

REPUBLIC OF KENYA



REPORT

DATE: 21 FEB 2023

DAY:
TUESDAY

TABLED

BY:

OF

CHIEF OF

THE TABLE:

DEPUTY LEADER OF
MAJORITY PARTY

IMZDFU MWALE

THE AUDITOR-GENERAL

ON

THE UNIVERSITY OF KABIANGA

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



UNIVERSITY OF KABIANGA
P.O BOX 2030-20200 KERICHO, KENYA
TEL: 020-2172665

UNIVERSITY OF KABIANGA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021

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

ISO 9001:2015 Certified Institution

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

BACKGROUND INFORMATION

University of Kabianga was officially decreed by His Excellency the former President of the Republic of Kenya Hon. Mwai Kibaki at Kabianga High School grounds on the 10th of May, 2007 as a campus of Moi University.

The Kabianga Complex which included the Kabianga High School & Primary School and Kabianga Farmers Centre has a long history dating to 1925 and has been a centre of excellence in Farmer's Training, Teacher Education, Secondary, Primary Education and the 300 Acre Kipsigis County Council Tea Farm. Indeed the current Kericho Teachers' Training College was situated at the Kabianga Complex until 1963 when it was moved to the current location in Kericho Town.

The facility was officially handed over to Moi University by the Ministry of Agriculture on 8th November, 2007 and admitted its first group of 150 students on November 26, 2007. The Campus was elevated to a Constituent University of Moi University by a Gazette Notice dated the 29th of May, 2009. The University was subsequently elevated to fully fledged statuses through an award of Charter vide Universities Act, 2012.

The University of Kabianga is situated in what was formerly Kabianga Farmers Training Centre. The Training Centre facility was established in 1959 and managed by the Ministry of Agriculture to provide short courses, workshops/seminars, and exhibition and extension services to the farming community, in the South Rift Region of Kenya.

University of Kabianga, in fulfilling its mission of community outreach, Research and extension, takes over the mandate of its successor, Kabianga Farmers Training Centre of the Ministry of Agriculture.

The University stands on 100 acres of land and is situated in the famous and lush tea-growing highlands of Kericho County in the Southern end of the Rift Valley
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Province of Kenya. It is about 21km from Kericho Town and 6km off the main Kericho - Kisii road on the junction called "Premier Dairies"

Since its inception, the University embarked on the expansion of physical facilities. These include library, modern hostels, laboratories, health unit, lecture theatres, water treatment plant, septic tank elevated water tank and Network Infrastructure. Plans are underway to put up more administrative offices to cater for the surging demand.

The University has 3 accredited campuses namely: Kapkatet campus offering biomedical courses, Sotik and Kericho town campuses.

PRINCIPAL ACTIVITIES OF THE UNIVERSITY

The main activities of the University of Kabianga are as follows:

- i. To provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya.
- ii. To participate in the research, transmission and preservation and enhancement of knowledge and to stimulate the intellect participation of students in the economic, social, cultural, scientific and technological development of Kenya.
- iii. To provide and advance university education and training to appropriately qualified candidates, leading to 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 manpower needs;
- iv. To conduct examinations for such academic awards as may be provided in the statutes pertaining to the University;

- v. To examine and make proposals for new faculties, schools , institutes , departments, resource and research centres, degree courses and subjects of study;
- vi. To play a leading role in the development and expansion of the opportunities for higher education and research;
- vii. To contribute to industrial and technological developments through innovations and technology transfer.
- viii. To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovation, research, and consultancy services;
- ix. To participate in commercial ventures and other activities for the benefit of the institution, the community and stakeholders;
- x. To contribute to agriculture, industrial and technological development of Kenya in collaboration with industrial and other institutions through the transfer of appropriate technology;
- xi. To provide programmes, products and services in ways that reflect the principles of equity and social justice;
- xii. To facilitate student mobility between different programmes at different training institutions , universities and industry; and
- xiii. To foster the general welfare of all staff and students.

VISION:

To be a leading University in scientific innovation for the betterment of humanity

MISSION:

To create, preserve and transfer knowledge and technology through quality and entrepreneurial education, research, extension, and partnership with government, industry and non-state actors whilst ensuring a sustainable environment.

CORE VALUES:

The core values of the University coined as "METIP" reflects the University Culture and is meant to inspire efficient and effective service delivery across the University. These core values take cognizance of the National values and principles of governance as espoused in Articles 10 and 232 of the Constitution. They are:

- M- Meritocracy
- E- Excellence
- T- Teamwork
- I- Innovation
- P- Professionalism







KEY MANAGEMENT



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

- i. University Council
- ii. University Management Board
- iii. University Senate

FIDUCIARY MANAGEMENT

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibilities were:

S/N	Designation		Name
1.	Vice-Chancellor		Prof. Wilson K. Kipngeno, MBS B.Sc M.Sc (UoN), PhD(University of California, Riverside)
2.	Deputy Vice- Chancellor (Administration and Finance)		Prof. Eric Koech, MBS B.Sc (UoN), M.Sc (Mc Gill), PhD (North Wales, UK)
3.	Deputy Vice- Chancellor (Academic and Student Affairs)		Prof. Elijah I. Omwenga B.Ed Sc. (KU), PGD Comp. Sc (UoN), MSc. Comp. Sc (NUST) Bulawayo, PhD Comp. Sc (UoN)
4.	Ag. Deputy Vice- Chancellor (Planning, Research and Development)		Prof. Maurice O. Oduor B.Ed (Maseno University) M.Sc (Pure Mathematics)- Maseno University PhD (Pure Mathematics)- Maseno University
5.	Finance Officer		CPA. Willy K. Koech BBM Accounting(Moi University), CPA (K), MBA (UoK),
6.	Registrar (Administration)		Mr. Peter K. Kimalel BA(Moi University), EMBA (UoK), PG Dip HRM (Moi Uni- versity)

7.	Registrar (Academic) 	Dr. Cecilia C. Sang BEd. Home Science (KU), M.Ed. (Egerton University), PhD.(Egerton University)
8.	Registrar (Planning, Research & Development) 	Rev. Dr. Edwin Too BTh. (KHEU) M.Ed (University of Manchester) M.Div.(AIU), PhD (Kabarak University),

FIDUCIARY OVERSIGHT ARRANGEMENTS

The Council Committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority, however delegation of authority to the committees does not in any way mitigate or dissipate the discharge by the Council of its duties and responsibilities. Council Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Council. In the financial year ended 30th June 2021 the University had the following Committees of Council:

1) AUDIT COMMITTEE

- | | |
|---------------------------|----------------------------|
| 1. Mr. James K. Bett | Chairman |
| 2. Mr. Stephen I. Muiruri | Member /Rep NT |
| 3. Mr. William P. Mayaka | Member |
| 4. Mr. Elkanah Mochama | Internal Auditor/Secretary |

2) FINANCE RESOURCE MOBILIZATION AND INFRASTRUCTURAL DEVELOPMENT COMMITTEE

- | | |
|-----------------------------|----------------|
| 1. Mr. Aggrey S. Shikanga | Chairman |
| 2. Dr. (Mrs.) Anne A. Oburu | Member |
| 3. Mr. Stephen I. Muiruri | Member /Rep NT |

- | | |
|-----------------------------|---------------------------|
| 4. Vainadu Titus Z. Ingana | Member/Rep MOE |
| 5. Prof. Wilson K. Kipngeno | Vice-Chancellor/Secretary |

3) ACADEMIC, RESEARCH, PLANNING, HUMAN RESOURCE AND ADMINISTRATION COMMITTEE

- | | |
|-----------------------------|---------------------------|
| 1. Dr. (Mrs.) Anne A. Oburu | Member- Chairman |
| 2. Mr. David Njagi Ngonge | Member |
| 3. Vainadu Titus Z. Ingana | Member/Rep MOE |
| 4. Prof. Wilson K. Kipngeno | Vice-Chancellor/Secretary |

REGISTERED OFFICE

University Of Kabianga
Off Kericho- Kisii Road
P.O Box 2030 - 20200,
Kericho.

UNIVERSITY CONTACTS

Telephone: 020-2172665
E-mail: vc@kabianga.ac.ke
Website: www.kabianga.ac.ke

BANKERS OF THE UNIVERSITY

1. Co-operative Bank,
Kericho Branch.
2. Kenya Commercial Bank
Kericho Branch.
3. Standard Chartered Bank
Kericho Branch.
4. Equity Bank
Litein Branch.

INDEPENDENT AUDITORS

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

PRINCIPAL LEGAL ADVISER

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

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MEMBERS OF COUNCIL

Dr. Adelaide M. Mbithi (HSC) Chairman of Council

PhD (UoN); MSc. (USIU); B, Ed. (Science) –UoN; Dip (Montreal, Canada).



Dr Adelaide Mbaika Mbithi is a Scholar and a Higher Education Development, Management and Training Consultant and Expert in Kenya. She has risen through the ranks from a registered graduate teacher to an administrator in the University. Adelaide has served in several public, private and religious boards at the national, county and at community level. As a scholar, Adelaide has attended and presented papers at seminars, symposia and conferences as well as publishing in peer reviewed journals and has supervised PhD and Masters Theses in the fields of business administration, human resources and project management. Adelaide has professional training, certification and experience in strategic management, transformational leadership and corporate governance among others. She is a registered member of professional associations and institutes. She was appointed as Chairman of Council of University of Kabianga on the 4th November, 2020.

Prof. Wilson K. Kipngeno, MBS Secretary

B.Sc, M.Sc (UoN), Ph.D
(California, Riverside)





Prof. Wilson Kipngeno started his career as a lecturer in University of Nairobi in the field of Applied Statistics. Through his brilliance, he has risen through the ranks to be the Vice-Chancellor of University of Kabianga. His previous work experience includes serving as a DVC (Administration Planning and Finance) in Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Egerton University. Prior to his appointment in May 2013, Prof. Kipngeno was the Ag. Vice-Chancellor after serving as the Principal of Kabianga University College since May 2009. He was re-appointed as Vice-Chancellor of Council of University of Kabianga on the 18th June, 2018.




Vainadu Titus Zakayo Ingana Council Member


BSc. (UoN), MSc.(UoN)









Vainadu Titus Zakayo Ingana represents the Principal Secretary – State Department for University Education and Research, Ministry of Education. He is a former United Nations Advisor to the Prime Minister of Timor Leste-Indonesia under UNDP. He is currently serving as a Researcher in the Ministry of Education. He is the Kenyan Focal Point Officer on Science, Technology and Development (ST&D) to the Commission for Science, Technology and Development (CSTD), UNCTAD, Geneva. His task is to spearhead the development of Kenya's Issues Papers on various themes as requested for annually by CSTD/UNCTAD.





