


REPUBLIC OF KENYA



*Enhancing Accountability*

 THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
DATE: 08 MAR 2023	
Wednesday	
TABLED BY:	Hon Owen Bayo, CBS, MP Deputy Majority Leader
CLEAR AT THE TABLE:	Miriam Njoroge

**THE AUDITOR-GENERAL**

**ON**

**CO-OPERATIVE UNIVERSITY OF KENYA**

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





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# **THE CO-OPERATIVE UNIVERSITY OF KENYA**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED**

### **30 JUNE 2021**

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



*CUK is ISO 9001: 2015 Certified*



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements For The Year Ended June 30, 2021

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# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### I. KEY ENTITY INFORMATION AND MANAGEMENT

#### (a) Background Information

The Co-operative University of Kenya (CUK) is a chartered public university established by the Kenyan Government under the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7<sup>th</sup> October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4<sup>th</sup> November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E). Since award of charter the University has been a leading institution for co-operative education, training and research at both national and international level.

During the financial year ending 30 June 2021, CUK had a student population of 7067 students comprising of: 78 – Certificate level; 2743 – Diploma level; 4230 – Bachelors level; and 16 – Masters Level. The University has staff population of 283 composed of 232 Permanent and Pensionable, and 51 on contract. This comprises 64 Academic members of staff and 219 Administrative, Technical and Information Science members of staff.

#### (b) Principal Activities.

The principal activity/mission of CUK is to provide innovative education, training, research, and consultancy services for sustainable community empowerment.

#### (c) Key Management.

CUK's day-to-day management is under the Vice-Chancellor who is supported by the University Management Board (UMB)

#### (d) Fiduciary Management.

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

Prof. Kamau Ngamau	-	Vice Chancellor
Prof. Emily Achieng' Akuno	-	Deputy Vice Chancellor, Academic Affairs
Prof. Esther N. Gicheru (Mrs) OGW	-	Deputy Vice Chancellor, Finance, Planning and Administration
Prof. Isaac K. Nyamongo	-	Deputy Vice Chancellor, Co-operative Development, Research and Innovation
CPA Maxwell Nyaga	-	Finance officer
Mr David Otiende	-	Registrar, Academic Affairs
Mr Chris Kathoka	-	Registrar, Finance, Planning and Administration
CHRP Anne Jemimma Mmata	-	Ag. Principal Human Resource Manager
Dr. Lucinda Mugaa	-	Ag. Dean of Students
Dr. Lydia Mutua	-	Ag. Deputy Registrar, Co-operative Development, Research and Innovation



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### (e) Fiduciary Oversight Arrangements

The University's key fiduciary oversight arrangements have been carried out by the following University Council Committees:

- i) Finance, Planning and Development Committee
- ii) Human Resource Management Committee
- iii) Audit and Risk Committee
- iv) Sealing Committee

### (f) Entity Headquarters

The Co-operative University of Kenya  
L. R. NO. 23134/1, Karen  
23134/2, Karen  
Ushirika Road  
P. O. Box 24814 00502  
KAREN NAIROBI

### (g) Entity Contacts

P. O. Box 24814 – 00502  
KAREN NAIROBI  
Tel. 020 8891401/3/4  
Wireless: 020 2430127  
020 2679456  
Mobile. 0724311606  
Fax: 020 8891410  
E-mail: [vc@cuk.ac.ke](mailto:vc@cuk.ac.ke)  
Website: [www.cuk.ac.ke](http://www.cuk.ac.ke)

### (h) Entity Bankers

1. Standard Chartered Bank  
Karen Branch  
P.O. Box 24601- 00502  
KAREN, NAIROBI.
2. Co-operative Bank  
Karen Branch  
P O Box 60800 - 00200  
NAIROBI.



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3. Equity Bank (Kenya) Limited  
Karen Supreme Branch  
P O Box 75104 - 00200  
NAIROBI.

