

REPUBLIC OF KENYA



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| REPORT | |
| DATE: 15 NOV 2022 | DAY: Tuesday |
| TABLED BY: OF | Hon. Silvanus Osiro, MP Chief Whip Majority |
| CLERK-AT THE-TABLE: | Halima Suleiman |

THE AUDITOR-GENERAL

ON

EGERTON UNIVERSITY

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

EGERTON



UNIVERSITY

www.egerton.ac.ke



ANNUAL REPORT

&

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR

ENDING

30TH JUNE 2021

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

Transforming Lives through Quality Education

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1. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

Egerton University is the premier Agricultural Public University in Kenya. It was founded in 1939 under the name Egerton Farm School. By 1955, it was upgraded and renamed Egerton Agricultural College. It became a constituent college of the University of Nairobi in 1986 and a year later in 1987 became a fully fledged University following the Enactment of the Egerton University Act of 1987. This Act was repealed and replaced by the Universities Act No 42 of 2012.

Egerton University has two (2) active Campuses and one Campus College. The main Campus is based at Njoro and houses the Faculties of Agriculture, Arts and Social Sciences, Education and Community Studies, Engineering and Technology, Environment and Resources Development, Science, Law and Veterinary Medicine and Surgery. The Njoro Campus also houses the Board of Undergraduate Studies and Field Attachment, and the Board of Postgraduate Studies. The second Campus, Kenyatta Campus, is located five (5) kilometres from Njoro Campus and is planned to house the Open and Distance Learning (CODL) programmes which is currently based at Njoro Campus. The only University's Campus College, Nakuru Town Campus College, hosts the Faculties of Commerce and Health Sciences. The University currently has ten (10) faculties, one (1) institute of Gender and fifty-one (51) academic departments offering a wide range of programmes at diploma, undergraduate, and postgraduate levels. All of them are open to both Government-sponsored and self-sponsored students. The University also offers courses in computer literacy, computer repairs and maintenance, as well as accounting and bridging courses.

(b) Principal Activities

The Core business of the University as provided by the Universities Act No 42 of 2012 of the Laws of Kenya includes:

1. Advancement of knowledge through teaching, scholarly research and scientific investigation;
2. Promotion of learning in the student body and society in general;
3. Promotion of cultural and social life of society;
4. Support and contribution to the realization of national economic and social development;
5. Promotion of the highest standards in, and quality of, teaching and research;
6. Education, training and retraining higher level professional, technical and management personnel;
7. Dissemination of the outcomes of the research conducted by the university to the general community;
8. Facilitation of life-long learning through provision of adult and continuing education;
9. Fostering of a capacity for independent critical thinking among its students;

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

10. Promotion of gender balance and equality of opportunity among students and employees;
11. Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

i. Vision

A world class University for the advancement of humanity.

ii. Mission

To offer exemplary education to society and generate knowledge for national and global development.

iii. Core Values

The University's activities and decisions will be guided by the following core values:

- National unity;
- Internationalism;
- Passion for excellence;
- Professionalism;
- Devotion to duty;
- Integrity, transparency, and accountability;
- Social fairness

(c) Key Management

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

- University Council
- University Management Board
- The Senate

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility are shown on pages 12 - 15.

(e) Fiduciary Oversight Arrangements

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education for ensuring that the University complies with the Universities Act 2012,

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

The University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the University Council Charter.

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary Ministry of Education and the Vice Chancellor, who is the Secretary to the Council.

- (f) **Headquarters**
P.O. Box 536 - 20115, **EGERTON**,
Njoro Campus,
Njoro Mau Narok Road,
NJORO, KENYA
- (g) **Contacts**
Tel: (254) 051-2217891/2/051-2217781
E-mail: info@egerton.ac.ke
Website: www.egerton.ac.ke
- (h) **Bankers**
1. Kenya Commercial Bank Ltd,
Egerton University Branch,
P.O. Box 248 – 20115,
EGERTON
 2. Co-operative Bank of Kenya Ltd.
P.O. Box 2982 – 20100,
NAKURU
 3. Barclays Bank of Kenya Ltd.
P.O. Box 66- 20100
NAKURU
 4. National Bank Ltd.
P.O. Box 72866-00100
NAIROBI

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

5. NCBA Bank Ltd.
P.O. Box 44599- 00100
NAIROBI

(i) **Independent Auditors**
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084 GPO 00100
Nairobi, Kenya

(j) **Principal Legal Adviser**
Sheth & Wathigo Advocates
Vickers Building
P.O. Box 611 – 20100
Nakuru, Kenya

2. THE UNIVERSITY COUNCIL



NAME: Amb. Dr. Luka.H.Wario, PhD, CBS

YOB: 1952

POSITION/KEY RESPONSIBILITIES:

Council Chairman; Chairman of Appointments Committee

QUALIFICATION:

B Ed, (UoN), M Ed (UoN) PhD (University of Reading)

WORK EXPERIENCE

Chairman, Taskforce on establishing the University of Marsabit; Chairman, Garissa University College Council; Management Consultant Selwood; Writer, Moran Publishers; Chairman, Transition Authority Selection Panel; Director, National Anti-Corruption Campaign Steering Committee; PS, Ministry of State for the Development of Northern Kenya and other Arid Lands; PS, Ministry of the East African Community; PS, Office of the Vice President and Ministry of Home Affairs; Head, Research & Policy Analysis Division; Head, Middle East Division; Director, Administration in the Ministry of Foreign Affairs; Coordinator, Somali National Reconciliation Conference; Ambassador, People's Republic of China; Kenya Representative, International Network for Bamboo and Rattan; High Commissioner, Republics of Zimbabwe and Mozambique and the Kingdoms of Lesotho and Swaziland; Assistant to Kenya's Special Envoy to Somalia; Lecturer, Moi University.



NAME: Dr. John Nyangena

YOB: 1971

POSITION/KEY RESPONSIBILITIES:

Council Member - Rep. C.S. Ministry of Education; Member – Planning, Development & Grievances Committee; Member - Tegemeo, Academic & Research Committee.

QUALIFICATION:

B.Sc. (JKUAT), M.Phil. (Moi), PhD (KU)

WORK EXPERIENCE

Ministry of Education, State Department for University Education and Research - Chief Economist; Team Leader - LVEMP project, Ministry of Environment & Natural Resources; Team Leader – Assessment Funding for adaptation in Kenya's drylands – International Institute for Environment and Development/National Drought Management Authority; Team Leader – End-term project evaluation of African Adaptation Initiative, WWF; National Consultant – Impacts of climate change in Tea Industry in Kenya, FAO; National Consultant – Mainstreaming Environmental Planning into Development in Kenya, National Environment Management Authority/DANIDA.



NAME: Mr. Julius K. Mutua

YOB: 1971

POSITION/KEY RESPONSIBILITIES:

Council Member - Alt. C.S. The National Treasury & Planning;
Member - Audit, Governance and Risk Management Committee;
Member - Finance, Human Resources & General Purpose Committee.

QUALIFICATION: BA(Economics -KU, MA(Economics)-
University of Dar es Salaam

WORK EXPERIENCE

Planning Secretary & Programme Coordinator of Public Financial Management Reforms at The National Treasury; Has served in the boards of Capital Markets Authority, Retirement Benefits Authority, National Hospital Insurance, Policyholders Compensation Fund, Consolidated Bank, Kenya Plant Health Inspectorate Services, KCB Group and its subsidiaries.



NAME: Mr. Joshua Nyangidi Otieno

YOB: 1976

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairman - Planning, Development & Grievances Committee; Member - Audit, Governance & Risk Management Committee.

QUALIFICATION:

Dip(KNEC), B.Ed, MBA (KU)

WORK EXPERIENCE

KCA University: Manager, Centre for Entrepreneurship & Leadership; Lecturer KCA University; Lead Researcher in the Africa Bio-diversity Conservation and Innovation Centre & CIC Insurance Company, Business Consultant and Trainer at Kenya Market Trust and Parsons Ltd; Business Trainer, Africa Youth Trust; Part-time Lecturer: JKUAT, KU & MU.



NAME: Dr. Charity C. Nyaga

YOB: 1955

POSITION/KEY RESPONSIBILITIES:

Council Member; Chair-Tegemeo, Academic & Research Committee;
Member - Audit, Governance & Risk Management Committee.

QUALIFICATION:

B.Ed. (UoN), M.Ed. (KU), Ph.D (KU).

WORK EXPERIENCE

Ministry of Education: Deputy Director of Education; Senior Assistant Director of Education; Kiini Mixed Boarding Secondary School: Principal Graduate Teacher I; Principal Graduate Teacher II; Njuri Mixed Boarding Secondary School: Principal Graduate Teacher II; Senior Graduate Teacher; Head Teacher; Kyeni Girls High School: Graduate Teacher I; Mukuuni Secondary School: Graduate Teacher



NAME: Ms. Esther Mukoa Wabuge

YOB: 1976

POSITION/KEY RESPONSIBILITIES:

Council Member; Member – Finance, Human Resources & General Purpose Committee; Member – Planning, Development & Grievances Committee.

QUALIFICATION:

B.Ed. (Moi), DIBM (KIM), M.Sc. (JKUAT), M.A. (University College London)

WORK EXPERIENCE

Coordinator, Kenya Country Core Group, World Bank Group (Joint Learning Network for Universal Health Coverage); Project Officer Training, Management Sciences for Health (MSH) – Leadership, Management & Sustainability (LMS) Project; Associate Consultant, Kenya National AIDS Strategic Plan; Kenya HIV/AIDS Private Sector Business Council (KHBC); Head of Programme & Stakeholder Development; Head of Training & Business Development; Namawanga Girls' High School: Biology & Home science teacher; Research Officer, Community Management & Training Services (CMTS.EA); Part-time Lecturer, Kisumu Polytechnic



NAME: Dr. John Nyakawa Ondari

YOB: 1970

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairman – Finance, Human Resources & General Purpose Committee; Member Tegemeo, Academic & Research Committee.

QUALIFICATION:

B.A. (UoN), M.A. (UoN), PhD (JKUAT)

WORK EXPERIENCE

Strategic Advisor, Kenya Water Security & Climate Resilience Program; Senior WASH Advisor, SNV Netherlands Development Organisation, Kenya; Long Term Technical Advisor, Kenya Water & Sanitation Programme; Lemma Development Consultants Ltd: Managing Director; Research Director; Economist (WSS Financing Consultant), World Bank, Water & Sanitation Program – AF; Economist/ Statistician, Ministry of Planning & the Treasury.



NAME: Dr Wilson Kipruto Ronno

YOB: 1957

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairman - Audit, Governance & Risk Management Committee; Member - Planning, Development & Grievances Committee.

QUALIFICATION

Dip. (KIM), B.Sc.(UoN), M.Sc. (North Dakota State, USA), Ph.D. (UoN)

WORK EXPERIENCE

Independent Consultant; Member Audit Committee, Bomet County; Head, Crops Unit, UNFAO; Consultant, ASALS; CEO/Director, Tea Research Foundation; Agricultural Research Officer, Ministry of Agriculture; National Project Coordinator, FAO/UNDP-Dryland Farming Development & Extension project.



NAME: Prof. Isaac O. Kibwage

YOB: 1954

POSITION/KEY RESPONSIBILITY

Vice-Chancellor

QUALIFICATION

B.Pharm (UoN, M.Pharm, Ph.D (K.U. Leuven), FPSK, CSci. C.Chem, MRSC

WORK EXPERIENCE

Egerton University: Deputy Vice-Chancellor (Administration, Planning & Development)

University of Nairobi: Principal of the College of Health Science, Dean of Faculty/School of Pharmacy, Chairman of Department, Professor, Associate Professor, Senior Lecturer, Lecturer, Assistant Lecturer, Graduate Assistant



NAME: Prof. Rose. A. Mwonya

YOB: 1950

POSITION/KEY RESPONSIBILITIES

Vice-Chancellor

QUALIFICATION

Dip (Egerton), B.Sc., M.Sc, Ph.D. (Iowa)

WORK EXPERIENCE

Egerton University: Vice Chancellor; Deputy Vice-Chancellor (Academic Affairs); Dean of Students; Director Centre of Women Studies and Gender Analysis; Chairperson Dept. Of Agriculture & Home Economics; Professor, Associate Professor, Senior Lecturer, Lecturer

Retired on 12th January 2021

3. UNIVERSITY MANAGEMENT BOARD



NAME: Prof. Isaac O. Kibwage

YOB: 1954

POSITION/KEY RESPONSIBILITY

Vice-Chancellor

QUALIFICATION

B.Pharm (UoN), M.Pharm, PhD (K.U. Leuven), FPSK, CSci. C.Chem, MRSC

WORK EXPERIENCE

Egerton University: Ag. Vice Chancellor; Deputy Vice-Chancellor (Administration, Planning & Development)

University of Nairobi: Principal of the College of Health Science, Dean of Faculty/School of Pharmacy, Chairman of Department, Professor, Associate Professor, Senior Lecturer, Lecturer, Assistant Lecturer, Graduate Assistant



NAME: Prof. Rose A. Mwonya

YOB: 1950

POSITION/KEY RESPONSIBILITIES

Vice-Chancellor

QUALIFICATION

Dip (Egerton), B.Sc., M.Sc, Ph.D. (Iowa)

WORK EXPERIENCE

Egerton University: Vice Chancellor; Deputy Vice-Chancellor (Academic Affairs); Dean of Students; Director Centre of Women Studies and Gender Analysis; Chairperson Dept. Of Agriculture & Home Economics; Professor, Associate Professor, Senior Lecturer, Lecturer

Retired on 12th January 2021



NAME: Prof. Julius K. Kipkemboi

YOB: 1971

POSITION/KEY RESPONSIBILITY

Ag. Deputy Vice-Chancellor (Academic Affairs)

QUALIFICATION

BSc (Egerton), IPGL (Mondsee), MSc (IHE-Delft), PhD (UNESCO-IHE/Wageningen)

WORK EXPERIENCE

Egerton University: Ag. Deputy Vice Chancellor (Academic Affairs), Director, Examinations and Timetabling, Dean, Faculty of Science, Associate Professor, Senior Lecturer, Lecturer, Assistant Lecturer, Teaching Assistant.



NAME: Prof. Alexander K. Kahi

YOB: 1968

POSITION/KEY RESPONSIBILITY

Deputy Vice-Chancellor (Academic Affairs)

QUALIFICATION

BSc, MSc, (Egerton), Dr. Sc. Agr. (Hohenheim)

WORK EXPERIENCE

Egerton: Deputy Vice-Chancellor (Academic Affairs); Dean Fac. Agriculture; Chairman Dept. Of Animal Science; Professor, Associate Professor, Senior Lecturer, Lecturer, Asst. Lecturer; Teaching Assistant Dept. Animal Science. Kyoto University-Japan: Visiting Professor, Postdoctoral Research Scientist. Consultant ILRI – SLU Project; Consulting Scientist – Livestock Recording Centre; Visiting Scientist – AGBU (University of New England); Consultant – AGRP (Ethiopia); Consultant – Applied Genetic Network (Germany); Graduate Fellow – ILRI Visiting Researcher – Wageningen University.

Retired on 14th April 2021



NAME: Prof Bockline Omedo Bebe

YOB: 1963

POSITION/KEY RESPONSIBILITY

Ag Deputy Vice Chancellor (Research & Extension)

QUALIFICATION

Dip., BSc (Egerton), MSc, PhD (Wageningen)

WORK EXPERIENCE

Egerton University - Ag Deputy Vice Chancellor, Ag. Director (Research & Extension); Deputy Director, Extension outreach and consultancy; Professor of Livestock Production Systems; Consultant: Livestock Development Policies; University curriculum development: Strategic plan; Climate change and adaptation; Livestock value chains



NAME: Prof. Richard M.S. Mulwa

YOB: 1967

POSITION/KEY RESPONSIBILITY

Ag. Deputy Vice Chancellor (Administration, Planning & Development)

QUALIFICATION

Dip., BSc. (Egerton), Grad. Dip, MappSc. (Melbourne), PhD. (UIUC)

WORK EXPERIENCE

Egerton University - Ag. Deputy Vice Chancellor (Administration, Planning & Development), Associate Professor of Horticulture, Director - Crop Management Research and Training, Senior Lecturer, Lecturer, Teaching Assistant/ Research Assistant, Assistant Lecturer - Department of Crops, Horticulture and Soils; University of Melbourne: PC2 Greenhouse Manager.



NAME: Prof. Lenah Nakhone Wati

YOB: 1956

POSITION/KEY RESPONSIBILITY

Principal (Nakuru Town Campus College)

QUALIFICATION

B. Sc., M.Sc. (U.O.N), Ph.D. (Nottingham)

WORK EXPERIENCE

Principal NTCC; Director NTC; Egerton University – Associate Prof, Snr. Lecturer, Lecturer of Soil Science; Research Officer at Kenya Marine & Research Institute Kisumu; Research assistant UON; Research Officer – National Agricultural Laboratories.

Retired on 11th January 2021



NAME: Prof. Daniel O. Auka

YOB: 1958

POSITION/KEY RESPONSIBILITY

Ag. Principal, Nakuru Town College Campus

QUALIFICATION

BCom (UoN), MBA (Sacred Heart, USA), PhD (Open University of Tanzania)

WORK EXPERIENCE

Egerton University - Ag. Principal; Associate professor, Senior Lecturer, Lecturer; Kabarak University - Lecturer; Cardinal Transport & Courier Services (USA) - Business Manager; Sacred Heart University (USA) - Library Assistant; Supplies Officer; Menyanya High School - Graduate Teacher; Endereti High School - Untrained Teacher



NAME: Dr. Thomas K. Serrem

YOB: 1962

POSITION/KEY RESPONSIBILITY

Registrar (Human Capital & Administration)

QUALIFICATION

BEd (UoN), MEd. (Manchester), DEd. (Bristol)

WORK EXPERIENCE

Egerton University – Registrar (Admin); Ag. Registrar (Admin); Deputy Registrar (Admin); Snr. Assistant Registrar (Central Services); Deputy Registrar (Academic Affairs); Snr. Assistant Registrar (Admissions); Assistant Registrar (Academic Affairs); Administrative Assistant; Marketing Representative – Xerox Kenya Ltd.



NAME: Prof. Mwanarusi Saidi

YOB: 1971

POSITION/KEY RESPONSIBILITY

Ag. Registrar (Academic Affairs)

QUALIFICATION

BSc. (Egerton), MSc. (Egerton), PhD. (Michigan/Egerton)

WORK EXPERIENCE

Egerton University – Registrar (Academic Affairs); Coordinator, Senior Lecturer, Lecturer, Assistant Lecturer, Teaching Assistant department of Crops, Horticulture and Soils, Egerton University; Assistant Farm Manager, Coast Development Authority.



NAME: Prof. Seth F. O. Owido

YOB: 1954

POSITION/KEY RESPONSIBILITY

Registrar (Academic Affairs)

QUALIFICATION

B.Sc., M. Sc. (U.O.N), Ph.D. (Illinois)

WORK EXPERIENCE

Egerton University: Registrar AA; Deputy Registrar AA
Kabarak University: Acting Academic Registrar; Academic Dean
Egerton University; Director Quality Assurance; Director Board of Undergraduates; Associate Prof., Snr. Lecturer, Lecturer in Soil Physics & Water Management; COD Soil & Water Management Dept; Research Officer National Agricultural Research Laboratories.

Retired on 15th January 2021



NAME: Prof. Nancy W. Mungai,

YOB: 1969

POSITION/KEY RESPONSIBILITY

Ag Director (Research & Extension)

QUALIFICATION

BSc. (Nairobi), MSc. (Sokoine), PhD. (Missouri)

WORK EXPERIENCE

Egerton University - Ag. Director (Research & Extension), Project Co-ordinator - TAGDev Program; Director Board of Undergraduate Studies; Associate professor of soil fertility and microbiology



NAME: Mr. Moses O. Ouma

YOB: 1978

POSITION/KEY RESPONSIBILITY

Finance Officer

QUALIFICATION

C.P.A (K), B.Agbm (Egerton), MBA (KU)

WORK EXPERIENCE

Egerton University - Finance Officer; Kenyan Rural Roads Authority - Accountant -; Kenya National Audit Office - Auditor; The Mater Hospital (Nairobi) - Accountant



NAME: M/s Janegrace K. Kinyanjui

YOB: 1967

POSITION/KEY RESPONSIBILITY

University Librarian

QUALIFICATION

BA (Egerton), MSc. (SISA-Addis Ababa)

WORK EXPERIENCE

Egerton University – University Librarian; Kabarak University – University Librarian, Deputy University Librarian, Senior Assistant Librarian; Egerton University – Assistant Librarian, Senior Library Assistant

4. CHAIRMAN'S STATEMENT

In the year ended 30th June 2021, the University achieved a number of milestones despite the COVID-19 pandemic challenges among them; the 13th Biennial International Conference, The First National Conference on Legal Aid, opening of a Safe Foods Reference Laboratory (SAF- LAB), and the launch of Ajira Club.

The university held its 13th International Conference from 24th to 26th November 2020. The conference which was held virtually attracted more than 500 participants.

The Faculty of Law Legal Aid Project (FOLLAP) successfully organised the First National Legal Aid conference on the theme *"Strengthening Access to Justice through Legal Aid"* in the second week of December 2020. This conference attracted scholars from the legal fraternity, legal practitioners, social service providers, the Judiciary, the Office of the Attorney General, the Office of Director of Public Prosecutions, Civil Society, and development partners among others.

In the fight against COVID-19 pandemic, the University commenced the COVID-19 vaccination campaign on 24th March 2021, which was done in phases beginning with the frontline health workers. The first phase targeted over 100 staff members.

The Faculty of Health Sciences enrolled with the Educational Commission for Foreign Medical Graduates (ECFMG) on 23th April 2021. The enrolment allows the University to authenticate the credentials of medical graduates who seek to join postgraduate residency programs in the USA, UK, Canada, Australia etc.

The University marked World Bee day on 20th May 2021 by launching an innovative technology for rearing queen bees to increase quality honey production and pollination services. Bee Research and Demonstration Units (BRDU) were launched at the Agro-Science Park and the Dryland Research Training and Ecotourism Centre (DRTEC).

The Chief Administrative Secretary, Ministry of ICT, Innovation and Youth Affairs, Ms Maureen Mbaka, on Friday 25th June 2021, launched the Egerton University Ajira Digital Club, an initiative of the Ajira Digital Program. The programme focuses on creating an environment for work generation and skills development to meet the demand and supply side on job creation in all higher learning institutions in Kenya.

Financial Performance

During the financial year ended 2020/2021, the University registered an operating deficit of Kshs.1.299 billion compared to a deficit of Kshs 525 million in the financial year 2019/2020. The university was mainly funded through the Government Capitation (70%) and Appropriation in Aid (A-I-A) (30%) for its recurrent expenditure.

Strategic Direction

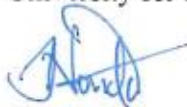
The 2018-2023 Strategic Plan will be achieved through the following Strategic Goals; providing quality higher education; engaging in research, consultancy and community outreach; enhancing physical infrastructure and ICT capacity; increasing linkages and collaborations; and enhancing governance and resource mobilization. In this respect, the university has once again topped in University Ranking by Academic Performance (URAP) rankings system. It was ranked at 2 in Kenya and 1945 in World Ranking 2020/2021. The ranking of the top 3,000 world universities is based on academic quality.

Future Outlook

As the university continues to implement its 2018-2023 Strategic Plan, the new focus is on resource mobilization through revamping Income Generating Units (IGUs) to generate more revenue internally. A Directorate of IGUs has been created for smooth operations of these units.

The University is set to open a Safe Foods Reference Laboratory (SAF- LAB) in Main Campus, Njoro. The SAF-Lab facility funded by the National Research Fund (NRF) at the cost of Ksh. 39 million will innovatively contribute to the Big 4 Agenda, specifically, Food Security. The facility will become operational in July 2021.

I wish to thank the Government of Kenya, Council members, Management and Staff for their dedication and participation during the year in striving to make Egerton University a world class University for the advancement of Humanity.