	<p>He worked in Rwanda in the period 2015- 2017 on "Work Place Human Resource-based Value Chain Assessment"; A Skills Audit Programme for the Capacity Development and Employment Services Board (CESB) of the Republic of Rwanda, based on ISCO, 2012.</p> <p>Ingana has authored twenty (20) Books in various fields and one of the Books, "The Politicians Speech" is being prepared to be acted as a Movie. He is the founder of Firmword Church worldwide. He was appointed as member of Council of University of Kabianga on the 4th November, 2020.</p>
<p>Mr. Stephen I. Muiruri Council Member B.A (Gujarat University) M.A (Gujarat University)</p> 	<p>Mr. Stephen I. Muiruri represents the Principal Secretary, National Treasury. He is an economist who joined Global Fund Program as the Deputy Coordinator and formed a fully-fledged unit for Global Fund Program dealing with Coordination and management while reporting directly to the Principal Secretary, National Treasury. Formation this Fund led to Kenya attracting substantial grants from Global Fund. Kenya receives the highest grants from Global Fund within the region. This also led to Kenya becoming the best country regionally in terms of grant portfolio and management and the President of Kenya was nominated as a champion in mobilization of Global Fund resources during the replenishment conference held in Washington in the year 2019. He was appointed as member of Council of University of Kabianga on the 4th November, 2020.</p>
<p>Hon. James Kimaru Bett MP Council Member M.Com. (GOA Uni. India), B.Com. (Business Admin.) (KU), Post Graduate Dip. (CIPS)</p> 	<p>Hon. James Kimaru Bett served in the 11th parliament as MP for Kesses Constituency; he was a member of Public Accounts Committee. He also worked as civil servant from 1998-2012 in diverse ministries as a procurement officer. He is a dedicated public servant who believes in equality and the empowerment of all cadres of people in Kenya. He was appointed as member of Council of University of Kabianga on the 4th November, 2020.</p>

<p>Amb. Aggrey Shikanga Shitsama Council Member LLB(UoN); LLM (UoN)</p> 	<p>Amb. Aggrey Shikanga Shitsama is an accomplished legal practitioner, Administrator, Manager and Diplomat. He is an Advocate of the High Court of Kenya since 13/10/1980. Since 1982 to date he has been in Private Legal Practice. From 2011 to March 2014 he served as the Chairman Standards Tribunal appointed under the Standards Act. He was appointed as an in 2014 Ambassador and posted by the Government of Kenya as Deputy Ambassador Deputy Head of Mission/ Head of Chancery Kenya's Mission in Addis Ababa Ethiopia. In 2019 he resorted back to full time private practice. He was appointed as member of Council of University of Kabianga on the 4th November, 2020.</p>
<p>Dr. (Mrs.) Anne A. Oburu Member BSc. (Lumumba), M.MED (UoN)</p> 	<p>Dr. (Mrs.) Anne Oburu has wide experience in the Public Service. She has worked as a Doctor in charge of Paediatrics Nyanza General Hospital, Coast Provincial Hospital and Private Practice. She was appointed as member of Council of University of Kabianga on the 4th November, 2020.</p>
<p>David Njagi Ngonge Council Member BSc. (UoN); M.A (UoN)</p> 	<p>David Njagi Ngonge is a Consultant in Environmental and Alternative Dispute Resolution (ADR). He holds an MA degree in Environmental Law and a BSc degree in Agriculture from the University of Nairobi. He has a post-graduate Certificate in Rice Production from Tsukuba International Training Centre, Japan and a Certificate in Environmental Impact Assessment and Audit from Africa Nazarene University. He is currently pursuing his PhD degree in Environmental Law at the University of Nairobi. Ngonge is an expert in Alternative Dispute Resolution (ADR) having been trained and certified as an Arbitrator by Chartered Institute of Arbitration (Kenya and London) and a Certified Professional Mediator by Mediation Training Institute (MTI) East Africa. He is a member of Chartered Institute of Arbitrators (MCI Arb) and a Judiciary Accredited Court Annexed Mediator in Kenya. He is registered with NEMA as an Environmental Impact Asser/Auditor (EIA/EA) Lead Expert and is a member of Environment Institute of Kenya</p>

	<p>(EIK). He is also a Board Member at Tana Water Works Development Agency since February 2019. He was appointed as member of Council of University of Kabianga on the 4th November, 2020.</p>
<p>Mr. William P. Mayaka, (EBS) MPA (Harvard) PGC (Princeton) BA (Colby)</p> 	<p>Mr. William Mayaka is a retired Permanent Secretary (PS) having served in that capacity in the Ministry of Environment & Natural Resources; Industrialization; and then Tourism. A career civil servant, he served in the Ministry of Finance (then The Treasury) where he rose from an Assistant Secretary to Deputy Secretary (DS). He then served as DS in the Ministries of: Local Government; Agriculture; Environment & Natural Resources; and then Labour & Manpower Development before being honoured with appointment as PS. He has also served as member of Council, Maseno University; Director of the Board of Kenya Reinsurance Corporation; and Chairman of the Board of Directors of Nyayo Tea Zones Development Corporation. He was reappointed as member of Council of University of Kabianga on the 4th November, 2020.</p>

UNIVERSITY MANAGEMENT TEAM

S/N	Designation	Name
1.	Vice-Chancellor	 Prof. Wilson K. Kipngeno, MBS B.Sc M.Sc (UoN), PhD (University of California, Riverside)
2.	Deputy Vice- Chancellor (Administration and Finance)	 Prof. Eric Koech, MBS B.Sc (UoN) M.Sc (Mc Gill PhD (North Wales, UK).)
3.	Deputy Vice- Chancellor (Academic and Student Affairs)	 Prof. Elijah I. Omwenga B.Ed Sc. (KU), PGD Comp. Sc (UoN), MSc. Comp. Sc (NUST) Bulawayo, PhD Comp. Sc (UoN)
4.	Ag. Deputy Vice- Chancellor (Planning, Research and Development)	 Prof. Maurice O. Oduor B.Ed (Maseno University) M.Sc (Pure Mathematics)- Maseno University PhD (Pure Mathematics)- Maseno University
5.	Finance Officer	 CPA. Willy K. Koech BBM Accounting(Moi University), CPA (K), MBA (UoK)
6.	Registrar (Administration)	 Mr. Peter K. Kimalel BA(Moi University), PG Dip HRM (Moi University), EMBA (UoK)
7.	Registrar (Academic Affairs)	 Dr. Cecilia C. Sang BEd. Home Economics (KU), M.Ed. (Egerton University), Ph.D.(Egerton University)

8.	Registrar (Planning, Re- search & Development)		Dr. Rev. Edwin Too BTh. (KHEU), M.Div.(AIU), M.Ed (University of Manchester) PhD (Kabarak University),
9.	ICT Director		Mr. Geoffrey K. Sowek M. Sc. (KCA), BSc. Computer Science (Egerton University)
10.	Legal Officer		Ms. Robai W. Ayuma LLB (Moi University), Dip. in Law (Kenya School of Law)
11.	Ag. Deputy University Librarian		Ms. Janet Nankui Msc. Library and Information Studies (Moi University) Bsc. Library and Information Sciences (Moi University) Dip. Library and Information Studies (KSPS)

CHAIRMAN'S STATEMENT

It gives me great pleasure to present University of Kabianga's Annual Report and Financial Statements for the year ended 30th June 2021. University of Kabianga operates within a framework of strong corporate governance. The Council Chairman leads a competent team of Council members in steering the University towards realization of its vision "to be a leading University in scientific innovation for the betterment of humanity".

During the year under review, the University received minimal increased government grants to finance its recurrent budget from Ksh. 756,548,940 to Ksh. 780,546,188 in financial year 2019/2020 and 2020/2021 respectively. The development funding for FY 2020/2021 was **Kshs 71.5M** as compared to FY 2019/2020 was **Ksh. 150M** which significantly affected the University in capital development projects. Internally generated funds realized by the University during the year amounted to **Ksh. 259.6M** which is mainly tuition fee and tuition related **Ksh. 244.0M** while other incomes accounts for **Ksh. 15.6M**.

The drastic reduction in tuition and tuition related income was as a result of the effects of COVID-19 pandemic which led to suspension of physical learning in the University for Seven months between September and December 2020 and between March and May 2021. The recent reforms in the education sector also had an impact on the University student enrolment which led to significant reduction in tuition revenue. To mitigate this, the University has enhanced its marketing strategies for the academic programmes to attract more students and generate sufficient revenues for its operations.

The University has continued to implement its Master Plan, which informs its infrastructural development. Despite the dwindling funds during the financial year, the University continued to make substantial progress in terms of capital development.

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opment by undertaking the following projects; Lecture Theatre Phase IV and University Library. However, the University is likely to face contractual challenges on the Lecture Theatre Phase IV due to reduction of the capital funds allocated for the financial year. During the same period, the funding level from the Government was notably low and was not able to meet both the recurrent and development expenditure requirements of the University. It is also noted with concern that as at end of the Financial Year, the University had a deficit of **Kshs. 119.5M** due to inadequate funding.

The University continues to undertake its core mandate on teaching, research and extension. In 2019 1,900 students graduated in different levels as compared to 1,708 in 2018.

Health Science related courses offered at Kapkatet Campus are regulated and accredited by professional bodies which includes Nursing Council of Kenya, Clinical Officers Council and Public Health Officers & Technicians Council

In terms of research the University has continued to engage in research aimed at contributing towards realization of the Government's National Development Goals. During the financial year, the University also continued to implement a Fruit Juice Processing Plant in its Main Campus to process pineapples and other fruits. The facility addresses the Governments' Big Four Agenda of manufacturing and value addition as well as enhanced food and nutrition security. The juice processing plant plays a pivotal role within the economic pillar of Vision 2030 and the Sustainable Development Goals. The University also engaged the community in extension services geared towards promoting Corporate Social Responsibility.

To be able to contribute effectively to the realization of the government's priority areas such as the Big Four Agenda, Sustainable Development Goals and Vision 2030 and to remain competitive in the industry, the University

endeavours to produce the relevant human capital that will drive the country towards knowledge-based economy. In terms of good governance, the University has continued to uphold the tenets of good corporate governance by being innovative, transparent, accountable, socially responsive as well as promoting excellence and exercise fairness in all its dealings.

Finally, I wish to appreciate the support that the Government and the Ministry of Education has offered to the University over the years and look forward to similar support in the coming years. Specifically, I wish to acknowledge the commitment and dedication of the University Management and staff who have continued to perform their duties with skill, loyalty and team spirit to enable the University achieve its milestone. My sincere appreciation also goes to my colleagues in the Council for their tireless devotion; team spirit and valued guidance. I look forward to similar and even more enthusiasm and cooperation in the future.

SIGNATURE: 

DATE: 31/08/22

DR. ADELAIDE M. MBITHI
CHAIRMAN OF COUNCIL

VICE-CHANCELLOR'S STATEMENT

I am pleased to present the 8th Annual Report and Financial Statements for the University of Kabianga for the year ended 30th June, 2021. The University has undergone significant transformation within the reporting period that will provide a platform to build on in the future.

Since its inception, the University embarked on expansion of physical facilities. The University continues to implement various infrastructure developments in its Master Plan and Reviewed Strategic Plan (2018-2022). The ongoing projects undertaken in FY 2020/2021 include University Library and Resource Centre, Lecture Theatre Phase IV, and Students Dining Hall. Completed projects include Health unit (Phase I), University Main gate, Fruit Processing Plant, Council chambers and ICT Network Phase II. Plans are underway to put up more facilities to cater for the surging demand.