### (i) Independent Auditors

Auditor – General  
Anniversary Towers, University Way  
P.O. Box 30084 - 00100  
NAIROBI

### (j) Principal Legal Advisers

1. The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112 City Square 00200  
Nairobi, Kenya
2. G.N. Mugo & Company Advocates  
P.O. Box 16538-00100  
Nairobi, Kenya
3. Waweru Gatonye and Advocates  
P.O. Box 5527-00200  
Nairobi, Kenya  
[info@wawerugatonye.com](mailto:info@wawerugatonye.com)  
+254202428452/3/4
4. J.N. Namasake and Company Advocates  
P.O. Box 9479-00100  
G.P.O Nairobi, Kenya  
[jnnamasake@yahoo.com](mailto:jnnamasake@yahoo.com)  
+254202210297  
+254722802222  
+254735092256







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## II. THE UNIVERSITY COUNCIL

Name	Profile & Work Experience
 <p>Dr. Jeremy Bundi DOB; 1955</p>	<ul style="list-style-type: none"> <li>• Chairperson – The Co-operative University of Kenya Council.</li> <li>• Member – Chartered Institute of Logistics and Transport International (MILT -UK)</li> <li>• iRAP associate member</li> <li>• Chairman – St Ann Girls Secondary School, Maara District, Tharaka Nithi County</li> <li>• Chairman – Muthambi Girls Secondary School</li> <li>• EIA/EA, Certificate</li> <li>• Former Branch Manager – The co-operative Bank of Kenya</li> <li>• Former Principal Administration Officer – Ethics &amp; Anti Corruption Commission</li> <li>• Former Leaf Collection and Crop Development Officer – Kenya Tea Development Authority</li> <li>• Former Operations Officer – Kenya Bus Services (KBS) Ltd</li> <li>• Doctor of Philosophy (PhD), Transport Geography - University of Nairobi</li> <li>• Master of Arts (M.A), Transport Geography University of Nairobi</li> <li>• Bachelor of Arts (B.A.), Economics, Sociology &amp; Geography – University of Nairobi</li> <li>• Post graduate professional course: The Chartered Institute of Transport (CIT -UK)</li> </ul>
 <p>Ms. Anne Chepkorir DOB; 1966</p>	<ul style="list-style-type: none"> <li>• Council Member – The Co-operative University of Kenya.</li> <li>• Founder and Director – Suluhisho Afrika Trust.</li> <li>• Board member – Kipkeino Foundation.</li> <li>• Treasurer – LCC Ladies Group</li> <li>• Head of Business Support and Corporate Recoveries – Barclays Bank of Kenya.</li> <li>• MBA, Strategic Management – The University of Nairobi.</li> <li>• Bachelor of Commerce, Business Administration– The University of Nairobi.</li> <li>• Advanced Commercial Lending – IFS School of Finance</li> <li>• Associate of Chartered Institute of Bankers (ACIB) – Institute of Financial Services (UK).</li> </ul>





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Mr. Christopher Ombati  
DOB; 1948

- Council Member – The Co-operative University of Kenya.
- Master of Science (Human Resource Development), FRSC University of Manchester, United Kingdom
- Bachelor of Commerce (Business Administration) University of Nairobi, Kenya



Mr. Peter Kariuki Gathirwa  
DOB; 1967

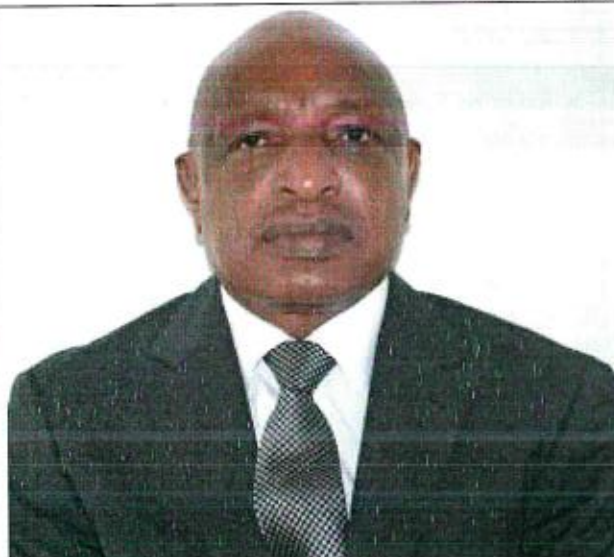
- Council Member – The Co-operative University of Kenya.
- Chief Executive Officer (C.E.O) – Maika Investment.
- Chairman – Presbyterian Church of East Africa (P.C.E.A) Soy church, Soy Parish, Eldoret presbytery.
- Chairman Board of management – Sugoi Secondary School.
- Board member – Soy Township Academy.
- Chairman – P.C.E.A Parish Development Committee.
- Treasurer – Soy Developers Company.
- MBA, Strategic Management – Mount Kenya University.
- Bachelors of Commerce, Business Administration – The University Of Nairobi.
- Certificate in Government Financial Management and Cycle – Kenya Institute of Administration.