Dr. John N. Ondari, PhD
Chairman, Finance, Human Resource & General
Purpose Committee of the Univeristy Council

5. REPORT OF THE VICE-CHANCELLOR

During the financial year ended 30th June 2021, the university continued to stay focussed on the path to achieving its vision of being a world class university for the advancement of humanity. Towards this end, the focus remained on enhancing the quality of academic programs and research output including increasing collaborations with other institutions.

The University held its 42nd and 43rd graduation ceremonies on 31st July 2020 and 18th June 2021 respectively. Both ceremonies were conducted virtually due to the Ministry of Health restrictions on gatherings due to COVID-19 pandemic, and a total of 3,195 graduands were conferred with various certificates in their respective disciplines. The Faculties of Law, and Veterinary Medicine & Surgery presented graduands for their pioneer classes.

Education, Training and Research

Egerton University once again topped in University Ranking by Academic Performance (URAP) rankings system. Egerton was ranked 2nd in Kenya and 1945th in World Ranking 2020 – 2021. The ranking of the top 3,000 world universities is based on academic quality. Publications constitute the basis of the ranking methodology. Both quality and quantity of publications and international research collaboration performance are used as indicators. Our goal is to be the leading university in Kenya and East Africa as well.

The university held its 13th International Conference from 24th to 26th November 2020. The conference which was held virtually attracted more than 500 participants. The Conference was held under the theme: *“Innovation, Research and Transformation for Sustainable Development.”* Underlying this theme is the acknowledgment that Science, Technology and Innovation are major drivers and enablers of social and economic transformation. The application of knowledge and innovation is a necessity for attaining sustainable economic growth and competitiveness.

The Faculty of Law Legal Aid Project (FOLLAP) successfully organised the First National Legal Aid conference on the theme *“Strengthening Access to Justice through Legal Aid”* from 8th to 11th December 2020. This conference attracted scholars from the legal fraternity, legal practitioners, social service providers, the Judiciary, the Office of the Attorney General, the Office of Director of Public Prosecutions, Civil Society, and development partners among others. The conference was sponsored by the European Union and the UNDP Amkeni Wakenya Project.

In addition, FOLLAP on its quest to promote access to justice among vulnerable members of the community, trained a section of Chiefs and Assistant Chiefs in Nakuru Country on alternative dispute resolution (ADR) mechanisms. During the training that took place on 21st May 2021 at the Njoro Campus of Egerton University, the Chiefs and Assistant Chiefs were encouraged to use other means of conflict resolution among the residents they serve. The training looked at the legal basis of ADR, its advantages as well as its challenges and benefitted than 40 participants.

The Faculty of Health Sciences enrolled with the Educational Commission for Foreign Medical Graduates (ECFMG) on 23th April 2021. The enrolment allows the University to authenticate the credentials of medical graduates who seek to join postgraduate residency programs in the USA, UK, Canada, Australia etc. This will enable students to register for United States Medical Licensing Exams (USMLE) or be recognised for training entry by the General Medical Council UK. ECFMG is a world leader in promoting quality health care-serving physicians, members of the medical education and regulatory communities, health care consumers, and those researching medical education and health workforce planning issues.

The University marked World Bee day on 20th May 2021 by launching an innovative technology for rearing queen bees to increase quality honey production and pollination services. Bee Research and Demonstration Units (BRDU) were launched at the Agro-Science Park and the Dryland Research Training and Ecotourism Centre (DRTEC). The Agro-Science Park will be used as the queen bee multiplication site, while DRTEC will be used as the upscaling site for farmers in arid and semi-arid lands before expanding it to Mpeketoni Research Station in the future. One of the key components of the BRDU is the Queen Bee Rearing Technology (QBRT) which involves the process of developing a new queen as the choice of the beekeeper rather than the choice of the bees themselves.

The University set to open a Safe Foods Reference Laboratory (SAF- LAB) in Main Campus, Njoro. The SAF-Lab facility funded by the National Research Fund (NRF) at the cost of Ksh. 39 million will innovatively contribute to the Big 4 Agenda, specifically, Food Security. The SAF Lab facility came about in 2018 when Egerton University won an NRF Infrastructure Grant from amongst 32 institutions of higher education that participated in the NRF Call. The facility will become operational in July 2021, and it will not only enhance the research capacity of academic and technical staff but also provide consultancies in food, feed and water safety, support standardization of food safety control procedure, and complement food safety efforts by the Ministry of Agriculture, Livestock, Fisheries, Kenya Bureau of Standards, Pest Control Products Board, and the Government Chemist Department.

The Chief Administrative Secretary, Ministry of ICT, Innovation and Youth Affairs, Ms Maureen Mbaka, launched the Egerton University Ajira Digital Club, an initiative of the Ajira Digital Program on 25th June 2021. The launch took place at Main Campus in Njoro. Ajira Digital Clubs initiative, a project by the Government of Kenya, focuses on creating an environment for work generation and skills development to meet the demand and supply side on job creation in all higher learning institutions in Kenya. At Egerton University, the Dean of Students' Office in collaboration with Faculty of Science (Computer Science Department), incubates the Ajira Club.

Other Activities

In the fight against COVID-19 pandemic, the University commenced the COVID-19 vaccination campaign on 24th March 2021, which was done in phases beginning with the

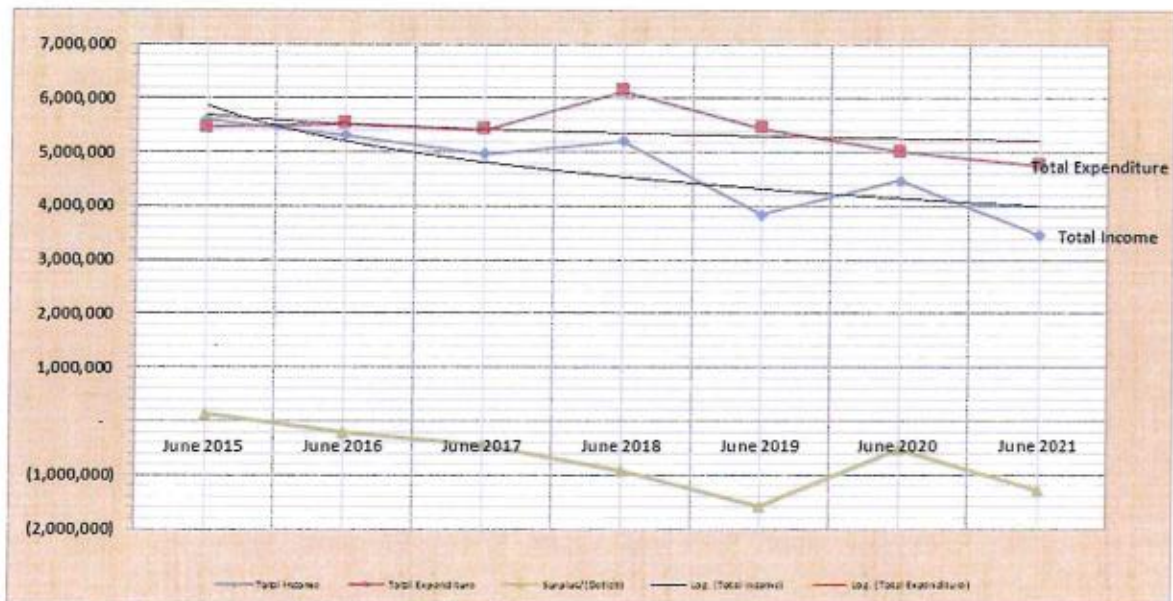
frontline health workers. The first phase targeted over 100 staff members. Due to the global shortage of the AstraZeneca/Oxford University vaccine, the vaccination programme did not proceed according to the initial schedule. However, it resumed in the second week of June 2021.

Financial Performance

Over the last seven years the following are the trends of surpluses (deficits) realised by the end of each financial year:

Seven-year Surplus/Deficit Trends

| Income/Expenditure (Kshs 000's) | June 2015 | June 2016 | June 2017 | June 2018 | June 2019 | June 2020 | June 2021 |
|---------------------------------|-----------|-----------|-----------|-----------|-------------|-----------|-------------|
| Total Income | 5,597,399 | 5,310,670 | 4,968,162 | 5,210,699 | 3,849,367 | 4,479,911 | 3,459,027 |
| Total Expenditure | 5,458,943 | 5,522,944 | 5,417,001 | 6,138,767 | 5,449,863 | 5,004,638 | 4,758,503 |
| Surplus/(Deficit) | 138,456 | (212,274) | (448,839) | (928,068) | (1,600,496) | (524,726) | (1,299,476) |

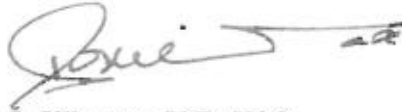


Seven-year Surplus/Deficit Trends

Revenue has been declining from the year 2015 to date. The rise in the year 2018 was due to arrears received from Government of Kenya in respect of 2013-2017 Collective Bargaining Agreement (CBA) implementation. In the year 2020, the University additional capitation of Ksh 499 million in respect of Collective Bargaining Agreement (CBA) arrears for the years 2017-2021 and doctors' call allowances.

During the year ended 30th June 2021, the university realized an operating deficit of Ksh 1.299 billion. The University is facing serious financial challenges due to declining GoK Capitation, COVID-19 pandemic and dwindling number of self-sponsored students which have affected revenue collection. This resulted in payment of 60% staff salary from April to October 2020. The University therefore owes staff salaries of Kshs 352 million.

The university is therefore taking drastic steps to diversify its revenue sources away from reliance on students. The new focus is on Income Generating Units of the university like the farm, the hotel among others. A Directorate has been created for the smooth operations of these units. At the same time the university is implementing austerity measures at all times and embracing automation so as to cut operating expenses in the coming years.



Prof. Isaac O. Kibwage, PhD, HSC
Vice Chancellor

| | | | | |
|-------------------------|---|--------|--|-----|
| | security | | security issues and the other on emerging trends in health sector in national media | |
| | Dryland Research and food security | Number | Conduct research on food crop for dryland and prepare research proposal on dryland resources management and policy | 7 |
| | Rehabilitation of Njoro river ecosystem in Mau escarpment | % | Engage the community, staff and students to plant trees in the University campuses and Mau Escarpment | 120 |
| Strategic Goal 3 | Asset Management | % | Update and maintain the Asset register of all University assets and properties including their status in terms of the working condition | 100 |
| | Safety and security measures | % | Implement the Information Security Management Systems (ISMS), and install CCTV, Antivirus, and perform terrorism drills | |
| | Road Safety Mainstreaming | % | Develop and implement a Domestic work place policy on road safety | |
| Strategic Goal 4 | Increase the number of University Industry Linkage | Number | Establish industry linkages | 7 |
| Strategic Goal 5 | Implementation of Citizens' service delivery charter | % | Review and display the Citizens' Service Charter prominently at the Administration Block and the Main gate in both English and Kiswahili. | 100 |
| | Application of Service Delivery Innovations | % | Online registration system to enable first year students to submit the documents needed for online admission into various programmes in light of COVID-19 | 100 |
| | Resolution of Public Complaints | % | Build capacity on the indicators requirement | 100 |
| | Competence Development | % | Carry out Staff Training Needs Assessment, execute interventions to address the identified skills gaps, and train needs through, recruitment, outsourcing and capacity building/training, coaching, mentoring Knowledge management | |
| | Disability Mainstreaming | % | Carry out accessibility and usability audit and submit the report to NCPWD Develop and submit Disability mainstreaming policy and the annual work plan | |
| | Gender Mainstreaming | % | Implement Gender Mainstreaming Policy, Plans and Programs Set up and operationalize a Gender Management System | |

| | | | | |
|-------------------------|---|--------|--|-----|
| | security | | security issues and the other on emerging trends in health sector in national media | |
| | Dryland Research and food security | Number | Conduct research on food crop for dryland and prepare research proposal on dryland resources management and policy | 7 |
| | Rehabilitation of Njoro river ecosystem in Mau escarpment | % | Engage the community, staff and students to plant trees in the University campuses and Mau Escarpment | 120 |
| Strategic Goal 3 | Asset Management | % | Update and maintain the Asset register of all University assets and properties including their status in terms of the working condition | 100 |
| | Safety and security measures | % | Implement the Information Security Management Systems (ISMS), and install CCTV, Antivirus, and perform terrorism drills | |
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| Strategic Goal 4 | Increase the number of University Industry Linkage | Number | Establish industry linkages | 7 |
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| | Application of Service Delivery Innovations | % | Online registration system to enable first year students to submit the documents needed for online admission into various programmes in light of COVID-19 | 100 |
| | Resolution of Public Complaints | % | Build capacity on the indicators requirement | 100 |
| | Competence Development | % | Carry out Staff Training Needs Assessment, execute interventions to address the identified skills gaps, and train needs through, recruitment, outsourcing and capacity building/training, coaching, mentoring Knowledge management | |
| | Disability Mainstreaming | % | Carry out accessibility and usability audit and submit the report to NCPWD Develop and submit Disability mainstreaming policy and the annual work plan | |
| | Gender Mainstreaming | % | Implement Gender Mainstreaming Policy, Plans and Programs Set up and operationalize a Gender Management System | |

7. CORPORATE GOVERNANCE STATEMENT

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education for ensuring that the University complies with the Universities Act 2012, Egerton University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the University Council Charter.

Roles and Functions of the Council

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary in the Ministry of Education, and the Vice Chancellor as ex-officio member and secretary to the council. The members of the Council have been shown on pages 8 - 11. The functions of the Council are:

- a) Employ staff; (appoint Professors & Senior Staff in Grades XV & above); appoint the Vice-Chancellor & Deputy Vice-Chancellors in consultation with the Cabinet Secretary responsible for University Education after a competitive process conducted by Public Service Commission; consider disciplinary matters for Principals, Deputy Vice-Chancellors & Vice-Chancellor).
- b) Approve the statutes of the University and cause them to be published in the Kenya Gazette;
- c) Approve the policies of the University;
- d) Approve the budget;
- e) Manage, supervise and administer the assets of the University in such a manner as best promotes the purpose for which the University is established;
- f) Determine the provisions to be made for capital and recurrent expenditure and for reserves of the University;
- g) Receive any grants, donations or endowments on behalf of the University and make legitimate disbursements therefrom;
- h) Enter into association, collaboration or linkages with other bodies or organizations within or outside Kenya as the University may consider desirable or appropriate and in furtherance of the purpose for which the University is established;
- i) Open a banking account or accounts for the funds of the University;
- j) Undertake other functions set out under this Act and the Charter.

Committees of the Council

The Committees of the Council have delegated authority to assist the Council effectively carry out its obligations. The University Council and its Committees are supported by the University Management Board which consists of ten members.

The Council has seven committees namely:

1. Finance, Human Resources and General Purposes Committee
2. Audit, Governance and Risk Management Committee
3. Planning, Development & Fund-Raising Committee
4. Tegemeo, Academic and Research Committee
5. Grievances Handling and Appeals Committee
6. Sealing and Honorary Degree Committee
7. Appointments Committee

The Terms of Reference for the Committees of Council are:

1. Finance, Human Resources and General Purposes Committee

The Committee recommends to the Council for its approval the annual report and financial statements, annual estimates and expenditure, recommend policies on Finance and Human Resource to Council for approval, decide on disciplinary matters for staff in Grade XIII-XV, and shall pay due regard to the necessity to refer matters of major importance to the Council for final approval.

2. Audit, Governance and Risk Management Committee

The Committee ensures compliance to internal control processes, accurate preparation of financial reporting of results, operations and statements in compliance with legal and statutory requirements and standards, ensures the University complies with internal and external audits, develop risk management strategies, monitor institutional governance, and monitor compliance of the performance contract, and quality assurance.

3. Planning, Development & Fund-Raising Committee

The Committee mobilizes financial resources for the development of the University, take charge for all arrangements for planning and development of the University and construction of new buildings, advocate on behalf of the University and enhance the marketing of the University locally and internationally, provide advice and assistance to Deputy Vice-Chancellor (Administration, Planning and Development) with respect to corporate sponsorship and private source fund raising activities, and pay due regard to the necessity to refer matters of major importance to the Council for final approval.

4. Tegemeo, Academic and Research Committee

The Committee advises on the development and implementation of academic and research programmes and policies; make recommendations for the sourcing, administration and distribution of scholarships; oversee a reward scheme for excellence in teaching, research and extension; receive regular reports from and provide advice to the Deputy Vice-Chancellor

(Academic Affairs) and the Deputy Vice-Chancellor (Research and Extension) on the development of policy and procedures relating to academic and research; approve the Tegemeo Institute's annual budget, business plans and policies; ensure good management and identify risk and internal controls in the Tegemeo Institute; promote and integrate good corporate governance at the leadership management and in all levels of the Tegemeo Institute; strategize on the Tegemeo Institute's development and sustainability; and consider and report any matter referred to it by the Council and Senate.

5. Grievances Handling and Appeals Committee

The Committee oversees staff, students and other stakeholder's grievances; and staff and students appeal against disciplinary action.

6. Sealing and Honorary Degree Committee

The Committee authorizes affixing of the University seal to appropriate documents on behalf of the Council; and nomination of distinguished personalities in various fields for the conferment of honorary degrees of the University.

7. Appointments Committee

The Committee appoints Professors and Staff in Grade 15; search candidates for position of Principal's; Deputy Vice-Chancellors and Vice-Chancellor and make recommendations to the Council; and consider disciplinary matters for Principals and Deputy Vice-Chancellor's and recommend to Council.

Council Meetings Attendance Financial Year 2020/2021

a) Attendance – 24th July to 10th December 2020

| Council Member | SHDC 24/7/20 | GC 31/7/20 | CTM 31/7/20 | CM 13/11/20 | FHR&GP 24/11/20 | AG&RM 25/11/20 | SCM 4/12/20 | TA&R 8/12/20 | PDG 9/12/20 | AG&RM 10/12/20 |
|---------------------------|-----------------|---------------|----------------|----------------|--------------------|-------------------|----------------|-----------------|----------------|-------------------|
| 1 Dr. L.H. Wario | X | X | X | X | | | X | | | |
| 2 Esther M. Wabuge | | | | X | X | | X | X | | |
| 3 Dr. Charity C. Nyaga | | | | X | | X | X | X | X | X |
| 4 Joshua Nyangidi Otieno | | | | X | | X | X | X | X | X |
| 5 Dr. John Nyakawa Ondari | | | | X | X | | X | | X | |
| 6 Julius Mutua | X | X | X | | X | X | X | | | X |
| 7 Dr. Wilson K Ronno | | | | X | | X | X | X | X | X |
| 8 Prof. Rose A. Mwonya | X | X | X | X | X | | | | X | |
| 9 Prof. Isaac O. Kibwage | | | X | X | X | | | | X | |

b) Attendance – 17th December 2020 to 19th March 2021

| Council Member | CM 17/12/20 | CM 18/12/20 | FHR&GP 19/1/20 | PDG 20/1/21 | CM 27/1/20 | TA&R 11/2/21 | AG&RM 12/2/21 | FHR&GP 24/2/21 | CM 18/3/21 | CM 19/3/21 |
|---------------------------|----------------|----------------|-------------------|----------------|---------------|-----------------|------------------|-------------------|---------------|---------------|
| 1 Dr. L.H. Wario | | X | | | X | | | | | X |
| 2 Esther M. Wabuge | X | X | X | | X | | | X | X | X |
| 3 Dr. Charity C. Nyaga | | X | | X | X | X | X | | | X |
| 4 Joshua Nyangidi Otieno | | X | | X | X | | X | | | X |
| 5 Dr. John Nyakawa Ondari | X | X | X | X | X | X | | X | X | X |
| 6 Julius Mutua | | X | X | | X | | X | X | X | X |
| 7 Dr. Wilson K Ronno | | X | | X | X | | X | | | X |
| 8 John Nyangena | | | | | | X | | | | X |
| 9 Prof. Rose A. Mwonya | | X | | | | | | | | |
| 10 Prof. Isaac O. Kibwage | | X | X | X | X | X | | X | | X |

c) Attendance – 12th April to 18th June 2021

| Council Member | AG&RM 12/4/21 | TA&R 13/4/21 | PDG 6/5/21 | FHR&GP 7/5/21 | CM 17/5/21 | CM 18/5/21 | CM 19/5/21 | CM 20/5/21 | CM 21/5/21 | TA&R 10/6/21 | CM 11/6/21 | GC 18/6/21 |
|---------------------------|------------------|-----------------|---------------|------------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|
| 1 Dr. L.H. Wario | | | | | | X | X | X | X | | X | X |
| 2 Esther M. Wabuge | | | X | X | X | X | X | X | X | | X | X |
| 3 Dr. Charity C. Nyaga | X | X | | | | X | X | X | X | X | X | X |
| 4 Joshua Nyangidi Otieno | X | | X | | | X | X | X | X | | X | X |
| 5 Dr. John Nyakawa Ondari | | X | | X | X | X | X | X | X | X | X | X |
| 6 Julius Mutua | X | | | X | X | X | X | X | X | | X | X |
| 7 Dr. Wilson K Ronno | X | | X | | | X | X | X | X | | X | X |
| 8 John Nyangena | | X | X | | | X | X | X | X | X | X | X |
| 9 Prof. Isaac O. Kibwage | | X | X | X | | X | X | X | X | X | X | |

| | <u>Key</u> | <u>Description</u> |
|----|------------|--|
| 1 | AG&RM | Audit, Governance & Risk Management Committee |
| 2 | CM | Full Council meeting |
| 3 | EMCC | Egerton Mau Cross country |
| 4 | FHR&GP | Finance, Human Resources & General Purposes Committee of Council Meeting |
| 5 | GC | Graduation Ceremony |
| 6 | GHA | Grievances Handling & Appeals Committee |
| 7 | PCN | Performance Contract Negotiation |
| 8 | PDG | Planning Developments & Grievances Committee |
| 9 | SCM | Special Council Meeting |
| 10 | SHDC | Sealing and Honorary Degree Committee |
| 11 | TA&R | Tegemeo, Academic & Research Committee |
| 12 | EOPC | Evaluation of Performance Contract |
| 13 | SFHR&GP | Special Finance Human Resources & General Purpose Committee of Council Meeting |
| 14 | VPC | Vetting of Performance Contract |
| 15 | L/RP | Interviews/Reviews for Professors Grade 15 |
| 16 | RSL | Review for the Post of Senior Lecturer Grade 13 |
| 17 | IDR | Interview for Post of Deputy Registrar Grade 14 |
| 18 | IS | Interview for Staff in Grade 13 |
| 19 | GC | Graduation Ceremony |
| 20 | CTM | Consultative Meeting |

Appointment, Removal from Office and Succession Plan

Council members are appointed by the Cabinet Secretary, Ministry of Education. Five council members retired on 9th March 2020, but were re-appointed on 4th November 2020 for a period of 3 years except for Mrs. Alasa Hirsi who had served two terms. She was replaced by Dr. Wilson Ronno.

Council Remuneration

Council members are remunerated as per guidelines set out in State Corporations Advisory Committee circulars and the National Treasury directives in respect to sitting allowances, mileage and accommodation costs. These expenses have been shown under Note 14 to the Financial Statements.

8. MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS OF OPERATIONAL AND FINANCIAL PERFORMANCE

i. Revenue

The revenues of the University have been as shown in table 1 and figure 1 below over the last seven years:

Table 1: Seven-year Revenue trend

INCOME TRENDS IN KSHS "000"

| Income Type | June 2015 | June 2016 | June 2017 | June 2018 | June 2019 | June 2020 | June 2021 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue from Exchange Transactions | 2,134,677 | 1,890,334 | 1,572,899 | 1,474,081 | 1,454,601 | 1,345,088 | 703,487 |
| Revenue from Non-Exchange Transactions | 3,462,722 | 3,420,336 | 3,395,263 | 3,736,618 | 2,394,766 | 3,134,823 | 2,755,540 |
| Total Income | 5,597,399 | 5,310,670 | 4,968,162 | 5,210,699 | 3,849,367 | 4,479,911 | 3,459,027 |



Figure 1: The trend of Revenue over the last seven years

The University's revenue has consistently declined over the years. However, GoK and other donors (Revenue from Non-exchange transactions) remained the biggest source of income over the last seven years averaging 68% (2020-65%) of all revenue. This is higher than the seven-year average, meaning that the University is becoming more dependent on external funding, which is not very desirable. The external sources of funding accounted for 80% of all revenue for the year ended 30th June 2021.