During FY 2020/2021, the University implemented internal reforms that were undertaken in response to requirements of Commission of University Education. These reforms were undertaken to rationalize programmes, departments and schools, Re-engineering of processes and restructuring of campuses. This was done with the objective of making the operations of the university lean, more efficient and cost effective. In view of these reforms, the University has reduced the schools to four (4) and created one, School of Health Sciences, to house the health sciences programmes. The other four schools are: School of Agricultural Sciences and Natural Resources, Business and Economics, Education, Arts and Social Sciences, Science and Technology. The university has five (5) directorates namely: Directorate of Quality Assurance, Graduate Studies, Gender and Development, Research, Linkages and Extension and ICT directorate to support academic activities of the university

The University has three accredited campuses namely: Kapkatet campus offering biomedical courses, Sotik and Kericho town campuses. The University continues to develop competitive and market oriented academic and professional programmes with a view to nurturing innovation and talents amongst students. The University endeavors to produce the relevant human capital that will drive the country towards knowledge-based economy and realize the achievement of the government "Big 4" Agenda and Vision 2030. During the financial year 2020/2021, the University conducted its Eighth and first virtual Graduation Ceremony on 24th March, 2021 and recorded a significant growth from 1,708 to 1900 graduands.

University of Kabianga continues to uphold the tenets of good corporate governance by being innovative, transparent, accountable persons of integrity, socially responsive as well as promoting excellence and exercise fairness in all its dealings.

During the 2020/2021 financial year, the University continued implementing ISO 9001:2015 Quality Management Standards after certification by KEBS. This has greatly improved university processes in pursuit of excellence in service delivery in all areas.

The University has anchored Corporate Social Responsibilities activities to its Strategic Plan (2018-2022). Under the key result area of community outreach and extension services, the University is also committed to improve the lives of special groups (youth, women and persons with disability) by making contribution of resources to empower them with knowledge and skills.

To appreciate the diversity of arts and cultures of communities and stakeholders, the university organizes annual cultural events that bring together diverse arts and cultural activities. These annual events promote national cohesion and integration among the students, staff and community.

During the year under review, the University received minimal increased government grants to finance its recurrent budget from Ksh. 756,548,940 to Ksh. 780,546,188 in financial year 2019/2020 and 2020/2021 respectively. The development funding received for FY 2020/2021 was **Kshs 71.5M** as compared to FY 2019/2020 which was **Ksh. 150M** thus significantly affecting the University in capital development projects.

It is worth noting that there was a decline in internally generated funds from **Kshs. 333.4M** in FY 2019/2020 to **Kshs 259.6M** in FY 2020/2021. This was due to University suspending face-to-face services to the students in March 2021 as per the Presidential directive.

During the financial year 2020/2021, there was an outbreak of third wave of COVID-19 Pandemic in the country which led to a Presidential Directive suspending of physical learning in the Universities thus resulted to low payment of tuition and tuition related fees by the students. The University in the view of completing the second semester 2020/2021 syllabus developed course contents which were uploaded in the Moodle/Zoom platform for students to access.

The University appreciates the support that the Government has offered over the years.

SIGNATURE.....
PROF. WILSON K. KIPNGENO, MBS
VICE-CHANCELLOR

DATE: 31/08/2022

STATEMENT OF UNIVERSITY OF KABIANGA'S 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 national government entity's performance against predetermined objectives.

University of Kabianga has five (5) strategic pillars and objectives within the current Strategic Plan for the Financial Year 2018/2019 to Financial Year 2022/2023. These strategic pillars are as follows:

Pillar 1: Academic

Pillar 2: Leadership and Governance

Pillar 3: Infrastructural Development

Pillar 4: Cross Cutting Issues

Pillar 5: Financial Resources.

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

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Academic Pillar	Enhance research activities to optimize Natural Resource and Land Use for the betterment of Humanity	Conferences papers & attendance Research reports	Research publications Awareness created on the niche	Achieved
	To develop at	Developed	Develop market	Achieved

	least five competitive programmes annually for the planned period	curricular	driven programmes	
	To offer training programmes on food security and health care	Number of graduates Training programmes Attendance lists Tracer study reports Clinical data	To offer training programmes on food security and health care To offer Out-reach programmes on Health care	Achieved
	To increase the number of students enrolled annually by 12%	Open day schedule Reports Road show schedules developed	Enhanced budgetary allocation Marketing strategies such as Road shows and Open days	Achieved at 80.7%
	To enhance the use of ICT in teaching and learning	More computers and projectors acquired Digitized course outlines Use of ICT in teaching and learning	Procurement of ICT equipment and support use of ICT in teaching and learning process Staff training on use of ICT in teaching and learning	Achieved
	To launch on-line pro-	List of online courses	Identified courses	Achieved

	grammes MOOCS	Training ma- nuals	Developed in- frastructure to support MOOCS training manuals	
	To increase li- brary collec- tion from 16,000 to 21,000	Library re- source selec- tion lists Number of vo- lumes per programme	Procurement of library books	Achieved
	To ensure Quality Re- search and Ex- tension Activities	Attendance lists Published ar- ticles Research and extension re- ports	Research find- ings dissemi- nated in ad- dressing societal issues Increase in re- search publica- tions	Achieved
	To automate library opera- tions	Automated system in place and ful- ly operational Off-campus access to e- resources	Automating li- brary processes and acquiring Remote X Soft- ware	Achieved
Leadership and Govern- ance	To develop, implement and review University poli- cies	Developed policy Reviewed IPR Policy	Develop, review and approve policies	Achieved
	To implement Quality assur- ance policy and uphold quality of	Evaluation re- ports Accreditation reports Reviewed cur-	Implement quality assur- ance policy	Achieved

	academic programmes	riculum		
	To sustain ISO 9001:2015 Certification	Audit Reports MR reports Internal and External audits	Surveillance and post certification Audits	Achieved
	To implement performance contracting system	Cascaded and signed PC documents	Set PC targets and cascade for implementation	Achieved
Infrastructural Development	To complete ongoing and initiate new projects	Progress reports Completion certificates	Fast track ongoing projects Initiate new projects	Achieved
	To develop existing Campuses	Master Plans Progress reports Schools of Health Sciences	Develop two Campus Master Plans School of Health Sciences established at Kapkatet Campus	Not achieved; School of Health Sciences established at Kapkatet Campus
Cross cutting issues pillar	To ensure zero tolerance to corruption	Code of Conduct Training reports Policies in place	Anti-corruption policy implementation University processes automation Implementation of Policy on whistle blowing	Achieved
	To mainstream HIV/AIDS prevention, care	Health Statistics and reports	Students and staff sensitized on prevention,	Achieved

	and support		stigma reduction and comprehensive care	
Financial resources pillar	To Restructure Financial Resources and Operations for Efficiency and Effectiveness	Restructured financial resources and operations Training reports Improved customer service	Financial procedures, regulations and policies manual developed and approved Financial sustainability plan developed and approved Staff capacity built on financial management Mpesa pay bill developed, Staff payslips and student statements automation	Achieved
	To enhance management of University assets	Registers Tagged assets	Maintain and update University asset registers	Achieved
	To diversify financial resource streams to generate additional income	Additional income Financial reports	Develop and implement resource mobilization policy Operationalize UKES Limited	Achieved

CORPORATE GOVERNANCE STATEMENT

University of Kabianga is committed to ensuring good corporate governance by conducting its operations in accordance with internationally acceptable principles of good corporate governance and specifically with the requirements of Mwongozo: The Code of Conduct and Ethics for State Corporations.

The University ensures provision of timely and reliable information on its activities, structure, processes, financial situations and performance to all its stakeholders.

The Council

The Council consists of 9 members inclusive of the Vice-Chancellor as the Secretary. The Council members consist of the following:

NO.	NAME	TITLE
1.	Dr. Adelaide M. Mbithi	Chairman
2.	Hon. James Kimaru Bett MP	Member
3.	Amb. Aggrey Shikanga Shitsama	Member
4.	Dr. (Mrs.) Anne A. Oburu	Member
5.	Mr. William P. Mayaka	Member
6.	Mr. David Njagi Ngonge	Member
7.	Amb. Simon Nabukwesi	Ex-Officio
8.	Dr. Julius Monzi Muia	Ex-Officio
9.	Prof. Wilson K. Kipngeno	Secretary

The biographies of the Council Members are published on page xii-xv. These Council Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the University.

Roles and Responsibilities of Council

The Council has delegated authority for the operations and administration of the University to the Vice-Chancellor. It provides strategic direction to the University and its role is confined to setting and reviewing policies and is not involved in the operational conduct of University's business, activities and delivery of services

Specifically, the functions of Council include:

- a) Reviewing and approving strategic plans to steer the direction of the University
- b) Ensuring that the University is operating within procedures and policies that are sound, prudent and ethical
- c) Providing the much needed expertise particularly in terms of Policy formulation, performance management, financial management, governance and risk management and fundraising.
- d) Reviewing and approving capital and recurrent expenditure
- e) Providing Statutes for the creation of new Schools, Institutes, Departments, Divisions, Centres or other units of learning and research of the University
- f) Managing key stakeholder relationships
- g) Employing of staff as per the University's Charter and Statutes

Council composition

The Council comprises of nine (9) members as follows:

- a) the Chairman of Council appointed competitively through a transparent and formal process;
- b) Five (5) members appointed competitively through a transparent and formal process;
- c) the Principal Secretary in the Ministry, for the time being, responsible for the University Education;
- d) the Principal Secretary in the Ministry, for the time being, responsible for Finance; and
- e) The Vice-Chancellor who shall be the Secretary to the Council and an *ex-officio* member with no voting rights in the Council meetings.

COUNCIL MEETINGS

Meetings are critical for a strong and effective Board. It is through meetings that Council receives progress reports from Management through its various committees for action and guidance where necessary. The Council meets regularly and at least four times in a Financial Year.

Council Committees

For effective running of the affairs of the University, Council has delegated part of its responsibilities to standing committees. The committees operate under clearly defined mandates which spell out their responsibilities, scope of authority and procedures for reporting to the Council. The Council has four standing committees as follows:

1. Audit Committee

The mandate of this committee is to review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.

2. Finance, Resource Mobilization and General Purposes Committee

The committee oversees finance matters of the University which include resource mobilization, budgets and procurement.

3. Academic, Research, Planning, Human Resource and Administration Committee

This committee deals with academics, research, planning and development, human resource and administrative matters as per the approved terms of references.

Conflict of Interests

The Secretary to Council maintains and updates a register to record declarations of conflict of interest by Council Members and ensures the register is availed at each Council or Committee meetings for this purpose. However, in Council meetings throughout the FY 2020/2021, there was no declaration of

conflict of interest by members on any of the subject matters that constituted the agenda.

Council and members' performance

The Council annually evaluates its own performance as well as performance of individual members, the Chairperson and the Vice Chancellor in accordance with the Evaluation Tool by State Corporations Advisory Committee (SCAC). The results of the evaluation assist in the identification of training and development needs of members and the Council.

Council Charter

The University has a Council Charter in place that defines the Council roles, responsibilities, functions and structures to facilitate the full and free exercise of professional competencies. It also provides for the general conduct of Council meetings.

Code of Conduct and Ethics

The University has a Council Code of Conduct and Ethics that stipulates ethical principles which are considered essential in providing guidance and direction in a manner in which members of the Council are expected to conduct themselves when handling matters relating to the University.

Induction and Training

The Council ensures new members undergo an effective induction programme in order to familiarize them with their responsibilities as Council Members, general principles of Corporate Governance and Council practices.

Council Remuneration

Remuneration of the Council members is as per circulars issued by State Corporations Advisory Committee from time to time.

Appointment of Council Members

Council members are appointed through a competitive process as per the Universities Act, 2012. On appointment, all members are issued with appointment letters.

MANAGEMENT DISCUSSION AND ANALYSIS

During the financial year 2019/2020 Recurrent capitation grants allocated was **Ksh.756M** which translates to monthly capitation recurrent grant of **Ksh.63M**. However, during the same financial year (FY 2019/2020) the University also received additional accrued recurrent grant of **Ksh. 100.5M** for CBA implementation, thus a totalling to **Ksh. 857M**.