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Mr. Patrick L.M. Musyimi, HSC  
DOB; 1955

- Council Member – The Co-operative University of Kenya.
- Commissioner for Cooperative Development (Retired) – Ministry of Cooperative Development & Marketing
- Board Member – Kyevaluki Secondary School.
- Master Degree, Entrepreneurship – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Science, Agriculture – The University of Nairobi.



Ms. Elizabeth Layla Kimkung  
DOB; 1968

- Council Member – The Co-operative University of Kenya.
- General Manager (Administration, Legal and Corporate Affairs) – Freight Forwarders Kenya Limited.
- Board Member – Kenya Institute of the Blind.
- Chair-person – Governor's Christmas Tree Fund Nairobi County.
- Executive Chairperson (Founder) – Langata Kibera Foundation.
- Vice Chair-person – Nairobi County Liquor Licensing Board.
- Transport Committee member – Kenya Private Sector Alliance.
- Member – Kenya Girl Guides (Fundraising Committee).
- Member – Kenya Ladies Golf Union.
- Member – Rotary Club of Nairobi.
- Masters of Law (LLM) – University of Nairobi.
- Master of Business Administration – United States International University.
- Bachelors of Law (LLB) – University of Nairobi.
- Bachelor of Arts in International Business Administration – United States International University.





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Mr. Mugambi Nyaga

DOB; 1963

Representing the Principal Secretary – State  
Department for University Education.

- Council Member – The Co-operative University of Kenya.
- Master's in Business Administration (HRM); Moi University
- Bachelor of Arts Degree; Economics and Sociology; University of Nairobi
- Head of Human Resource - Local Government, Regional Development, Prisons Department and Executive of The President (Cabinet Affairs Office) and Education (State Department for University Education and Research).
- Member - Institute of Human Resource Management
- Member - Institute of Certified Public Secretaries



Ms. Susan Karuri

DOB;

Representing the Principal Secretary – The  
National Treasury.

- Council Member – The Co-operative University of Kenya.
- LL.M - International Economic Law from the East China University of Political Science and Law, Shanghai
- LL.B - Moi University
- Advocate of the High Court of Kenya



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CPA Peter Wanjohi Kiama  
DOB;  
Representing the Principal Secretary – State  
Department of Co-operatives, Ministry of  
Industry, Trade and Co-operatives.

- Council Member- The Co-operative University of Kenya.
- Assistant Commissioner for Co-operative Development – Ministry of Industry, Trade and Co-operatives.
- Doctor of Philosophy, Business Administration (Finance) Student –Jomo Kenyatta University of Agriculture and Technology
- Master of Business Administration (Finance) – University of Nairobi
- Bachelor of Science (Maths Major) – Jomo Kenyatta University of Agriculture and Technology
- Professionally affiliated to the Institute of Certified Public Accounts of Kenya (ICPAK), and the Kenya Society of Professional Co-operators (KSPC)



Prof. Kamau Ngamau  
DOB; 1966  
• Vice Chancellor.

- Secretary – The Co-operative University of Kenya Council.
- Vice Chancellor – The Co-operative University of Kenya.
- Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology.
- Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany.
- Master of Science, Horticulture – The University of Nairobi.
- Masters degree, Organizational Development – United States International University, Kenya
- Bachelor of Science, Agriculture – The University of Nairobi.






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### III. THE UNIVERSITY MANAGEMENT BOARD

Staff Profile	Responsibilities
 <p>Prof. Kamau Ngamau DOB; 1966</p> <ul style="list-style-type: none"> <li>• Vice Chancellor.</li> <li>• Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology.</li> <li>• Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany.</li> <li>• Master of Science, Horticulture – The University of Nairobi.</li> <li>• Masters degree, Organizational Development – United States International University, Kenya</li> <li>• Bachelor of Science, Agriculture – The University of Nairobi.</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive Officer; Academic and Administrative Head of the University.</li> <li>• Member of all committees appointed by Council or Senate.</li> <li>• The Secretary to the Council and an ex officio member of the Council.</li> <li>• Responsible for Policy matters, Planning, Coordination, Public Relations, Security, Audit, Fundraising and General Development of the University Policy Matters.</li> <li>• Chairperson of Senate.</li> <li>• Chairperson of Associate Professorial appointments.</li> <li>• Chairperson of the University Management Board.</li> <li>• Chairperson of the University Student Welfare Authority.</li> </ul>





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Prof. Emily Achieng' Akuno

DOB; 1962

- Deputy Vice Chancellor, Academic Affairs.
- Full Professor, Music – The Technical University of Kenya.
- Doctor of Philosophy, Music – Kingston University, Surrey, UK.
- Master of Music - North Western State University, Louisiana, USA.
- Bachelor of Education (Arts) – Kenyatta University, Kenya.