There was an increase in Revenue from Non-exchange transactions in the FY 2019/2020 due amounts received in respect of 2017-2021 Collective Bargaining Agreement (CBA) Staff basic

salary arrears and Doctor-Lecturers allowances arrears amounting to Ksh 396,991,653 and Ksh 102,840,000 respectively.

The closure of the University in March to October 2020 due to the COVID-19 pandemic halted the internal revenue generation capacity. Upon re-opening in October 2020, there was a staff strike which lasted the whole of November 2020. These disrupted activities in the university for essentially three quarters of the year 2020. Then in April 2021 there was another closure for one month due to the second wave of the Covid-19 pandemic. This resulted in reduced income from local sources shown in Table 1.

ii. Expenses

Notwithstanding the shortfalls in revenue as shown above, expenses remained largely constant especially those expenses that do not depend on level of activity in the University such as Staff costs.

The Management instituted austerity measures aimed at containing expenditure to the best extent possible. The following table 2 and figure 2 indicate the expenditure trends over time:

Table 2: Seven-year expenditure trends

| Expenditure Type | June 2015 | June 2016 | June 2017 | June 2018 | June 2019 | June 2020 | June 2021 |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Staff Costs | 3,094,213 | 3,158,178 | 3,113,900 | 4,030,809 | 3,395,430 | 3,552,270 | 3,189,990 |
| Other Expenses | 2,364,730 | 2,364,766 | 2,303,101 | 2,107,958 | 2,054,433 | 1,452,368 | 1,568,512 |
| Total Expenses | 5,458,943 | 5,522,944 | 5,417,001 | 6,138,767 | 5,449,863 | 5,004,638 | 4,758,503 |

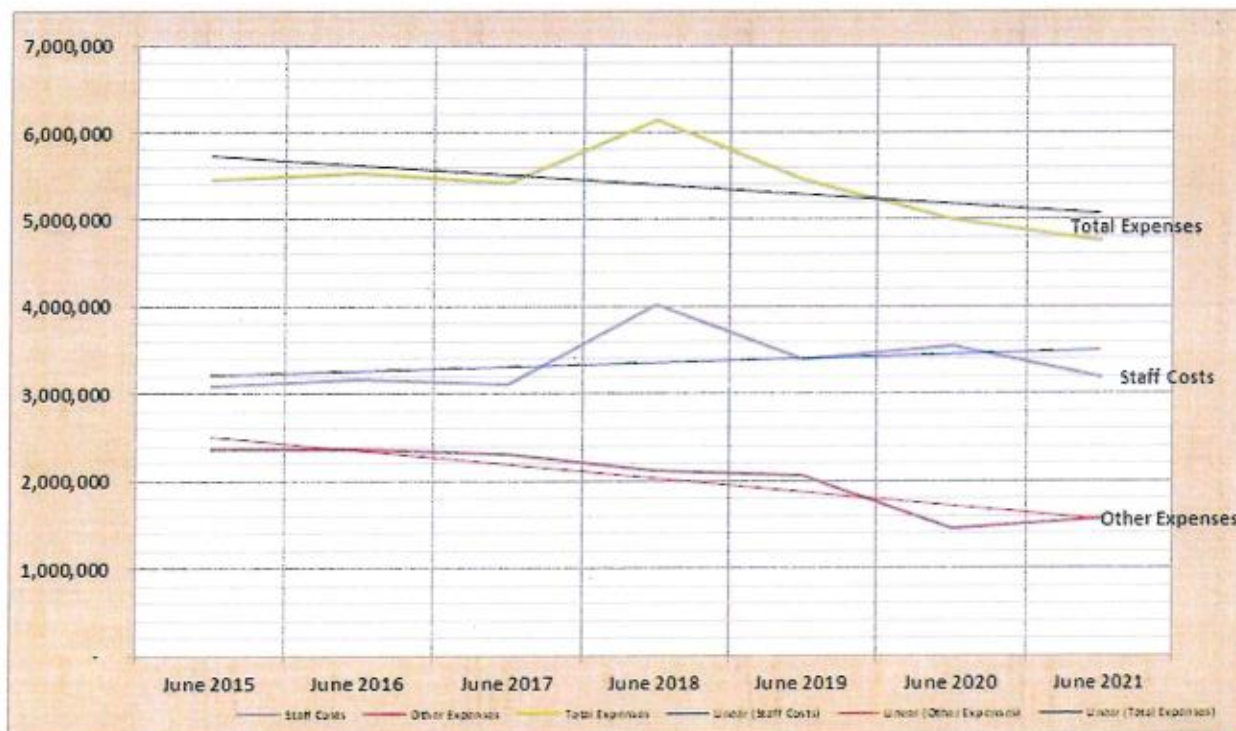


Figure 2: The trend of Expenditure over the last seven years

As shown above, the expenses of all categories continued to rise over the last five years as shown by the above trend analysis where staff cost constitute the highest proportion of expenses with a seven-year average being 62% (2020-66%).

Because of the closure in March 2020 due to the COVID-19 pandemic, there was a general reduction in the other expenses. However, legal and bank charges went up due to the financial challenges faced by the university during the year which caused many financial and legal challenges.

ANALYSIS OF FINANCIAL POSITION

The following analysis presents a seven-year movement observed in the financial status of the University as at the end of each of the financial years:

i. Property, Plant and Equipment

Table 3: Seven-year Net Book Values of Property Plant and Equipment (Ksh "000")

| Type of Property | Ksh "000" | | |
|------------------|------------------|-----------|--------------|
| | Land & Buildings | W.I.P | Other Assets |
| 30/6/2015 | 3,449,562 | 809,501 | 174,448 |
| 30/6/2016 | 3,412,879 | 1,064,636 | 186,423 |
| 30/6/2017 | 3,339,556 | 1,256,699 | 186,423 |
| 30/6/2018 | 3,274,164 | 1,700,634 | 119,000 |
| 30/6/2019 | 3,431,454 | 1,897,419 | 75,028 |
| 30/6/2020 | 3,363,754 | 1,865,102 | 65,919 |
| 30/6/2021 | 4,236,880 | 904,435 | 51,235 |

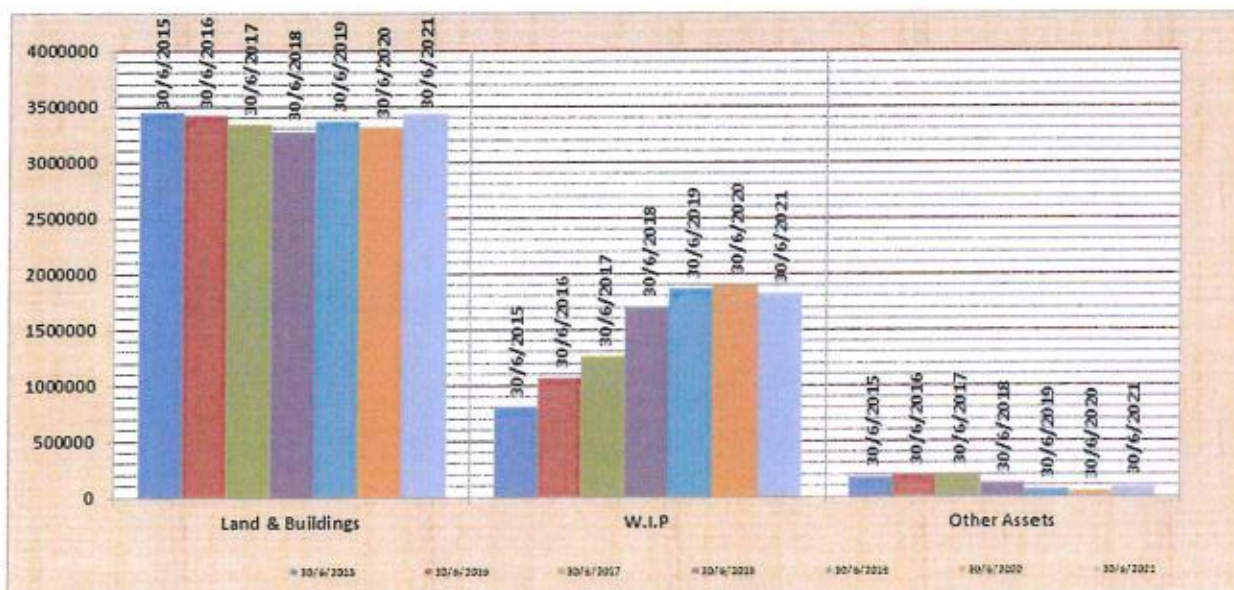


Figure 3: The make-up of Property, Plant and Equipment (Kshs "000")

The graphs in figures 3 & 4 above and below respectively show a reduction in work in progress (W-I-P), and an increase in land and buildings in the year 2020/2021. This is due to the completion of the Physical Science Complex and the Main Security Gate. There were no works ongoing during the year due to COVID 19 pandemic.

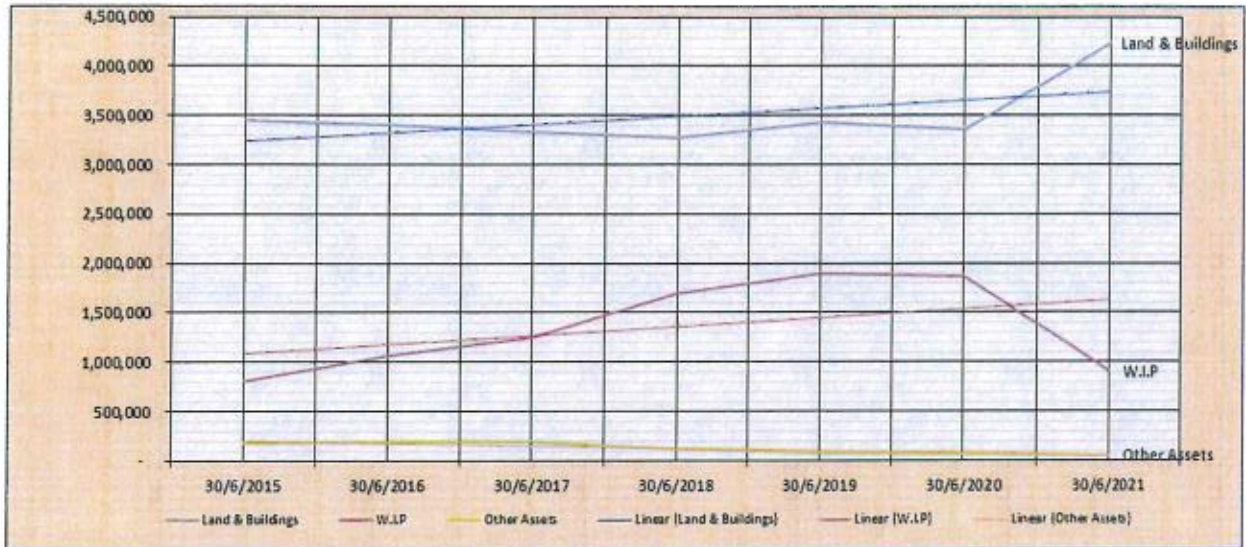


Figure 4: The composition of net book values of the University's assets over the seven-year period

The total assets of the University however continued to rise over the seven-year period as shown by the following trend in figure 5:

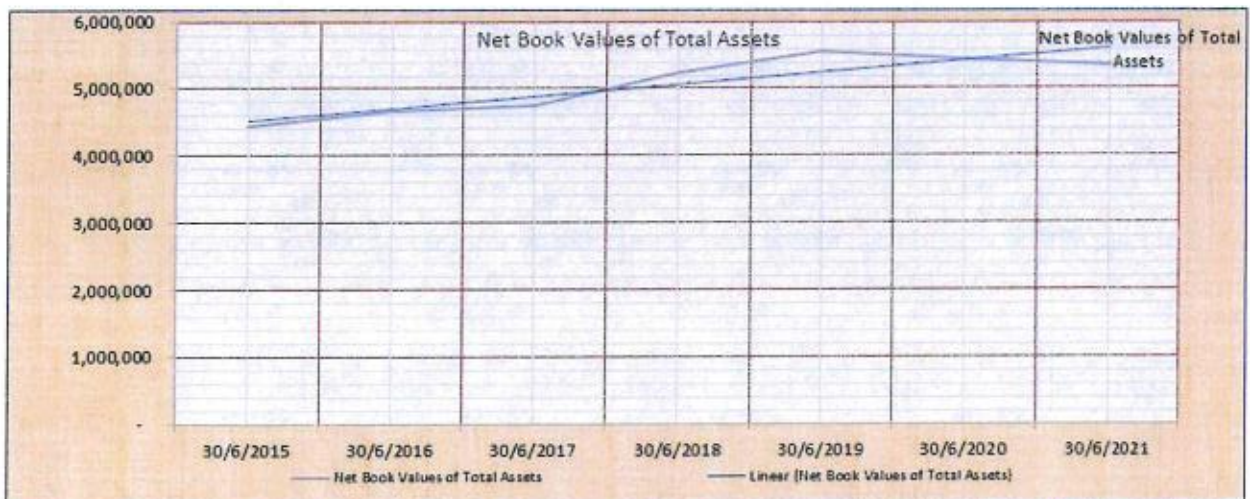


Figure 5: The trend of Total Property, Plant and Equipment over the seven-year period (Kshs "000")

ii. Working Capital

The Net Working capital; the difference between current assets and current liabilities is shown in Table 4 and Figure 6 for the last seven years:

Table 4: Seven-year Net Working Capital figures (Ksh “000”)

| | June 2015 | June 2016 | June 2017 | June 2018 | June 2019 | June 2020 | June 2021 |
|----------------------------|----------------|----------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Total Current Assets | 1,983,942 | 1,529,420 | 1,450,774 | 1,134,684 | 1,805,894 | 2,047,092 | 1,242,803 |
| Total Current Liabilities | 1,376,617 | 1,252,520 | 1,571,436 | 2,522,447 | 4,586,329 | 4,729,574 | 4,938,642 |
| Net Working Capital | 607,325 | 276,900 | (120,662) | (1,387,763) | (2,780,435) | (2,682,482) | (3,695,839) |



Figure 6: The trend of Net Working Capital over the seven-year period (Ksh 000”)

Net Working Capital Trend

The Net working capital remained positive 2015 and 2016 but dipped to negative territory in the last five financial years; 2017, 2018, 2019, 2020 and 2021. This is because we have pending bills totalling to Ksh 4.9 Billion as at 30th June 2021.

Notwithstanding the above, the University remains constrained in terms of cash flows and is experiencing difficulties in meeting its short term financial obligations as and when they fall due. This difficulty is exemplified by the ratios indicated here below:

Current and quick ratios

While Current ratio (current assets/current liabilities) and quick ratio (Current Assets-Inventory)/Current liabilities) declined over the seven-year period, the ratios remained in healthy territory at more than 1:1 except in the year ended June 2020 when it fell to 0.35 and quick ratio of 0.34 as shown in **Table 5** below.



Table 5: Seven-year trend of Current and Quick Ratios

| Current Assets | June 2015 | June 2016 | June 2017 | June 2018 | June 2019 | June 2020 | June 2021 |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Current ratio | 1.44 | 1.22 | 0.92 | 0.45 | 0.39 | 0.35 | 0.25 |
| Quick ratio | 1.39 | 1.14 | 0.87 | 0.42 | 0.38 | 0.34 | 0.24 |

The optimal quick ratio is 1:1 or higher, but the University's ratio in June 2021 is 0.25 which means that current liabilities cannot be met from current assets without the need to sell inventory and agricultural assets. This is a challenge since the University inventories are not for sale, but rather for use in the processes of service delivery-hence may not be sold.

As shown in table 5 and figure 7, both ratios declined steadily over the last five years. It however still remained at above 1:1 up June 2016, only falling to levels below 1.1 in the years ended June 2017 to June 2021.

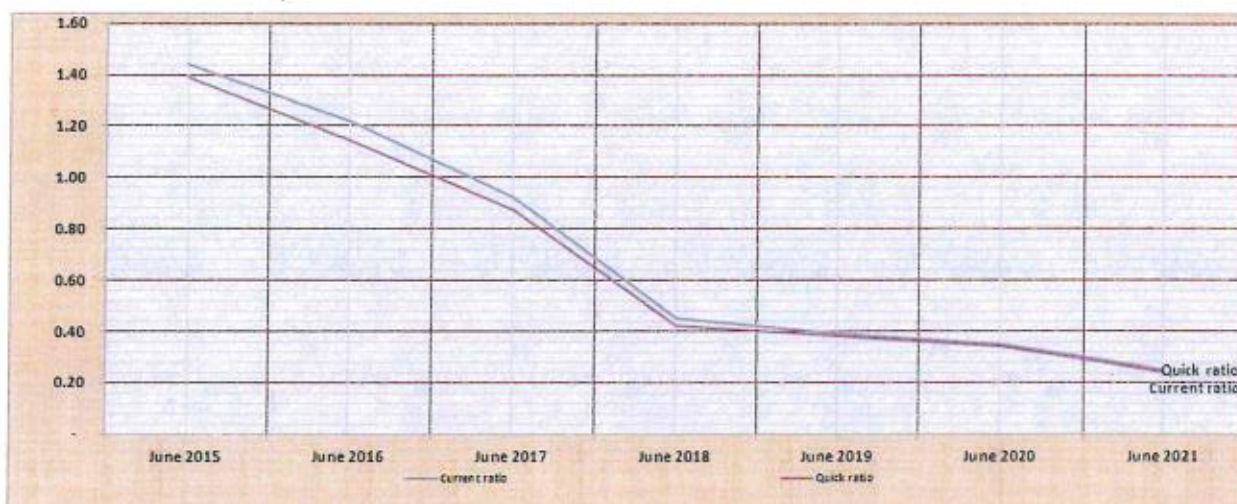


Figure 7: The trend of Current and Quick ratios over the seven-year period

Compliance with Budget

The actual expenditure for the year exceeded the budget. This is due to the fact that the university operated on a budget in which staff costs was budgeted only at 60%. In reality however, the total (100%) of the cost has been reported in the financial statements under the accruals basis even though part of it remains unpaid.

Illiquidity and inability to meet short term financial obligations

The statement of financial position indicates that the university is in serious financial difficulty and may not be able to meet its short-term financial obligations as and when they fall due. This is shown by the poor ratios of Current Assets to Current Liabilities of 0.25 compared to June 2020 of 0.35. The ratio means that the university cannot meet its short-term financial obligations by collecting/liquidating its current assets without the risk of having to dispose of non-current

assets i.e. the university is extremely illiquid. The ratio of Current Assets/Current liabilities should always be 1 and above, ideally 1.5.

COMPLIANCE WITH STATUTORY REQUIREMENTS

The University has endeavoured to comply with all statutory requirements during the period under review. However due to financial constraints the University had not remitted Kshs.1.3 billion relating to staff pension schemes and Kshs. 624 million for Pay-As-You-Earn for the year ended June 2021.

KEY PROJECTS AND INVESTMENT DECISIONS

The University is constructing an ultra-modern library at the cost of Ksh 2.4 billion, which is fully funded by the Government.

MAJOR RISKS FACING THE ENTITY

The University is facing serious financial difficulty and may not be able to meet its short-term financial obligations as and when they fall due. The University's continued realization of deficits from operations and negative net current assets have an impact of reducing the total net assets. If this is sustained over a long period of time, outstanding liabilities could rise to a level beyond both current and non-current assets value. This can easily lead to total bankruptcy i.e. a situation in which all assets of the university (current and non-current) are not sufficient to meet its outstanding financial obligations.

MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS

At the close of the year, in addition to the ones mentioned above, the University had other unremitted payroll deductions amounting to Kshs 2.9 billion out of which Kshs 1.3 billion, Kshs 624 million, 244 million were in relation to Pension Contributions, Pay As You Earn (PAYE) and Egerton University Sacco deductions respectively.

FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES

The University has no major financial improbity as reported by internal audit/Council audit committee, external auditors, or other National Government Agencies.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Sustainability strategy and profile

The university has been facing financial difficulties in recent years leading to a situation in which the university is unable to meet its financial obligations as and when they fall due.

The factors leading to this unfortunate situation are declining annual GoK Capitation, declining fees from students, unfunded Pension Component of the 2010-2013 & 2013/2017 CBAs and increase in payroll costs due to CBAs with no corresponding increase in funding, and the impact of COVID-19 Pandemic and the staff strike on November 2020. The university has an accumulated pending bills including staff salaries of Kshs.4 billion as at 30th June 2021.

The university has taken steps to deal with the situation by closing its campuses in Baringo and Nairobi City, and shrinking operations in Nakuru Town Campus College in order to cut down on costs.

To help reduce staff costs, the university has not been replacing staff who are exiting service by natural attrition, especially administrative and support staff. In the year 2020/21 alone staff numbers reduced by 99 from 1,728 in July 2020 to 1,629 in June 2021. This helped reduce the monthly payroll cost by Ksh 10 million from Ksh 249 million in July 2020 to Ksh 239 million in June 2021. However, the impact of the new CBA 2017-2021 is set to reverse these gains made in reducing the payroll cost, given the associated shortfall explained above.

The university has implemented and continues to implement strict austerity measures, all in a bid to cut down on costs. This has led to reduction in costs in the financial year under review.

The university in its efforts to enhance its internal revenue generation capacity, has prepared business plans for implementation in a bid to bolster the profitability of its income generating units. This is expected to bear fruit in the coming financial year.

The university is working on reforms to its operating and administrative structures aimed at making operations more effective and cost-effective. Some of these reforms include:

- Reviewing academic programs with the aim of eliminating programs that are not attractive sufficient numbers of students.
- Investing more on e-learning. Under this mode, few lecturers are able to teach more students, it is averse to the covid-19 pandemic among other benefits.

- Reviewing the administrative units in the university e.g. Directorates, Faculties, Departments etc. with the aim of enhancing efficiency and effectiveness.

ii) **Corporate Social Responsibility / Community Engagements**

a) **Tree-planting along Njoro River**

The Division of Research & Extension together with Tegemeo Institute and the Directorate of International Linkages & Career Services on 11th May 2021, planted 1,000 tree seedlings at Njoro Campus. The session is part of the University's continuous effort of environmental conservation as reflected in one of its core values, **"Passion for environmental conservation."**

Njoro River is one of the main rivers that contribute water to Lake Nakuru National Park which is a home for thousands of birds (Flamingoes), wild animals and diverse tree species. Close to 600,000 people depend on this river for drinking water as a source of livelihood. We call upon other stakeholders, notably the Kenya Wildlife Services (KWS) and the Nakuru County to plant more trees on the lower sections of this river to prevent loss of soils through erosion and maintain the water quality for the wildlife within the Nakuru National Park.





Members of staff from Division of Research & Extension, Tegemeo Institute and the Directorate of International Linkages & Career Services involved in the tree planting.

“Transforming Lives Through Quality Education”

b) Seeds of Gold Magazine

The Seeds of Gold Magazine published by the Nation Media Group every Saturday since its launch on the February 15th, 2014 is a farmers' knowledge sharing magazine. Egerton University is contributing to the Magazine through writing of articles and providing expert answers to questions posted to the Magazine by readers of the magazine. In addition to offering expert answers posed by readers and farmers, various articles have been published, authored by staff from various faculties: Agriculture, Veterinary Medicine, Sciences and Environment.

c) Campus Career Day

Egerton University, through the Directorate of Confucius Institute and the Directorate of International Linkages and Careers Services organized a Campus Career Day on 24th June 2021. The purpose of this event was to introduce Egerton University fresh graduands to major Chinese companies in Kenya who are potential employers. This presented the graduands with available career opportunities that eventually may lead to employment. The Campus Career Day was attended by over 25 Chinese companies.

10.REPORT OF THE COUNCIL

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

Principal activities

The principal activities of the University are shown on pages 3- 4.

Results

The results of the University for the Year ended June 30th, 2021 are set out on pages 44 – 92.

Council

The members of the University Council who served during the year are shown on page 8 - 11. During the year one Council member retired and five were reappointed with effect from 3rd November 2020.