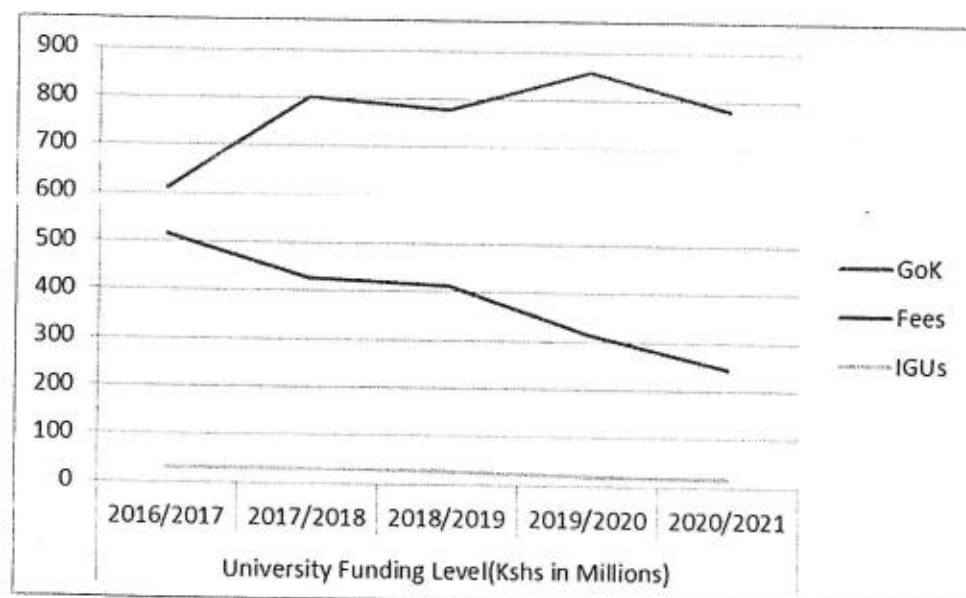
During FY 2020/2021, the annual recurrent grant was **Ksh. 780.5M** which translates to a monthly recurrent grants of **Ksh. 65M**.

The University Recurrent Expenditure is funded through government support and internally generated funds. The percentage of public funding for FY 2020/2021 comprises 75% whereas student related fees contribution is 23% and IGUs 2% as shown in table 1 below.

Table 1: University Funding- Recurrent

	University Funding Level(Amounts &Percentage)				
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
GoK	610M (53%)	800M (64%)	778M (64%)	857M (72%)	780.5M (75%)
Fees	514M (45%)	427M (30%)	412M (34%)	314.8M (26%)	244M (23%)
IGUs	31M (2%)	31M (2%)	27M (2%)	18.5M (2%)	15.6M (2%)

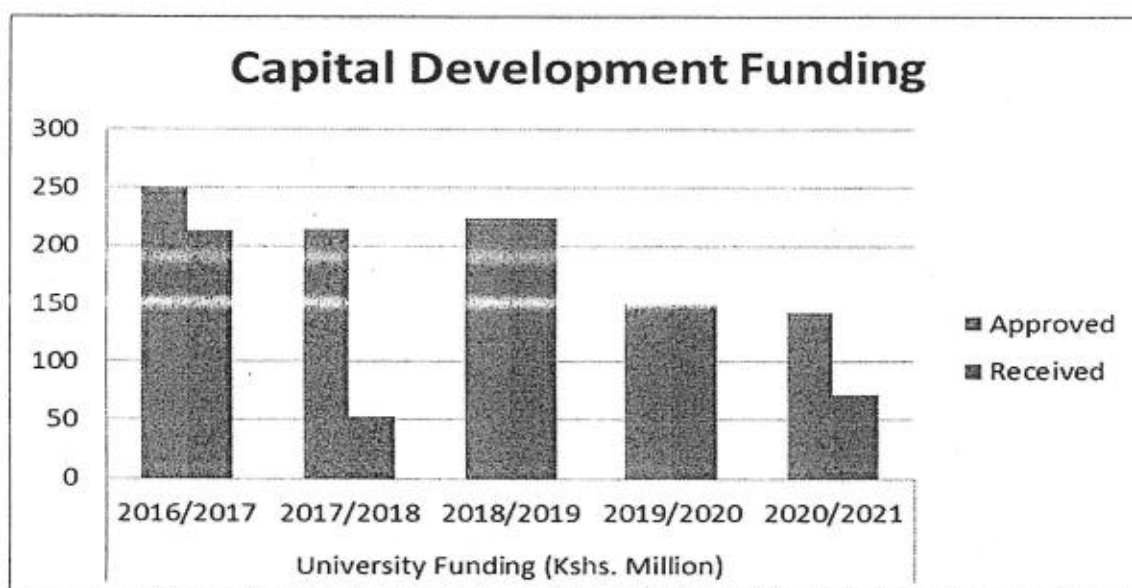
Figure 1: Graph Showing the University Funding in Percentage



Capital Development expenditure is wholly funded by the Government, during FY 2020/2021 **Kshs 143M** was awarded for the on-going project but only **Kshs 71.5 M** was received as shown in table 2 below.

Table 2: University Funding- Capital Development

	University Funding (Kshs. Million)				
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Approved	250	214.43	224.3	150	143
Received	213	53.6	224.3	150	71.5
Difference	37	160.83	0	0	71.5

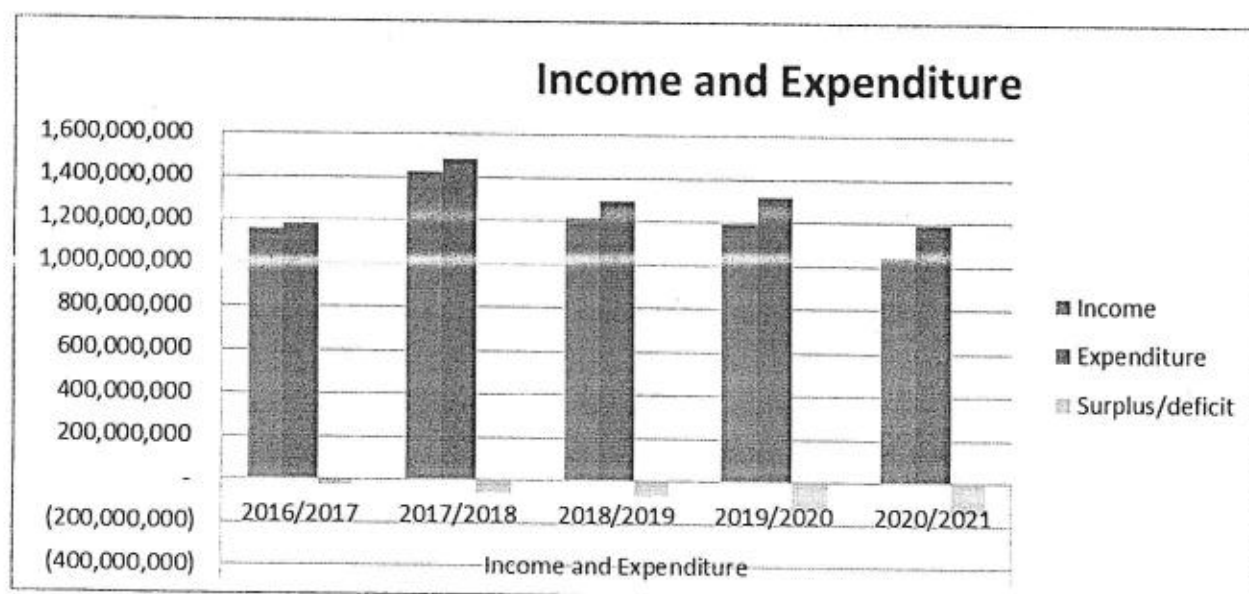
Figure 2: Graph Showing the University Capital Development Funding

Below is a graphical presentation of the income and expenditure for the last 5 financial years from 2016/2017 to 2020/2021.

Table 3: University Income and Expenditure

	Income and Expenditure				
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Income	1,154,834,826	1,421,942,339	1,217,520,959	1,190,432,713	1,040,136,969
Expenditure	1,179,931,330	1,484,528,194	1,291,785,823	1,318,825,524	1,159,618,435
Surplus/deficit	(25,096,504)	(62,585,855)	(74,264,864)	(127,949,811)	(119,481,466)

Figure 3: Income and Expenditure



ENVIRONMENTAL AND SUSTAINABILITY REPORTING

University of Kabianga exists to transform lives. This is its purpose and the driving force behind everything the university does. It's what guides in the delivery of strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

University of kabianga has developed resource mobilization strategies to enhance sustainability with reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure. These strategies are anchored on optimizing financial resources, opportunities for new sources of revenue and the university support systems.

ii) Environmental performance

University of kabianga has captured the emerging issues in the environment in the university strategic plan. The analyses will ensure that the university responds appropriately to emerging issues and position itself to contribute to the national strategy. The environmental policy guides the university in detailing the SWOT, PESTEL and stakeholder analysis. The university has put in efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

iii) Employee welfare

The University of Kabianga employee welfare is guided by Recruitment Policy, Diversity policy and Quality Management Systems (QMS). The Recruitment policy aims at ensuring effective recruitment and selection based on merit and proven performance.

The diversity policy embraces the constitution of Kenya (2010) principle that not more than two thirds of all staff appointed shall be of the same gender.

The quality management systems take in stakeholders' engagement by having the needs and job specifications originating from the specific departments to human resources, approvals being given by management and constitution of Shortlisting and Appointment Committees. These policies are reviewed every three years and as need arise.

University of Kabianga has a staff training and development policy which provides guidelines for enhancing efficiency and productive capacity of the University's human resources with the objective of assisting staff to gain competences and skills in preparation for more responsibilities and to prepare them for changes at UoK. The policy also provides to ensure that sufficient human resource is available to meet the University's requirements and needs by providing appropriate training and development opportunities to all staff. Staff members are encouraged to seek for these opportunities and employees' requests are promptly considered by the staff training and development committee in line with the budgetary provisions.

Additionally, the University has a performance management policy and conducts staff appraisal every financial year in accordance to guidelines on performance

management of public servants. Subsequently, performance evaluation reports are forwarded to management for consideration of recommended rewards and or sanctions which include but not limited to Commendation, Letter of appreciation, Promotion, Demotion, Training, Counselling, Extended period of probation.

University of Kabianga occupational safety and health policy outlines occupational safety Health and Environmental standards for all the employees of the University. It outlines the University's commitment towards ensuring that its activities are conducted in a healthy and safe environment in compliance with the provisions of the Constitution of Kenya, Occupational Safety and Health Act, 2007 (OSHA, 2007), the Employment Act, 2007 and the Work Injury Benefits Act, 2007 (WIBA) and related legal notices from time to time.

This policy outlines the responsibilities of the employer and the employees respectively towards ensuring safety and health at workplace. It covers the following areas: Housekeeping; Sanitary facilities; Workplace ventilation; Lighting system; Working under extreme weather conditions; First aid; Clean water; Occupational health check-ups; Safety; Working environment; Protective equipment and clothing; Smoking; Alcoholism and substance abuse and Waste disposal

iv) Market place practices-

The University has put in place efforts to manage the following market place practices:

a) Responsible competition practice.