- Head of the Academic Division of the University.
- Provide the secretariat to the Senate and the following Committees of the Senate:
  - Board of Postgraduate Studies;
  - Deans Committee;
  - Students Welfare Committee;
  - Students Disciplinary Committee;
  - Library Advisory Committee;
- The returning officer for the election of Deans of Faculties.
- Provide the secretariat for the Honorary Degrees Committee of Council.
- Responsible for the allocation of academic facilities such as buildings, lecture rooms and offices and as well as formulation of rules governing the allocation and utilization.
- Chairperson of the University Training Committee.



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Prof. Esther N. Gicheru (Mrs) OGW  
DOB; 1952

- Deputy Vice Chancellor Finance, Planning and Administration.
- Associate Professor in Cooperative Management and Organization Development – The Co-operative University of Kenya.
- Doctor of Philosophy, Organization Development and Transformation – Cebu Doctors' University, the Philippines.
- Masters Degree, Co-operative Management and Organization Development – Leicester University, United Kingdom.
- Bachelor of Science, Agriculture – The University of Nairobi.
- Diploma in Counselling Psychology – Tangaza University College.

- Head of Finance, Planning and Administration Division and is responsible for management of human, physical, financial resources; administrative, infrastructural and development matters which has the following responsibilities:
  - Staff Recruitment;
  - Training of Administrative Staff;
  - Promotions and Discipline;
  - Personnel Administration;
  - Financial Administration;
  - Coordination of All Income Generating Units;
  - Procurement Services;
  - Health Services;
  - Registry Administration;
  - Legal Matters;
  - Transport;
  - ICT and Central Services.
- Provides the secretariat for the Council and the following Committees:
  - Terms of Service Committee;
  - Staff Appointments Committee;
  - Housing (policy and allocations) Committee;
  - Ceremonial Committee;
  - Health, Recreation, Environment and Safety Committee;
  - Staff Appraisal and Promotion Committee;
  - Staff Welfare;
  - Finance and General Purposes Committee;
  - Building and Development;
  - Sealing Committee;
  - Council Planning and Development Committee;
  - Planning, Establishment and Development Committee;
  - Disciplinary Committee;
  - Tender Committee;



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Prof. Isaac K. Nyamongo

DOB; 1963

- Deputy Vice Chancellor (Cooperative Development, Research and Innovation).
- Full Professor, Anthropology – The University of Nairobi.
- Doctor of Philosophy, Anthropology – University of Florida, USA.
- Master of Science, Anthropology – Punjab University, India.
- Bachelor of Science, Anthropology – Punjab University, India.

- Head of the Co-operative Development, Research, and Innovation Division which has the following responsibilities:
  - Integrating Co-operative models in rural development and transformation;
  - Coordination of Co-operative Development activities;
  - Coordination of research and extension services;
  - Coordination of workshops and seminars;
  - Coordination of short tailor-made training programmes and consultancy services for the Co-operative sector;
  - Coordination of national and international linkages with the Co-operative sector;
  - Soliciting of funds for Co-operative development, research and production;
- Provides the secretariat for the following Committees:
  - Research, innovation and incubation;
  - Linkages and partnership;
  - Community services;
  - Funding-raising;
  - Printing and publications;
  - Short courses.





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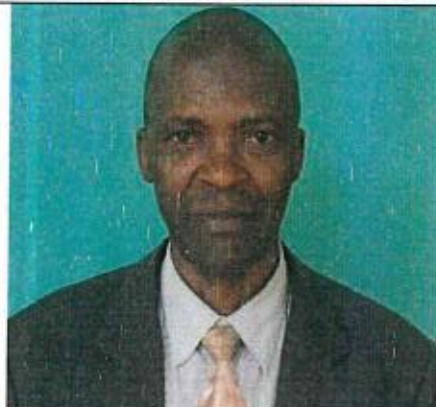


CPA Maxwell Nyaga

DOB; 1974

- Finance Officer.
- PhD student Business Administration (Finance) – The Jomo Kenyatta University of Agriculture and Technology.
- Master Degree, Business Administration – The Jomo Kenyatta University of Agriculture and Technology.
- Master of Science, Procurement and Logistics – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Science, Applied Accountancy – Oxford Brooks University, UK
- Certified Public Accountant CPA (K).

