-2021	2019-2020
	Note	Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Grants in Aid	3	768,564,995	690,155,084
Donations and Gifts	4	3,792,735	189,000
		<b>772,357,730</b>	<b>690,344,084</b>
<b>Revenue from exchange transactions</b>			
Tuition and other Fees	5	227,206,461	244,801,464
Other Income	6	22,249,641	24,111,137
		<b>249,456,103</b>	<b>268,912,601</b>
<b>Total revenue</b>		<b>1,021,813,833</b>	<b>959,256,685</b>
<b>Expenses</b>			
Operational Expenses	7	1,156,999,103	1,035,072,242
Academic Costs	8	42,156,500	45,037,880
Administration Costs	9	12,742,655	18,253,688
Student Welfare	10	9,155,646	14,601,923
<b>Total expenses</b>		<b>1,221,053,905</b>	<b>1,112,965,732</b>
<b>Deficit</b>		<b>(199,240,072)</b>	<b>(153,709,047)</b>

The notes set out on pages 7 to 39 form an integral part of these Financial Statements.



**Meru University of Science and Technology**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2020-2021	2019-2020
<b>Assets</b>			
<b>Current Assets</b>		<b>Kshs</b>	<b>Kshs</b>
Cash and cash equivalents	11	148,693,819	310,045,858
Prepayments	12	23,525,543	22,725,025
Receivables from exchange transactions	13	113,498,829	117,151,020
Receivables from exchange non transactions	14	-	-
Inventory	14	11,845,056	7,905,997
		<b>297,563,247</b>	<b>457,827,900</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	2,580,927,064	2,189,017,627
Biological Assets	16	280,000	963,800
Intangible Asset (ERP)	17	9,186,220	11,587,550
		<b>2,590,393,284</b>	<b>2,201,568,977</b>
		<b>2,887,956,531</b>	<b>2,659,396,877</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	451,380,812	300,849,163
Provisions	19	30,686,724	21,757,781
Deferred Income	20	55,400,396	24,621,826
Bank Overdraft	21	-	27,486,267
<b>Total liabilities</b>		<b>537,467,931</b>	<b>374,715,037</b>
<b>Net assets</b>		<b>2,350,488,600</b>	<b>2,284,681,839</b>
<b>Capital</b>	22	<b>2,961,355,812</b>	<b>2,696,308,979</b>
Reserve Fund	23	(670,707,283)	(471,467,211)
Revaluation Reserve	24	59,840,071	59,840,071
<b>Total net assets and liabilities</b>		<b>2,350,488,600</b>	<b>2,284,681,839</b>

The Financial Statements set out on pages 1 to 6 were signed on behalf of the University Council by:



**Prof. Romanus Odhiambo Ph.D.**  
**Vice Chancellor**  
**Date: December 10, 2021**



**CPA Nephath Njeru**  
**Member No. 7145**  
**Finance Officer**  
**Date: December 10, 2021**



**Prof. Bosire Monari Mwebi, Ph.D.**  
**Chairman of the Council**  
**Date: December 10, 2021**

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

Details	Capital	Revaluation Reserve	Revenue Reserve	Total
Note	22	24	23	
Balance as at 1 July 2019	2,495,308,979	26,262,937	(317,758,164)	2,203,813,752
Development Grants	201,000,000	-	-	201,000,000
Revaluation reserve (MV)		33,577,134		33,577,134
Surplus	-	-	(153,709,047)	(153,709,047)
Balance as at 30 June 2020	2,696,308,979	59,840,071	(471,467,211)	2,284,681,839
Development Grants	233,591,333	-	-	233,591,333
Add: NRF Equipment Grant	31,455,500	-	-	31,455,500
Surplus	-	-	(199,240,072)	(199,240,072)
Balance as at 30 June 2021	2,961,355,812	59,840,071	(670,707,283)	2,350,488,600

**Revenue Reserve**

Revenue reserve is the accumulated surpluses and deficits made by the University over the years.

**Capital**

Capital is composed of:

- The assets inherited from Meru College of Technology in July 2009 less liabilities as at that time.
- The accumulated development funds from the Government of Kenya or other external donors since the financial year 2008/09.

**Revaluation Reserve**

Revaluation reserve was created when Furniture, Computers, Machinery and Equipment, and Motor Vehicles were revalued. Furniture, Computers, Machinery and Equipment were revalued in the Financial Year 2017/18 while Motor Vehicles were revalued in financial Year 2019/20.



**Meru University of Science and Technology**  
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**For the year ended June 30, 2021**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		2020/21	2019/20
	NOTE	KSHS.	KSHS.
Surplus for the year		(199,240,072)	(153,709,047)
<b>Adjustment for :</b>			
(Gain)/ Loss on Revaluation of biological asset	16	(30,000)	(23,800)
Depreciation Charge	7(e)	142,690,082	95,039,965
Operating surplus before working capital changes		(56,579,991)	(58,692,882)
Decrease(increase) in Debtors		2,851,673	7,630,280
Decrease(increase) in Stocks		(3,939,059)	856,079
Increase(Decrease) in Creditors		194,208,393	3,298,490
		193,121,008	11,784,849
<b>Net cash generated from Operating Activities</b>		<b>136,541,017</b>	<b>(46,908,033)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Buildings	15	-	-
Work In Progress	15	(437,273,890)	(170,690,419)
Furniture & Fittings	15	(12,953,926)	(6,009,260)
Computers	15	(2,043,120)	(26,484,600)
ERP	17	(550,620)	-
Motor Vehicle	15	(9,951,000)	-
Machinery & Equipment	15	(69,425,633)	(16,570,309)
Biological Assets	16	713,800	(132,923)
<b>Net cash flows from investing Activities</b>		<b>(531,484,389)</b>	<b>(219,887,511)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grants allocated to Finance Capital Fund	22	233,591,333	201,000,000
<b>Net Increase (Decrease) in cash and cash equivalents</b>		<b>(161,352,039)</b>	<b>(65,795,544)</b>
Cash and cash equivalents at beginning of year		310,045,858	375,841,403
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	11	<b>148,693,819</b>	<b>310,045,858</b>