University of Kabianga ensures responsible competition practices by implementing anti-corruption policy, automating university processes, upholding ethical practices

in university operations, implementing whistle blowing policy. The university is also responsive to political involvement, fair competition and respect for competitors.

b) Responsible Supply chain and supplier relations

The University of Kabianga has continuously maintained good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices. This has been achieved through efficient procurement services and automation of procurement functions and operations.

c) Responsible marketing and advertisement

University of Kabianga has maintained ethical marketing practices in both advertisements on its products with strict adherence to ethical code of conduct.

d) Product stewardship

University of Kabianga safeguard consumer rights and interests through provision of high quality training, research and extension services that meets customer requirements. In pursuit of this commitment, the University complies with all applicable requirements and continually improve on its effectiveness by implementing a Quality Management System (QMS) based on ISO 9001:2015 standard

v) Corporate Social Responsibility /Community Engagements

During the FY 2020/2021, University of Kabianga through the Division of Planning Research and Development organized two Extension Workshops for the youth leaders which took place on 19th February, 2021 and 19th March, 2021 at the Main Campus.

The main objectives of the two workshops were to:

- Equip youth leaders with knowledge and skills on agricultural production of vegetables on constrained space for income generation; and
- Imparting knowledge and skills on poultry farming as a business.

The School of Agricultural Sciences and Natural Resources facilitated the two workshops. The impact of the two workshops revealed that youths were challenged to be self-employed and thereby improve their livelihoods. What was achieved was to change the narrative of being job seekers to that of being job creators.

Further, through empowering youth with such knowledge and skills, it would reduce unemployment, crime, alcohol and drugs abuse and other anti-social vices. This will then lead to a better society, a better country, and a better world

REPORT OF THE COUNCIL

The Council submits their reports together with the audited financial statements for the year ended 30th June, 2021 which show the state of affairs for the University of Kabianga.

Principal activities

The principal activities of the University are to continue offering Higher Education, Research and Extension services.

Results

The results of the University for the Year ended June 30, 2021 are set out on pages 1 to 5.

Members of Council

The Members of the Council who served during the Financial Year 2020/2021 are shown on pages xii-xv.

Auditors

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

By Order of the Council



PROF. W.K KIPNGENO, MBS
VICE-CHANCELLOR

DATE...31/08/2022.....

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act Cap, 446 require the Council to prepare financial statements in respect of University of Kabianga, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council Members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council Members are also responsible for safeguarding the assets of the University.

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

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

ISO 9001:2015 Certified Institution

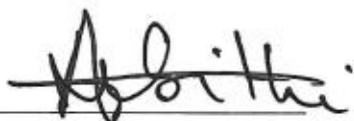
University's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

The statement of financial performance as indicated on page 1 shows a deficit **Ksh. 119,481,466**. All the receipt of income generated activities are as indicated in the financial statements.

Nothing has come to the attention of the Council Members 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 Council on 24/09/2021 and signed on its behalf by:



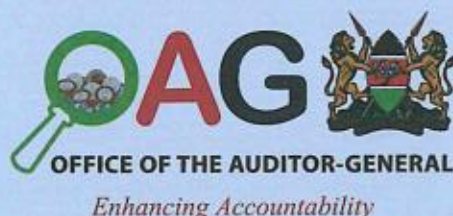
Dr. ADELAIDE M. MBITHI (HSC)
CHAIRMAN OF THE COUNCIL



PROF. WILSON K. KIPNGENO, MBS
VICE-CHANCELLOR

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE UNIVERSITY OF KABIANGA FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of University of Kabianga set out on pages 1 to 38, 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 the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of University of Kabianga 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 the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Material Uncertainty Related to Sustainability of services

I draw your attention to Note 37 in the notes to the financial statements whereby Management made disclosures of rising deficits in the financial statements. The University recorded deficit of Kshs.119,481,466 (2020: Kshs.127,949,811) in the year under review thereby increasing the accumulated deficit from Kshs.264,663,286 in 2020 to Kshs.384,144,752 as at 30 June, 2021. The statement of financial position reflects current liabilities balance of Kshs.507,670,032 which exceeded the current assets balance of Kshs.169,589,912 resulting to a negative working capital of Kshs.338,080,120.

The University's financial statements therefore have been prepared on a sustainability of services basis on the assumption that, it will continue to receive financial support from the government, bankers and creditors.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,272,464,452 and Kshs.1,111,667,413

respectively resulting to an under-funding of Kshs.160,797,039 or 13% of the budget. Similarly, the University spent Kshs.1,161,475,389 against an approved budget of Kshs.1,272,464,452 resulting to an under-expenditure of Kshs.110,989,063 or approximately 9% of the approved budget.

Management attributed the under collection of revenue due to the spread and effect of COVID-19 pandemic and subsequent closure of the University between March, 2020 to September, 2020 and also March, 2021 to May, 2021.

The under-funding affected the planned activities and may have negatively constrained service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given satisfactory 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, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


09 September, 2022

STATEMENT OF FINANCIAL PERFORMANCE
University of Kabianga
Statement of financial performance
For the Financial Year Ended June 30, 2021

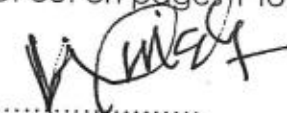
	Note	2020-2021 Kshs	2019-2020 Kshs
Revenue from non-exchange transactions			
Exchequer Grants	6	780,546,188	857,063,040
Revenue from exchange transactions			
Tuition fees	7(a)	159,121,250	216,502,979
Tuition related Income	(b)	84,910,735	98,346,341
Rendering of Services	8	13,709,016	15,442,492
Finance Income- Interest on Deposits	9	-	-
Income from facilities and equipment	10	21,200	770,600
Other Income	11	1,828,580	2,307,261
Total Revenue		1,040,136,969	1,190,432,713
Expenses			
Employee Costs	12	919,181,680	1,031,288,610
Remuneration of Council members	13	7,236,175	10,280,745
Depreciation and Amortization Expense	14	64,808,560	59,221,762
Repairs and Maintenance Expense	15	6,108,631	9,717,091
Use of Goods and Services	16	131,755,965	172,420,435
Marketing Expenses	17	1,807,200	4,575,331
Contracted Services	18	4,185,600	4,131,200
Finance Costs	19	24,534,624	26,747,349
Total Expenditure		1,159,618,435	1,318,382,524
Surplus/ (Deficit)		(119,481,466)	(127,949,811)

The notes set out from pages 9 to 38 form an integral part of these Financial Statements

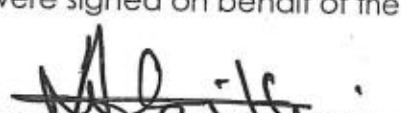
The Financial Statements set out on pages 1 to 5 were signed on behalf of the University Council by


 VICE-CHANCELLOR
 PROF. W.K. KIPNGENO

Date: 31/08/2022


 HEAD OF FINANCE
 CPA WILLY K KOECH

ICPAK NO. 9696
 Date: 31/08/2022


 CHAIRMAN OF THE COUNCIL
 DR. ADELAIDE M. MBITHI

Date: 31/08/2022

STATEMENT OF FINANCIAL POSITION


University of Kabianga
Statement of Financial Position
As At June 30, 2021

	Note	2020-2021 Kshs	2019-2020 Kshs
Current Assets			
Cash & Cash equivalents	20	83,175,846	60,696,657
Receivables from exchange transactions	21	82,026,329	178,486,636
Inventories	22	4,387,737	6,131,465
Total Current Assets		169,589,912	245,314,758
Non- current Assets			
Property, Plant & Equipment	29	2,221,030,860	2,219,173,906
Biological Assets	23	45,388,380	45,064,530
Total Non- current Assets		2,266,419,240	2,264,238,436
Total Assets		2,436,009,152	2,509,553,194
Liabilities			
Current Liabilities			
Payables from exchange transactions	24	97,167,082	163,893,605
Refundable Deposits and Prepayments from Customers	25	123,667,856	102,024,416
Current Provisions	26	220,125,614	190,812,083
Retention- WIP	27	51,709,481	46,856,798
Co-operative Bank Loan current portion	28	15,000,000	15,000,000
Total Current Liabilities		507,670,032	518,586,903
Non-Current Liabilities			
Co-operative Bank Loan (20yrs)	28	163,750,000	178,750,000
Total liabilities		671,420,032	697,336,903
Net assets			
Capital Reserves		1,753,216,685	1,681,686,241
Revaluation Reserve		395,517,187	395,193,337
Accumulated Surplus		(384,144,752)	(264,663,286)
Total Net Assets		1,764,589,120	1,812,216,291
Total net assets and liabilities		2,436,009,152	2,509,553,194


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


 VICE-CHANCELLOR
 PROF. W.K. KIPNGENO

Date 31/08/2022


 HEAD OF FINANCE
 CPA WILLY K KOECH

ICPAK NO. 9696
 Date 31/08/2022


 CHAIRMAN OF THE COUNCIL
 DR. ADELAIDE M. MBITHI

Date 31/08/2022

STATEMENT OF CHANGES IN NET ASSETS
University of Kabianga
Statement of Changes in Net Assets
For the Financial Year Ended June 30, 2021

	Capital Fund	Revaluation Reserves	Accumulated Revenue Re- serves	Total
	Ksh	Ksh	Ksh	Ksh
At July 1, 2019	1,531,686,242	389,166,652	(136,713,475)	1,784,139,419
Surplus/Deficit for the year	-	-	(127,949,811)	(127,949,811)
Loss on Revaluation of Computer	-	4,278,167	-	4,278,167
Biological	-	1,748,518	-	1,748,518
Capital Grants	149,999,999.00	-	-	149,999,999
At June 30, 2020	1,681,686,241	395,193,337	(264,663,286)	1,812,216,291
At July 1, 2020	1,681,686,241	395,193,337	(264,663,286)	1,812,216,291
Surplus/Deficit for the year	-	-	(119,481,466)	(119,481,466)
Loss on Revaluation of Computer	-	-	-	-
Biological	-	323,850	-	323,850
Capital Grants	71,530,444.00	-	-	71,530,444
At June 30, 2021	1,753,216,685	395,517,187	(384,144,752)	1,764,589,120

CASHFLOW STATEMENT


University of Kabianga

Cash flow Statement


For the Financial Year Ended June 30, 2021

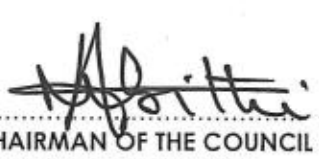
	Note	2020-2021 Kshs	2019-2020 Kshs
Cash Flow From Operating Activities:			
Receipts			
Exchequer Grants	30	881,093,288	845,862,406
Tuition fees	7&21	239,730,098	294,864,662
Rendering of Services	8	13,709,016	15,442,492
Finance Income- Interest on Deposits	9	-	-
Rental Income from Facilities and Equipment	10	21,200	770,600
Other Income	11	1,828,580	2,307,261
		1,136,382,182	1,159,247,421
Payments			
Employee Costs	31	959,913,612	910,283,063
Remuneration of Council Members	13	7,236,175	10,280,745
Repairs and Maintenance	15	6,108,631	9,717,091
Use of Goods and Services	33	103,897,318	172,420,435
Marketing Expenses	18	1,807,200	4,575,331
Contracted Services	32	3,833,600	4,131,200
Finance Costs	19	24,534,624	26,747,349
		1,107,331,161	1,138,155,215
Net Cash flows from Operating Activities		29,051,022	21,092,207
Cash flows from Investing Activities			
Purchase of Property, Plant & Equipment	29	(63,426,127)	(154,098,961)
Decrease in investments		-	-
Net cash flows used in Investing activities		(63,426,127)	(154,098,961)
Cash flows from Financing activities			
Government Grants – Capital		71,530,444	149,999,999
Increase (Decrease) in Revaluation Reserve		323,850	6,026,685
Repayment of borrowings	28	(15,000,000)	(15,000,000)
Net Cash flows from Financing activities		56,854,294	141,026,684
Net Increase / (Decrease) In Cash & Cash Equivalents		22,479,189	8,019,929
Cash & Cash Equivalents at beginning of Year	19	60,696,657	52,676,727
Cash & Cash Equivalents at the end of Year	19	83,175,846	60,696,657