- Responsible for the supervision and management of all administrative and operational functions of the office of the Finance Officer.
- Develops the finance policies and procedure Manual.
- Formulates the revenue generation and resource Mobilisation strategies for the university.
- Is responsible for financial forecasting and planning.
- Is responsible for Budget execution and control of Budgets.
- Prepares regular, quarterly and annual financial reports.
- Facilitates liaison with the National Treasury, Ministry of Education and the Auditor General on the Funding of the university.
- Is responsible for daily approval of expenditure in the consultations with the Deputy Vice Chancellor FPA and the Vice Chancellor.



Mr David Otiende

DOB; 1963

- Registrar Academic Affairs.
- PhD Student – The Catholic University of Eastern Africa.
- Master of Education, Administration – Kenyatta University.
- Bachelor of Education, Arts – Kenyatta University.

- Serves as the secretary to the Senate, senate committees and custodian of Senate minutes;
- Management of all academic records;
- Academic planning including time tabling, use of classrooms and other academic facilities;
- Supervises the process of graduation ceremony;
- Interprets and enforces policies and regulations of the University touching on academic matters.



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Mr. Chris Kathoka

DOB; 1981

- Registrar Finance, Planning and Administration.
- PhD student Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology.
- Masters, Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Science, Information Technology – The Jomo Kenyatta University of Agriculture and Technology.

- Responsible for the supervision and management of all administrative and operational functions of the office of the Registrar FPA.
- The secretary to the University Management Board.
- Responsible for effective administrative systems in line with University policies and procedures in line with the best practices.
- Provide strategic planning and guidance in the development, coordination and implementation of physical infrastructure and modernization projects in the University.
- Compile and analyse statistical data for use in general planning, strategic planning, and budgeting and sundry management requirements.
- Service matters such as appointments, promotions, retirement, disciplinary action, sanction of leave, incentive pertaining to teaching and non - teaching staff.
- Interpret and enforce policies and regulations of the University touching on Finance, Human Resource, Planning and Development



CHRP Anne Jemimma Mmata

DOB; 1981

- Ag. Principal Human Resource Manager
- Masters, Business Administration – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelors, Education – Kenyatta University.
- Higher National Diploma, Human Resource Management – The College of Human Resource Management.

- Responsible for the supervision and management of all administrative and operational functions of the office of the PHRM.
- Identifies hiring need, develops the position description, Recruitment Plan, organizational chart and other recruitment related documents.
- Ensures understanding of collective bargaining agreements' specific provisions with respect to the University Employees.
- Prepares job descriptions and ensures proper procedures for review and approval are met.
- Reviews recruitments and provides oversight of the recruitment process.





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Dr. Lucinda Mugaa

DOB; 1955

- Ag. Dean of Students
- PhD Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology.
- Masters, (Sociology) Labour Management – The University of Nairobi.
- Bachelor of Science, Business Administration – United States International University, Kenya.
- Diploma, Social Work – The University of Nairobi.

- Co-ordinates student activities and welfare;
- Co-ordinates the work of hostel wardens and counsellors, sports and games, entertainment services, catering and accommodation services;
- Chairperson of the Wardens Committee;
- Acts as Returning Officer of the Students' Organisation elections;
- Provides administrative support to students' professional clubs and societies.



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Dr. Lydia N. Mutua

DOB; 1974

- Ag. Deputy Registrar, Co-operative Development, Research and Innovation
- Doctor of Philosophy, Disaster Management and Sustainable Development – Masinde Muliro University of Science and Technology
- Masters in Project Planning and Management – The University of Nairobi
- Post Graduate Diploma, Planning and Management of Development projects – The Catholic University of Eastern Africa
- Bachelor of Arts (Economics and Sociology) – The University of Nairobi

- Is responsible to the Deputy Vice-Chancellor Co-operative Development Research and Innovation
- Coordinates implementation policies on research, innovation and partnerships.
- Coordinates implementation of all agreements and collaborations of the University.
- Coordinates linkages and partnerships.
- Coordinates dissemination of research findings and publications.
- Is the Custodian of Research, partnerships and innovation records and policies.
- Coordinates community development services.
- Coordinates implementation of research ethics policies.
- Coordinates implementation of partnerships in the university.





# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### IV. CHAIRPERSON'S STATEMENT

#### Introduction

I am pleased to present the Annual Report and Financial Statements for The Co-operative University of Kenya for the year ended 30 June 2021. The pages that follow this introduction provide an analysis of attainments which reflect not only talent and commitment, but also a determination to focus our resources on our core mandate.

#### Financial Performance

In the year under review, the University reported a Gross income of **KSh 716,254,168** compared to **KSh 775,033,653** for the 2019/2020 financial year. This represents a decrease of 8% from the previous year. There has been an increase in Tuition fees by KSh 3,415,821, representing a 1% increase from the previous financial year. The Council was pleased to see real successes in the recruitment of students in most of the approved programs up to June 2021. However, due to the disruption of the 2020/2021 academic calendar, the third semester of the 2020/2021 academic calendar has been pushed back to July 2021. This has led to the failure to achieve the budgeted income for the 2020/2021 financial year.

The University is still on recovery from the effects of the COVID-19 pandemic. The University has improved its bottom line from a deficit of KSh. 93 Million in the 2019/2020 financial year, to a deficit of KSh 30 Million in the current financial year. This is an improvement of KSh. 63 Million.

A persistent reduction in the resources available to CUK combined with increasing competition from many institutions of higher learning pose a great risk to achievement of the core mandate of the university as a global leader in co-operative training research and innovation for co- operative development.

#### Appreciation

On behalf of the Council, I wish to thank all the stakeholders for the confidence placed on the Council during the entire period and look forward to serving even better. In a special way, I thank the Ministry of Education, and all other organizations that have stood with us during the entire Financial Year. Your continued support is highly appreciated. Further, I thank the University Management, staff and students for dedication and commitment towards the growth of the University.



**Dr. Jeremy Bundi**

CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY OF KENYA COUNCIL



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### V. VICE CHANCELLOR'S REPORT

#### Introduction and Background

It is my great pleasure to present the Annual Report and Financial Statements for the Co-operative University of Kenya (CUK) for the year ended 30th June 2021. The Co-operative University of Kenya (CUK) is a Chartered Public University in the Republic of Kenya. The institution was established by the Government of Kenya under the Universities Act 2012 and Chartered on the 7th October, 2016 by H.E. President of the Republic of Kenya and Commander of the Kenya Defense Forces, Uhuru Kenyatta. The University is a leading Centre for Quality Co-operative Education, Training, Research and Consultancy in Kenya.

The predecessor Co-operative College of Kenya was established as a body corporate through the Co-operative College of Kenya Act, Chapter 490 (A), and Revised in 1996 becoming effective on July 1st 1998. In November 2011, the College was elevated to a Constituent College of Jomo Kenyatta University of Agriculture and Technology (JKUAT) through Legal Notice No 161 of 4th November 2011. The registered offices are located at Karen, Ushirika Road, P. O. Box 24814 – 00502 Karen, Nairobi, Kenya which is the Seat of the university.

Having been awarded a university charter in the 2016/2017 financial year, the University's mandate has broadened as stated in the charter documents and university statutes. It is important to acknowledge that despite a continued national reduction in Government funding for Universities, research and teaching, and the international COVID-19 pandemic, 2020/2021, has been a year of strong performance for The Co-operative University of Kenya.

#### Overview of the Financial Performance

Financially, the University's position remains sound, with no external borrowing; the University reported a Gross income of KSh 716,254,168 compared to KSh 775,033,653 for the 2019/2020 financial year. This represents a decrease of 8% from the previous year. There has been an increase in Tuition fees by KSh 3,415,821, representing a 1% increase from the previous financial year. The University management board was upbeat to ensure success in the recruitment of students in most of the approved programs.

However, the Covid-19 pandemic led to the disruption of the 2019/2020 and 2020/2021 academic calendars. This led to the loss of the anticipated third semester of the 2019/2020 academic calendar, and pushed back the third semester to of the 2020/2021 academic calendar to July 2021. Consequently, there was failure to achieve revenue targets by the University for the financial year ended 30 June 2021. The University has however managed to leverage on technology and roll out a robust e-learning environment for all its students. This encompasses student registration, orientation, learning, appraisals, examinations, and clearance.