**Meru University of Science and Technology**  
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**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	Remarks
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020		
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		
Grants in Aid	718,136,738	50,428,257	768,564,995	768,564,995	-	100%	
Tuition and other Fees	401,637,000	-	401,637,000	227,206,461	(174,430,539)	57%	a
Other Income	52,431,000	-	52,431,000	26,042,376	(26,388,624)	50%	b
<b>Total income</b>	<b>1,172,204,738</b>	<b>50,428,257</b>	<b>1,222,632,995</b>	<b>1,021,813,833</b>	<b>(200,819,162)</b>	<b>84%</b>	
<b>Expenses</b>							
Operational Expenses							
a) Personnel Emoluments	796,794,129	423,000	797,217,129	843,688,302	(46,471,173)	106%	
b) Maintenance Costs	27,415,000	(3,483,256)	23,931,744	21,692,712	2,239,032	91%	
c) Council Expenses	14,000,000	(3,302,427)	10,697,573	10,125,873	571,700	95%	
d) Other Operational Expenses	211,150,000	77,008,833	288,158,833	281,492,216	6,666,617	98%	
Academic Costs	77,702,000	(22,004,967)	55,697,033	42,156,500	13,540,533	76%	b
Administration Costs	23,104,000	(9,274,169)	13,829,831	12,742,655	1,087,176	92%	
Student Welfare	22,010,000	(10,960,274)	11,049,726	9,155,646	1,894,080	83%	C
<b>Total expenses</b>	<b>1,172,175,129</b>	<b>28,406,740</b>	<b>1,200,581,869</b>	<b>1,221,053,905</b>	<b>(20,472,036)</b>	<b>102%</b>	
	<b>29,609</b>	<b>22,021,517</b>	<b>22,051,126</b>	<b>(199,240,072)</b>	<b>(180,347,127)</b>		

**Adjustments:** The initial budget had a revenue budget of Kshs. 1,172,204,738 and expenditure budget of Kshs. 1,172,175,129. During the year, the University received Kshs. 50,428,257 for payment of CBA 2017/2021 basic salary arrears.

**NOTES**

- a) **Tuition and Other Fees:** The University was closed in March 2020 due to the outbreak of Covid 19 pandemic and reopened in November 2020. It was closed again in March 2021 and reopened in May 2021 due to the same reason. These closures affected our budget. The Academic Year 2020/21 was scheduled to begin in May 2020 and end in March 2021 and the Academic Year 2021/22 to start in May 2021. However, due to Covid 19 pandemic instead of starting in May 2020, the Academic Year 2020/21 started in November 2020 and is scheduled to end in September 2021.
- b) **Other Incomes:** This had unfavourable variance of 50%. The utilization was not 100% due to the closure of University during the covid-19 pandemic. During the closure, the income expected from student cafeteria dwindled significantly.
- c) **Academic Costs:** This had a favourable variance of 24% that is the utilization level was 76% due to the closure of university due to the covid-19 pandemic. Most of student welfare costs are variable in nature.

**Meru University of Science and Technology**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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- d) **Student Welfare:** This had a favourable variance of 17% that is the utilization level was 83% due to the closure of university due to the covid-19 pandemic. Most of student welfare costs are variable in nature.



## NOTES TO THE FINANCIAL STATEMENTS

### GENERAL INFORMATION

The University is established by and derives its authority and accountability from University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya.

### STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The University's financial statements have been prepared in accordance with and comply with International Public-Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the university. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

### ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"><li>(a) Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li><li>(b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li><li>(c) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li></ul>

**Meru University of Science and Technology**  
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**For the year ended June 30, 2021**

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Standard	Effective date and impact:
IPSAS 42: Social Benefits	<b>Applicable: 1<sup>st</sup> January 2022</b> 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: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

**Early adoption of standards**

The University did not early – adopt any new or amended standards in year ended 30 June, 2021.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

**Revenue from non-exchange transactions – IPSAS 23**

**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 University and can be measured reliably.

*Government Grants and Assistance*

Financial assistance provided by the Government is recognised in the year it was received or when the entitlement for the revenue is established. Most of the government grants and assistance received are considered to be contributions. A contribution occurs when the University receives an asset without having to give equal value to the other party / parties of the transfer. If the consideration received is in the form of a contribution, the income is to be recognised as revenue when all of the following conditions have been satisfied:

The University obtains control of the contribution or the right to receive the contribution;

It is probable that the contribution will flow to the University; and the amount of the contribution can be reliably measured.

Income is therefore, only recognised when the University has control over the contribution, which is usually achieved through receipt or when entitlement for the revenue is established. If the government contributions are received with conditions attached, and contributions have to be refunded if the conditions are not met, then revenue should not be recognised until all of those conditions are met and treated as income in advance or monies held from the government.

#### **Revenue from exchange transactions – IPSAS 9**

The University recognises revenue arising from the following transactions and events:

- Student fees and charges;
- The rendering of services; and
- Other revenue.

#### *Measurement of Revenue*

Revenue is measured at the fair value of the consideration received or receivable, where in most cases, the consideration is in the form of cash or cash equivalents.

#### *Recognition of Revenue*

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the University and specific criteria have been met for each of the following activities as described below.

#### *Student Fees and Charges*

Student fees and charges are recognised as revenue in the year which the service is provided to students. Student fees and charges received that relate to the service to be rendered in the future period are treated as income in advance.

#### *Rendering of Services*

Revenue recognition based on contracts to provide services require income to be recognised in stages of completion often as a percentage of services performed to the total of services to be provided as stipulated in the contract. Revenue associated with the sale of services is recognised by reference to the stage of completion of the transaction at the reporting date when the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- i. The amount of revenue can be measured reliably;
- ii. It is probable that the economic benefits associated with the transaction will flow to the University;



- iii. The stage of completion of the transaction at the reporting date can be measured reliably; and
- iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the University. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

#### *Other Revenue*

Other revenue represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

#### **b) Budget information - IPSAS 24**

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

#### **c) Property, plant and equipment - IPSAS 17**

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

#### **e) Financial instruments - IPSAS 29**

##### *Financial assets*

##### *Initial recognition and measurement*

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

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

*Loans and receivables*

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

*Impairment of financial assets*

The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity 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 cash flows of the financial asset or the University of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

**e) Inventories – IPSAS 12**

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

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

**f) Provisions – IPSAS 19**

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.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

**g) Nature and purpose of reserves**

The University creates and maintains reserves in terms of specific requirements. The University has one reserve namely Revenue Reserve.

Revenue Reserve is composed of accumulated surplus or deficits.

Capital is composed of the following:

- Value of non-current assets as at 30 June 2009,
- Development grants received from the government from July 2009 to date, and
- Transfers from Revenue Reserve. Capital expenditure over and above the development grants from the Government is financed by the Revenue Reserve.

**h) Changes in accounting policies and estimates – IPSAS 3**

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.

**i) Employee benefits – IPSAS 25**

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



**j) Related parties – IPSAS 20**

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 key management are regarded as related parties and comprise the Chancellor, the Council members, the Vice Chancellor, the Deputy Vice Chancellors, and senior managers.

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank and also call accounts.

**l) Comparative figures**

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

**m) Subsequent events – IPSAS 14**

The University adjusts the financial statement for events after the reporting date together with the appropriate disclosures. The University adjusts the amount recognised in its financial statement to reflect the adjusting events after reporting date. Some examples of adjusting events include:

- i) Settlement after the reporting date of a court case
- ii) The receipt of information after reporting date indicating that an asset was impaired at the reporting date
- iii) Determination after reporting date of the cost of an asset purchased before reporting date
- iv) Discovery of fraud or errors that show that the financial statements were incorrect.