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. Isaac O. Kibwage, PhD, HSC
Vice Chancellor/Secretary to The Council

28th September 2021
Date

11. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITY

Section 81 of the Public Finance Management Act, 2012 and Section 47 of the Universities Act, 2012 require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 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 Public Finance Management (PFM) Act, 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date. The council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

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



Dr. John N. Ondari, PhD
Chairman, Finance, Human Resource & General
Purpose Committee of the Univeristy Council



Prof. Isaac O. Kibwage, PhD, HSC
Vice Chancellor

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EGERTON UNIVERSITY 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

Adverse Opinion

I have audited the accompanying financial statements of Egerton University set out on pages 43 to 100, which comprise the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Egerton University 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 do not comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracy in Staff Costs

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects staff costs of Kshs.3,189,990,440. This amount includes personnel remuneration for permanent staff amount of Kshs.3,141,047,349 and casual labour amount of Kshs.7,986,747. However, the personnel remuneration amounts vary with the payroll amount of Kshs.3,024,294,604 in respect of permanent staff and casual labor amount of Kshs.13,796,475 resulting to an unreconciled variance of Kshs.116,752,745 and Kshs.5,809,728 respectively.

In the circumstances, the accuracy and completeness of staff costs of Kshs.3,189,990,440 could not confirmed.

2. Unsupported Council Expenses

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects Council expenses totalling Kshs.15,532,485. Included in the Council expenses is an amount of Kshs.2,837,185 in respect of mileage/travel expenditure. However, logbooks for the vehicles and distances covered by the Council Members for paid mileage allowance were not provided for audit verification.

Further, the amount includes payments to various Council Members in respect of sitting, mileage and accommodation allowances totalling to Kshs.1,736,891 paid in advance. No explanation has been provided for paying the allowances before the dates of the meetings. In addition, the expenditure includes an amount of Kshs.116,712 paid to two (2) Non-Council Members for attending Council meetings.

Under the circumstances, the accuracy and validity of Council mileage expenses amounting to Kshs.2,837,185 and Council expenses amounting to Kshs.1,853,603 could not be confirmed.

3. Administration and Central Services Expenses

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects administration and central services expenses totalling Kshs.480,763,690. Review of records revealed unsatisfactory issues as indicated below:

3.1 Unsupported Expenditure on Legal Charges

Included in the amount is an expenditure of Kshs.10,065,462 in respect of legal charges. However, procurement documents for legal services such as tender advertisement, appointment letters to procurement committees, contract agreements, invoices and case status were not provided for audit verification.

In the circumstances, the accuracy and validity of legal charges-main expenditure of Kshs.10,065,462 could not be confirmed.

3.2 Inaccuracy in Overdrafts Interest

Included in the amount is an expenditure of Kshs.13,570,038 in respect of bank charges, interest and commissions. Review of the records revealed a total amount of bank overdraft interest amount of Kshs.12,010,391 which vary with the total overdraft interest amount of Kshs.10,297,120 reflected in the bank statements resulting to an unreconciled variance of Kshs.1,713,271.

In the circumstances, the accuracy of bank charges, interest and commissions amount of Kshs.13,570,038 could not be confirmed.

3.3 Unsupported Expenditure on Travelling and Subsistence

Included in the amount is an expenditure of Kshs.27,748,516 in respect of travelling and subsistence for staff members. Further, the expenditure includes an amount of Kshs.9,544,490 which was not supported by prior approvals from the Accounting Officer of the journeys made and imprest warrants. Expenditure claims were made by drivers on behalf of other officers contrary to regulations on personal claims.

In the circumstances, the accuracy and validity of the travelling and subsistence expenditure of Kshs.9,544,490 for the staff members could not be confirmed.

3.4 Unsupported Expenditure on Rent and Rates

Included in the amount is an expenditure of Kshs.59,870,889 in respect of rent and rates. Review of records revealed that an amount of Kshs.3,837,090 related to rent payment paid after expiry of the lease agreement. Further, the rent and rates amount of Kshs.7,325,815 was incurred on parking space. However, lease agreement and charges payable were not provided for audit verification.

In the circumstances, the accuracy and validity of rent and rates expenditure of Kshs.59,870,889 could not be confirmed.

4. Repairs and Maintenance

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects repairs and maintenance expenses totalling to Kshs.98,580,124. Review of records revealed unsatisfactory issues as indicated below:

4.1 Unsupported Expenditure on Motor Vehicles - Fuel and Oils

Included in the repairs amount is an expenditure of Kshs.13,462,999 in respect of motor vehicles - fuel and oils invoiced monthly by an oil firm. However, the invoices were not supported with statements of fuel drawn indicating the motor vehicle registration numbers, detail order numbers, amount of fuel drawn and the price. The fuel expenditure also wrongly includes closing stock of Kshs.68,250. Further, the University has introduced the use of fuel cards for the University fleet of forty-eight (48) motor vehicles, tractors and generators. However, a review of fuel records revealed that the fuel cards were at times used to fuel vehicles not designated to the fuel cards without authority.

In the circumstances, the accuracy and validity of expenditure on motor vehicles-fuel and oils amounting to Kshs.13,462,999 could not be confirmed.

4.2 Unsupported Expenditure on Repairs and Maintenance of Buildings

Included in the amount is an expenditure of Kshs.14,968,412 in respect of repairs on buildings. However, an expenditure of Kshs.13,969,412 on repair of buildings was not supported with procurement records such as user requisitions, bills of quantities, tender advertisement, appointment letters to tender committees, tender evaluation minutes, letter of award, bid bonds, tender security, inspection and acceptance reports, interim/completion certificates and payment vouchers.

In the circumstances, the accuracy and validity of repairs and maintenance of buildings expenditure of Kshs.13,969,412 could not be confirmed.

4.3 Inaccurate Expenditure on Maintenance of Stations

Included in the amount is an expenditure of Kshs.13,876,785 in respect of maintenance of stations. Review of the records reveal that the expenditure wrongly includes closing stock of Kshs.1,246,401.

In the circumstances, the accuracy of maintenance of station expenditure of Kshs.13,876,785 could not be confirmed.

5. Research and Extension Expenses

The statement of financial performance and as disclosed in Note 18 to the financial statements reflects research and extension expenses totalling to Kshs.247,355,310. Review of records revealed unsatisfactory issues as indicated below:

5.1 Unsupported TAMOU 01C-RE29 - Expenses

Included in the amount is an expenditure of Kshs.8,737,232 in respect of TAMOU 01C-RE29. This expenditure includes an amount of Kshs.8,328,304 from a Professor which was not supported by annual work plans, monitoring and evaluation reports and quarterly performance reports contrary to Section A.6 of the agreement with a university in the United States of America. Further, the expenditure includes an amount of Kshs.1,450,500 being stipend allowance paid to interns who were engaged for more than six (6) months contrary to the University Human Resource Manual.

In the circumstances, the accuracy and validity of TAMOU 01C-RE29 - expenses of Kshs.8,737,232 could not be confirmed.

5.2 Unsupported Limnology-RE 42 - Expenses

Included in the amount is an expenditure of Kshs.10,503,086 in respect of Limnology - RE42 - expenses. Review of records revealed an expenditure of Kshs.4,397,140 which was paid to participants of various research activities during the year from imprests issued to researchers. However, the expenditure was not supported with work plans, appointment letters, invitation letters, signed attendance registers and the purpose of the research. Further, one (1) imprest holder had expenditures of Kshs.1,101,521 in excess of the imprest issued. No authority for the excess expenditure was provided for audit review.

In the circumstances, the validity, accuracy and propriety of Limnology-RE42 expenses of Kshs.4,397,140 could not be confirmed.

5.3 In accurate COELIB Projects-RE46 - Expenses

Included in the amount is an expenditure of Kshs.5,675,917 in respect of COELIB Projects - RE46 expenses. The expenditure was incurred in US Dollars which were converted to Kenya Shillings at the closure of the financial year contrary to Policy 4(n) on foreign currency transactions of the summary of significant accounting policies which stipulates that transactions in foreign currencies are initially accounted at the ruling rate of exchange on the date of transactions.

In the circumstances, the accuracy and validity of COELIB Projects - RE46 expenses of Kshs.5,675,917 could not be confirmed.

6. Academic Departments Expenses

The statement of financial performance and as disclosed in Note 17 to the financial statements reflects academic departments expenses totalling to Kshs.129,239,943. Review of records revealed unsatisfactory issues as indicated below:

6.1 Unsupported Expenditure on Teaching Claims (Part-Time Lecturers)

Included in the amount is an expenditure of Kshs.72,854,410 in respect of teaching claims (part time lecturers). However, documents in support of the recruitment of part time lecturers such as declaration of vacancies, vacancy advertisement, composition of interview panel, invitation to attend interview, results of the interviews, appointment letters and signed contracts were not provided for audit verification.

In the circumstances, the accuracy of expenditure of Kshs.72,854,410 on teaching claims could not be confirmed.

6.2 Unsupported Expenditure on Teaching Materials

Included in the amount is an expenditure of Kshs.10,726,164 in respect of teaching materials. Review of payment records revealed that an imprest of Kshs.1,134,359 was issued to an officer whose surrender documents revealed the following anomalies:

- i. The goods, works and services were procured contrary to Regulation 92 of the Public Procurement and Asset Disposal Regulations, 2020 which stipulates that the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule of Kshs.50,000 and the procedure having been recommended by the head of procurement function after conducting a market survey and approved by the accounting officer or such person delegated in writing by the Accounting Officer.
- ii. Further, the expenditure was not supported by the original Kenya Revenue Authority Electronic Tax Receipt (KRA ETR Receipt) duly signed by the person undertaking the low value procurement of goods, works or services as stipulated in Regulation 93 of the Public Procurement and Asset Disposal Regulations, 2020. The goods procured shall be taken on charge by the officer responsible for the stores after the user department has confirmed the quantity and quality of the goods, works or services, before they are issued to the respective user department.
- iii. In addition, the teaching materials expenditure wrongly include stocks valued at Kshs.2,354,050.

In the circumstances, the accuracy and validity of teaching materials of Kshs.10,726,164 could not be confirmed.

7. Contingent Deposits

The statement of financial position and as disclosed in Note 24(b) to the financial statements reflects a balance of Kshs.53,000,000 in respect of contingent deposits. Review of records revealed unsatisfactory issues as indicated below:

7.1 Unsupported Staff Mortgage Scheme Balance

Included in the balance is a staff mortgage scheme balance of Kshs.50,000,000. A review of the staff mortgage scheme contract between the University and a local bank signed on 08 October, 2013 and other available information revealed that a total of Kshs.50,000,000 was deposited in the scheme's deposit bank account between 11 March, 2014 and 27 November, 2014. However, the amount was transferred from the account on 21 October, 2015 to a new fixed deposit account in the name of the University. Bank statement and the letter authorizing the transfer were not provided for audit review. A review of the deposit bank account revealed that at the time of transfer, an amount of Kshs.24,785,000 had been disbursed in six (6) instalments resulting to an unreconciled variance of Kshs.25,215,000.

Further, there was no progress reports from the bank showing activities of the scheme as provided for in Clause 14 of the Contract Agreement and evidence to confirm that the

loan repayments were deposited in the Scheme's deposit bank account as stipulated in Clause 5 of the Contract Agreement was not provided.

In the circumstances, the accuracy of staff mortgage scheme balance of Kshs.50,000,000 could not be confirmed.

7.2 Unsupported Bank Guarantee Balance

Included in the balance is a bank guarantee balance of Kshs.3,000,000 relating to a deposit pending hearing and determination of a case filed by a supplier of goods for delayed payment by the University under a civil case. However, the court case has not been disclosed in the notes to the financial statements since the case has a contingent financial implication relating to the cost of the suit, and legal fees to the University.

In the circumstances, the accuracy of the bank guarantee balance of Kshs.3,000,000 could not be confirmed.

8. Long outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 25 to the financial statements reflects a balance of Kshs.987,169,473 in respect of receivables from exchange transactions. Included in the balance is a student debtors balance of Kshs.884,852,954 which further includes a balance of Kshs.349,077,726 due from students who were either discontinued, deceased, expelled or graduated. No effort has been made to recover these debts or write them off contrary to the University's Credit and Debt Management Policy that gives the provision of writing off debts that are older than five (5) years. Failure to write off the long outstanding debtors has resulted in an overstatement of receivables from exchange transactions.

In the circumstances, the accuracy and recoverability of the student debtors amounting to Kshs.884,852,954 could not be confirmed.

9. Non-Current Assets

The statement of financial position and as disclosed in Notes 28 and 29 to the financial statements reflects a balance of Kshs.5,342,670,103 in respect of non-current assets. Review of records revealed unsatisfactory issues as indicated below:

9.1 Lack of Land Ownership Documents

Included in the balance is land valued at Kshs.1,186,094,800 which includes four (4) parcels of land with a combined size of 444 acres valued at Kshs.227,333,300 whose ownership documents/title deeds were not provided for audit review.

In the circumstances, the accuracy, valuation and ownership of the land valued at Kshs.227,333,300 could not be confirmed.

9.2 Stalled Projects

Included in the balance is Work-In-Progress balance of Kshs.904,434,993. This balance includes seven (7) stalled projects valued at Kshs.821,442,553. Further, included in the

Work-In-Progress transferred to assets balance of Kshs.1,004,061,841 is a Science Complex valued at Kshs.897,799,002. However, certificate Number ten (10) of work certified was not provided for audit verification.

In the circumstances, the accuracy and existence of Work-In-Progress of Kshs.904,434,993 could not be confirmed.

9.3 Unauthorized and Unsupported Investments

Included in the balance and as disclosed in Note 29 to the financial statements is an investments balance of Kshs.150,119,859 which include the value of 52,468 Kenya Airways shares of Kshs.200,952 and a loan of Kshs.149,918,907 advanced to Egerton University Investment Company. Review of loan records revealed that the loan was not authorized by the University Council. In addition, the Kenya Airways shares appreciated in value by Kshs.28,857 from Kshs.172,095 as at 30 June, 2020. However, the University did not provide for audit verification the Central Depository and Settlement Corporation (CDSC) statement of account to confirm ownership of the shares and the value of the shares.

In the circumstances, the accuracy and existence of investments valued at Kshs.150,119,859 could not be confirmed.

10. Unsupported Trade and Other Payables Balance

The statement of financial position and as disclosed in Note 30(a) to the financial statements reflects a balance of Kshs.4,062,263,553 in respect of trade and other payables. Included in the balance is an amount of Kshs.2,843,785,950 in respect of payroll payables. The payroll payables relate to salary, statutory deductions and pension contributions which have not been remitted to the respective entities. They include, deferred salary payments of Kshs.339,667,312, gratuity of Kshs.181,835,326, salary arrears of Kshs.10,675,090, pension deductions of Kshs.1,325,879,819 and PAYE deductions of Kshs.579,533,094. The payroll payables were not supported with a listing indicating the names of staff from whom the deductions were made and the amount deducted.

Further, the balance includes trade creditors balance of Kshs.310,085,790 and internal creditors balance of Kshs.21,945,188. A total of Kshs.273,724,687 in respect of trade and internal creditors has remained unpaid for a period of over ninety (90) days. No satisfactory reason has been provided by Management on the failure to settle these long outstanding bills. The University is at risk of paying penalties and litigation on salary, statutory deductions and pension contributions not remitted and face litigations for failure to pay suppliers for the supply of goods, services and works

In the circumstances, the accuracy, completeness and validity of the trade and other payables balance of Kshs.4,062,263,553 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Egerton University 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 adverse opinion.

Emphasis of Matter

Uncertainty Relating to Sustainability of Services

The statement of financial performance reflects a deficit of Kshs.1,299,475,557 resulting in an accumulated deficit of Kshs.3,490,582,734. In addition, the statement of financial position reflects total current assets balance of Kshs.1,477,465,132 and total current liabilities balance of Kshs.5,318,196,319 resulting in a negative working capital of Kshs.3,840,731,187.

In the circumstances, the continued survival and ability of The University to continue to sustain its services is dependent on continued Government support.

My opinion is not qualified based on the above 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

Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2020 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal controls, risk management and governance. However, the issues remained unresolved as at 30 June, 2021. Management has indicated that the issues will be resolved during the 2021/2022 financial year. The actual status of all the issues will be confirmed after they are discussed by Parliament. This is contrary to 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that, public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Enforce Collection of Tuition Fees

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects tuition and related income amount of Kshs.583,267,363. Included in this amount is tuition fee of Kshs.349,137,958. A review of tuition fee records revealed that five hundred and eighty-five (585) students were allowed to sit for exams with school fees arrears totalling to Kshs.9,104,271 contrary to section 2(a) of the Credit and Debt Management Policy.

In the circumstances, Management was in breach of the regulations and the recoverability of the outstanding fees of Kshs.9,104,271 remains doubtful.

2. Irregular Award of Contract on General Insurance – Properties - Main

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects administration and central services expenses of Kshs.480,763,690. Included in this expenditure is an amount of Kshs.43,198,474 in respect of general insurances - property – main. This amount includes an expenditure of Kshs.16,695,852 paid to an insurance company for provision of insurance cover for part of University properties. A review of documents provided for audit verification revealed the following anomalies:

- i) The contract was signed by the contractor on 13 February, 2020 for services that commenced on 01 January, 2020 leading to retrogressive procurement
- ii) The contract signing was done on different dates where the Vice Chancellor, and Deputy Vice Chancellor signed on 29 January, 2020 and 06 February, 2020 respectively, whereas the contractor and their witness signed the same contract on 13 February, 2020
- iii) The notification of award of the contract was not dated and notice to the unsuccessful tenderers were also not dated
- iv) The insurance policy certificates were not provided
- v) The evaluation comments from each committee member were not done
- vi) The tender evaluation report indicated that eleven (11) bidders applied for the tender while only nine (9) were taken through preliminary evaluation. No explanation on how the other two bidders were eliminated
- vii) Only three (3) out of the six (6) members of the evaluation committee signed confidentiality declaration form
- viii) There was no evidence of the award being published and publicized on notice boards and websites within fourteen (14) days after signing the contract.

In the circumstances, the validity of general insurances- properties - main expenditure of Kshs.16,695,852 could not be confirmed.

3. Irregular Payment of Tegemeo Institute Expenses

The statement of financial performance and as disclosed in Note 32 to the financial statements reflects Tegemeo Institute expenses of Kshs.154,923,743. Included in the expenses is an amount of Kshs.1,583,610 incurred as salary for one lecturer for the months of April, May and June 2021. However, the employee had no valid employment contract as the contract had expired on 31 March, 2021 without renewal. Further, the expenditure included an expenditure of Kshs.781,502 incurred on motor vehicle insurance premiums for the period running from 01 January, 2021 to 31 December, 2021 which was not apportioned for the year under review resulting to overstatement of the expenditure by Kshs.390,751.

In addition, the expenses include an amount of Kshs.8,758,000 for the provision of vehicle hire services. However, the contract for the provision of these services was signed by the Vice Chancellor on 10 February, 2021 and the Deputy Vice Chancellor Academic Affairs on 18 February, 2021 and service provider on 19 February, 2021 implying the services were provided without a valid contract. No explanations were provided for receiving services without a valid contract.

In the circumstances, the validity and propriety of Tegemeo Institute expenses of Kshs.10,732,361 could not be confirmed.

4. Overdrawn Cash Books

Note 24 to the financial statements reflects a cash and cash equivalents balance of Kshs.54,226,524. Included in the balance are ten (10) overdrawn cash book balances totalling Kshs.379,554,765 contrary to the provisions of Regulation 82(7) of the Public Finance Management (National Government) Regulations, 2015 which requires that no official Government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit, authorized by The National Treasury in line with section 28(4) of the Act. This overdrawn total amount has however been wrongly disclosed as part of current liabilities.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report based on

the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and 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 control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 Egerton University 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


04 August, 2022

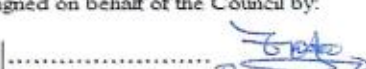
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021


| Particulars | Notes | 2020-2021 Kshs. | 2019-2020 Kshs. |
|---|-------|------------------------|----------------------|
| Revenue from Non-Exchange Transactions | | | |
| GoK Recurrent Capitation Grant | 6 (a) | 2,098,946,927 | 2,080,549,506 |
| Research & Extension Income | 7 | 250,219,370 | 211,674,751 |
| Other Revenue from Non-Exchange Transactions | 8 | - | 502,007,253 |
| CESAAM ACE 2 Income | 9 | 164,207,237 | 166,503,732 |
| MCF TAGDEV Income | 10 | 118,123,413 | 117,949,264 |
| Tegemeo Income for the period | 31 | 124,042,943 | 56,138,363 |
| Total Revenue from Non-Exchange Transactions | | 2,755,539,890 | 3,134,822,870 |
| Revenue from Exchange Transactions | | | |
| Tuition and Related Fees | 11 | 583,267,363 | 986,789,483 |
| Other Services Rendered | 12 | 120,220,038 | 358,298,922 |
| | | 703,487,401 | 1,345,088,406 |
| Total Revenue | | 3,459,027,291 | 4,479,911,275 |
| Expenditure | | | |
| Staff Costs | 13 | 3,189,990,440 | 3,552,269,890 |
| Council Expenses | 14 | 15,532,485 | 12,912,501 |
| Administrative and Central Services | 15 | 480,763,690 | 527,524,264 |
| Repairs and Maintenance Expenses | 16 | 98,580,124 | 38,106,839 |
| Academic Departments Expenses | 17 | 129,239,943 | 147,920,686 |
| Research & Extension Expenses | 18 | 247,355,310 | 185,999,967 |
| Expenses-IGU Inputs | 19 | 47,169,110 | 64,547,871 |
| Depreciation Expenses | 20 | 129,653,282 | 113,312,933 |
| CESAAM ACE 2 Expenses | 21 | 164,207,237 | 166,503,732 |
| MCF TAGDEV Expenses | 22 | 118,123,413 | 117,949,264 |
| Tegemeo Expenses for the period | 32 | 154,923,743 | 71,476,584 |
| | | 4,775,538,777 | 4,998,524,531 |
| Other Gains/(Losses) | | | |
| Gain/(Loss) on Shares | | 28,857 | (35,154) |
| (Decrease)/increase in Provision for bad debts | | (239,296) | (25,627,152) |
| Gain on Foreign Exchange | 23 | 27,754,585 | 11,721,557 |
| Gain/(Loss) on biological Assets | | (10,508,218) | 7,827,718 |
| | | 17,035,929 | (6,113,030) |
| Deficit for the Period | | (1,299,475,557) | (524,726,286) |
| Attributable to: | | | |
| Owners of the controlling entity | | (1,299,475,557) | (524,726,286) |

The notes set out on pages 48 to 92 form an integral part of these Financial Statements.

The Financial Statements set out on pages 43 to 47 were signed on behalf of the Council by:


Prof. Isaac O. Kibwage, PhD, HSC
Vice Chancellor


CPA Moses O. Ouma
Finance Officer
ICPAK Member No. 4924


Dr. John N. Ondari, PhD
Chairman - Finance,
Human Resource &
General Purpose Committee
of the Council

Date:

Date:

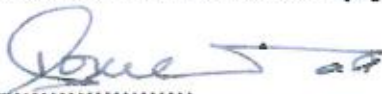
Date:


15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021


| Particulars | Notes | 2020-2021 Kshs. | 2019-2020 Kshs. |
|--|--------------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash in Bank and in Hand | 24 (a) | 380,781,289 | 461,915,491 |
| Contingent Deposit | 24 (b) | 53,000,000 | 50,000,000 |
| Receivables from Exchange Transactions | 25 (a) & (b) | 987,169,473 | 1,463,908,807 |
| Inventories | 26 | 30,399,586 | 34,644,347 |
| Agricultural Assets | 27 | 26,114,785 | 36,623,003 |
| | | 1,477,465,132 | 2,047,091,649 |
| Non Current Assets | | | |
| Property, Plant & Equipment | 28 (a) | 4,288,115,250 | 3,429,672,819 |
| Work in Progress (WIP) | 28 (a) | 904,434,993 | 1,865,102,229 |
| Investments | 29 | 150,119,859 | 150,091,002 |
| | | 5,342,670,103 | 5,444,866,050 |
| Total Assets | | 6,820,135,235 | 7,491,957,699 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Negative Cash Balances | 24 (c) | 379,554,765 | 134,984,140 |
| Trade and Other Payables | 30 (a) | 4,059,403,553 | 3,794,374,632 |
| Provisions and Accruals | 30 (b) | 535,218,641 | 470,284,219 |
| Deferred Income | 30 (c) | 344,019,360 | 329,930,726 |
| | | 5,318,196,319 | 4,729,573,717 |
| Total Liabilities | | 5,318,196,319 | 4,729,573,717 |
| Net Assets | | 1,501,938,916 | 2,762,383,982 |
| General fund | | 4,992,521,651 | 4,953,491,207 |
| Accumulated Surplus(Deficit) | | (3,490,582,734) | (2,191,107,178) |
| Total Capital and Liabilities | | 1,501,938,917 | 2,762,383,982 |

The notes set out on pages 48 to 92 form an integral part of these Financial Statements.