A persistent reduction in the resources available to CUK combined with increasing competition from many institutions of higher learning pose a great risk to achievement of the core mandate of the university as a global leader in co-operative training research and innovation for co- operative development.





# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### Compliance with Statutory Guidelines

In the year under review, CUK diligently fulfilled its entire statutory obligations and guidelines set by government agencies and commissions. The university signed a performance contract with the Ministry of Education and the same was cascaded to relevant officers and staff of the university with continuous monitoring and evaluation.

### Challenges

Over the last four years, the University has been increasing enrolment of students gradually. However, the increase in the number of students is not commensurate with Government funding.

Over the financial year 2020/2021, the University has had to deal with the continued effects of the world wide Covid-19 pandemic. This has meant recovering from the loss of the anticipated May to August semester of the 2019/2020 academic calendar, and pushing back to July 2021 of the third semester of the 2020/2021 academic calendar.

As we face these challenges, we know that we are most at risk if we ignore realities and fail to innovate. The University was in a good position to take advantage and expand on the e-learning modules platform that had been running for the past 5 years. This platform has proved to be capable of conducting learning and assessment for continued promotion of relevant quality education and training.

For this reason, the university is open for further collaborations with key partners and stakeholders. Further the university commits to benchmark with the best in the market to learn some of the best practices not yet here.

### Appreciation

I note with appreciation that the Government of Kenya, our collaborators, and other institutions that have rendered their support during the entire financial year under review. Further, I would like to appreciate the support accorded to me by staff and students in ensuring smooth running of the CUK.

The university acknowledges the guidance of the Governing Council in ensuring the Management is kept on the move towards attainment of the set targets.



**Prof. Kamau Ngamau**  
**VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA**



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### VI. REVIEW OF THE UNIVERSITY PERFORMANCE FOR FY 2020/2021

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

The University is currently implementing her five (5) year strategic plan covering the period 2017 – 2022 FY. To effectively achieve the targets set therein, the plan has been summarized into the following seven (7) strategic objectives;

- A. Promote Relevant Quality Education and Training;
- B. Promote Research, Innovation and Dissemination of Knowledge;
- C. Enhance outreach to Co-operative sector and communities;
- D. Strengthen Financial Resource Base;
- E. Strengthen the Governance and Human Resource Capacity;
- F. Develop and Upgrade Physical and ICT Infrastructure;
- G. Market CUK, its Products and Services.

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

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
A. Academic Excellence	Promote Relevant Quality Education and Training	Accredited new programs	- Implement 100% University and external regulatory bodies quality assurance policies, standards and guidelines	- During the FY ended June 2021 five new programmes were declared to KUCCPS for placement and ten submitted to CUE for accreditation.
		Digitized course content, examination and management of attachments.	- Ensure submission of digitized course materials by each unit lecturer as prescribed in the learning management system - Digitize examination drafts to generate examinations by July 2020 and continuously update the database	- Through the Institute of Distance and Open Learning (I -ODEL) CUK Embarked on a digitization programme of its course content and examination drafts. By the end of June 2021, 378 course units were digitized.
		Established TVET institute	- Review existing academic programmes to incorporate competency based	- New programmes being developed incorporate competency based



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			aspects and incorporate the same in all new programmes	aspects; programmes being reviewed after a cycle to incorporate competency based aspects - CUK established the institute of TVET which received accreditation during the FY 2019/2020
B. Research, innovation and production	Promote Research, Innovation and Dissemination of Knowledge.	Twenty (20) fundable proposals and five research projects annually	- Engage research teams to develop at least 20 fundable proposals annually	- As at the end of 2020/2021 FY forty (40) fundable proposals and four research projects were done towards attainment of this strategy. Since the inception of the strategic plan in July 2017, the University has attracted approximately KSh. 100,000,000.
		Two (2) issues of the Cooperative Journal produced per year;	- Publish two (2) Journal per year including one in Co-operatives;	- The African Journal of Cooperative Development and Technology was published in May 2018 and May 2019 and was scheduled for publication after the March 2020 conference which was postponed. - The journal for social sciences has been established and was also scheduled for publication after the March 2020
		One international conference annually	- Organize an International conference annually with at least one within the strategic plan period focusing on the big four agenda	- The international conference was held on 27th & 28th October 2020.
		Research in Co-operatives and other fields to address Food security, affordable manufacturing, affordable housing and Universal Health care	- Undertake research in Co-operatives and other fields to address Food security, manufacturing, affordable housing and Universal Health care	- Researches on energy and Health are on-going - Another research on land use focusing on food security is on-going targeting Cooperative leaders from all the 47 counties. - Kenya Rural Transformation Centers Digital Platform project is on-going