**n) Biological Asset – IPSAS 27**

The university biological assets are measured on initial recognition and at each reporting date at their fair value less costs to sell, except for the case where the fair value cannot be measured reliably.

**1. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION**

**UNCERTAINTY-IPSAS 1**

The preparation of the University's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about

these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

***Estimates and assumptions***

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

***Useful lives and residual values***

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

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

The following are the estimated useful lives of the various assets:

Details	Rate of depreciation	Life
Buildings	4%	25 years
Furniture & Fittings	10%	10 years
Computers	20%	5 years
Motor Vehicles	20%	5 years
Machinery & Equipment	10%	10 years
Biological Asset	Not depreciated	
Work in Progress	Not depreciated	
Land	Not depreciated	

It is the policy of the University to charge full year's depreciation on the year of purchase and nil depreciation on the year of disposal.

### *Provisions*

Provisions were raised and management determined an estimate based on the information available. 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.

## **2. POLICY ON BIOLOGICAL ASSETS**

The University recognises a biological asset or agricultural produce when and only when:

- the University controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the University; and
- the fair value or cost of the asset can be measured reliably.

In agricultural activity, control may be evidenced by, for example, legal ownership of cattle and the branding or otherwise marking of the cattle on acquisition, birth, or weaning. The future benefits are normally assessed by measuring the significant physical attributes. A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Cost may sometimes approximate fair value, particularly when:

- little biological transformation has taken place since initial cost incurrence or
- the impact of the biological transformation on price is not expected to be material

If an active market does not exist, the University uses one or more of the following, when available, in determining fair value:

- the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period;
- market prices for similar assets with adjustment to reflect differences; and
- sector benchmarks such as the value of an orchard expressed per export tray, bushel, or hectare, and the value of cattle expressed per kilogram of meat.



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**Reports and Financial Statements**  
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**Notes to the Financial Statements Continued...**

**3. TRANSFERS FROM GOK**

**a) Grants in Aid:**

	2020/21	2019/20
	<u>Kshs</u>	<u>Kshs</u>
Annual Transfer from GOK	768,564,995	690,155,084
<b>Total</b>	<b>768,564,995</b>	<b>690,155,084</b>

The Transfers included Kshs. 75,642,386 which was received in July 2020 for the payment of CBA 2017/21 arrears. The balance of Kshs. 692,922,609 was received during the year in 12 equal instalments of Kshs. 57,743,551.

**b) Transfers from Ministries, Departments and Agencies**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Total grant income during the financial year 2019/20
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
Ministry of Education	768,564,995	-	233,591,333	1,002,156,328	891,155,084
<b>Total</b>	<b>768,564,995</b>	<b>-</b>	<b>233,591,333</b>	<b>1,002,156,328</b>	<b>891,155,084</b>

**Meru University of Science and Technology**  
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21 KSHS	2019/20 KSHS
<b>4</b>	<b>Donations and Gifts</b>		
	Donations and Gifts	3,792,735	189,000
	The University received some donations in kind: <ul style="list-style-type: none"> <li>• A Chinese donated PPEs worth Kshs. 299,000</li> <li>• We received Kshs. 50,000 for graduation</li> <li>• We received a three months' waiver of the rent for Town Campus amounting to Kshs. 3,243,735</li> </ul>		
<b>5</b>	<b>TUITION AND OTHER FEES</b>		
	Tuition Fees	117,245,225	130,068,017
	ID/Registration Fees	4,848,859	4,064,265
	Examination Fees	28,428,861	30,384,541
	Material Development Fees	6,257,000	6,360,300
	Laboratory Workshop Materials Fees	6,829,000	7,380,732
	Medical Fees	19,531,500	19,719,526
	Computer Fees	9,664,500	9,813,510
	Library Fees	5,848,800	5,975,540
	Activity Fees	5,738,300	5,783,840
	Field Trips/Attachment Fees	17,832,950	18,041,141
	Clinical Transport-Field	351,500	303,500
	Junior Clerkship	620,000	10,000
	Examinations Marking	1,500	13,913
	Application Fees	605,306	609,540
	Accommodation fee	3,403,160	6,273,100
	<b>SUB-TOTAL</b>	<b>227,206,461</b>	<b>244,801,464</b>
<b>6</b>	<b>OTHER INCOMES</b>		
	<b>a) Other incomes</b>		
	Surcharges and Fines	424,195	535,258
	Printing and Photocopy	117,569	213,966
	Library Fines	27,180	25,884
	Transport Charges	18,742	193,542
	Sale of Tender Documents	-	1,000
	Miscellaneous Income	381,008	1,259,849
	Food Science Sales	-	74,050
	Chemistry sale of Detergent Income	12,740	3,520
	Gain on revaluation:	30,000	23,800
	Rental Income-Safaricom Mast	145,860	138,915
	Farm Sales -Dairy Farm	-	56,520
	Farm Sales-Beef	220,385	680,835
	Farm Sales -Food Crops	1,461,583	1,024,066



**Meru University of Science and Technology**  
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21	2019/20
		KSHS	KSHS
	Farm Sales -Grass	216,060	529,700
	Agriculture Dept Income-Demo farm	29,425	32,691
	Graduation Fees	6,316,500	5,755,500
	Hire of Academic Attire	-	51,175
	Students P.A.Y.E Sales	2,327,000	3,940,240
	Staff Cafeteria Sales	4,025,340	4,178,810
	Pay in Lieu of Notice	83,598	33,000
	<b>SUB-TOTAL</b>	<b>15,837,185</b>	<b>18,752,322</b>
	<b>b) Income for Deposits and Call Accounts</b>		
	Interest on Deposits	6,412,456	5,358,816
	<b>TOTAL OTHER INCOMES</b>	<b>22,249,641</b>	<b>24,111,137</b>
<b>7</b>	<b>OPERATIONAL EXPENSES</b>		
	<b>a) Personnel Emoluments</b>		
	Basic Salary	413,409,069	315,058,354
	House Allowance	166,750,039	158,072,370
	Bus fare Allowance	16,464,862	16,707,747
	Use of own Car Allowance	38,221,018	35,469,514
	Non Practice Allowance	1,440,000	1,440,000
	Entertainment Allowance	9,142,066	9,621,411
	Responsibility Allowance	15,351,274	14,697,705
	Extraneous Allowance	6,041,698	6,174,109
	Leave Allowance	2,073,760	2,057,276
	Passage and Baggage	49,490	207,500
	Risk Allowance	168,000	168,000
	Domestic Work Allowance	1,350,000	1,645,371
	Out of Office Allowance	-	226,000
	Book Allowance	540,000	330,000
	Management Allowance	975,000	4,031,183
	Water and Electricity Allowance	585,000	768,177
	Telephone Allowance	4,564,569	4,641,929
	VC Commuter Allowance	600,000	558,000
	Duty House Allowance	-	625,484
	Security Allowance	720,000	774,355
	Acting Allowance	1,677,270	1,586,686
	Casual Wages	16,762,307	17,468,011
	Part-Time Teaching	60,536,648	104,414,820