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


VICE-CHANCELLOR
PROF. W.K. KIPNGENO

Date 31/08/2022


HEAD OF FINANCE
CPA WILLY K KOECH
ICPAK NO 9696
Date 31/08/2022


CHAIRMAN OF THE COUNCIL
DR. ADELAIDE M. MBITHI

Date 31/08/2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE

UNIVERSITY OF KABIANGA

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE, 2021

Note	Original Budget Kshs. 2020-2021	Adjustments 2020-2021	Final Budget 2020-2021	Actual Kshs. 2020-2021	Variance Kshs. 2020-2021
Revenue from non-exchange transactions					
6	780,546,188		780,546,188	780,546,188	-
Exchequer Grants - Recurrent	143,060,889	(71,530,445)	71,530,444	71,530,444	-
Exchequer Grants - Capital Dev.	923,607,077	(71,530,445)	852,076,632	852,076,632	-
Sub-Total					
Revenue from exchange transactions					
7(a)	278,034,545	-	278,034,545	159,121,250	(118,913,295)
Tuition fees	103,230,299	-	103,230,299	84,910,735	(18,319,564)
7(b)	20,179,220	-	20,179,220	13,709,016	(6,470,204)
Tuition related Income	-	-	-	-	-
8	300,000	-	300,000	21,200	(278,800)
Rendoring of Services	1,500,000	-	1,500,000	-	(1,500,000)
Finance Income- Interest on Deposits	1,500,000	-	1,500,000	-	(1,500,000)
9	2,500,000	-	2,500,000	-	(2,500,000)
Income from facilities and equipment	13,143,756	-	13,143,756	1,828,580	(11,315,176)
10	420,387,820	-	420,387,820	259,590,781	(160,797,039)
Research Grants					
Short Courses					
Endowment Fund					
Other Income					
Sub-Total					
Total Revenue	1,343,994,897	(71,530,445)	1,272,464,452	1,111,667,413	(160,797,039)
Expenses					
12	945,379,130	24,372,111	969,751,241	919,181,680	50,569,561
Employee Costs	10,183,420	(1,054,718)	9,128,702	7,236,175	1,892,527
13	8,830,717	(141,455)	8,689,262	6,108,631	2,580,631
Remuneration of Council members	171,784,311	(8,158,653)	163,625,658	131,755,965	31,869,693
15	7,633,578	(2,413,781)	5,219,797	1,807,200	3,412,597
Repairs and Maintenance Expense	1,496,629	2,736,971	4,233,600	4,185,600	48,000
Use of Goods and Services	28,838,585	(2,000,000)	26,838,585	24,534,624	2,303,961
16	26,787,638	(13,340,475)	13,447,163	811,691	12,635,475
Marketing Expenses	143,060,889	(71,530,445)	71,530,444	65,853,823	5,676,621
17					
Contracted Services					
18					
Finance Costs					
19					
Non-Current assets					
27					
Capital Dev. Projects					
Total Expenditure	1,343,994,897	(71,530,445)	1,272,464,452	1,161,475,389	110,989,063
Surplus/ (Deficit)		0	0	(49,807,976)	(49,807,976)

BUDGET NOTES

EXPLANATION OF MATERIAL VARIANCE

The following are the explanations on the material variances to the budget versus actual performance.

Tuition Fees – Kshs (118,913,295)

The Tuition fee collection in the year is Kshs 159M down from the budget of Kshs 278M. Giving a negative variance of Kshs 119M. The target was not achieved as a result of University suspending its operations due to the spread of COVID-19 Pandemic

Tuition-related Income – Ksh. (18,319,564)

This category of income includes registration fees, students ID Charges, Examination fees, Insurance fees, Activity fees, Computer fees and Internet fees. These charges had unfavourable variance since most of these charges are related to tuition fees.

Rendering of Services – Ksh. (6,470,204)

This class of income includes Accommodation fees, Farm Income, Catering Services and Guesthouse income. The negative variance on this income arose as a result of the drop in the number of students who reside inside the University Hostels, consequently food sales dropped and also as a result of being away it contributed to decrease in Catering revenue.

Employee Costs – Ksh. 50,569,561

There is a favourable variance of Ksh **50, 56944,134**. The favorable variance arose as a result of budgeting for the part time claims under the vote. However due to covid-19 pandemic which led to suspension of services, the university did not realize income to settle the claims resulting in the above variance.

Repairs and Maintenance Expense Ksh. 2,580,631

There was a favourable variance of **Kshs. 2,580,631** as a result of suspension of physical learning in the University.

Use of Goods and Services Kshs.31, 869,693

This favourable variance is as a result of suspension of physical learning in the University from March 2021 and the online meetings and classes due to the covid 19 pandemic

Marketing Expenses Ksh. 3,412,597

This favourable variance arose due to suspension of face to face activities in the University hence marketing activities of the University programmes including the Save the Mau Cross country event were suspended.

Finance Costs – Kshs. 2,303,961

This component includes principal and interest repayment of the bank loan and bank charges. This favourable variance is due to reduction in interest charges due to reduced loan principal and also, there was a decline in other bank charges/commissions and charges as a result of suspension of operations in March 2021

Non-current assets – Kshs. 12,635,475

These are items of capital nature whose procurement process is long. The favourable variance recorded is a result of deferred procurement of capital items which was because of the Covid 19 Protocols by the ministry of health. The spread of the COVID-19 pandemic affected the supplies due to suspension of operations till the end of the financial year

Capital Development projects expenditure – Kshs. 5,676,621

The favourable variance is attributable to payment of certificates for the works on the ongoing development projects currently being undertaken by the university as a result of the University receiving all its funds allocated by the State Department of University Education.

Explanation of changes between original and final budget

During the financial year 2020/2021 the university received capital grant of **Ksh. 71.5 M** as per the approved Supplementary I Estimates. This was approved by The National assembly in the last quarter of the financial year. This reduced the University budget to **Kshs 1,272,464,452** from **Kshs.1, 343,994,897**

RECONCILIATION OF THE STATEMENT OF BUDGET AND ACTUAL AMOUNTS WITH THE STATEMENT OF FINANCIAL PERFORMANCE

1. The statement of comparison of budget and actual amounts includes amounts budgeted for non-current assets included in the recurrent budget of **Ksh. 13.45 M** and the capital development budget of **Ksh.71.5 M**.
2. Finance costs in the statement of comparison of budget and actual amounts include the repayment of principal loan of **Ksh.15 M**.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

University of Kabianga is established by and derives its authority and accountability from charter vide University Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer University education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION IPSAS 1

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

The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS.

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

Standard	Impact
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Other Im- provements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>
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ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41</p>

Standard	Effective date and impact:
	<p>was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

budget. Accordingly, the entity recorded additional appropriations of **Kshs. 780,546,188** on the 2020-2021 budget following the University Council approval.

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

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

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

c) Taxes

Current income tax

The University is exempted from taxation under the first schedule of the income tax Act Cap 470.

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets are subjected to a full year's depreciation.

The annual depreciation rates in use are:

Building	2%
Furniture, plant and equipment	12.5%
Motor Vehicles	25%
Library books	10%
Computers	33.3%

Freehold land is not depreciated as it is deemed to have an infinite life.

f) Leases

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

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the

date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

h) Biological assets

Biological assets are revalued yearly as per the policy of the University. Professional valuer is engaged to value the biological assets at the end of the financial year. Market values are taken into consideration by carrying out market survey.

i) Research and development costs

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

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

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

i) Financial instruments

Financial Assets

Initial recognition and measurement

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

Loans and Receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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

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

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

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

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

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

k) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision of 5% of the total receivables has been provided to take care of receivables which may not be recovered in full.

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

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.

Contingent assets

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

l) Nature and purpose of reserves

The university creates and maintains reserves in terms of specific requirements as follows: (i) capital reserve – used to record contribution made by government in form of grants / transfers (ii) revaluation reserve – used to indicate the revalued amount on the plant property and equipment.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the

current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) Foreign currency transactions

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

p) Borrowing costs

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

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

q) Related parties – IPSAS 20

University of Kabianga 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 University Council and Management.

r) Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) Investment policy

Any excess/idle funds should be invested in short-term treasury bills/bonds or commercial banks Fixed deposits (FDR) as per the central bank guidelines.

t) Capital Funds Retention policy

All capital development projects shall attract a retention fee of 10% which shall be deposited to Kenya Commercial bank retention account and shall be paid to the contractor upon completion of the project.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances

to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

w) Comparative figures

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

x) Subsequent events

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the 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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in **Note 38**.

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.

NOTES TO THE FINANCIAL STATEMENTS CONT'**Note 6: TRANSFERS FROM OTHER GOVERNMENTS****Description****2020-2021****2019-2020****Prior year****Kshs****Kshs****Unconditional grants**

Ministry of Education

17-Aug-20

65,045,516

63,042,995

31-Aug-20

65,045,516

63,042,995

1-Oct-20

65,045,515

63,042,995

4-Nov-20

65,045,516

63,042,995

2-Dec-20

65,045,516

63,042,995

5-Jan-21

65,045,515

63,042,995

8-Feb-21

65,045,516

63,042,995

11-Mar-21

65,045,516

63,042,995

8-Apr-21

65,045,515

63,042,995

8-May-21

65,045,516

63,042,995

16-Jun-21

65,045,516

63,042,995

26-Jun-21

65,045,515

63,042,995

Accrued Supplementary II (CBA 2017/2021)

100,547,100

Total Recurrent Received to Date**780,546,188****857,063,040****Note 7 : Tuition and Related Income****Description****2020-2021****2019-2020****Kshs****Kshs****a) Revenue from Tuition Fees**

159,121,250

216,502,979

159,121,250**216,502,979****b) Tuition Related Income**

Registration fees

204,100

167,400

Students' ID charges

1,084,100

910,250

Examination fees

7,257,900

7,226,750

Insurance fees

938,000

1,458,000

Graduation Fees

6,867,400

8,757,600

Activity fees

6,902,500

6,675,000

Computer fees

5,138,000

6,025,150

Field trips/Teaching Practice

15,323,500

22,805,601

Internet fees

6,766,500

7,143,000

MBA Thesis

1,055,000

1,749,300

Supervision

1,236,900

1,826,000

Medical fees

9,008,500

9,028,650

Amenity fees

6,017,500

5,974,700

Cobes

699,000

1,218,500

Research Fees

74,000

7,000

Practical Manual & 3 Log Books

-

57,000

Transport Fees

1,346,500

1,683,000

UoKSO

1,794,600

1,756,050

Library Fees

5,995,035

6,093,800

Supplementary Exams

696,800

686,490

Clinical Placement fee

291,000

411,000

Community Diagnosis

284,000

601,400

Exposures

1,649,000

1,587,000

Quality Assurance Fee

2,008,000

1,509,000

Special Rotation - Accommodation

168,400

203,000

Clinical Assessment Fee

2,104,500

2,785,700

Sub-Total**84,910,735****98,346,341****244,031,985****314,849,320**

Note 8: Rendering of Services
Description

Accommodation Services
Farm income
Catering Services
Guest House income
Fruit Juice