The Financial Statements set out on pages 43 to 47 were signed on behalf of the Council by:


 Prof. Isaac O. Kibwage, PhD, HSC
 Vice Chancellor


 CPA Moses O. Ouma
 Finance Officer
 ICPAK Member No. 4924


 Dr. John N. Ondari, PhD
 Chairman - Finance,
 Human Resource &
 General Purpose Committee
 of the Council

Date:

Date:

Date:

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


| Particulars | Note | Capital Reserves | Revenue Reserves | Total |
|-------------------------|-------|----------------------|------------------------|----------------------|
| | | Kshs. | Kshs. | Kshs. |
| At July 1, 2019 | | 4,816,025,273 | (2,042,432,562) | 2,773,592,711 |
| Capital Grants | 6(b) | 137,465,934 | | 137,465,934 |
| Deficit from operations | | | (524,726,286) | (524,726,286) |
| Prior year Adjustments | | | 376,051,671 | 376,051,671 |
| At June 30, 2020 | | 4,953,491,207 | (2,191,107,178) | 2,762,383,982 |
| At July 1, 2020 | | 4,953,491,207 | (2,191,107,178) | 2,762,383,982 |
| Capital Grants | 6 (b) | 39,030,444 | | 39,030,444 |
| Deficit from operations | | | (1,299,475,557) | (1,299,475,557) |
| Prior year Adjustments | | | | - |
| At June 30, 2021 | | 4,992,521,651 | (3,490,582,734) | 1,501,938,869 |


17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021


| Particulars | Notes | 2020-2021 Kshs. | 2019-2020 Kshs. |
|--|--------|------------------------|----------------------|
| Operating Activities | | | |
| Deficit for the year | | (1,299,475,557) | (524,726,286) |
| Adjustments for | | | |
| Depreciation | 20 | 129,653,282 | 113,312,933 |
| Adjustments in Reserves for prior years items | | | 376,051,671 |
| Movement in Provisions for the year | 30 (b) | 64,934,422 | (365,879,935) |
| Movement in Deferred Income for the year | 30 (c) | 14,088,634 | 51,090,980 |
| (Gain)/Loss on Revaluation of Shares | 23 | (28,857) | 35,154 |
| | | (1,090,828,077) | (350,115,484) |
| Changes in Working Capital | | | |
| (Increase)/Decrease in Biological Assets | 27 | 10,508,218 | (7,827,718) |
| (Increase)/Decrease in Receivables | 25 (a) | 476,739,334 | (100,827,764) |
| (Increase)/Decrease in Inventories | 26 | 4,244,761 | (1,271,453) |
| Increase/(Decrease) in Payables | 30 (a) | 265,028,922 | 609,953,319 |
| | | 756,521,235 | 500,026,384 |
| Cash Generated from Operations | | (334,306,842) | 149,910,900 |
| Investing Activities | | | |
| Purchase of Property, Plant and Equipment | 28(a) | (27,428,477) | (4,186,310) |
| Net Cash from Investing Activities | | (27,428,477) | (4,186,310) |
| Financing Activities | | | |
| GoK Capital Grants | 6 (b) | 39,030,444 | 137,465,934 |
| Net Cash from Financing Activities | | 39,030,444 | 137,465,934 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | (322,704,875) | 283,190,524 |
| Cash and Cash Equivalents at the start of the period | | 376,931,351 | 93,740,876 |
| Cash and Cash Equivalents at the Close of the period | 24 | 54,226,524 | 376,931,351 |

The notes set out on pages 48 to 92 form an integral part of these Financial Statements.

The Financial Statements set out on pages 43 to 47 were signed on behalf of the Council by:


 Prof. Isaac O. Kibwage, PhD, HSC
 Vice Chancellor


 CPA Moses O. Ouma
 Finance Officer
 ICPAK Member No. 4924


 Dr. John N. Ondari, PhD
 Chairman - Finance,
 Human Resource &
 General Purpose Committee
 of the Council

Date:

Date:

Date:

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

| Particulars | Note | Original Budget | | Adjustments | | Final Budget | | Actual on Comparable basis | | Performance Difference 2020/2021 Kshs. | % of Utilization |
|---|-------|----------------------|-----------------|-----------------|----------------------|------------------------|------------------------|----------------------------|--|--|------------------|
| | | 2020/2021 Kshs. | 2020/2021 Kshs. | 2020/2021 Kshs. | 2020/2021 Kshs. | 2020/2021 Kshs. | 2020/2021 Kshs. | | | | |
| Revenue from Non-Exchange Transactions | | | | | | | | | | | |
| GoK Recurrent Capitation Grant | 6(a) | 2,098,946,927 | - | - | 2,098,946,927 | 2,098,946,927 | - | | | | 100% |
| Research & Extension Income | 7 | 227,087,874 | - | - | 227,087,874 | 250,219,370 | (23,131,496) | | | | 110% |
| CESAAM ACE 2 | 9 | 175,000,000 | - | - | 175,000,000 | 164,207,237 | 10,792,763 | | | | 94% |
| MCF TAGDEV | 10 | 80,557,346 | - | - | 80,557,346 | 118,123,413 | (37,566,067) | | | | 147% |
| Tegemeo Income | 31 | 234,728,217 | - | - | 234,728,217 | 124,042,943 | 110,685,274 | | | | 53% |
| Total Revenue from Non-Exchange Transactions | | 2,816,320,364 | | | 2,816,320,364 | 2,755,539,890 | 60,780,474 | | | | 2% |
| Revenue from Exchange Transactions | | | | | | | | | | | |
| Tuition and Related Fees | 11 | 745,217,413 | - | - | 745,217,413 | 583,267,363 | 161,950,050 | | | | 78% |
| Other Services Rendered | 12 | 269,499,118 | - | - | 269,499,118 | 120,220,038 | 149,279,080 | | | | 45% |
| | | 1,014,716,531 | | | 1,014,716,531 | 703,487,401 | 311,229,130 | | | | 31% |
| Total Revenue | | 3,831,036,895 | | | 3,831,036,895 | 3,459,027,291 | 372,009,604 | | | | 10% |
| Expenditure | | | | | | | | | | | |
| Staff Costs | 13 | 1,896,291,949 | 8,480,442 | - | 1,904,772,391 | 3,189,990,440 | (1,285,218,049) | | | | 167% |
| Council Expenses | 14 | 34,320,000 | - | - | 34,320,000 | 15,532,485 | 18,787,515 | | | | 45% |
| Administrative and Central Services | 15 | 518,589,622 | 8,154,558 | - | 526,744,180 | 480,763,690 | 45,980,490 | | | | 91% |
| Repairs and Maintenance Expenses | 16 | 162,483,494 | 5,300,000 | - | 167,783,494 | 98,580,124 | 69,203,370 | | | | 59% |
| Academic Departments Expenses | 17 | 231,495,454 | (21,935,000) | - | 209,560,454 | 129,239,943 | 80,320,511 | | | | 62% |
| Research & Extension Expenses | 18 | 74,182,660 | - | - | 74,182,660 | 247,355,310 | (10,224,176) | | | | 104% |
| Expenses-IOU Inputs | 19 | 68,012,738 | - | - | 68,012,738 | 47,169,110 | 20,843,628 | | | | 69% |
| Depreciation Expenses | 20 | 2,000,000 | - | - | 2,000,000 | 129,653,282 | (127,653,282) | | | | 6483% |
| CESAAM ACE 2 Expenses | 21 | 175,000,000 | - | - | 175,000,000 | 164,207,237 | 10,792,763 | | | | 94% |
| MCF TAGDEV Expenses | 22 | 80,557,346 | - | - | 80,557,346 | 118,123,413 | (37,566,067) | | | | 147% |
| Tegemeo Expenses | 31 | 230,728,217 | - | - | 230,728,217 | 154,923,743 | 75,804,474 | | | | 67% |
| Total Expenditure | | 3,473,661,050 | | | 3,636,609,953 | 4,775,538,777 | (1,138,928,824) | | | | -31% |
| Other gains/(Losses) | | | | | | | | | | | |
| Gain on Revaluation Investment-Shares | 23 | - | - | - | - | 28,857 | 28,857 | | | | |
| (Decrease)/increase in Provision for bad debts | | - | - | - | - | (239,296) | (239,296) | | | | |
| Gain on Foreign Exchange | | - | - | - | - | 27,754,585 | 27,754,585 | | | | |
| Gain/(Loss) on biological Assets | | - | - | - | - | (10,508,218) | (10,508,218) | | | | |
| Gain/(Loss) on Disposal of Assets | | - | - | - | - | 17,035,929 | 17,035,929 | | | | |
| Surplus/ (Deficit) from Recurrent Budget | | 357,375,815 | | | 194,426,942 | (1,299,475,557) | 1,527,974,356 | | | | |
| Bank Loan | 96 | - | - | - | - | - | - | | | | |
| GoK Development Grant | 6(b) | 78,060,889 | - | - | 78,060,889 | 39,030,444 | (39,030,445) | | | | 50% |
| Capital Expenditure | 28(a) | 278,691,091 | - | - | 278,691,091 | 47,323,398 | (231,367,692) | | | | 17% |
| Deficit for the Period | | 156,745,613 | | | (6,203,260) | (1,307,768,511) | 1,720,311,604 | | | | |

Reasons for material variances refer to note 38 on page 92.

19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Egerton University is established by and derives its authority and accountability from Universities Act No 42 of 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activities are outlined on page 3.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University. The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

The Annual Report and Financial Statements for period ended 30th June 2021 for Centre of Excellence in Sustainable Agriculture and Agribusiness Management (CESAAM) have been presented separately for audit purpose. However, the same have been consolidated in these Financial Statements.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

| Standard | Impact |
|-----------------------------|---|
| Other Improvements to IPSAS | Applicable: 1st January 2021: 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 |

| Standard | Impact |
|----------|---|
| | <p>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> <p><i>The University does not have any leases, and is not a first time adopter of the accrual basis, and therefore these standards do not apply.</i></p> |

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions

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 University 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 University and can be measured reliably.

Rendering of Services & Fees

The University recognizes revenues from fees when the event occurs and the asset recognition criteria are met.

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.

ii) Revenue from Exchange Transactions

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

Sale of Goods

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Revenue from Exchange Transactions (Continued)

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

Budget Information

The original budget for Financial Year 2020-2021 was approved by the National Assembly on 27th July 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 University upon receiving the respective approvals in order to conclude the final budget.

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

c) Taxes

The University is tax exempt as per the Income Tax Act, 2014.

d) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Property, Plant and Equipment (Continued)

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.

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during their estimated useful life, using the straight- line method. Assets acquired during the year attract full depreciation charge.

The annual rates used are: -

| | | |
|------------------------------------|---|-------|
| Buildings | - | 2.5% |
| Machinery & equipment | - | 20% |
| Furniture & fittings | - | 12.5% |
| Dairy equipment / plant / tractors | - | 10% |
| Motor vehicles | - | 25% |
| Library books | - | 20% |
| Computers and Appliances | - | 33.3% |

e) Intangible Assets

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

f) Research and Development Costs

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Research and Development Costs (Continued)

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- 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.

g) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial Instruments (Continued)

Held-to-Maturity

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

Impairment of Financial Assets

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

Evidence of impairment may include the following indicators:

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

Financial Liabilities

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Inventories

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

i) Agricultural Assets

Agricultural activity is the management by the University of the biological transformation and harvest of biological assets. Biological Asset is a living animal or plant. There are three groups of agricultural assets: -

Agricultural Produce: Is the harvested product of the University's biological assets.

Bearer Biological Assets: Are those that are used repeatedly or continuously for more than one year in an agricultural activity e.g. breeding stocks (including fish and poultry), dairy animals, and sheep

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Agricultural Assets (Continued)

Consumable Biological Assets: Are those that are held for harvest as agricultural produce such as animals and plants for one-time use e.g. beef animals, fish in farms, crops such as maize and wheat.

Biological assets are measured on initial recognition and at each reporting date at its value less costs to sell except where fair value cannot be measured reliably. In such case the biological asset shall be measured at cost less any accumulated depreciation and any impairment loss as per IPSAS 27.

j) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits

or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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 University in the notes to the financial

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Provisions

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.

Provision for bad debts

A general provision for bad and doubtful debts is provided for at the year-end at 1% of outstanding general and student debtors.

k) Nature and purpose of reserves

The University has a capital reserve which represents the government's interest in the net assets/equity of the university and is a combination of contributed capital by the government and the aggregate of the University's accumulated surpluses or deficits and reserves that reflect the net assets/equity attributable to the University's operations.

l) 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.

m) Employee Benefits

Retirement Benefit Plans

The University provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which the University pays fixed contributions into a separate trustee administered 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 the fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Employee Benefits (Continued)

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.

The University also contributes to the National Social Security Fund (NSSF) for staff in grade I to IV. The University's obligations under this scheme are limited to specific contributions legislated from time to time, and are currently limited to a maximum of KSh 200 per employee per month while the employer contributes a similar per month. The University's obligation to staff retirement benefit schemes are charged to the statement of the financial performance in the year to which they relate.

n) 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.

o) Related Parties

The University regards a related party as a person or an University 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 council members and senior managers.

p) Service Concession Arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Service Concession Arrangements (Continued)

when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement.

Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Comparative Figures

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

s) 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 International Public Sector Accounting Standards (IPSAS) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and Assumptions

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

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

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 25(b).

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 (Continued)

Note 6 : - Income - GoK Recurrent Capitation Grants

| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
|-----------------------------------|----------------------------|----------------------------|
| GoK Capitation Grants | | |
| July | 174,912,244 | 173,379,125 |
| August | 174,912,244 | 173,379,125 |
| September | 174,912,243 | 173,379,126 |
| October | 174,912,244 | 173,379,125 |
| November | 174,912,244 | 173,379,126 |
| December | 174,912,244 | 173,379,126 |
| January | 174,912,244 | 173,379,125 |
| February | 174,912,244 | 173,379,126 |
| March | 174,912,244 | 173,379,126 |
| April | 174,912,244 | 173,379,126 |
| May | 174,912,244 | 173,379,126 |
| June | 174,912,244 | 173,379,125 |
| Total GoK Recurrent Grants | 2,098,946,927 | 2,080,549,506 |

Note 6 (b) Income-GoK Development Grants

| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
|-------------------------------------|----------------------------|----------------------------|
| September | 39,030,444 | |
| November | - | 74,095,610 |
| March | - | 63,370,324 |
| Total GoK Development Grants | 39,030,444 | 137,465,934 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 6 (c) Transfers from the Ministry of Education | | | |
|--|---|--|----------------------|
| Bank Statement Date | Amount recognized to Statement of Comprehensive Income | Amount recognised in the Reserves | 2020-2021 |
| | KShs | KShs | KShs |
| 7-Aug-20 | 174,912,244 | | 174,912,244 |
| 31-Aug-20 | 174,912,244 | | 174,912,244 |
| 14-Sep-20 | | 39,030,444.00 | 39,030,444 |
| 1-Oct-20 | 174,912,243 | | 174,912,243 |
| 30-Oct-20 | 174,912,244 | | 174,912,244 |
| 7-Dec-20 | 174,912,244 | | 174,912,244 |
| 5-Jan-21 | 174,912,244 | | 174,912,244 |
| 4-Feb-21 | 174,912,244 | | 174,912,244 |
| 11-Mar-21 | 174,912,244 | | 174,912,244 |
| 9-Apr-21 | 174,912,244 | | 174,912,244 |
| 10-May-21 | 174,912,244 | | 174,912,244 |
| 16-Jun-21 | 174,912,244 | | 174,912,244 |
| 25-Jun-21 | 174,912,244 | | 174,912,244 |
| Total | 2,098,946,927 | 39,030,444 | 2,137,977,371 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 7 : -Research & Extension Income | | |
|---|--------------------|--------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| AICAD-RE02-Income | 5,240 | 6,105 |
| DAAD/EBR-RE05-Income | 1,679,325 | 1,720,080 |
| Department of Defence-RE06-Income | 23,123,000 | 41,621,300 |
| Dryland Farming-RE07-Income | 5,240 | 6,105 |
| Economics Department-RE08-Income | 6,363 | 136,510 |
| Fingerponds-RE10-Income | 7,036,577 | 5,182,372 |
| Gift Shop-RE11-Income | 94,660 | 662,150 |
| Global Fund for TB-RE12-Income | 6,305 | 12,155 |
| Globalite-RE13-Income | 13,080,483 | 3,596,324 |
| Greenhouses-RE14-Income | 491,887 | 504,160 |
| KAPP GRANTS-RE18-Income | 7,290,915 | 11,646,621 |
| Natural Resources-RE20-Income | 382,555 | 184,962 |
| NORAGIC-RE21-Income | 125,291 | 1,252,749 |
| OSSREA Young Scholars-RE22-Income | 51,807,420 | 17,679,068 |
| PRA-RE23-Income | 179,945 | 6,105 |
| Research & Extension-RE25-Income | 5,706,663 | 31,344,115 |
| ROSA Project-RE27-Income | 380,205 | 3,820,503 |
| TAMOU 01C-RE29-Income | 8,737,232 | 13,889,373 |
| Training-RE33-Income | 122,000 | 1,146,639 |
| Vertisol Managemnt-RE34-Income | 5,240 | 6,105 |
| OSSREA Post-Doctoral-RE37-Income | 292,320 | 800,405 |
| ECOLIVE Project-RE40-Income | 1,805,626 | 1,331,706 |
| Wetland Ecosystem-RE41-Income | 4,477,648 | 2,636,824 |
| Limnology-RE42-Income | 10,503,086 | 5,757,727 |
| ECO-HELB-RE43-Income | 5,240 | 463,255 |
| Global Fund-RE44-Income | 22,095,006 | 12,977,373 |
| Confucious Institute-RE45-Income | 2,661,590 | 6,166,152 |
| COELIB Projects-RE46-Income | 5,675,917 | 7,119,571 |
| Pytochem Projects-RE47-Income | 76,739,452 | 30,227,308 |
| AGEC dollar Account-RE51-Income | 3,525,427 | 5,521,258 |
| AERC 2 Project - RE52-Income | 2,171,512 | 4,249,672 |
| | 250,219,370 | 211,674,751 |
| Note 8 : - Other Non-Exchange Income | | |
| Mau Egerton Cross Country Income-MAIN | - | 2,000,000 |
| Income-Other Incomes- Advertising Income - Main | - | 90,600 |
| Partners Recurrent Grants -Other Recurrent Grants | - | 499,831,653 |
| Partners Donations & Grants -Donations | - | 85,000 |
| | - | 502,007,253 |

“Transforming Lives Through Quality Education”

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
|--|----------------------------|----------------------------|
| Note 9 : - CESAAM ACE 2 | | |
| CESAAM ACE 2 | 164,207,237 | 166,503,732 |
| | 164,207,237 | 166,503,732 |
| Note 10 : - MCF TAGDEV | | |
| MCF TAGDEV | 118,123,413 | 117,949,264 |
| | 118,123,413 | 117,949,264 |
| Total Non-Exchange Income | 532,550,020 | 998,135,000 |
| Note 11 : - Income-Tuition and Related Fees | | |
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Application Fee | 2,391,842 | 2,569,874 |
| Registration Fee | 14,545,300 | 21,441,500 |
| Student I/D | 2,170,100 | 2,809,800 |
| Activity Fees | 11,613,000 | 17,354,700 |
| Student medical fee | 23,735,018 | 33,976,500 |
| Examination Fee | 37,261,600 | 57,204,800 |
| Material Development | 41,111,900 | 61,922,400 |
| Graduation Fees | 10,472,840 | 13,020,137 |
| Library Fee | 24,749,585 | 37,624,500 |
| Tuition Fee | 349,137,958 | 649,440,865 |
| Student Supervision Fee | 7,390,000 | 11,780,000 |
| Field Attachment fee | 19,195,440 | 25,566,660 |
| Student Laboratory fee | 12,870,000 | 18,554,660 |
| Academic Transcripts | 79,300 | 3,000 |
| Certificate Storage Charges | 809,700 | 495,700 |
| Library Fine | 119,070 | 165,060 |
| Test & Vaccination- NTCC | 1,200,000 | 882,500 |
| Gowns Hire & Penalties | 261,750 | 523,500 |
| Credit Transfers | - | 2,000 |
| Remarking & Retake | 5,777,300 | 16,527,220 |
| Short Courses | 1,447,160 | 4,895,107 |
| ICT Charges | 14,515,000 | 8,472,500 |
| Re-registration | 1,436,500 | 1,556,500 |
| Interfaculty Transfer Fee | 977,000 | - |
| | 583,267,363 | 986,789,483 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 12 : - Income-Other Services Rendered

| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
|--|--------------------|--------------------|
| Accommodation Fees-Halls | 51,900,776 | 54,140,753 |
| Student Damages Charges | (376,056) | 227,791,258 |
| Ambulance Fee | 7,000 | 3,500 |
| Bed Charges | 9,745 | 2,800 |
| Clinical Charges-medical | 1,477,768 | 1,171,320 |
| Consultation Fees | 532,610 | 402,440 |
| Dental Fees | 219,270 | 275,100 |
| Drugs | 718,423 | 1,482,338 |
| Hire of Conference Facilities | 83,500 | 68,000 |
| Hire Of Furniture | - | 11,350 |
| House Rent | 23,746,049 | 25,675,011 |
| Lab Test | 1,200,345 | 1,580,555 |
| Meals-catering | 15,850,193 | 17,545,426 |
| Photocopying Charges | - | 14,977 |
| Sale of Beef | 118,200 | 1,518,450 |
| Sale of Cattle | 534,783 | 413,365 |
| Sale of Firewood | 438,120 | 2,700 |
| Sale Of Goats | 6,000 | - |
| Sale of Grass | 7,260 | - |
| Sale of Horticultures | 99,135 | 3,800 |
| Sale Of Milk & Dairy Products | 6,643,569 | 6,246,631 |
| Sale Of Pigs | 60,200 | 402,000 |
| Sale of Pork | - | 1,500 |
| Sale Of Rabbits | 14,380 | 1,500 |
| Sale Of Sheep | 58,100 | - |
| Sale of Stationery | 16,515 | 123,535 |
| Sale of Text Books | 188,606 | 8,675 |
| Sale of Wheat | 1,203,000 | - |
| University Press Income | 3,031,044 | - |
| Tailoring Income | 527,707 | 1,955,160 |
| Tendering Charges | 1,000 | 27,000 |
| Income from OUTZ-IGU | 1,179,584 | 935,633 |
| Mortuary Income - IGU | 4,120,300 | 3,132,100 |
| Visiting Group Levy- Main | 113,900 | 3,950,000 |
| Ward Charges-IGU | 3,420 | 2,527,512 |
| Insurance Payroll deduction Commission | 906,301 | 1,413,300 |
| Visitors Accommodation Charges | 427,600 | 1,131,140 |
| Electricity Charges | 31,480 | 90,093 |
| Key-cutting Charges | - | 50 |

“Transforming Lives Through Quality Education”

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| | | |
|-------------------------------|-------------|-------------|
| Manpower Development Income | 2,463,529 | 3,043,298 |
| Sale of Tree Seedlings | 193,800 | 217,695 |
| Income from Games | - | 11,350 |
| Salary Refunds/lieu of notice | 1,636,931 | 753,728 |
| Hire of Land | 5,000 | - |
| Certificate Verification | 222,953 | 223,879 |
| Printing & Binding | 543,000 | |
| Radio Station Income | 55,000 | |
| | 120,220,038 | 358,298,922 |