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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21	2019/20
		KSHS	KSHS
	Overtime	-	56,851
	Students' Work Study Programme	132,220	185,600
	Gratuity	24,498,238	30,750,004
	Pension -Employer's Contribution	60,969,776	50,685,082
	Other Personnel Allowance	201,000	353,620
	Non use of official car allowance	465,000	1,116,000
	<b>SUB-TOTAL</b>	<b>843,688,302</b>	<b>779,891,158</b>
	<b>b) Maintenance Costs</b>		
	Marimba Centre Maintenance	1,419,860	1,462,135
	Mariene Centre Maintenance	153,840	4,510
	Maintenance of Plant and Machinery	969,504	1,479,852
	Maintenance of Furniture and Fittings	1,199,060	1,365,164
	Maintenance of Buildings	4,676,925	4,626,376
	Maintenance of Water and Sewerage	1,963,034	792,264
	Maintenance or Roads	249,250	42,500
	Maintenance of Grounds	3,893,124	600,399
	Motor Vehicle Repair and Maintenance	3,879,972	5,056,312
	Maintenance of Computers	1,571,551	1,122,273
	Computer Software Maintenance	1,716,593	547,908
	<b>SUB-TOTAL</b>	<b>21,692,712</b>	<b>17,099,693</b>
	<b>c) Council Expenses</b>		
	Council Sitting Allowance	4,140,000	4,284,000
	Council Subsistence	3,075,800	3,800,800
	Council Monthly Honoraria	974,500	936,775
	Council Fare	42,000	72,000
	Council Mileage	1,821,573	1,921,939
	Council Chairman Telephone	60,000	58,548
	Council Lunch	12,000	2,000
	<b>SUB-TOTAL</b>	<b>10,125,873</b>	<b>11,076,062</b>
	<b>d) Other Operational Expenses</b>		
	Advertising & Publicity	4,141,172	4,824,117
	Audit Fees	870,000	870,000
	Bank Charges -O.D. Interest, Ledger Fee	920,803	830,468
	Chancellor Expenses	1,200,000	1,200,000
	Conferences and Seminars	1,403,490	1,044,634
	Contracted Professional Charges	-	358,560



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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21	2019/20
		KSHS	KSHS
	Curriculum Development	-	6,300
	Electricity	10,875,196	15,097,130
	Security Services	23,234,481	18,463,754
	Funeral Expenses	498,500	264,000
	Gender and Disability Expenses	14,700	16,000
	Generator Expenses	370,200	865,460
	Insurance	26,004,726	27,951,709
	Internet	9,965,773	11,079,093
	ISO Expenses	48,140	1,544,540
	Legal Fee	18,170	4,126,412
	Library Expenses	9,306,821	785,464
	Medical Expenses -In Patient	-	529,919
	Medical Expenses -Out Patient	6,620,449	2,907,529
	Medical Supplies	4,044,760	1,232,358
	Motor Vehicle Fuel	3,930,726	4,226,498
	Performance Contracting	-	127,100
	Postal and Telegram	81,024	39,720
	Public Celebrations	-	53,000
	Publishing, Printing and Photography	228,842	29,000
	Rent and Rates	13,433,128	12,958,360
	Sanitation	11,542,710	11,274,685
	Show Expenses	-	117,600
	Uniform and Clothing	417,313	594,968
	Dental Optical Expenses	4,200,323	1,970,190
	Subscription Expenses	623,875	1,317,250
	Industrial Training Fee	243,300	-
	Stock Variance	-	1,567,658
	National Cohesion & Intergration	-	85,400
	Dairy Production Expenses	2,118,590	1,693,880
	Farm Crops Inputs	129,945	123,580
	Farming/Production Costs	1,221,220	1,787,907
	Purchases	-	1,120
	Covid-19 Expenses	1,030,933	-
	Bad Debt Written Off	62,823	
	<b>SUB-TOTAL</b>	<b>138,802,134</b>	<b>131,965,364</b>
<b>e</b>	<b>DEPRECIATION and AMORTIZATION</b>		
	<b>DEPRECIATION</b>		
	Buildings	65,091,627	38,166,352



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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21	2019/20
		<u>KSHS</u>	<u>KSHS</u>
	Furniture & Fittings	13,433,706	12,138,313
	Motor Vehicles	12,023,200	-
	Computers	10,876,985	10,468,361
	Machinery	38,312,614	31,370,051
	<b>SUB-TOTAL</b>	<b>139,738,132</b>	<b>92,143,078</b>
	<b>AMORTIZATION</b>		
	ERP	2,951,949	2,896,887
	<b>SUB-TOTAL</b>	<b>142,690,082</b>	<b>95,039,965</b>
	<b>TOTAL OPERATIONAL EXPENSES</b>	<b>1,156,999,103</b>	<b>1,035,072,242</b>
<b>8</b>	<b>ACADEMIC COSTS</b>		
	External Training - Students	-	115,000
	Student Admission Expenses	78,428	-
	Quality Assurances CUE Expenses	2,506,000	1,015,000
	Programme Inspection Expenses	-	7,500
	Travel and Accommodation Academic	2,817,000	3,431,839
	Field Trips	33,875	1,359,300
	Graduation Expenses	5,329,358	5,171,424
	Teaching Practice	-	2,042,100
	Industrial Attachment	6,190,350	7,572,900
	University Research Expenses	4,152,001	9,033,269
	Stationery Academic	1,515,087	1,952,731
	Student Examinations	4,301,334	3,468,552
	Teaching Materials	8,594,151	4,064,861
	Telephone Academic	91,467	29,250
	Training -Academic Staff	633,790	148,400
	Entertainment Academic	1,143,659	388,953
	Curriculum Development Expenses	4,770,000	5,236,800
	<b>SUB-TOTAL</b>	<b>42,156,500</b>	<b>45,037,880</b>
<b>9</b>	<b>ADMINISTRATION COSTS</b>		
	Travelling and Accommodation Admin	6,180,764	7,877,721
	Telephone Admin	97,770	97,600
	Entertainment Admin	1,353,099	1,591,972
	Stationery Admin	4,453,347	6,802,091
	Computer Expenses Admin	222,875	858,205
	Training -Non-Teaching Staff	434,800	1,026,100