2020-2021 **2019-2020**

Kshs	Kshs
7,209,000	8,003,100
2,374,286	2,557,819
1,182,185	1,507,645
2,743,710	3,216,802
199,835	157,126
13,709,016	15,442,492

Note 9: Finance Income
Description

Interest on Fixed Deposits

Kshs	Kshs
-	-
-	-

Note 10: Income From Facilities
Description

Income from Facilities

2020-2021	2019-2020
Kshs	Kshs
21,200	770,600
21,200	770,600

Note 11: Other Incomes
Description

Book Shop Sales
Sale of tender documents
Application fees
Fines and penalties
Seedlings
Hospitality Restaurant Unit
Misc. Income
Examination Retake
UoKSO Nomination Fees
Transcript Correction/Replacement
Remarking
Water Bill
Kapkatet Morgue Services
Bakery Income
Lost Books
Hire of Gowns
UOK Annual Cross Country Income
UOK Annual Conference
Short Courses Training

2020-2021 **2019-2020**

Kshs	Kshs
35,373	93,569
16,000	22,200
386,900	514,500
146,640	216,292
3,500	14,800
-	50,510
327,280	395,620
744,000	752,000
-	30,200
73,600	43,600
18,000	18,000
1,000	26,140
2,000	5,500
-	9,820
11,587	33,210
57,000	62,600
-	18,700
-	-
5,700	-
1,828,580	2,307,261

Note 12: Employee Costs
Description

Salaries and Wages
Employee related Costs- Contribution to pension
Social contributions
Gratuity
Commuter/ car Allowance/other Allowances
House Allowance
Employee costs

2020-2021 **2019-2020**

Kshs	Kshs
489,036,047	608,639,104
90,260,439	82,473,387
-	-
-	-
104,346,894	108,760,268
235,538,300	231,415,851
919,181,680	1,031,288,610

Note 13: Remuneration of Council members
Description

Chairman's Honoraria
Council Allowance
Travelling and Accommodation Allowances
Total Council emoluments

2020-2021**2019-2020**

Kshs	Kshs
680,000	765,000
3,373,660	6,528,900
3,182,515	2,986,845
7,236,175	10,280,745

Note 14: Depreciation and Amortization Expense
Description

Property, Plant and Equipment
Total Depreciation and Amortization

2020-2021**2019-2020**

Kshs	Kshs
64,808,560	59,221,762
64,808,560	59,221,762

Note 15: Repairs and Maintenance Expense
Description

Maintenance of Catering and Hostels
Maintenance of plant and equipment
Maintenance of Water supply & Sewerage
Maintenance of Buildings
Maintenance of Play Grounds
Vehicle running expenses
Maintenance of Computers & Copiers
Total Repairs and Maintenance

2020-2021**2019-2020**

Kshs	Kshs
-	1,916,352
426,093	480,773
1,223,308	468,117
873,041	1,568,946
43,200	216,185
3,542,989	4,367,576
-	699,142
6,108,631	9,717,091

Note 16: Use of Goods and Services
Description

Recruitment/Training Expenses
Senate Committee meetings
Cleaning materials
Conferences and seminars
Electricity, water and conservancy
External examiners expenses
External Travelling Expenses
Graduation Expenses
Strategic Plan Implementation
ISO related Expenses
Insurance Expenses
Internet connectivity expenses
Legal & Other Expenses
Library Journals
Medical Drugs
Meetings & Workshops
Bsc Nursing Training Files and Indexing Expenses
Minor works on water & sewerage
Office Expenses
Official entertainment
Open & Cultural Day Expenses
Payment of Rent & Rates
Purchase of uniforms
Teaching materials
Telephones
Travelling and accommodation
University medical scheme
University Research Programme

2020-2021**2019-2020**

Kshs	Kshs
-	156,700
-	1,261,807
124,850	304,875
95,000	1,355,150
10,604,340	13,160,141
1,746,955	2,244,868
-	145,764
3,302,593	8,080,279
-	248,000
292,088	578,568
7,585,180	7,660,293
17,474,464	16,222,321
1,200,000	165,000
2,257,041	770,150
634,895	2,646,085
708,851	624,425
-	-
138,991	20,300
1,249,533	1,818,379
19,922	10,000
-	1,251,790
13,545,080	14,150,203
-	25,984
304,845	379,630
3,535,060	3,507,400
5,229,932	10,054,608
19,112,029	17,129,544
1,794,060	1,757,518

Valuation/Consultancy	4,224,163	1,097,918
Works Study programme	-	375,700
Farm Expenses	257,360	274,880
Games and sports expenses	-	10,000
Guest house expenses	1,412,910	3,181,953
Kitchen Expenses	3,062,740	5,615,232
Bakery Expenses	-	42,440
Bookshop Expenses	29,140	44,560
Fruit Juice processing plant	169,849	265,936
UoKSO Welfare	585,460	1,676,380
Lab Chemicals	739,062	2,031,075
Postal and telegram	63,734	40,632
Student Activities	167,678	3,599,301
Student Field Trips/Courses Expenses	1,014,703	7,821,858
Academic Programmes Development & Accreditation	1,695,000	791,700
Inter-University Games	227,280	1,694,135
KUCCPS and CUE Quality Assurance	3,314,000	1,215,000
Teaching Practice & Attachment	9,194,225	7,307,044
Performance contract Expenses	440,012	454,775
Stationery	3,266,605	2,219,637
HIV/ AIDS Awareness expenses	-	50,400
UoK SRBS Pension scheme expense	-	-
Audit fee	696,000	-
Academic Scholarship	-	98,600
Community Based Education Service(COBES)	547,790	977,730
Dev. Project Consultancy Fees	-	1,321,600
External Research Grants Expenses	5,210,632	11,812,902
Increase in provision for bad debts	215,094	998,883
Decrease in inventories	1,743,729	5,612,182
Students ID charges	-	3,827,000
Bench fee Expense	-	31,500
COVID-19 Expenses	1,139,851	-
Supervision Expenses (Students)	202,500	-
Staff Development	1,180,740	2,199,700
Total Use of Goods and Services.	131,755,965	172,420,435

Note 17: Marketing Expenses

Description

	Kshs	Kshs
Publishing and Printing	1,147,830	1,212,755
Advertising & Publicity	659,370	3,049,101
Show expenses & Outreach Expenses	-	313,475
UoK Annual Cross Country Event	-	-
Total Marketing Expenses	1,807,200	4,575,331

Note 18: Contracted Services

Description

	Kshs	Kshs
Contract/ Outsourced services	4,185,600	4,131,200
Total Contracted Services	4,185,600	4,131,200

Note 19: Finance Costs

Description

	Kshs	Kshs
Interest on Loan	23,361,597	25,855,888
Bank Charges	1,173,027	891,461
Total Finance Costs	24,534,624	26,747,349

Note 20: Cash and Cash Equivalents

Description		2020-2021	2019-2020
			2019-2020
			KShs
Current account		83,175,846	60,696,657
On - call deposits			-
Fixed deposits account			-
Staff car loan/ mortgage			-
Others(specify)			-
Total cash and cash equivalents		83,175,846	60,696,657

(a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Description	Account number	2020-2021	2019-2020
		Kshs	Prior year Kshs
a) Current account			
Kenya Commercial Bank (Pssp)	1120671418	4,720,930.00	699,591
Kenya Commercial Bank(Gssp)	1120671299	1,205,266.00	230,458
Kenya Commercial Bank (Accom.)	1120671450	133,819.00	(408)
Kenya Commercial Bank (Retention A/C)	1207008966	50,057,888.00	223,034
Co-operative Bank of Kenya(Pssp)	01129335586400	2,357,127.00	(1,016,130)
Co-operative Bank of Kenya(Gssp)	01129335586400	2,656,161.00	(25,695,695)
Co-operative Bank of Kenya Operations A/C	01129046214700	(3,333,043.30)	42,213,077
Co-operative Bank of Kenya Capital Dev. A/C	01120335586400	21,161,415.63	32,100
Stanchart (Gssp)	0102832991700	358,350.00	42,526
Stanchart (Pssp)	0102832991701	291,076.00	1,507,231
Stanchart Research Account	0102832991702	1,857,414.00	14,081
Equity Bank (Gssp)	0530271957342	334,995.00	96,005
Equity Bank (Pssp)	0530271957475	1,374,448.00	42,350,787
		83,175,846	60,696,657

Note 21: Receivables from Exchange Transactions**Description**

	Kshs	Kshs
Student fees debtors	86,343,504.00	82,041,617
Provision for doubtful Debts	(4,317,175.20)	(4,102,081)
Receivable from Non- Exchange Transaction		
Accrued Exchequer	-	100,547,100
Total Receivables	82,026,329	178,486,636

Note 22: Inventories**Description**

	Kshs	Kshs
Inventories- Consumable stores	4,387,737	6,131,465
Total Inventories	4,387,737	6,131,465

Note 23: Biological Assets**Description**

	Kshs	Kshs
Tea	3,263,930	3,275,430
Livestock	4,287,800	4,082,000
Cypress Trees	5,275,100	5,275,100
Pine Trees	435,000	435,000
Eucalyptus Trees	27,239,350	27,113,600

Gravillea Trees	4,669,000	4,669,000
Macademia Nut Trees	49,000	49,000
Bananas	169,200	165,400
Total Biological Assets	45,388,380	45,064,530

Note 24: Payables from Exchange Transactions**Description**

	2020-2021	2019-2020
	Kshs	Kshs
Recurrent Creditors	32,761,327	35,686,174
Capital Creditors	4,590,587	27,660,331
Salary creditors	59,815,168	-
Accrued salary arrears	-	100,547,100
	97,167,082	163,893,605

Note 25: Refundable Deposits and Pre-payments from Customers**Description**

	2020-2021	2019-2020
	Kshs	Kshs
Caution Money	7,761,850	6,134,850
KUCCPS/ Quality Assurance fees	13,542,850	10,934,350
Room Deposit	4,515,550	4,130,550
Student field trips and attachment	11,109,182	15,753,714
Research funds from donors	18,867,574	9,534,120
Prepaid fees	67,870,850	55,536,832
	123,667,856	102,024,416

Note 26: Current Provisions**Description**

	2020-2021	2019-2020
	Kshs	Kshs
Part time lecturers	215,537,614	186,920,083
Provision for audit fees	2,088,000	1,392,000
Provision for Valuation	2,500,000	2,500,000
	220,125,614	190,812,083

Note 27: Retention**Description****Retention- WIP**

	2020-2021	2019-2020
	Kshs	Kshs
Lecture Phase III	550,933	550,933
Lecture Phase II	3,154,791	3,154,791
Hostel Phase II	1,006,071	1,006,071
Health Unit 1	-	-
Library	30,205,973	25,353,290
Lecture Theatre Phase IV	15,438,795	15,438,795
Pineapple juice plant- Changing rooms	124,283	124,283
ICT Infrastructure	-	-
Dining hall	1,126,917	1,126,917
Staff Toilets	101,718	101,718
	51,709,481	46,856,798