Note 13 : - Staff Costs

Note 13 (a) : - Key Management Personnel Remuneration

| Particulars | 2020-2021 | 2019-2020 |
|---|------------|------------|
| | Kshs. | Kshs. |
| Basic Salary | 22,351,879 | 22,114,017 |
| House Allowance | 3,807,924 | 3,663,684 |
| Duty/ Administrative Extraneous Allowance | 2,289,823 | 2,184,000 |
| Medical Risk Allowance | 240,000 | 365,161 |
| Medical Allowance | 334,016 | 312,000 |
| Commuter Allowance | 132,000 | - |
| Entertainment Allowance | 1,233,342 | 1,176,000 |
| Professorial Allowance | 245,000 | 296,333 |
| Responsibility Allowance | 2,805,941 | 2,676,000 |
| Phone Allowance | 592,671 | 564,000 |
| Call Allowance | 960,000 | 2,211,613 |
| Book Journal/ICT Allowance | - | 45,000 |
| Domestic Servant Allowance | 2,460,591 | 2,340,000 |
| Home Water And Electricity Allowance | 666,270 | 636,000 |
| Non User Car Allowance | 1,008,914 | 960,000 |
| Medical Extraneous Allowance | 420,000 | 420,000 |
| Leave Allowance | - | 109,052 |
| Non Practice Allowance | 660,000 | 660,000 |
| Pension Employer Contribution | 738,574 | 1,368,550 |
| NITA | 2,600 | 2,400 |
| NSSF-Employer Contribution | 6,800 | 7,400 |
| | 40,956,344 | 42,111,210 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 13 (b) : - Staff Personnel Remuneration

| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
|------------------------------------|----------------------|----------------------|
| Basic Salary | 1,524,604,177 | 1,575,109,690 |
| House Allowance | 690,319,516 | 722,403,264 |
| Duty/Risk/Extraneous Allowance | 5,462,511 | 5,341,824 |
| Commuter Allowance | 193,859,011 | 203,456,042 |
| Medical Allowance | 74,025,998 | 77,431,546 |
| Hardship Allowance | 1,765,800 | 1,754,400 |
| Remunerative Allowance | 32,810,610 | 35,373,222 |
| Basic Salary Arrears | 3,711,987 | 300,391,168 |
| Examination Allowance | 808,133 | 1,149,572 |
| Non Practice Allowance | 17,598,710 | 18,287,742 |
| Entertainment Allowance | 1,289,954 | 1,564,290 |
| Acting Allowance | 2,386,492 | 3,534,690 |
| Professorial Allowance | 5,711,629 | 6,056,575 |
| Responsibility Allowance | 2,959,059 | 3,636,968 |
| Manpower | 239,030 | 31,938 |
| Leave Allowance | 22,295,297 | 22,057,769 |
| Special Duty Allowance | 461,026 | 469,057 |
| Uniform Allowance | 180,000 | 180,000 |
| Ambulance Allowance | 69,000 | 63,906 |
| Phone Allowance | 1,527,478 | 1,711,027 |
| Call Allowance | 34,085,419 | 104,879,325 |
| Book Journal/ICT Allowance | 7,039,880 | 7,359,153 |
| NSSF-Employer Contribution | 1,395,800 | 1,479,400 |
| Pension-Employer Contribution | 244,544,048 | 257,503,107 |
| Overtime Amount | 21,885,188 | 3,234,944 |
| Gratuities | 168,953,081 | 10,044,754 |
| Home Water & Electricity | 680,784 | 612,968 |
| Domestic Servant | 2,002,312 | 280,645 |
| Non use of Car | 800,925 | 112,258 |
| Pension Employer Arrears | - | 49,445,411 |
| Assistants Allowance | 480,000 | 922,000 |
| Medical Extraneous Allowance -Main | 36,982,296 | 38,098,497 |
| Medical Risk Allowance -Main | 12,344,927 | 19,960,213 |
| Veterinary Risk Allowance -Main | 1,191,936 | 1,246,452 |
| Night Travel -Library staff | 1,270,000 | 5,811,700 |
| Pay in lieu of leave days | 4,245,500 | 4,554,573 |
| Passage and Baggage | 966,309 | 656,321 |
| Staff Training Expenses | - | 430,935 |
| Graduate Scholarships | 2,237,700 | 269,900 |
| Staff Education Fund Expenses | - | 85,622 |
| Staff Fees Waiver | 13,065,800 | 11,228,875 |
| Staff Uniforms | 1,732,326 | 2,147,412 |
| NITA Charges | 1,007,700 | 1,058,750 |
| Pension Grade I-IV | 2,050,000 | - |
| Casual Labor Expenses | 7,986,747 | 8,730,774 |
| | 3,149,034,096 | 3,510,158,679 |
| Total Staff Costs | 3,189,990,440 | 3,552,269,890 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 14 : - Council Expenses | | |
|-------------------------------------|-------------------|-------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| Sitting Allowances | 4,177,300 | 3,778,000 |
| Mileage/Travel | 2,837,185 | 2,440,501 |
| Meals | 249,300 | 118,000 |
| Accommodation | 5,278,800 | 4,093,000 |
| Training Expense | 745,900 | - |
| Chancellors Honorarium | 1,200,000 | 1,439,000 |
| Chairman's Honorarium | 960,000 | 960,000 |
| Chairman's Phone Allowance | 84,000 | 84,000 |
| | 15,532,485 | 12,912,501 |

| Note 15 : - Administration and Central Services Expenses | | |
|---|------------------|------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| Office Stationery -Main | 1,893,016 | 5,405,657 |
| Advertising -Main | 3,296,623 | 814,750 |
| Postage And Telephone -Main | 5,836,738 | 4,267,147 |
| Electricity & Water -Main | 67,661,537 | 70,953,030 |
| Official Entertainment -Main | 269,480 | - |
| Vehicle - Insurance -Main | 8,372,554 | 200,000 |
| Cleaning Materials -Main | 56,000 | 1,417,660 |
| Contracted Security Services -Main | 34,573,702 | 51,447,846 |
| General Insurances - Properties -Ma | 43,198,474 | 19,418,861 |
| Legal Charges -Main | 10,065,462 | 14,995,130 |
| Strategic Initiative-ISO 22000/9001 | 1,049,883 | 1,146,983 |
| Computer Stationery -Main | 307,527 | 2,467,163 |
| Audit Fees And Expenses -Main | 682,469 | 1,431,600 |
| Rent And Rates -Main | 59,870,839 | 75,900,339 |
| Conference And Seminars -Main | 28,000 | 1,319,641 |
| Staff Subscription to Professional | - | 53,801 |
| University Subscription to Other Bo | 4,177,984 | 1,676,227 |
| News Papers, Journals & Videos -Mai | 61,250 | 1,734,600 |
| Shows & Exhibitions Expenses -Main | 66,500 | 2,837,708 |
| Internet Services -Main | 28,558,906 | 34,760,091 |
| Office Running Expenses -Main | 11,478,196 | 11,350,386 |
| Students Union Expenses-Main | - | 2,539,957 |
| Computer Maintenance -Main | 5,044,350 | 107,880 |
| Bank Charges , Interest & Comm.-Main | 13,570,038 | 17,263,865 |
| Other Board Comm. - Jab, Fac., Dept | 2,742,202 | 5,684,344 |
| Cleaning And Sanitary Services -Mai | 40,180,658 | 47,525,584 |
| Strategic Initiative General Main | 3,112,112 | 2,424,616 |
| Fuel & Gas Main | - | 12,000 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| | | |
|--|--------------------|--------------------|
| Publicity -Main | (700,931) | 16,455,734 |
| Open Days Expenses -Main | 655,400 | 580,235 |
| Production of Teaching Materials -EU Press | - | 470,273 |
| Other expenses-Mau Egerton Cross Country | - | 6,120 |
| Taxes | 178,696 | - |
| Performance Contract Service Delivery | - | 71,940 |
| Grade I-IV Retirement Benefit Scheme | 600,000 | 3,664,000 |
| Asset Tagging & Valuation Expenses | - | 534,882 |
| Disability Mainstreaming | 102,200 | 152,700 |
| Program Self Assessments | - | 155,620 |
| Students Medical Expense | 3,343,365 | 5,719,121 |
| EU Press Other Expenses | 23,800 | 204,380 |
| Photocopying Services | 3,351,771 | 1,800,953 |
| COVID-19 Expenses | 9,270,937 | - |
| Travelling And Subs. Staff | 27,748,516 | 46,902,359 |
| External Travelling | - | 3,421,487 |
| Staff Funerals Expenses | 2,259,220 | 1,612,600 |
| Staff Hospitalization Expenses | 87,656,166 | 66,012,856 |
| Staff Sports Welfare -Main | 120,000 | 587,140 |
| Expense- PRODUCTION INPUTS-IGU | - | 15,000 |
| | 480,763,690 | 527,524,264 |

Note 16: - Repairs and Maintenance Expenses

| Particulars | 2020-2021 | 2019-2020 |
|---------------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Equipments | 791,225 | 260,062 |
| Motor Vehicle Repairs | 6,526,404 | 5,852,962 |
| Water Supply & Sewerage | 7,206,001 | 5,063,445 |
| Buildings | 14,968,412 | 637,150 |
| Maintenance Of Stations | 13,876,785 | 8,562,340 |
| Motor Vehicles - Fuel And Oils | 13,462,999 | 16,662,640 |
| Student Damages Repairs & Replacement | 41,748,299 | 1,068,240 |
| | 98,580,124 | 38,106,839 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 17 : - Academic Departments Expenses | | |
|--|--------------------|--------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| Teaching Claims (Part Time Lecturers) | 72,854,410 | 55,045,729 |
| Teaching Materials | 10,726,164 | 4,840,033 |
| Laboratory Materials | 1,682,000 | 4,550,998 |
| Graduation Expenses | 7,894,966 | 14,535,332 |
| Students Sports Expenses | 1,062,155 | 1,237,160 |
| Teaching Practice | 8,069,120 | 15,871,626 |
| Students Work Study Expenses | 984,680 | 1,762,460 |
| Academic Field Trips | 1,244,605 | 6,914,119 |
| Sports (Inter-Universities) | 339,500 | 1,063,230 |
| Subsistence & Accommodation -External Examiners | 13,189,180 | 12,227,194 |
| Students Registration Expenses | 1,921,575 | 2,002,800 |
| Students Scholarship Expenses | - | 3,826,700 |
| Students Leadership Development Program Expenses | - | 1,497,030 |
| Students ID Expenses | - | 770,500 |
| Teaching Services | 211,464 | 785,247 |
| Curriculum Review | 226,534 | 1,971,934 |
| E-Learning Expenses | 2,118,082 | 1,149,885 |
| Student Affairs Expenses | 2,029,415 | 7,135,289 |
| Student Attachment | 263,540 | 9,777,980 |
| Examination Materials | 2,231,284 | 708,000 |
| External Practicals | 2,191,270 | 247,440 |
| | 129,239,943 | 147,920,686 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 18 : - Research & Extension Expenses | | |
|--|----------------------------|----------------------------|
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Research Expenses-E500-Expenses | 2,500,000 | - |
| AICAD-RE02-Expenses | 5,240 | 6,105 |
| DAAD/EBR-RE05-Expenses | 1,679,325 | 1,720,080 |
| Department of Defence-RE06-Expenses | 12,617,324 | 36,783,426 |
| Dryland Farming-RE07-Expenses | 5,240 | 6,105 |
| Economics Department-RE08-Expenses | 6,363 | 136,510 |
| Fingerponds-RE10-Expenses | 7,036,577 | 5,182,372 |
| Gift Shop-RE11-Expenses | 174,805 | 982,788 |
| Global Fund for TB-RE12-Expenses | 6,305 | 12,155 |
| Globalite-RE13-Expenses | 13,080,483 | 3,596,324 |
| Greenhouses-RE14-Expenses | 491,887 | 504,160 |
| KAPP GRANTS-RE18-Expenses | 7,290,915 | 11,646,621 |
| Natural Resources-RE20-Expenses | 382,555 | 212,462 |
| NORAGIC-RE21-Expenses | 125,291 | 1,252,749 |
| OSSREA Young Scholars-RE22-Expenses | 51,807,420 | 17,679,068 |
| PRA-RE23-Expenses | 179,945 | 6,105 |
| Research & Extension-RE25-Expenses | 13,821,578 | 9,471,338 |
| ROSA Project-RE27-Expenses | 380,205 | 3,820,503 |
| TAMOU 01C-RE29-Expenses | 8,737,232 | 13,977,686 |
| Training-RE33-Expenses | 699,415 | 564,589 |
| Vertisol Managemnt-RE34-Expenses | 5,240 | 6,105 |
| OSSREA Post-Doctoral-RE37-Expenses | 292,320 | 800,405 |
| ECOLIVE Project-RE40-Expenses | 1,805,626 | 1,331,706 |
| Wetland Ecosystem-RE41-Expenses | 4,477,648 | 2,636,824 |
| Limnology-RE42-Expenses | 10,503,086 | 5,757,727 |
| ECO-HELB-RE43-Expenses | 5,240 | 463,255 |
| Global Fund-RE44-Expenses | 18,466,621 | 13,486,969 |
| Confucious Institute-RE45-Expenses | 2,651,290 | 6,166,152 |
| COELIB Projects-RE46-Expenses | 5,675,917 | 7,119,571 |
| Pytochem Projects-RE47-Expenses | 76,739,452 | 30,227,308 |
| AMREF Global Fund-RE48-Expenses | 7,826 | - |
| AGEC Dollar Account-RE51-Expenses | 3,525,427 | 5,521,258 |
| AERC 2 Project Account - RE52 -Expenses | 2,171,512 | 4,921,542 |
| | 247,355,310 | 185,999,967 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 19: - IGU Expenses | | |
|--|-------------------|-------------------|
| | 2020-2021 | 2019-2020 |
| Particulars | Kshs. | Kshs. |
| Travelling And Subsistence | 203,154 | 294,514 |
| Casual Labor Expenses | 6,050,132 | 8,224,264 |
| Bank Charges , Interest & Comm. | 930,362 | 1,142,798 |
| Other Board Committees - Faculty, Department | - | 19,730 |
| Cleaning And Sanitary Services | 8,680,020 | 11,694,815 |
| Repairs & Maintenance - Equipment | - | 55,000 |
| Motor Vehicle Repairs | - | 697,593 |
| Maintenance of Stations | 5,039,506 | 8,414,056 |
| Teaching Claims (Part Time Lecturers) | - | 222,620 |
| Medical Supplies | 2,268,581 | 3,776,996 |
| Production Inputs | 20,004,722 | 29,867,000 |
| Purchase Of Farm Inputs | 2,597,068 | 118,485 |
| Purchase Of Stationery For Resale | 136,461 | - |
| Univeristy Press Expenses | 1,085,505 | - |
| Funeral Home Expenses | 123,600 | 20,000 |
| Radio Station Expenses | 50,000 | - |
| | 47,169,110 | 64,547,871 |

| Note 20: - Depreciation Expenses | | |
|---|--------------------|--------------------|
| | 2020-2021 | 2019-2020 |
| Particulars | Kshs. | Kshs. |
| Buildings-Egerton Buildings | 99,150,690 | 74,843,767 |
| Plant & Machinery-Dairy Institute machinery | 3,878,724 | 5,730,523 |
| Furniture | 5,146,706 | 5,965,175 |
| Equipments | 13,622,554 | 14,368,626 |
| Library Books | 4,212,530 | 7,462,396 |
| Motor Vehicles | 2,122,250 | 2,289,511 |
| Computers & Software | 1,519,829 | 2,652,934 |
| | 129,653,282 | 113,312,933 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 21 : - CESAAM ACE 2 Expenses | | |
|---|------------------|------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| Recruitment & interviews of students | - | 281,150 |
| Support continuing Ph.D. student | 43,884,650 | 43,539,034 |
| Support continuing Msc. students | 37,654,979 | 40,013,366 |
| Review of 1 Phd & 3 Msc Curriculum | 1,896,200 | 1,394,400 |
| Development of Phd & Msc Curriculum | - | 357,300 |
| Short courses in Agric value chain | 270,000 | 487,600 |
| Conduct short courses agric & agri business | 1,344,500 | 3,357,905 |
| Establsih knowledge center | 761,700 | |
| Jointly hold 2summer schools | - | 2,275,000 |
| support staff & student presentation in int | 346,480 | 1,835,725 |
| Staff exchange fellowship | 947,919 | 883,710 |
| Ph.D. students exchange fellowship | - | 1,608,032 |
| Staff supported in collaborated research projects | 1,265,400 | 5,031,496 |
| Support publications on peer reviewed journal | 568,266 | 146,518 |
| Facilitate presentation in international con | - | 933,400 |
| Retooling workshop for staff | 2,036,480 | 2,312,200 |
| Support Agri Enterprises | - | 596,356 |
| Internship support for students | 588,550 | 2,852,100 |
| MOU signing and consultations | 584,150 | 700,260 |
| Accreditation of 1 Msc and 1 PhD Program | 432,494 | |
| Support teams develop proposals | 1,398,850 | 1,333,300 |
| Procure equipments and ICT upgrading | 2,189,500 | 673,860 |
| Cesaam office block design | 10,538,866 | 250,000 |
| Procure motor vehicle | - | 5,368,100 |
| Procure dairy science lab equipment | 2,860,684 | |
| One innovation Support Agro science park | 391,500 | 1,454,017 |
| Procurement of laboratory consumables | 222,090 | 846,506 |
| Marketing Cesaam Project and its programs | 2,320,500 | 1,554,420 |
| Cesaam steering committee sub committees | 1,396,692 | 1,000,720 |
| Cesaam staff package (Salaries and wages) | 2,373,063 | 2,387,000 |
| Cesaam vehicle mtc & Travel, subs, costs | 3,834,869 | 3,537,872 |
| Effective CESAAM secretariat | 1,153,638 | 2,045,245 |
| Renovation of post graduate and tatton demon | 27,500 | 1,908,243 |
| ADB MOHEST- Dr Isaac Kariuki | 7,421,324 | 8,904,262 |
| Cesaam Operational Expenses | 107,365 | 136,277 |
| SMAEA- APP - PROF James Tuitoek | - | 16,800 |
| NAPROCLA Project - Prof Joshua Ogendo | 6,590,984 | 2,734,753 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

| | | |
|--|--------------------|--------------------|
| Inter-university Council for East Africa | 2,640,000 | 4,080,000 |
| CESAAM Fees Account | 50,000 | 1,292,800 |
| Locust Mass Project - Prof. Ogendo | 176,128 | 1,646,055 |
| NRF Project - Dr Meshack Obonyo | 1,248,837 | 7,348,613 |
| EGU-BOWIE USA EXCH - Prof. Ogendo | - | 2,731,776 |
| Rwanda High Commission -Prof George Owuor | 170,664 | 643,272 |
| NMK ALOE Project - Prof. Ogendo | 1,240,657 | 5,279,869 |
| KCSAP Siaya Apiculture- Mr Stephen Kagio | 1,736,409 | |
| KCSAP Kajiado Shoats- Dr J.O. Ondieki | 272,600 | |
| KCSAP Kajiado Tomato VC-Dr. A. Opiyo | 206,400 | |
| KCSAP Kajiado Red Meat & Dairy VC-Prof. Matofari | 360,600 | |
| UNEP Chinama Project - Prof Mulwa | 1,559,142 | |
| KCSAP - Elick Onyango | 48,950 | |
| KCSAP - Dr Meshack Obonyo | 457,499 | |
| KCSAP - Dr. Ngeno Kiplagat | 1,510,345 | |
| KCSAP - Prof Samuel Mwonga | 562,100 | |
| KCSAP - Prof.Daudi Nyaanga | 2,154,180 | |
| KCSAP - Prof Julius Kipkemboi | 408,900 | |
| KCSAP Camel Milk - Prof. Joseph Matofari | 1,155,000 | |
| KCSAP Dr. Maureen Cheserek | 755,000 | |
| KCSAP Indigenous chicke - Prof. Charles Muleke | 2,319,470 | |
| KCSAP pigeon pea proj- Prof Paul Kimurto | 671,200 | |
| KCSAP - Prof A. Kibe | 1,031,901 | |
| KCSAP - Prof Richard Mulwa | 386,614 | |
| Global Scope Project - Dr Arnold Opiyo | 2,425,148 | 724,420 |
| COUNTY KCSAP - Prof James Tuitoek | 1,048,276 | |
| KCSAP Finger Millet Project - Prof Paul Kimurto | 659,800 | |
| KCSAP FP02-5/1 KAJIADO - Stephene Kagio | 403,308 | |
| KCSAP ACQUA-CULTURE - Dr. Kiplangat Ng'eno | 699,708 | |
| LASER PROJECT - Joseph Mwangi | 2,228,650 | |
| MARSABIT FISH V.C. - DR. STEVE OMONDI | 210,560 | |
| | 164,207,237 | 166,503,732 |