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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21	2019/20
		<u>KSHS</u>	<u>KSHS</u>
	<b>SUB-TOTAL</b>	<b>12,742,655</b>	<b>18,253,688</b>
<b>10</b>	<b>STUDENT WELFARE</b>		
	Cooking Fuel	639,966	888,212
	Student Recreation Activities	3,662,417	4,406,548
	Foodstuffs	4,851,213	9,278,718
	Crockery & Kitchen Equipment	2,050	-
	Entertainment Student Welfare	-	28,445
		<b>9,155,646</b>	<b>14,601,923</b>
<b>11</b>	<b>CASH AND BANK BALANCES</b>	<b>2020/19</b>	<b>2020/19</b>
	<b>Financial institution</b>	<b><u>KSHS</u></b>	<b><u>KSHS</u></b>
	<b>a) Cash in hand</b>		
	Cash in hand	26,576	-
		<b>26,576</b>	<b>-</b>
	<b>a) Bank deposits</b>		
	BANK A/C (NBK) Main -01021039008700	4,883,789	6,705,318
	Bank A/C (NBK) Farm - 01242039008700	6,781,084	38,355,315
	Bank A/C (NBK) Project - 01021040013000	5,823,093	23,085,649
	Bank A/C (KCB) Fees Collection - 1117775917	7,313,959	1,804,748
	Bank A/C (KCB) Operations - 1121458165	4,988,893	-
	Bank Equity-Fee collection Account - 1040297858661	88,312,562	48,883,624
	Bank CO-OP Bank- Fee Collection A/c - 0112937844000	30,563,864	191,211,204
		<b>148,667,244</b>	<b>310,045,858</b>
	<b>SUB TOTAL</b>	<b>148,693,819</b>	<b>310,045,858</b>
<b>11</b>	<b>CASH AND BANK BALANCES Per Bank</b>		
	Cash in hand	26,576	-
	Equity Bank	88,312,562	48,883,624
	Co-op Bank	30,563,864	191,211,204
	NBK	17,487,966	68,146,282
	KCB	12,302,852	1,804,748
	<b>SUB TOTAL</b>	<b>148,693,819</b>	<b>310,045,858</b>
<b>12</b>	<b>PREPAYMENTS</b>		
	Rent Deposits	2,792,750	2,792,750
	Electricity Deposits	716,000	716,000
	Prepaid Insurance	18,687,793	18,147,275
	Security on motor vehicle fuel	1,329,000	1,069,000
	<b>SUB TOTAL</b>	<b>23,525,543</b>	<b>22,725,025</b>

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21	2019/20
		<u>KSHS</u>	<u>KSHS</u>
<b>13</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	Staff Debtors	909,150	1,113,763
	Students Debtors	111,517,307	114,265,364
	Imprest	421,800	393,900
	Trade Debtors	650,572	289,714
	P.A.Y.E	-	1,085,915
	Faulu Loan Deduction	-	2,365
	<b>SUB TOTAL</b>	<b>113,498,829</b>	<b>117,151,020</b>
<b>14</b>	<b>INVENTORY</b>		
	Estate Hardware Store	4,966,860	3,813,184
	Central Store	4,239,106	2,531,826
	Health Drug Store	1,968,180	1,333,762
	Kitchen Store	670,910	227,225
	<b>SUB TOTAL</b>	<b>11,845,056</b>	<b>7,905,997</b>
	The inventory is valued at cost and issued on first in first out basis. Although there were regular stock takes during the year, an annual stock take was done on 30 June 2021 to determine the closing stock.		



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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED...**

**15. Property, Plant and Equipment**

	LAND	BUILDINGS	WORK IN PROGRESS	FURNITURE & FITTINGS	COMPUTERS	MOTOR VEHICLES	MACHINERY & EQUIPMENT	TOTAL
RATE	0%	4%	0%	10%	20%	20%	10%	Kshs
Cost/Valuation 1.7.2019	108,292,000	954,158,801	813,539,196	115,373,870	25,857,207	74,011,440	297,130,203	2,388,362,716
Additions: Purchases	-	-	170,690,419	6,009,260	26,484,600	-	16,570,309	219,754,588
	108,292,000	954,158,801	984,229,615	121,383,130	52,341,807	74,011,440	313,700,512	2,608,117,304
Less Provision for Deprec. (30.6.19)	-	-	-	-	-	57,423,574	-	57,423,574
	108,292,000	954,158,801	984,229,615	121,383,130	52,341,807	16,587,866	313,700,512	2,550,693,730
Revaluation Gain/(Loss)	-	-	-	-	-	33,577,134	-	33,577,134
Cost/Valuation 30.6.2020	108,292,000	954,158,801	984,229,615	121,383,130	52,341,807	50,165,000	313,700,512	2,584,270,864
Additions: Purchases	-	-	437,273,890	12,953,926	2,043,120	9,951,000	69,425,633	531,647,569
Transfer of W-I-P		673,131,871	(673,131,871)					
Cost/Valuation 30.6.2021	108,292,000	1,627,290,672	748,371,633	134,337,056	54,384,927	60,116,000	383,126,145	3,115,918,433
Provision for Deprec. (30.6.19)	-	256,688,311	-	11,537,387	5,171,441	-	29,713,020	303,110,160
Depreciation	-	38,166,352	-	12,138,313	10,468,361	-	31,370,051	92,143,078
Provision for Deprec. (30.6.20)	-	294,854,663	-	23,675,700	15,639,803	-	61,083,071	395,253,237
Depreciation	-	65,091,627	-	13,433,706	10,876,985	12,023,200	38,312,614	139,738,132
Provision for Deprec. (30.6.21)	-	359,946,290	-	37,109,406	26,516,788	12,023,200	99,395,686	534,991,370
Net Book Value								
NBV As at 30.06.2019	108,292,000	697,470,490	813,539,196	103,836,483	20,685,765	74,011,440	267,417,183	2,085,252,557
NBV As at 30.06.2020	108,292,000	659,304,138	984,229,615	97,707,430	36,702,004	50,165,000	252,617,440	2,189,017,627
NBV As at 30.06.2021	108,292,000	1,267,344,382	748,371,633	97,227,650	27,868,139	48,092,800	283,730,459	2,580,927,064

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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED...**

<b>16 BIOLOGICAL ASSETS</b>				
		<b>Dairy Cattle</b>	<b>Beef Cattle</b>	<b>Total</b>
	<b>COST</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
	Net Book Value as at 30.06.2018	440,000	1,498,725	1,938,725
	Additions	-	-	-
	Changes in fair value	132,000	73,500	205,500
		572,000	1,572,225	2,144,225
	Less Disposal	156,000	1,181,148	1,337,148
	Net Book Value as at 30.06.2019	416,000	391,077	807,077
	Additions		1,860,000	1,860,000
	Changes in fair value		23,800	23,800
		416,000	2,274,877	2,690,877
	Less Disposal	-	1,727,077	1,727,077
	Net Book Value as at 30.06.2020	416,000	547,800	963,800
	Additions	-	-	-
	Changes in fair value	30,000	-	-
		446,000	547,800	993,800
	Less Disposal	166,000	547,800	713,800
	Net Book Value as at 30.06.2021	280,000	-	280,000

Biological assets include both dairy cows and beef cattle. Beef cattle were bought for consumption in 2019/2020 financial year. By 30<sup>th</sup> June 2021, all the beef animals had been consumed.