Note 28: Borrowings**Description**

	2020-2021	2019-2020
	Kshs	Kshs
Co-operative Bank Loan current portion	15,000,000	15,000,000
Co-operative Bank Loan (20yrs)	163,750,000	178,750,000
	178,750,000	193,750,000

Description**Balance at the beginning of the period**

	2020-2021	2019-2020
	Kshs	Kshs
Repayment	193,750,000	208,750,000
July	1,250,000	1,250,000
August	1,250,000	1,250,000

September	1,250,000	1,250,000
October	1,250,000	1,250,000
November	1,250,000	1,250,000
December	1,250,000	1,250,000
January	1,250,000	1,250,000
February	1,250,000	1,250,000
March	1,250,000	1,250,000
April	1,250,000	1,250,000
May	1,250,000	1,250,000
June	1,250,000	1,250,000
Sub-total	15,000,000	15,000,000
Balance at the end of the period	178,750,000	193,750,000

Note 30: Exchequer grants (Cash flow Statement)

2020-2021

Description

	Kshs
Note 6:exchequer grants	780,546,188
Accrued supplementary II(Received)	100,547,100
Total Exchequer grants Received	881,093,288

Note 31: Employee costs (Cash flow Statement)

2020-2021

Description

	Kshs
Note 12:Employee costs	919,181,680
Accrued salary arrears paid	100,547,100
Salary creditors	(59,815,168)
Total Employee costs paid	959,913,612

Note 32: Contracted Services (cash flow statement)

2020-2021

Description

	Kshs
Note 18:Contracted Services expense	4,185,600
Accrued contracted services	(352,000)
Total Contracted services paid	3,833,600

Note 33: Use of Goods and Services (Cash flow statement)

2020-2021

Description

	Kshs.
Note 12:Use of Goods and services	131,755,965
Accrued Use of goods and services	(27,858,647)
Total Use of Goods and services paid	103,897,318

Note 34: Purchase of PPE (cash flow statement)

2020-2021

Description

	Kshs
Note 29: Purchase of PPE	66,665,514
Accrued Purchase of PPE	(3,239,387)
Total Purchase of PPE paid	63,426,127

Note 29: PPE Schedule

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Library books	Total
Depreciation Rate	-	2%		12.50%	33.33%	12.50%	25%	10%	
COST/VALUATION	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
As at 1 July, 2019	110,000,000	1,419,208,315	617,193,102	45,630,379	60,320,284	46,537,386	37,666,606	50,338,544	2,386,894,615
Additions	-	-	166,596,185	2,764,550	4,101,829	-	-	8,947,623	182,410,187
Disposals	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	(53,622,214)	-	-	-	(53,622,214)
Transfer to Buildings	-	1,309,122	(1,309,122)	-	-	-	-	-	-
As at 30 Jun, 2020	110,000,000	1,420,517,437	782,480,165	48,394,929	10,799,899	46,537,386	37,666,606	59,286,167	2,515,682,588
Additions	-	-	65,853,823	130,000	374,621	35,635	271,435	-	66,665,514
Disposals	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Transfer from WIP	-	270,704,412	(270,704,412)	-	-	-	-	-	-
As at 30 Jun, 2021	110,000,000	1,691,221,849	577,629,576	48,524,929	11,174,519	46,573,021	37,666,606	59,557,602	2,582,348,102
DEPRECIATION									
At 30 June, 2019	-	(160,314,596)	-	(33,653,038)	(57,900,381)	(30,428,411)	-	(12,890,873)	(295,187,300)
Depreciation	-	(28,410,349)	-	(6,049,366)	(3,599,606)	(5,817,173)	(9,416,652)	(5,928,617)	(59,221,762)
Revaluation	-	-	-	-	57,900,381	-	-	-	57,900,381
At 31 June, 2020	-	(188,724,945)	-	(39,702,405)	(3,599,606)	(36,245,585)	(9,416,652)	(18,819,490)	(296,508,682)
Depreciation	-	(33,824,437)	-	(6,065,616)	(3,724,467)	(5,821,628)	(9,416,652)	(5,955,760)	(64,808,560)
Revaluation	-	-	-	-	-	-	-	-	-
At 30 June, 2021	-	(222,549,382)	-	(45,768,021)	(7,324,074)	(42,067,212)	(18,833,303)	(24,775,250)	(361,317,241)
NET BOOK VALUE									
As at 30 Jun, 2021	110,000,000	1,468,672,467	577,629,576	2,756,908	3,850,446	4,505,809	18,833,303	34,782,351	2,221,030,860
As at 30 Jun, 2020	110,000,000	1,231,792,492	782,480,165	8,692,525	7,200,292	10,291,802	28,249,955	40,466,677	2,219,173,906

Capital projects remain as work in progress until they are certified complete then they are recognised as assets.

28. Related Party Disclosures

The following transactions were carried out with related parties

	2021	2020
Key management compensation		
(i) Council remuneration		
Allowances paid to Council members	7,236,175	10,280,745
(ii) Grants from related parties		
Grant from GOK	780,546,188	857,063,040

29. CASH GENERATED FROM OPERATIONS

University of Kabianga
Cash flow Statement
For the Financial Year Ended June 30, 2021

	Note	Cummulative 2020-2021 Kshs	Cummulative 2019-2020 Kshs
Cash Flow From Operating Activities:			
Surplus/Deficit for the year		(119,481,466)	(127,949,811)
Adjustment for revaluation		-	(4,278,166)
Adjustments for Depreciation		64,808,560	59,221,762
Surplus Before Working Capital		(54,672,906)	(73,006,215)
Changes in Working Capital			
(Increase)/ Decrease in Biological assets		(323,850)	(1,748,518)
(Increase)/ Decrease in Inventories		1,743,729	5,612,183
(Increase)/ Decrease in Receivables from Exchange Transactions		96,460,307	(30,179,409)
Increase/(Decrease) in Payables from Exchange Transactions- Retention WIP		4,852,683	9,700,371
Increase/(Decrease) in Refundable Deposits and Prepayments from Customers		21,643,440	-
Increase/(Decrease) in Current Provisions		29,313,530	-
Increase/(Decrease) in Payables from Exchange Transactions		(69,965,910)	110,713,794
Net Cash flows from Operating Activities		29,051,022	21,092,206

30. Risk management policies-

The University's principal financial assets are, trade receivables and cash and short term deposits which arise directly from its operations. The University has financial liabilities comprising trade and other payables.

The University has exposure to the following risks:

- i) Market risks
- ii) Liquidity risk
- iii) Credit risks
- iv) COVID-19 pandemic

The Council has overall responsibility for the establishment and oversight of the University's risk management framework.

The University's risk management policies will be established to identify and analyze the risks faced by the University, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in economic conditions and the University's activities.

Market risk management

Interest rate risk

The University has interest bearing borrowings and is financed by cash generated from its operations. The University will always strive to increase its market share to match the interest of the day.

Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. Typically the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the

servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All capital investments are funded by the Government.

Credit risk

Credit risk is the risk of financial loss to the University if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The University receives fees from students which minimizes the credit risk exposure. The University has a student's fees payment policy which defines how and when fees are supposed to be paid hence minimizes credit risk.

Outbreak of COVID-19 Pandemic

In mid-March 2020 the President of the Republic of Kenya gave a directive that all the Universities should close in order to curb the spread of this disease. This pandemic is an emerging risk in that the University cannot be able to collect fees from the students as well as any other income. Fixed costs e.g. salaries, security, provision of medical services to staff, Insurance of University property as well as staff continues to be incurred despite the closure.

Rising deficits

The university has incurred a deficit of Ksh 119.5M in the FY2020/2021 resulting in accumulated deficit of Ksh 384.1M. The university council has developed the financial sustainability plan to ensure additional revenue and mitigate rising deficits. In addition the university has requested for additional funding from the ministry of Education. This will address the issue of going concern.

Classification of credit risk bearing assets

The table below represents University's maximum exposure to credit risk as at 30 June 2021 and 2020.

ASSETS	2021	2020
Current Assets		
Cash and Cash Equivalents	83,175,846	60,696,657
Receivables from Exchange Transactions	82,026,329	178,486,636
	165,202,175	200,983,954

All the University's receivables are fully performing and are expected to be received. Bank balance includes cash in hand and deposits held with banks.

31. Provisions

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

32. Contingent Assets and Liabilities

The University has a contingent liability in the court case of Prof. Augustine Afullo (School of Science and Technology) Vs University of Kabianga case number 67 of 2018 in the Employment and Labour Relations Court at Kericho.

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The University have not yet received its 2018/2019 audited Financial statements.

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the University funded by the Government of Kenya (GoK).

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget FY 2020-2021	Sources of funds
1	University Library	Kshs. 834,523,967	KSh. 339,589,282.18	60%	Kshs 36,530,444	GoK
2	Lecture Theatre Phase IV	Kshs 247,942,475	KSh 192,996,227.07	98%	Kshs 35,000,000	GoK
3	Student Dining hall	Kshs 20,991,670	Kshs 14,861,022.50	85%		AIA

APPENDIX III: INTER-ENTITY TRANSFERS

Break down of Transfers from the State Department of University Education

a. Recurrent grants

Date Received		Amount	Financial Year
17-Aug-20		65,045,516	2020/2021
31-Aug-20		65,045,516	2020/2021
01-Oct-20		65,045,515	2020/2021
04-Nov-20		65,045,516	2020/2021
02-Dec-20		65,045,516	2020/2021
05-Jan-21		65,045,515	2020/2021
08-Feb-21		65,045,516	2020/2021
11-Mar-21		65,045,516	2020/2021
08-Apr-21		65,045,515	2020/2021
08-May-21		65,045,516	2020/2021
16-Jun-21		65,045,516	2020/2021
26-Jun-21		65,045,515	2020/2021
TOTAL		780,546,188	

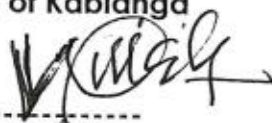
b. Development grant

Date Received	Amount
15 th Sep-20	71,530,444
TOTAL	71,530,444

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

Finance Officer
University of Kabianga

Sign



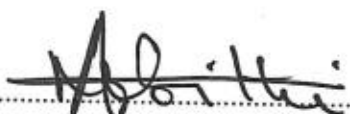
Head of Accounting Unit
State Department of University
and Research

Sign



APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Don or transferring the funds	Date Received As per Bank statement Date	Nature:	Amount (Kshs)	Statement of financial performance	Capital fund	Total Transfers during the year
		Recurrent/Development				
Ministry of Education						
	17-Aug-20	Recurrent	65,045,516			
	31-Aug-20	Recurrent	65,045,516			
	01-Oct-20	Recurrent	65,045,515			
	04-Nov-20	Recurrent	65,045,516			
	02-Dec-20	Recurrent	65,045,516			
	05-Jan-21	Recurrent	65,045,515			
	08-Feb-21	Recurrent	65,045,516			
	11-Mar-21	Recurrent	65,045,516			
	08-Apr-21	Recurrent	65,045,515			
	08-May-21	Recurrent	65,045,516			
	16-Jun-21	Recurrent	65,045,516			
	26-Jun-21	Recurrent	65,045,515			
TOTAL				780,546,188		
		Development				
	15-Sep-20	Development	71,530,444		71,530,444	
TOTAL						852,076,632


CHAIRMAN OF THE COUNCIL

Date 31/08/2022


VICE-CHANCELLOR

Date 31/08/2022