Note 22 :- MCF TAGDEV Expenses

| Particulars | 2020-2021 | 2019-2020 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| Project Coordinator at Egerton University | 4,603,860 | 4,283,334 |
| Project Assistant at Egerton University | 2,491,150 | 2,694,488 |
| English language teacher at Egerton University | 264,858 | 242,980 |
| Faculty release time at Egerton University | 3,514,914 | 1,876,675 |
| Interview Students | 88,888 | - |
| Expense - Orientation | 119,280 | 201,392 |
| Facilitation of linkages with industry and entrepr | 1,699,501 | 218,666 |
| Annual recruitment meetings | 109,626 | 117,801 |
| University meetings to disseminate project lessons | 221,110 | 207,093 |
| Monthly Seminars at the universities | 60,659 | 97,708 |
| University admission support | 275,178 | 259,542 |
| Internships | 2,538,276 | - |
| Business incubation training | 319,665 | 3,052,924 |
| University fees for undergraduate students | 12,176,680 | 8,776,105 |
| University fees for postgraduate students | 7,371,814 | 6,780,026 |
| Service Fees for Undergraduate students | 11,141,504 | 3,192,748 |
| Service Fees for Postgraduate students | 8,967,472 | 9,831,298 |
| Student Welfare Costs | 58,151,756 | 65,277,153 |
| Expense - other | 78,023 | 51,387 |
| Program Delivery Fee | 328,177 | 311,496 |
| MCF Potato Seed Other Costs | 2,936,665 | 6,279,026 |
| MCF Cassava CARP+ - Prof M.S.Mulwa | 215,591 | 2,046,051 |
| MCF AGLEAD - Prof. P. Mshenga | 448,765 | 2,151,373 |
| | 118,123,413 | 117,949,264 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 23:- Other (Gains)/Losses | | |
|---|----------------------------|----------------------------|
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Gain (Loss) on Revaluation Investment-Shares | 28,857 | (35,154) |
| Main Campus-Bad Debts w/off-(Increase)/Decrease in Provision | 444,385 | (16,860,625) |
| Nairobi Campus-Bad Debts w/off-(Increase)/Decrease in Provision | (612,245) | (3,254,656) |
| IGUs-Bad Debts w/off-(Increase)/Decrease in Provision | - | (13,652) |
| Nakuru Campus-Bad Debts w/off-(Increase)/Decrease in Provision | (63,271) | (5,212,759) |
| Baringo Campus-Bad Debts w/off-(Increase)/Decrease in Provision | (33,939) | 48,097 |
| Ecampus-Bad Debts w/off-(Increase)/Decrease in Provision | 25,774 | (333,557) |
| Bad Debts w/off- (Increase)Decrease in Provision | (239,296) | (25,627,152) |
| Main Campus Dollars- Gain (Loss) on FOREX | - | 551,232 |
| Dollars- Gain (Loss) on FOREX | 25,440 | 477,186 |
| EUROs- Gain (Loss) on FOREX | 5,089,640 | 7,188,884 |
| Dollars- Gain (Loss) on FOREX | (494,871) | 3,382,793 |
| Dollars- Gain (Loss) on FOREX | 46,461 | 106,396 |
| Dollars- Gain (Loss) on FOREX | 23,087,915 | 15,066 |
| Gain (Loss) on FOREX | 27,754,585 | 11,721,557 |
| Main Campus-Gain/(Loss) on biological Assets | 458,342 | 738 |
| IGUs-Gain/(Loss) on biological Assets | (11,531,800) | 7,558,000 |
| R& E-Gain/(Loss) on biological Assets | 565,240 | 268,980 |
| Gain/(Loss) on biological Assets | (10,508,218) | 7,827,718 |
| Gain/(Loss) on Disposal Of Assets | - | - |
| | 17,035,929 | (6,113,030) |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 24 (a) :- Cash in Hand and in Bank | | |
|--|----------------------------|----------------------------|
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Bank balances | | |
| Main - Bank Balances | 50,528,146 | 7,563,571 |
| Nairobi City Campus - Bank Balances | 748,751 | 23,811 |
| IGUs - Bank Balances | 4,684,352 | 199,627 |
| Research & Extension Bank Balances | 294,628,224 | 361,541,860 |
| Nakuru Town Campus College - Bank Balances | 5,226,127 | 135,396 |
| Ecampus - Bank Balances | 909,359 | 59,466,517 |
| Tegemeo Bank Balances | 23,842,492 | 32,659,468 |
| Total Bank Balances | 380,567,452 | 461,590,251 |
| Petty Cash | | |
| Main - Cash In Hand | 13,837 | 275,000 |
| Nakuru Town Campus College - Cash in Hand | - | 50,240 |
| Tegemeo - Cash in Hand | 200,000 | - |
| Total Cash In Hand | 213,837 | 325,240 |
| Total Cash in Bank and in Hand | 380,781,289 | 461,915,491 |
| Note 24 (b) :- Contingent Deposits | | |
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Staff Mortgage Scheme | | |
| KCB Bank | 50,000,000 | 50,000,000 |
| Bank Guarantee | 3,000,000 | - |
| Total Fixed Deposits | 53,000,000 | 50,000,000 |
| Note 24 (c) :- Negative Cashbook Balances | | |
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Main - Negative Bank Balances | 361,884,130 | 79,261,875 |
| Nairobi City Campus - Negative Bank Balances | 632,054 | 17,974,784 |
| IGUs - Negative Bank Balances | 6,467,856 | 17,633,114 |
| Nakuru Town CC - Negative Bank Balances | 10,540,162 | 14,394,147 |
| Tegemeo Bank Balances | 30,562 | 5,720,220 |
| | 379,554,765 | 134,984,140 |
| Total Cash and Cash Equivalent | 54,226,524 | 376,931,351 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 (d) Detailed Analysis of Cash and Cash Equivalents

| Financial Institution | Account No | 2020-2021 | 2019-2020 |
|--------------------------------------|----------------|--------------------|--------------------|
| Kshs | | | |
| 1) Current Account | | | |
| a) Barclays Bank of Kenya | | | |
| EU Fees Account | 271291000 | (6,841,809) | (7,182,385) |
| Sub- total | | (6,841,809) | (7,182,385) |
| b) Co-operative Bank of Kenya | | | |
| EU Main Campus account | 1129025576700 | (586,667) | (65,751) |
| EU Nakuru Town Campus | 1129025576701 | 917,843 | 135,396 |
| EU Global Fund | 01139025576700 | 9,077 | 9,077 |
| MCF Tagdev | 02128025576700 | 22,047,647 | 23,048,117 |
| Sub- total | | 22,387,900 | 23,126,839 |
| c) Kenya Commercial Bank | | | |
| E U Endowment Fund A/C | 1108550584 | 344,398 | (53,317) |
| E U AICO Fees Collection/Press A/C | 1101909579 | 2,067,551 | (648,065) |
| E U Development Account | 1101907681 | (13,696,694) | (13,211,529) |
| Egerton University Paying Account | 1101906812 | (340,758,960) | (54,684,857) |
| E U Fees Account | 1101910895 | 8,285,050 | (2,817,764) |
| E U House Rent | 1108044956 | 142,858 | (598,207) |
| E U Fees Collection Account | 1108550703 | 33,179,068 | 2,603,885 |
| E U E- Learning Account | 1101893680 | 909,359 | 59,466,517 |
| Egerton University | 1137209542 | (10,540,162) | (14,058,076) |
| Egerton Univ Nkr Town Campus | 1101909374 | 4,308,284 | (336,072) |
| E U Nairobi City Fees | 1101909781 | 748,751 | 23,811 |
| Egerton University NCC A/C | 1137209577 | (632,054) | (17,974,784) |
| Egerton University Overhead Account | 1101908718 | (4,629,832) | (5,981,214) |
| E U Funeral Home Account | 1101893796 | 276,066 | 199,627 |
| E U Catering Account | 1101862920 | (620,809) | (2,273,085) |
| Egerton University Milk Account | 1101910429 | 178,555 | (2,114,361) |
| Egerton Uni Students Accom C Serv | 1101862637 | 1,043,287 | (3,431,548) |
| Egerton University Nutrition Account | 1101908904 | (1,217,215) | (872,384) |
| Egerton Uni Natural Resources Depar | 1101913614 | 294,360 | (701,732) |
| Egerton Univ. Outz | 1101847530 | 30,620 | (1,160,590) |
| Egerton Bookshop | 1101908033 | 7,089 | (191,187) |
| Egerton University Knit Tailoring | 1101891920 | 219,201 | (263,494) |
| Egerton University Tatton Farm | 1101910089 | 567,622 | (643,519) |
| AICAD | 1101846704 | 2,629,515 | 2,634,755 |
| EBR Project | 1101911786 | 845,616 | 488,621 |
| DOD Project | 1101914025 | 11,373,309 | 12,093,482 |
| Dryland Farming | 1101911964 | 129,917 | 135,157 |
| Egerton University Economic Dept | 1101893370 | 3,905,205 | 2,893,390 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Financial Institution | Account No | 2020-2021 Kshs. | 2019-2020 Kshs. |
|--|-----------------|---------------------|--------------------|
| c) Kenya Commercial Bank | | | |
| Fingerponds Project | 1101893567 | 7,191,744 | 5,655,861 |
| Gift Shop | 1101912499 | 921,560 | 1,115,555 |
| Egerton Univ Biochemistry Dept | 1101854197 | 290,905 | 297,210 |
| Globalite Project | 1101847719 | 9,410,350 | 10,745,756 |
| Greenhouses Project | 1101846437 | 5,440,585 | 5,909,072 |
| KAPP | 1101852763 | 4,618,690 | 8,900,025 |
| ADSP | 1101913886 | 1,359,501 | 307,224 |
| Noragric Project | 1101850396 | 5,984,736 | 6,110,027 |
| Ossrea Project | 1101853492 | 39,017,588 | 74,451,021 |
| Partic Rural Project | 1101911336 | 3,961,255 | 4,030,122 |
| R&E Project | 1101907525 | 12,417,942 | 41,040,243 |
| EU Rosa Project | 1101854138 | 1,114,855 | 1,495,060 |
| Ta Mou | 1101848995 | 720,985 | 79,817 |
| EU Cesaam Project | 1184060347 | 69,670,668 | 62,396,480 |
| Training Project | 1101913185 | 3,195,744 | 2,835,775 |
| Versitol | 1101911654 | 5,463,345 | 5,468,585 |
| Ossrea Pos Doc Project | 1101859792 | 6,004,266 | 4,484,086 |
| Ecolive Project | 1112022317 | 45,236 | 1,850,862 |
| Limnology Project | 1114469297 | 8,434,383 | 4,733,803 |
| Wetland Ecosystem | 1114468789 | 5,045,901 | 8,774,550 |
| Ecohealth | 1115354132 | 1,244,800 | 1,249,531 |
| Agra Project | 1137209593 | 3,580,244 | 1,164,018 |
| Confucius Intitute | 1138143936 | 7,266,793 | 2,235,681 |
| COELIB Projects | 1132129737 | 7,407,635 | 8,896,130 |
| Pytochem Projects | 1132129680 | 39,829,446 | 12,717,701 |
| Graduation Account | 1107933919 | 8,576,772 | 4,959,687 |
| EU AGECE Dollar | 1141810220 | 3,528,518 | 4,686,140 |
| AERC Project Account 2 | 1137209518 | 520,261 | 38,608,927 |
| Sub- total | | (38,345,334) | 283,722,409 |
| d) National Bank of Kenya | | | |
| Egerton University Tegemeo Institute-NBK USD | 0200-3005240200 | 17,997,870 | 9,062,993 |
| Egerton University Tegemeo Institute-NBK | 0100-3005240200 | 60,444 | 61,644 |
| Egerton University PAM/KMDP -NBK | 01003-043688-00 | (30,562) | 863,692 |
| Sub- total | | 18,027,752 | 9,988,329 |
| e) NIC Bank | | | |
| Egerton University A/C Tegemeo TAPRA-NIC | 1000237228 | 147,586 | 466,507 |
| Egerton University-Tegemeo Inst TAPRA II-NIC | 1000020334 | 323,565 | 367,017 |
| Egerton University-Tegemeo Institute-NIC | 1001783811 | 98,343 | 97,304 |
| Egerton University-Tegemeo Inst- RFCCP-NIC | 1000015411 | 566,311 | 560,332 |
| Egerton Univ. Tegemeo TAMPA II-NIC | 1000235926 | 40,057 | (5,720,220) |
| Egerton Univ-Tegemeo Institute - KBSP-NIC | 1000015748 | 4,608,316 | 21,179,980 |
| Sub- total | | 5,784,178 | 16,950,920 |
| 2) Contingent Deposits | | | |
| Staff Mortgage & Bank Guarantee | 1101906812 | 53,000,000 | 50,000,000 |
| Sub- total | | 53,000,000 | 50,000,000 |
| 3) Cash in Hand | | | |
| Njoro Campus | 1101906812 | 13,837 | 75,000 |
| Tegemeo Institute | 1000020334 | 200,000 | 200,000 |
| Nakuru Town Campus | 1101909374 | - | 50,240 |
| Sub- total | | 213,837 | 325,240 |
| Grand Total | | 54,226,524 | 376,931,351 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 25 (a) :- Receivables from Exchange Transaction | | |
|---|----------------------------|----------------------------|
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Outstanding Imprest | 84,427,555 | 77,438,613 |
| Salary Advance Staff | - | 144,000 |
| Student Debtors | 884,852,954 | 953,060,554 |
| Rent Receivable | - | 336,000 |
| General Debtors | 9,812,340 | 8,845,621 |
| Internal Debtors | 31,771,450 | 27,846,294 |
| Inter-bank Transfers | - | 29,872,321 |
| DUE FROM GOVERNMENT(Capi | - | 396,991,653 |
| Payroll Receivables | 48,801 | 63,726 |
| Application fees Receivable | - | 2,362,303 |
| Revenue Receivable | - | 616,366 |
| Deposits E A O Cyliders | 61,800 | 61,800 |
| Deposits KPL CO Ltd | 862,163 | 871,825 |
| Rent Deposits | 9,396,858 | 9,396,858 |
| Deposits NAWASCO-NTCC | 50,200 | 30,000 |
| Prepayments-Insurance | 390,751 | - |
| Other Prepayments - Motor Vehicle Fuel | 68,250 | - |
| | 1,021,743,122 | 1,507,937,934 |
| Note 25 (b) :- Provisions for Bad Debts | | |
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Provisions Main Campus | 22,670,071 | 23,114,456 |
| Provisions Nairobi City Campus | 4,982,864 | 4,370,619 |
| Provisions IGUs | 13,652 | 13,652 |
| Provisions Nakuru Town Campus | 6,407,976 | 6,344,705 |
| Provisions Baringo Campus | 72,228 | 38,289 |
| Provisions Ecampus | 426,858 | 452,632 |
| | 34,573,649 | 34,334,353 |
| Net Receivables from Exchange Transaction | 987,169,473 | 1,473,603,581 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 26 : - Inventories | | |
|--|-------------------|-------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| Inventories-Stocks Central & Substores | 4,758,344 | 4,687,098 |
| Inventories-Stocks Stationery | 4,295,985 | 6,269,151 |
| Inventories-Stocks Cleaning Materials | 40,695 | 7,049 |
| Inventories-Stocks Consumables | 18,395,112 | 20,746,438 |
| Inventories-Shop stock-IGU | 2,909,450 | 2,934,611 |
| | 30,399,586 | 34,644,347 |

Note 27: Agricultural Assets

| Note 27 (a) :- Biological Assets - Bearer Assets | | |
|---|-------------------|-------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| Livestock TDU-IGU | 19,647,200 | 21,104,000 |
| Livestock Kenyatta Campus-IGU | 3,030,000 | 4,105,000 |
| Security Dogs-Main | 110,000 | 110,000 |
| Livestock Chemeron Field Station | 2,668,900 | 2,099,000 |
| | 25,456,100 | 27,418,000 |

| Note 27 (b) :- Consumable Assets | | |
|--|-------------------|-------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| Crops TDU-IGU | - | 9,000,000 |
| Crops -Crops,Horticulture and Soil Science | 504,200 | 25,663 |
| Biological Assets-Crops-Lord Egerton Castle-Main | 106,205 | 126,400 |
| Crops Chemeron Field Station | 48,280 | 52,940 |
| | 658,685 | 9,205,003 |
| Total Agricultural Assets | 26,114,785 | 36,623,003 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 28: Non Current Assets

Note 28 (a) :- Property, Plant & Equipment

| Particulars | Land Kshs. | Buildings Kshs. | W.I.P Kshs. | Dairy Equipments/Plant/ Tractors Kshs. | Furniture, Fittings Kshs. | Other Equipments Kshs. | Library Books Kshs. | Motor Vehicles Kshs. | Computer and Appliances Kshs. | Totals Kshs. |
|---------------------------|---------------|--------------------|-------------------------------|---|---------------------------------|------------------------------|------------------------|-------------------------|--|-------------------------------|
| Cost or Valuation | | | | | | | | | | |
| As at 01/07/2019 | 1,186,094,800 | 2,986,609,467 | 1,897,419,465 (34,612,871) | 78,289,623 | 174,549,146 | 567,878,826 | 169,639,191 | 191,312,979 | 402,451,158 | 7,654,244,654 (34,612,871) |
| Year adjustments | | | | | | | | | | |
| Additions During the year | | 7,143,228 | 22,784,253 | - | 53,400 | 16,394,270 | 1,502,708 | 8,489,000 | 2,920,940 | 29,980,881 |
| WIP Transferred to Assets | | | (20,488,619) | | | 584,275,096 | 171,141,899 | 199,801,979 | 405,372,098 | 8,818,300 |
| As at 30/06/2020 | 1,186,094,800 | 2,993,752,694 | 1,865,102,229 | 78,289,623 | 174,602,546 | | | | | 7,658,430,964 |
| Year adjustments | | | | | | | | | | |
| Additions During the year | | 972,276,920 | 43,394,605 | | 78,690 | 14,684,947 | | | 1,055,156 | 1,031,490,318 |
| WIP Transferred to Assets | | | (1,004,061,841) | | | | | | | (1,004,061,841) |
| As at 30/06/2021 | 1,186,094,800 | 3,966,029,614 | 904,434,993 | 78,289,623 | 174,681,236 | 598,958,043 | 171,141,899 | 199,801,979 | 406,427,254 | 7,685,859,441 |
| Depreciation | | | | | | | | | | |
| As at 01/07/2019 | - | 741,249,844 | - | 56,078,983 | 157,993,641 | 547,610,612 | 155,764,191 | 191,145,718 | 400,499,992 | 2,250,342,983 |
| Charge for the year | | 74,843,767 | | 5,730,523 | 5,965,175 | 14,368,626 | 7,462,396 | 2,289,511 | 2,652,934 | 113,312,933 |
| As at 30/06/2020 | - | 816,093,612 | - | 61,809,506 | 163,958,816 | 561,979,239 | 163,226,588 | 193,435,229 | 403,152,926 | 2,363,655,915 |
| Charge for the year | | 99,150,690 | | 3,878,724 | 5,146,706 | 13,622,554 | 4,212,530 | 2,122,250 | 1,519,829 | 129,653,282 |
| As at 30/06/2021 | - | 915,244,302 | - | 65,688,230 | 169,105,521 | 575,601,792 | 167,439,118 | 195,557,479 | 404,672,755 | 2,493,309,197 |
| NBV -30th June 2021 | 1,186,094,800 | 3,050,785,312 | 904,434,993 | 12,601,394 | 5,575,714 | 23,356,250 | 3,702,782 | 4,244,500 | 1,754,498 | 5,192,550,244 |
| NBV -30 June 2020 | 1,186,094,800 | 2,177,659,082 | 1,865,102,229 | 16,480,117 | 10,643,730 | 22,293,857 | 7,915,312 | 6,366,750 | 2,219,171 | 5,294,775,048 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 28 (b) - Work-In-Progress | | | | |
|--|--------------------|-------------------|------------------------|----------------------|
| Particulars | 2020-2021 | 2020-2021 | 2020-2021 | 2019-2020 |
| | Kshs. | Additions | Transfers | Kshs. |
| Construction of Admin. Building | 20,096,000 | - | | 20,096,000 |
| Construction of Egerton University Main Gate | - | 14,807,694 | (91,321,750) | 76,514,057 |
| Construction Of Science Complex | - | 28,586,912 | (897,799,002) | 869,212,090 |
| Construction Of Agronomy & Horticulture | 177,377,480 | - | | 177,377,480 |
| Construction of ICT Infrastructure | 82,512,358 | - | | 82,512,358 |
| Faculty Of Law-NTCC | 123,916,482 | - | | 123,916,482 |
| NTCC Teaching Complex | 110,105,947 | - | | 110,105,947 |
| Renovation Of Buildings-Njoro | 480,082 | - | (14,941,089) | 15,421,171 |
| Faculty of Veterinary Medicine | 1,650,000 | - | | 1,650,000 |
| Zoning of the University | 1,919,286 | - | | 1,919,286 |
| University Library | 386,377,358 | - | | 386,377,358 |
| Total | 904,434,993 | 43,394,605 | (1,004,061,841) | 1,865,102,229 |

An amount of Kshs 1 billion was transferred to Buildings being the University Main Gate, Physical Science Complex, and renovations of students' hostels.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 29:- Investments | | |
|---|----------------------------|----------------------------|
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Kenya Airways- Ordinary Shares- 52468- | 200,952 | 172,095 |
| Investments-Long Term-Loan to E.U. Investment Company | 149,918,907 | 149,918,907 |
| | 150,119,859 | 150,091,002 |

| Note 30 (a) :- Trade and Other Payables | | |
|--|----------------------------|----------------------------|
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Payroll Payables | 2,843,785,950 | 2,754,290,097 |
| Trade Creditors | 310,085,790 | 285,184,908 |
| Payable Clearing A/C | 15,824,700 | 23,525,244 |
| Internal Creditors-N | 21,945,188 | 19,861,093 |
| Taxes-Withholding Tax Payable | 14,504,008 | 14,763,883 |
| Taxes-Value Added Tax (VAT) Payable | 30,762,573 | 30,449,819 |
| Students Caution Money | 91,344,680 | 84,218,180 |
| Students Union Fees | 1,704,990 | 1,242,000 |
| CDF Clearing a/c | 7,769,222 | 6,052,022 |
| HELB Clearing a/c | 5,088,685 | 6,321,155 |
| Sponsors Clearing a | 25,061,126 | 16,244,671 |
| Alumni Fees-Main | 23,621,530 | 20,689,530 |
| Unidentified Bank Deposits - Main | 17,931,157 | 18,964,770 |
| CUE Charges | 34,327,585 | 3,136,100 |
| KUCCPS Charges | 19,814,500 | 4,187,500 |
| NTCC Teaching Complex Consultancy Fees | 110,105,947 | 110,105,947 |
| Due EUSACCO | - | 183,130 |
| Due to KCB | 5,414,975 | 6,051,988 |
| Rent Deposit-Tegemeo | 777,153 | 777,153 |
| University Library Consultancy Fees | 73,876,330 | 73,876,330 |
| Casual Wages | 3,213,024 | 100,183 |
| Rent Prepayments | - | 90,000 |
| Debtors Prepayments | 405,304,442 | 314,058,928 |
| | 4,062,263,553 | 3,794,374,632 |

| Note 30 (b) :- Accruals and Provisions | | |
|---|----------------------------|----------------------------|
| Particulars | 2020-2021 Kshs. | 2019-2020 Kshs. |
| Accruals Main Campus | 223,835,454 | 163,537,540 |
| Accruals Nairobi City Campus | 83,512,372 | 80,621,327 |
| Accruals Nakuru Town Campus | 227,870,814 | 226,125,352 |
| | 535,218,641 | 470,284,219 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

| Note 30 (c) :- Deferred Income | | |
|---|--------------------|--------------------|
| Particulars | 2020-2021 | 2019-2020 |
| | Kshs. | Kshs. |
| AICAD Deferred Incomes R&E | 2,629,515 | 2,634,755 |
| EBR Project Deferred Incomes R&E | 805,634 | 1,176,139 |
| Dryland Farming Deferred Incomes R&E | 129,917 | 135,157 |
| Economic Dept Deferred Incomes R&E | 3,905,205 | 2,893,390 |
| Fingerponds Project Deferred Incomes R&E | 3,565,330 | 2,136,523 |
| Biochemistry Dept Deferred Incomes R&E | 290,905 | 297,210 |
| Globalite Project Deferred Incomes R&E | 11,553,143 | 11,325,049 |
| Greenhouses Project Deferred Incomes R&E | 5,440,585 | 5,932,472 |
| KAPP Deferred Incomes R&E | 13,390,331 | 19,714,566 |
| ADSP Deferred Incomes R&E | 2,297,001 | 334,724 |
| Noragric Project Deferred Incomes R&E | 7,091,511 | 7,216,802 |
| OSSREA Project Deferred Incomes R&E | 45,262,521 | 88,084,380 |
| Partic Rural Project Deferred Incomes R&E | 4,079,841 | 4,148,708 |
| ROSA Project Deferred Incomes R&E | 1,100,982 | 1,481,187 |
| TA MOU Deferred Incomes R&E | 440,288 | - |
| CESAAM ACE 2 Deferred Incomes R&E | 92,231,109 | 74,765,612 |
| Versitol Project Deferred Incomes R&E | 5,463,345 | 5,468,585 |
| OSSREA POS DOC Deferred Incomes R&E | 6,169,083 | 4,648,903 |
| Ecolive Project Deferred Incomes R&E | 45,236 | 1,850,862 |
| Limnology Project Deferred Incomes R&E | 8,434,383 | 8,774,550 |
| Wetland Ecosystem Deferred Incomes R&E | 10,442,906 | 7,417,538 |
| Ecohealth Deferred Incomes R&E | 1,244,800 | 1,249,531 |
| Confucius Institute Deferred Incomes R&E | 10,120,231 | 5,097,119 |
| US Dollar A/C Deferred Incomes R&E | 5,103,272 | 2,989,309 |
| EURO A/C Deferred Incomes R&E | 27,884,166 | 8,422,510 |
| MCF TAGDEV Deferred Incomes R&E | 21,592,241 | 23,916,381 |
| AGEC Dollar A/C Deferred Incomes R&E | 2,336,483 | 3,540,565 |
| AERC Project 2 Deferred Incomes R&E | 10,652,252 | 4,883,269 |
| PAM KMDP Deferred Incomes Tegemeo | 900,000 | 900,000 |
| 3ie Deferred Incomes Tegemeo | 801,320 | 1,049,210 |
| BFAP Deferred Incomes Tegemeo | 1,139,932 | (3,213,489) |
| KCSAP Deferred Incomes Tegemeo | 24,335,833 | 28,833,555 |
| RTI Deferred Incomes Tegemeo | 3,229,938 | 1,825,654 |
| Tegemeo Dollar A/C Deferred Income | 9,910,119 | |
| | 344,019,360 | 329,930,726 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