On the other hand, the University had three dairy cows as at the end of financial year. The animals were valued by a veterinary officer to determine their fair value.



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<b>17: INTANGIBLE ASSET</b>	
	<b>ERP</b>
<b>RATE</b>	<b>10%</b>
Cost as at 30.6.2018	28,968,872
Additions	-
Cost as at 30.6.2019	28,968,872
Additions	-
Cost as at 30.6.2020	28,968,872
Additions	550,620
Cost as at 30.6.2021	29,519,492
Provision for Deprec. (30.6.18)	11,587,548
Depreciation Expense	2,896,887
Provision for Deprec. (30.6.19)	14,484,435
Depreciation Expense	2,896,887
Provision for Deprec. (30.6.20)	17,381,322
Depreciation Expense	2,951,949
Provision for Deprec. (30.6.21)	20,333,272
<b>Net Book Value</b>	
NBV As at 30.06.2018	17,381,324
NBV As at 30.06.2019	14,484,437
NBV As at 30.06.2020	11,587,550
NBV As at 30.06.2021	9,186,220

Intangible asset is Enterprise Resource Planning system known as Microsoft Navision. The system was commissioned in the Financial Year 2014/15 and is expected to serve the University for a period of ten years.

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NOTE	DETAILS	2020/21	2019/20
		KSHS	KSHS
18	<b>TRADE AND OTHER PAYABLES</b>		
	CDF Account	3,673,802	2,591,665
	Cystic Echinococcosis Project-Prof Magambo -	38,635	2,366,878
	Dr. Eunice Marete -Research Project	458,650	458,650
	Dr. Joshua Arimi NACOSTI	2,500	2,500
	HELB Control Account	714,000	397,000
	Insurance Claim Refunds	130,001	130,000
	MUST Alumni Association	10,312,703	9,379,833
	MUST Pension Scheme	251,291	251,291
	P.A.Y. E	1,830,359	-
	Quality Assurance(QUE) Fees	-	3,461,125
	Quality Audit Fees	27,433,664	22,174,279
	Placement Fees (KUCCPS)	2,207,500	6,359,200
	Accreditation (Regulating Body) Fees	2,356,900	1,724,900
	Students Indexing by Regulator Fees	900,450	578,200
	Teaching Practice	7,860,300	3,852,300
	Research Administration Fund	701,494	701,494
	Retention Money for Projects	22,500,733	20,256,011
	SAMU Subscriptions	652,008	340,127
	Sundry Creditors	174,952,911	56,627,186
	NBK Recurrent Unidentified deposits	43,172	43,172
	NBK Fees Collection A/c Unidentified Deposits	260,553	140,150
	NBK Project A/C Unidentified Deposits	996,547	996,547
	Equity Fees A/c Unidentified Deposits	590,708	680,344
	KCB Fees Coll Unidentified Deposits	1,791,453	2,702,353
	Co-op Fees Coll Unidentified Deposits	1,661,979	1,274,436
	NBK Main Unidentified Deposits	175,205	175,205
	KCB Operational Unidentified	104,549	166,549
	VAT on Purchases	452,196	732,299
	Withholding Tax	17,756	389,449
	MEIWA Project	848,580	848,580
	Joy Riungu-Utafiti Project	4,963,013	9,142,689
	CNEAT Research Project	6,590,733	2,852,054
	Research Funds	32,816,814	4,245,700
	Salaries General	81,360	16,104
	Crowd/Participatory Sensing Project	4,945,510	2,775,665
	Gratuity Owing	34,686,022	34,788,584
	EA WHO Research Centre	24,817,448	56,272,948
	Epivot Project	-	6,419,211
	KCSAP Research Project-Masinde	2,415,133	3,427,423
	KCSAP Camel Meat- Dr Arimi	325,000	1,667,440
	International Found. For Sci-Cecilia Wanjau	501,750	873,140
	Kenya National Inov. Agency - Dr Mwiti	800,000	800,000
	KCSAP Research - Dr Jane Rutto	101,450	149,050
	Team 2019 VLIR-OUS Project	184,700	184,700



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NOTES TO FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21	2019/20
		KSHS	KSHS
	Miraa Research Centre	2,428,196	6,795,207
	Pension Mandatory	-	118,601
	Students Fees Prepayment	58,661,033	30,518,924
	NRF Camel Milk- Dr Arimi	6,462,200	-
	Epivot Water Project	6,608,056	-
	KUDHEIHA Subscriptions	71,794	-
	<b>SUB TOTAL</b>	<b>451,380,812</b>	<b>300,849,163</b>
<b>19</b>	<b>PROVISIONS</b>		
	Provision for Part-time	30,686,724	21,757,781
	<b>SUB TOTAL</b>	<b>30,686,724</b>	<b>21,757,781</b>
	Part-time: The opening of the University during the Academic Year 2020/21 was done in phases. The 1 <sup>st</sup> and 2 <sup>nd</sup> year reported for their second semester in April 2021 to July 2021 while the 3 <sup>rd</sup> and 4 <sup>th</sup> years started their semester in June 2021 to September 2021. Since part-time teaching is paid at the end of the semester, a provision was made on 30 June 2021 for the accrued part time cost for the months of April, May and June 2021.		
<b>20</b>	<b>DEFERRED INCOME</b>		
	Deferred Tuition Fee	55,400,396	24,621,826
	<b>SUB TOTAL</b>	<b>55,400,396</b>	<b>24,621,826</b>
	Deferred income is unearned income. It is fees received for services which have not yet been earned. Students paid fees in the FY 2020/21 but the semesters extended to FY 2021/22. The 1 <sup>st</sup> and second years' second semester started in April 2021 and ended in July 2021 (income for July 2021 is therefore deferred income). The 3 <sup>rd</sup> and 4 <sup>th</sup> years' second semester started in June to September 2021 (therefore income for July, August and September is deferred income). Fees is paid at the beginning of the semester but it is spread evenly over the 4-month semester.		
<b>21</b>	<b>BANK OVERDRAFT</b>		
	Bank A/C (KCB) Operations	-	27,486,267
<b>22</b>	<b>CAPITAL</b>		
	Capital B/F	2,696,308,979	2,495,308,979
	Additional Capital during the year	233,591,333	201,000,000
		<b>2,929,900,312</b>	<b>2,696,308,979</b>
	Add: Donation-NRF WHO EA Equip't	31,455,500	-
	<b>Capital C/F</b>	<b>2,961,355,812</b>	<b>2,696,308,979</b>
	A researcher through his research which was funded by National Research Fund procured equipment worth Kshs. 31,455,500 for the University.		



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NOTES TO FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2020/21	2019/20
		KSHS	KSHS
<b>23</b>	<b>REVENUE RESERVE</b>		
	Revenue Reserve B/F	(471,467,211)	(317,758,164)
	Deficit for the Year	(199,240,072)	(153,709,047)
	<b>Revenue Reserves C/F</b>	<b>(670,707,283)</b>	<b>(471,467,211)</b>
<b>24</b>	<b>Revaluation Surplus</b>		
	Revaluation-Computers B/F	7,029,460	7,029,460
	Net Revaluation Surplus (Computers)	7,029,460	7,029,460
	Revaluation-Motor Vehicles B/F	36,459,298	2,882,164
	Additional Revaluation	-	33,577,134
	Net Revaluation Surplus (Motor-Vehicle)	36,459,298	36,459,298
	Revaluation Surplus-Equipment	13,199,302	13,199,302
	Revaluation Surplus- Furniture	3,152,011	3,152,011
	<b>Revaluation Surplus C/F</b>	<b>59,840,071</b>	<b>59,840,071</b>

**25. Cash generated from operation**

	2021-2020	2020-2019
	Kshs	Kshs
Deficit for the year before tax	(199,240,072)	(153,773,447)
<b>Adjusted for:</b>		
Depreciation	142,690,082	95,039,965
Gains and losses on disposal of assets	(30,000)	(23,800)
<b>Working Capital adjustments</b>		
Increase in inventory	(3,939,059)	856,079
Increase in receivables	2,851,673	7,630,280
Increase in payables	194,208,393	3,362,890
<b>Net cash flow from operating activities</b>	<b>136,541,017</b>	<b>(46,908,033)</b>

**26. RELATED PARTY DISCLOSURE**

**Council**

The Council members, except the Vice Chancellor, were paid sitting allowances, per diem, mileage, and air fare, and for Chairman- Director's fee and telephone allowance. The University also paid for their medical insurance cover. The University paid the Council members a total of Kshs 10,125,873 in form of allowances. None of the Council members was advanced a loan by the University during the Financial Year. None of the Council members had other dealings with the University other than as a Council member.



#### **University Management Board Members**

The total amount paid to the University Management Board members in terms of salaries and allowances was Kshs. 46 million. None of the University Board members was advanced a loan by the University during the Financial Year. None of the University Management Board members had other dealings with the University other than as an employee of the University.

#### **Government**

The Government of Kenya is the largest single sponsor of the University. During the year, the University received Kshs. 1,002,156,328 from the Government for Recurrent and Capital expenditure. The Government is responsible for the appointment of the Council Members.

#### **27. CONTINGENT LIABILITIES**

There was no contingent liability worth reporting during the year.

#### **28. FINANCIAL RISKS**

The University has initiated and facilitated the process that will see the enhancement of risk management. It has an integrated risk management framework. The University recognizes the critical role the risk management will continue to play in its endeavour to carry out its business in a dynamic environment. The University is committed to ensuring that corporate governance and risk management are deeply entrenched in its strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

This risk management framework captures the following among other things: -

- The University's risk appetite and parameters;
- The University's risk matrix that highlights the rating of risks;
- The structure of managing risks and accountabilities;
- The processes, procedures and reports that manage risks;
- The mitigating factors, prevention, contingency plans and controls.

The University's core business involves major engagements with financial transactions and processes which pose certain risks. The University Council has the overall responsibility for the establishment and oversight of the University's risk management framework. The University Council has delegated its risk management to the 'Audit Committee'. One of the responsibilities of this committee is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial transactions and processes are managed by the 'Finance Committee' of the University Council.

The financial management objectives and policies are as outlined below: -

**a) Liquidity Risk**

Liquidity risk is the risk that the University will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles.

The objective of the liquidity management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels. The University has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The University's liquidity and funding management process includes: -

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding,
- Maintaining balance sheet liquidity ratios.

Prudent liquidity risk management includes maintaining sufficient cash to meet University obligations. The University manages liquidity risk by maintaining adequate cash reserves to ensure liabilities are paid as they fall due and to cushion against any liquidity risk. The table below shows the University's financial liabilities that will be settled on a net basis.



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The amounts disclosed are the contractual undiscounted cash flows:

As at 30 June	2021	2020
Financial Assets	Kshs	Kshs
Cash and cash equivalents	148,693,819	310,045,858
Prepayments	23,525,543	22,725,025
Receivables from exchange transactions	113,498,829	117,151,020
Inventory	11,845,056	7,905,997
	<b>297,563,247</b>	<b>457,827,900</b>
<b>Financial liabilities</b>		
Trade and other payables	451,380,812	300,849,163
Provisions	30,686,724	21,757,781
Deferred income	55,400,396	24,621,826
Bank overdraft	-	27,486,267
<b>Total Liabilities</b>	<b>537,467,931</b>	<b>374,715,037</b>
<b>Net Liquidity</b>	<b>-239,904,684</b>	<b>83,112,863</b>
<b>Liquidity Ratio</b>	<b>0.55</b>	<b>1.22</b>

A liquidity ratio declined from 1.22:1 in the FY 2019/20 to 0.55: 1 in the FY 2020/21. A liquidity of less than one is an indication that an organization is having financial problems and is unable to meet its obligations when they fall due.

**b) Market Risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The University is exposed to the following market risks: -

**(i) Currency Risk**

Currency risk arises primarily from purchasing imported goods and services from overseas or indirectly via local supplies, or services that are priced in foreign currency such as internet (US Dollars). Nevertheless, the currency risk is minimal as cash and cash equivalents held with banks are denominated in Kenya Shillings and there are minimal dealings in foreign currency.

**(ii) Interest Rate Risk**

The University is exposed to various risks associated with effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margin may increase as a result of such changes but may reduce losses in the

event that unexpected movement arises. The University closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities on the statement of financial position.

The interest rates on call deposits held in financial institutions are fixed and agreed upon on monthly basis. The Management is in regular contact with the bank in a bid to obtain the best interest rates and therefore able to plan for the resulting income.

The interest rate risk is minimal as the University does not have any borrowings.

#### **c) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the University's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behaviour. The University seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks. The University's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the University's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas: -

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of financial transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- Requirement for the reporting of operational losses and proposed remedial action;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where it is effective.

Operational risks are documented in the 'Risk Register and Opportunity Assessment Document' and are managed by the Risk Management Committee established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analysing and mitigating risks in all facets of the business.



**d) Compliance and Regulatory Risk**

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The University complied with all externally imposed requirements throughout the year.

**e) Legal Risk**

Legal risk is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the University, failure to protect the title to and liability to control the rights to assets of the University (including intellectual property right), changes in law, or jurisdictional risk. The University manages legal risk through the legal office, legal risk policies and procedures and the effective use of internal controls and external lawyers.