| Deffered Income Movement | | | | |
|---|--|--------------------|--|--|
| | Balance brought forward (June 30, 2020) | Additions | Transfers to income statement | Balance carried forward (June 30, 2021) |
| International funders | Amount in KShs | | | |
| AICAD Deferred Incomes R&E | 2,634,755 | | 5,240 | 2,629,515 |
| EBR Project Deferred Incomes R&E | 1,176,139 | 1,308,821 | 1,679,325 | 805,634 |
| Dryland Farming Deferred Incomes R&E | 135,157 | | 5,240 | 129,917 |
| Economic Dept Deferred Incomes R&E | 2,893,390 | 1,018,178 | 6,363 | 3,905,205 |
| Fingerponds Project Deferred Incomes R&E | 2,136,523 | 8,465,384 | 7,036,577 | 3,565,330 |
| Biochemistry Dept Deferred Incomes R&E | 297,210 | | 6,305 | 290,905 |
| Globalite Project Deferred Incomes R&E | 11,325,049 | 13,308,578 | 13,080,483 | 11,553,143 |
| Greenhouses Project Deferred Incomes R&E | 5,932,472 | | 491,887 | 5,440,585 |
| KAPP Deferred Incomes R&E | 19,714,566 | 966,680 | 7,290,915 | 13,390,331 |
| ADSP Deferred Incomes R&E | 334,724 | 2,344,833 | 382,555 | 2,297,001 |
| Noragric Project Deferred Incomes R&E | 7,216,802 | | 125,291 | 7,091,511 |
| OSSREA Project Deferred Incomes R&E | 88,084,380 | 8,985,561 | 51,807,420 | 45,262,521 |
| Partic Rural Project Deferred Incomes R&E | 4,148,708 | 111,078 | 179,945 | 4,079,841 |
| ROSA Project Deffered Incomes R&E | 1,481,187 | | 380,205 | 1,100,982 |
| TA MOU Deferred Incomes R&E | - | 9,177,519 | 8,737,232 | 440,288 |
| CESAAM ACE 2 Deferred Incomes R&E | 74,765,612 | 181,672,734 | 164,207,237 | 92,231,109 |
| Versitol Project Deferred Incomes R&E | 5,468,585 | | 5,240 | 5,463,345 |
| OSSREA POS DOC Deferred Incomes R&E | 4,648,903 | 1,812,500 | 292,320 | 6,169,083 |
| Ecolive Project Deferred Incomes R&E | 1,850,862 | | 1,805,626 | 45,236 |
| Limnology Project Deferred Incomes R&E | 8,774,550 | 4,137,482 | 4,477,648 | 8,434,383 |
| Wetland Ecosystem Deferred Incomes R&E | 7,417,538 | 13,528,454 | 10,503,086 | 10,442,906 |
| Ecohealth Deferred Incomes R&E | 1,249,531 | 509 | 5,240 | 1,244,800 |
| Confucius Institute Deferred Incomes R&E | 5,097,119 | 7,684,703 | 2,661,590 | 10,120,231 |
| COELIB Projects Deferred Incomes R&E | 2,989,309 | 7,789,880 | 5,675,917 | 5,103,272 |
| Pytochem Projects Deferred Incomes R&E | 8,422,510 | 96,201,108 | 76,739,452 | 27,884,166 |
| MCF TAGDEV Deferred Incomes R&E | 23,916,381 | 115,799,273 | 118,123,413 | 21,592,241 |
| AGEC Dollar A/C Deferred Incomes R&E | 3,540,565 | 2,321,344 | 3,525,427 | 2,336,483 |
| AERC Project 2 Deferred Incomes R&E | 4,883,269 | 7,940,495 | 2,171,512 | 10,652,252 |
| PAM KMDP Deferred Incomes Tegemeo | 900,000 | | | 900,000 |
| 3ie Deferred Incomes Tegemeo | 1,049,210 | | 247,890 | 801,320 |
| BFAP Deferred Incomes Tegemeo | (3,213,489) | 5,382,222 | 1,028,800 | 1,139,932 |
| KCSAP Deferred Incomes Tegemeo | 28,833,555 | 50,110,050 | 54,607,772 | 24,335,833 |
| RTI Deferred Incomes Tegemeo | 1,825,654 | 6,524,748 | 5,120,464 | 3,229,938 |
| Tegemeo Dollar A/C Deferred Income | - | 9,910,119 | | 9,910,119 |
| TOTAL | 329,930,726 | 556,502,251 | 542,413,617 | 344,019,360 |

“Transforming Lives Through Quality Education”

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 32 :- Tegemeo Institute Expenses

| Particulars | 2020-2021 | 2019-2020 |
|-----------------------|--------------------|-------------------|
| | Kshs. | Kshs. |
| PAM/KMDP Expenses | 7,271,821 | 7,714,506 |
| TAPRA I Expenses | 338,664 | 882,290 |
| Dollar A/c Expenses | 21,050 | 20,049 |
| RFCCP Expenses | 492 | - |
| GISAMA Expenses | 1,200 | 3,600 |
| KBSP Expenses | 328,736 | 17,910 |
| TAPRA II Expenses | 4,267,751 | 2,363,128 |
| MLE Expenses | 85 | - |
| ISSD Expenses | 202,780 | 1,515,129 |
| 3ie Expenses | 247,890 | - |
| TAMPA II Expenses | 169,723 | 4,263,984 |
| ReNAPRI Expenses | - | 2,030 |
| TZB Expenses | 14,121,345 | - |
| AFA Expenses | 765,431 | - |
| WFP -PHFW Expenses | - | 2,269,410 |
| AIGHD 2 Expenses | 851,180 | 1,786,766 |
| FAO/RAELOLOC Expenses | - | 2,912,397 |
| AATF Expenses | 3,047,935 | 9,504,435 |
| IFPRI Expenses | - | 2,535,353 |
| BFAP Expenses | 1,028,800 | 13,350,279 |
| KCSAP Expenses | 54,607,772 | 11,851,658 |
| ATI Expenses | 90,000 | 4,269,957 |
| RTI Expenses | 5,120,464 | 5,108,034 |
| EXETER Expenses | 2,236,142 | 1,105,668 |
| APRA Expenses | 205,500 | - |
| KDB Expenses | 10,476,799 | - |
| NARIGP Expenses | 44,845,616 | - |
| GIZ Expenses | 273,577 | - |
| Lincoln Expenses | 34,800 | - |
| F4APK Expenses | 4,368,189 | - |
| | 154,923,743 | 71,476,584 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. CASH GENERATED FROM OPERATIONS

| Particulars | Notes | 2020-2021 Kshs. | 2019-2020 Kshs. |
|---|--------|------------------------|----------------------|
| Operating Activities | | | |
| Deficit for the year | | (1,299,475,557) | (524,726,286) |
| Adjustments for | | | |
| Depreciation | 20 | 129,653,282 | 113,312,933 |
| Adjustments in Reserves for prior years items | | | 376,051,671 |
| Movement in Provisions for the year | 30 (b) | 64,934,422 | (365,879,935) |
| Movement in Deffered Income for the year | 30 (c) | 14,088,634 | 51,090,980 |
| (Gain)/Loss on Revaluation of Shares | 23 | (28,857) | 35,154 |
| | | (1,090,828,077) | (350,115,484) |
| Changes in Working Capital | | | |
| (Increase)/Decrease in Biological Assets | 27 | 10,508,218 | (7,827,718) |
| (Increase)/Decrease in Receivables | 25 (a) | 476,739,334 | (100,827,764) |
| (Increase)/Decrease in Inventories | 26 | 4,244,761 | (1,271,453) |
| Increase/(Decrease) in Payables | 30 (a) | 265,028,922 | 609,953,319 |
| | | 756,521,235 | 500,026,384 |
| Cash Generated from Operations | | (334,306,842) | 149,910,900 |

34. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. RELATED PARTY BALANCES (Continued)

Other related parties include:

- i) The National Government;
- ii) The Ministry of Education;
- iii) The University Council;
- iv) Key Management
- v) Egerton University Investment Company

| | 2020/2021 | 2019/2020 |
|--|----------------------|----------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Grants from the Government (Ministry of Education) | | |
| Recurrent Grants | 2,098,946,927 | 2,580,381,160 |
| Development Grants | 39,030,444 | 137,465,934 |
| Total | 2,137,977,371 | 2,717,847,094 |
| b) Key management compensation | | |
| Councils' emoluments | 15,532,485 | 12,912,501 |
| Compensation to key management | 40,956,344 | 45,133,529 |
| Total | 56,488,830 | 58,046,030 |

35. CONTINGENT LIABILITIES

| Contingent liabilities | 2020/2021 |
|--|-------------------|
| | Kshs |
| Court of Appeal at Nakuru Civil Appeal No. 16 of 2017 Egerton University –vs- Prof J.K.Tuitoek | 20,377,750 |
| Nakuru ELC 224 of 2017 (Dr. Peter Wangai –vs- Egerton University) | 13,056,771 |
| Milimani CMCC No. 172 of 2019 (Advatech Supplies Ltd Vs Egerton University) | 6,500,000 |
| Total | 39,934,521 |

Court of Appeal at Nakuru Civil Appeal No. 16 of 2017 Egerton

Prof J.K.Tuitoek, the Vice chancellor Emeritus had challenged the decision of the University Council in setting aside his retirement package upon advisory from Chief of Staff and Head of Public service. The case was determined in favour of the applicant, but the University Council appealed against this decision and the ruling was delivered in favour of the Claimant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. CONTINGENT LIABILITIES (Continued)

His dues have been computed at Kshs 17,377,750 exclusive of advocates' fees of approximately Kshs 3,000,000.

Nakuru ELC 224 of 2017

The claimant was an employee of the University and in the course of his duty he was dismissed for gross misconduct and filed the suit challenging his dismissal. He filed an application for a Review, and the court ruled in his favour making an award of Kshs 13,056,771. This excludes the advocates' fees.

Milimani CMCC E172 of 2019

The client sued the University in November 2018 for defaulting to pay the above amount of money despite them having supplied the tags. The university lost and was ordered to pay the supplier the money owed to him.

On 16th April 2019, senior principal magistrate made an order that an interlocutory injunction was issued for the release of Ksh 3,000,000/= as per subject of the application and be deposited with court which the university was given 7 days to do so or bank guarantee for the repayment of the said bank loan imposed on the plaintiff/supplier as may eventually be determined as part of payment by the defendant/university upon resolution of the dispute herein.

Penalties and Interest

The University has reported the principal amounts of unremitted Pay As You Earn (PAYE), pension contributions and Egerton Sacco deductions in the financial statements as at 30th June 2021, however, there is a risk of penalties and interest being charged by Kenya Revenue Authority, Egerton University Pension and Egerton Sacco respectively.

36. EVENTS AFTER THE REPORTING PERIOD

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

37. ULTIMATE AND HOLDING ENTITY

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

38. MATERIAL BUDGET VARIANCES

i. Income Variances

- Research incomes reported positive inflows than had been anticipated except Tegemeo institute.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- The tuition & related income was not fully received due to the closure of the University due to the COVID 19 pandemic in the country. This also affected income from other services, mostly Income Generating Units (IGUs) that depend on students.

ii. Expenditures Variances

The actual expenditure for the year exceeded the budget. This is due to the fact that the university operated on a budget in which staff costs was budgeted only at 60%. In reality however, the total (100%) of the cost has been reported in the financial statements under the accruals basis even though part of it remains unpaid.

39. CURRENCY

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

Appendix 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

| Ref No. | Issue / Observations from Auditor | Management comments | Status | Timeframe |
|---------|--|---|--------------|--------------|
| 1. | Non-Disclosure of Material Uncertainty Related to Sustainability of Services | The University Management has noted and will ensure all disclosures are made as required by standards going forward. | Not Resolved | FY 2021/2022 |
| 2. | Inaccuracy of Cash in Hand and in Bank | The university has put in place a host to host system of receipting, as money is received at the bank, it reflects immediately in the students' accounts. This has significantly reduced the unidentified deposits, however, we are working on reducing the old unidentified deposits. The amount of Kshs. 1,000,000.00 was transferred from Egerton University fees account no.1108550703 (MB002) to Egerton University Confucius Institute account no.1138143936 (RE45) in the Research and Extension division. | Not Resolved | FY 2021/2022 |
| 3. | Long Outstanding Receivables from Exchange Transactions | Students who graduated with fee balances are not issued certificates until they clear all outstanding fees with the University. Currently, application of graduation is online, and only students who have cleared all fees are cleared for graduation by the system (ARMS). There were no differences between the Academic records management system balances and the schedule provided to support the students' balances as at 30th June 2020. The analysis of each variance highlighted in the opening balance for the 170 accounts was done and provide to the auditor. The analysis of the 105 receipts worth Kshs. 3,626,804 was also done and given to the auditor. | Not Resolved | FY 2021/2022 |

Egerton University Annual Report and Financial Statements for the year ended 30th June 2021

| Ref No. | Issue / Observations from Auditor | Management comments | Status | Timeframe |
|---------|---|--|--------------|--------------|
| | | Imprest is recovered from all active staff on a monthly basis; however, the recovery from staff that have left service has been a challenge and these continue to be pursued from legal perspective. Aging analysis for general debtors was done and provided to the auditor. | | |
| 4. | Agricultural Assets | The workings supporting the movement of biological assets resulting in the reported loss has been done and available to the auditor for scrutiny. | Not Resolved | FY 2021/2022 |
| 5. | Unsupported Property, Plant and Equipment | All the documentations on pursuing the titles of the parcels were provided to the auditor, however we have allotment letter for Mpeketoni land. | Not Resolved | FY 2021/2022 |
| 6. | Unsupported Investment | The University is pursuing the share certificate for the Kenya Airways shares, however, copies of earlier dividend notifications and receipt to proof the shares are owned by the University were provided to the auditor. The University had initially classified Kshs 149.9 million as a loan to Egerton University Investment Company but with the recommendation of the Office of the Auditor General's report for the year 2017/18, it was reclassified as an investment. The funds transfer to Egerton University Investment Company was approved by 82nd, 86th & 133rd Council Meetings held on Tuesday, 29th January, 2013, 15th May, 2013 and Tuesday, 22nd August, 2017 respectively, and minutes were provided for the said meetings. | Not Resolved | FY 2021/2022 |

Egerton University Annual Report and Financial Statements for the year ended 30th June 2021

| Ref No. | Issue / Observations from Auditor | Management comments | Status | Timeframe |
|---------|---|--|--------------|--------------|
| 7. | Inaccuracy in Provisions and Accruals | <p>The Accruals and Provisions figure of Kshs 470,284,219 is not for accrued Teaching claims only but it includes other accrued expenses in the year under review (Audit fees, Rent, Electricity & Water, Insurance, Medical and Subsistence claims).</p> <p>The auditor's analysis is not accurate as it is comparing opening and closing balances of unrelated items.</p> | Not Resolved | FY 2021/2022 |
| 8. | Trade and Other Payables – Student Prepaid Fees | <p>There were no differences between the Academic records management system balances and the schedule provided to support the students' balances as at 30th June 2020.</p> <p>We are in negotiation with the bank on how integration can be improved so that only the unique identifier for each student is captured. For the wrongly captured deposits (unidentified), they are claimed to the right students once the concerned students present the evidence of deposit to the receiving cashiers, and are verified before posting to their accounts.</p> | Not Resolved | FY 2021/2022 |
| 9. | Unsupported Other Services Rendered | <p>There was a mix up on cash received for amounts invoiced in the previous and current financial years. This was correct and an analysis of the figures was provided to the auditor.</p> | Not Resolved | FY 2021/2022 |
| 10. | Inaccuracy in Tuition and Related Fees | <p>The Management has put in place mechanisms to ensure that all students who do not register do not attend classes or sit for exams, or enjoy any service such field trips, field attachments and sporting activities.</p> <p>At the time of audit, the University application Pay bill account had accumulated Kshs. 3,074,304, and the amount for the year 2019/2020 of Kshs. 2,362,303 was accrued in our books as at 30th June 2020. The money was later transferred to the university's bank account in February 2021 and received accordingly.</p> | Not Resolved | FY 2021/2022 |

Egerton University Annual Report and Financial Statements for the year ended 30th June 2021

| Ref No. | Issue / Observations from Auditor | Management comments | Status | Timeframe |
|---------|--|--|--------------|--------------|
| 11. | Unsupported Staff Cost | The figure of Casual Labour Expenses is reported under two different notes as follows: Kshs 8,730,774.00 under Note 13b Staff Personnel Remuneration and Kshs. 8,224,264.00 under Note 19 IGU Expenses (income generating units) therefore correctly stated. The schedule from the Registrar (HCA) is the list of approved casuals to be hired by the respective departments, but the figure in the financial statements shows the amount paid to the casuals for actual days worked. | Not Resolved | FY 2021/2022 |
| 12. | Inaccuracy in MCF TAGDEV Expenses | The difference is the exchange difference upon conversion from USD to Kenya shillings. | Not Resolved | FY 2021/2022 |
| 13. | Unsupported Teaching Claims | The figure of Kshs 55,045,728.27 is an estimate based on 35% of SSP tuition income during the year under review as per the University's SSP Policy hence it does not have names of the lecturers. However, the Management is discussing with the system vendor on activation of the part timer management system module in ARMS that will assist in addressing the auditor's concern. | Not Resolved | FY 2021/2022 |
| 14. | Non-Disclosure of Contingent Tax Liability | We have been paying our dues to KRA as per our agreements of 26th September 2019 as amended through an addendum on 30th April 2020. Despite the Covid 19 pandemic challenges we have made payments and complied with all the terms and conditions of the said Agreement. The difference of the amounts that have not been addressed by the agreement with KRA have been taken care of in our letter dated 22nd September 2020. | Not Resolved | FY 2021/2022 |

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| Ref No. | Issue / Observations from Auditor | Management comments | Status | Timeframe |
|--|---|---|--------------|--------------|
| 15. | Tegemeo Institute Financial Performance | The management is keenly monitoring the performance of Tegemeo Institute for any need of intervention to reduce its operating costs including transferring back the staff on secondment back to the university. The Institute currently has new projects namely; F4APK, AGRO CHEM, Lincoln, UDS, PEFEMA, APRA, GIZ and IDS. | Not Resolved | FY 2021/2022 |
| Other Matter | 1. Budgetary Control over Staff Cost | There was under collection in revenue due to the closure of the University in March 2020 due to the COVID 19 pandemic. This disrupted the revenue collection as well as the planned activities of the university. The reported over-expenditure amounts to 2% of the total recurrent budget for the year, which is below the 10% tolerable by the PFM regulations. We will endeavor to be more stringent with our budgetary controls to ensure no line items are over spent in future. | Not Resolved | FY 2021/2022 |
| | 2. Unresolved Prior Year Matters | This has been amended as observed by the auditor. | Not Resolved | FY 2021/2022 |
| Lawfulness and Effectiveness in Use of Public Resources | 1. Non Remittance of Statutory Deductions | As per our records, the payments to NHIF were made and received in time by the bank on 9th May 2020. The university is facing cash flow constraints and could not meet some of its financial obligations in the financial year when they fell due, however the university has committed to pay Pension Contributions as per MOU with RBA. | Not Resolved | FY 2021/2022 |

Egerton University Annual Report and Financial Statements for the year ended 30th June 2021

| Ref No. | Issue / Observations from Auditor | Management comments | Status | Timeframe |
|---------|--|---|--------------|--------------|
| 2.1 | Irregular Expenditure Contracted Security Services | Due to insecurity issues and terror threats in Lamu County and the vastness (large forest cover) of the university land, the university embarked on protecting the land from encroachment by squatters, and terror groups (Al Shabaab). Therefore, Mpeketoni Campus is guarded by the Kenya Police Reserve (KPR), persons who are identified and armed by the government of the republic of Kenya. The university therefore did not recruit the guards and the rates paid of Kshs. 1,000 per day are the ones applicable to the officers given their seniority levels. | Not Resolved | FY 2021/2022 |
| 2.2 | Legal Fees | While it is true that the contracts have lapsed as observed, all the payments made to the law firms relate to cases that were awarded earlier during the contract period and that have been on-going | Not Resolved | FY 2021/2022 |
| 2.3 | Unapproved Cleaning and Sanitary Services | The contract extension was necessitated by University Council directive on reduction of the scope of cleaning services by 70 % in the next contract with service providers as a result of various austerity measures employed by the Council. The tender advert for cleaning and sanitary services was published in daily nation and on public procurement information portal on 26th July, 2019. Based on the timelines and the provision of section 96, 97 and 98 of the PPAD Act 2015, the DCPO requested the Vice Chancellor for a contract variation for a period of 3 months to enable the tender evaluation committee to evaluate the published tender, and for the Vice Chancellor to sign the contract with the awarded service provider. All relevant documentations were provided to the auditor. | Not Resolved | FY 2021/2022 |

Egerton University Annual Report and Financial Statements for the year ended 30th June 2021

| Ref No. | Issue / Observations from Auditor | Management comments | Status | Timeframe |
|---------|--|--|--------------|--------------|
| 3. | Irregular Bank Overdraft | The negative cashbook balances are just as such, cashbook balances. The actual bank account balances were not above the authorized overdraft limit as per the certificate of balance. The overdraft of Ksh 100 million has been maintained and was complied with. | Not Resolved | FY 2021/2022 |
| 1. | Inventories | The university will endeavour to procure the inventory management system as per the auditor's recommendation. | Not Resolved | FY 2021/2022 |
| 2. | Lack of Human Resource Documents | The University Council at its meeting held on 22nd November, 2019 approved the staff establishment for Academic and non-academic staff and the total number of staff was capped at 1444. At the time of approval, the total staff at the University were 1818. The university is holding consultative meetings with all relevant departments and system providers to agree on how the university sage and human resource software can be upgraded to the latest software version which has improved controls. | Not Resolved | FY 2021/2022 |
| 3. | Failure to Invoice Students after Registration | Financial records of DOD Students are not maintained under ARMS rather they are managed fully under DOD project in Research & Extension Division. Under this arrangement, income for the DOD students is recognized on cash basis upon payment from DOD just like any other research project. | Not Resolved | FY 2021/2022 |

Egerton University Annual Report and Financial Statements for the year ended 30th June 2021

| Ref No. | Issue / Observations from Auditor | Management comments | Status | Timeframe |
|---------|--|---|--------------|--------------|
| 4. | Weaknesses in Information Communication Technology (ICT) | The university is holding consultative meetings with all relevant departments and system providers to agree on how the university sage software can be upgraded to the latest software versions which have improved controls. | Not Resolved | FY 2021/2022 |
| 5. | Integration between ARMS and Sage System | There were no variances between the documents' values in ARMS and SAGE as observed by the auditor. | Not Resolved | FY 2021/2022 |



Prof. Isaac O. Kibwage, PhD, HSC
Vice Chancellor

Date: 28th September 2021

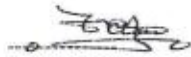
Appendix 2: INTER-ENTITY TRANSFERS

| | | | | |
|---|---------------------|-----------------------|---|--|
| ENTITY NAME: | | EGERTON UNIVERSITY | | |
| Break down of Transfers from the State Department for University Education, Ministry of Education | | | | |
| FY 2020/2021 | | | | |
| a. Recurrent Grants | | | | |
| | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate | |
| | 7-Aug-20 | 174,912,244 | 2020/2021 | |
| | 31-Aug-20 | 174,912,244 | 2020/2021 | |
| | 1-Oct-20 | 174,912,243 | 2020/2021 | |
| | 30-Oct-20 | 174,912,244 | 2020/2021 | |
| | 7-Dec-20 | 174,912,244 | 2020/2021 | |
| | 5-Jan-21 | 174,912,244 | 2020/2021 | |
| | 4-Feb-21 | 174,912,244 | 2020/2021 | |
| | 11-Mar-21 | 174,912,244 | 2020/2021 | |
| | 9-Apr-21 | 174,912,244 | 2020/2021 | |
| | 10-May-21 | 174,912,244 | 2020/2021 | |
| | 16-Jun-21 | 174,912,244 | 2020/2021 | |
| | 25-Jun-21 | 174,912,244 | 2020/2021 | |
| | Total | 2,098,946,927 | | |
| b. Development Grants | | | | |
| | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate | |
| | 14-Sep-20 | 39,030,444.00 | 2020/2021 | |
| | Total | 39,030,444.00 | | |
| c. Donor Receipts | | | | |
| | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate | |
| | 18-Feb-21 | 132,689,451.95 | 2020/2021 | |
| | Total | 132,689,451.95 | | |

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

Finance Officer
Egerton University

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

Sign 
21/07/2021

Sign 