**f) Credit Risk**

Credit risk is the risk that a borrower is unable to meet his financial obligations to the lender. The University's credit risk is attributable to its cash and cash equivalents and trade receivables. Both bank balances and trade receivables are fully performing and no debt has been impaired. The amount that best represents the University's maximum exposure to credit risk is made up as follows;

Details	2020/21	2019/20
<b>Liabilities</b>		
Trade and other payables	451,380,812	300,849,163
Provisions	30,686,724	21,757,781
Deferred income	55,400,396	24,621,826
Bank overdraft	-	27,486,267
<b>Total Liabilities</b>	<b>537,467,931</b>	<b>374,715,037</b>

## **29. OPERATING LEASES**

The University has two operating leases:

### **i. Hart Towers**

Meru Town Campus is housed in Hart Towers. Hart Towers is a five storeyed building located in Meru Town centre. The University occupies 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> floors of the building. The lease is for six years with effect from the year 2018.

### **ii. Marimba Farm**

On May 1<sup>st</sup>, 2014, the University entered into a fifteen years' lease agreement with the Ministry of Agriculture, Livestock and Fisheries for the lease of Marimba Farm. Marimba Farm is the property of Agricultural Development Corporation which is under the Ministry of Agriculture, Livestock and Fisheries. The lease agreement states that University will pay Kshs. 1,400,000 per annum for the first three years. After three years, the rent will be reviewed upwards. The lease agreement also provides that the fifteen-year contract is divided into three terms and each party can terminate the contract after every five-year term.

## **30. Events after the reporting period**

No event, either adjusting or non-adjusting has been reported after the balance sheet date.

## **31. Ultimate and Holding Entity**

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

## **32. Currency**

The financial statements are presented in Kenya Shillings (Kshs). The figures are rounded up to the nearest shilling.



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**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person	Status	Time- frame
1	<b>Financial Performance</b> The University is therefore technically insolvent, and the financial statements have been prepared on a going concern basis on the assumption of continued financial support from the Government and its creditors. In the circumstances, if the management does not put in place strategies to reverse loss making trend, the University is likely to face financial challenges in the near future.	The University has instituted the necessary measures to reverse the situation. The University has come up with comprehensive cost cutting measures which are currently being implemented. The University has also established a directorate known as Research, Innovation and Commercialization that will boost revenue generation in the University.	VC		On going
2	<b>Delayed Completion of Engineering Tuition Block</b> Note 15 to the financial statements reflects Kshs. 2,580,927,064 in respect to property, plant and equipment which includes Kshs. 748,371,633 in respect to work in progress which further include Kshs. 478,451,980 incurred from the financial year 2010/2011 to 30 June 2021 for the construction of the Engineering Tuition Block. However, and as reported in the previous year, no document or record was availed to confirm the overall completion level and the expected completion period of the project. In the circumstances, the completeness and value for money for the Kshs.	The University undertook the <i>Engineering Tuition Block</i> project in three phases namely Block A, Block B and Block C. The project was completed during 2020/2021 financial year as evidenced by certificates of practical completion.	VC	Resolved	Jun 2021

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	478,451,980 expenditures for the year ended 30 June 2021 could not be confirmed.				
3	<p><i>Miraa Research Centre</i></p> <p>Note 18 to the financial statements reflects Kshs. 451,380,812 in respect to trade and other payables which includes Kshs. 2,428,196 in respect to Miraa Research Centre which had been advanced Kshs. 6,795,207 meant for infrastructure work at the University granted by the Permanent Secretary State Department for Crop Development through Authority to Incur Expenditure (AIE) number A751323 of 25 June 2019. However, Kshs. 4,376,011 from the initial balance of Kshs. 6,795,207 had already been utilized for the infrastructure works which were still in progress as at 30 June 2021 and therefore delaying the implementation of the project. In the circumstances, the value for money for the Kshs. 6,795,207 expenditure for the year ended 30 June 2021 could not be ascertained.</p>	<p>The project was delayed due to the frequent shut downs ordered by the Government during the Covid-19 period. The contractors also slowed down works because of the effects of the pandemic. However, the project picked up in the last quarter of 2021 and have since been completed and paid for except for the snag list. See attached documents</p>	VC	Resolved	Jun 2021

  
 Sign \_\_\_\_\_  
**Vice Chancellor**  
 Date: December 10, 2021

  
 Sign \_\_\_\_\_  
**Chairman of the Council**  
 Date: December 10, 2021



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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

Projects implemented by Meru University funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement	Consolidated in these financial statements
Engineering Complex		GOK			No	Yes
Construction of Sports fields		GOK			No	Yes
Nursing and Health Science Building		GOK			No	Yes
Mariene Institute		GOK			No	Yes
Mariene Institute: Administration and lecture theatre		GOK			No	Yes
Mariene Institute: Science Laboratories		GOK			No	Yes
Mariene Institute: Modern Library		GOK			No	Yes

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Engineering Complex	683,000,000	673,131,871	98%	58,060,889	29030444.5	GOK
2	Construction of Sports fields	600,000,000	102,676,556	17%	124,591,334	62,295,667	GOK
3	Nursing and Health Science Building	500,000,000	70,522,744	14%	124,530,445	62,265,223	GOK
4	Mariene Institute: Administration and lecture theatre	230,000,000	57,652,614	25%	60,000,000	30,000,000	GOK
5	Mariene Institute: Science Laboratories	150,000,000	62,776,694	42%	50,000,000	25,000,000	GOK
6	Mariene Institute: Modern Library	150,000,000	38,952,811	26%	50,000,000	25,000,000	GOK

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**APPENDIX III: INTER-ENTITY TRANSFERS**

**Entity Name: Meru University of Science and Technology**

**Break down of Transfer from the State Department of University Education**

**a) RECURRENT GRANTS**


Bank statement date	Amount (Kshs)	FY to which the amounts relate
06/07/2020	75,642,368	2019/2020
07/08/2020	57,743,551	2020/2021
31/08/2020	57,743,551	2020/2021
01/10/2020	57,743,550	2020/2021
30/10/2020	57,743,551	2020/2021
07/12/2020	57,743,551	2020/2021
04/01/2021	57,743,550	2020/2021
04/02/2021	57,743,551	2020/2021
10/03/2021	57,743,551	2020/2021
09/04/2021	57,743,550	2020/2021
10/05/2021	57,743,551	2020/2021
16/06/2021	57,743,551	2020/2021
25/06/2021	57,743,551	2020/2021
<b>Total</b>	<b>768,564,995</b>	

**b) DEVELOPMENT GRANTS**

Bank statement date	Amount (Kshs)	FY to which the amounts relate
14/09/2020	153,591,333	2020/2021
14/09/2020	80,000,000	2020/2021
<b>Total</b>	<b>233,591,333</b>	

The above figures have been reconciled with the records at the State Department of University Education and Research (Ministry of Education).

Sign   
 Finance Officer  
 Meru University  
 of Science and Technology

Sign   
 Head of Accounting Unit  
 State Department of University Education  
 Ministry of Education



**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

The University did not receive funds from any other Government entity other than State Department of University Education and Research (Ministry of Education).