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C. Consultancy and outreach	Enhance outreach to Co-operative sector and communities	10 Trained Cooperatives annually in areas of the big four agenda Established Co-operative profile database	<ul style="list-style-type: none"> <li>- Train at least 10 Co-operatives and 10 MSME's in manufacturing, Housing and agricultural sectors annually</li> <li>- Profile and update Co-operative businesses database</li> </ul>	<ul style="list-style-type: none"> <li>- Training of twenty six (26) cooperative leaders took place during the FY ended June 2021</li> <li>- Proposal to develop the database was developed in and has been submitted to various funding agencies for funding.</li> </ul>
		Model for awarding the most outstanding cooperative	<ul style="list-style-type: none"> <li>- Develop a model for awarding the most outstanding cooperative annually</li> </ul>	<ul style="list-style-type: none"> <li>- A proposal for awarding the most outstanding cooperative was developed in collaboration with CAK in November 2019. It is proposed that the awards be given during the Ushirika day celebrations as it happens with the SACCOS.</li> </ul>
		Sustainable MSME's	<ul style="list-style-type: none"> <li>- Undertake an annual evaluation of sustainability of MSME's in Cooperative Business and conduct capacity building in partnership with County Governments and other funding bodies</li> </ul>	<ul style="list-style-type: none"> <li>- An evaluation tool for cooperative sustainability developed.</li> <li>- Evaluation carried out in Kirinyaga and Machakos Counties in February and December 2019 respectively.</li> </ul>
		Rationalized wage bill	<ul style="list-style-type: none"> <li>- Freeze budgetary allocation for any new recruitment of Administrative, Technical and Information Science staff for a period of three years up to 2021/2022 financial year so as to realize the acceptable limit of 35% of personnel cost against the overall operational budget</li> </ul>	<ul style="list-style-type: none"> <li>- No new recruitment of Administrative, Technical and Information Science staff was done during the 2020 – 2021 FY</li> </ul>
D. Financial resource		Rationalized part time costs	<ul style="list-style-type: none"> <li>- Rationalize part time costs and redeploy underutilized permanent staff in all campuses</li> </ul>	<ul style="list-style-type: none"> <li>- This was achieved through harmonisation of course codes and combination of common units</li> </ul>
		Break even of cost centers	<ul style="list-style-type: none"> <li>- Review and Implement the class breakeven size policy</li> </ul>	<ul style="list-style-type: none"> <li>- Certificate, diploma and bachelors approved breakeven size is 15 students, masters courses-10 students</li> </ul>
		Rationalized academic v/s Non-teaching staff ratios	<ul style="list-style-type: none"> <li>- Identify and re-deploy underutilized non-teaching and academic staff to service the new and understaffed units</li> <li>- Identify and re-designate non-teaching</li> </ul>	<ul style="list-style-type: none"> <li>- Five (5) staff redeployed to serve in the new and understaffed units</li> </ul>
E. Governance and human resource capacity	Strengthen the Governance and Human Resource Capacity			



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			<p>internal PHD holders who apply to relevant vacant academic positions and as per the schemes of service</p> <ul style="list-style-type: none"> <li>- Freeze recruitment of non-teaching staff up to 2020/2021 financial year except where it's a statutory requirement to do so.</li> </ul>	<ul style="list-style-type: none"> <li>- One non teaching staff (1) staff re-designated to academic division.</li> <li>- No new recruitments of non teaching staff have been done during the 2020 – 2021 FY.</li> </ul>
	Enhance NHIF medical scheme	Enhance NHIF medical scheme for staff	Introduce the enhanced NHIF medical scheme for staff	<ul style="list-style-type: none"> <li>- This was done during the FY ended June 2020</li> </ul>
	Modern library	Construct phase one of the learning resource center (LRC) (Modern Library)	Construct phase one of the learning resource center (LRC) (Modern Library)	<ul style="list-style-type: none"> <li>- The project is on-going. Phase one A of the project stands at 86% complete.</li> </ul>
	New main gate	Construct a Main Gate with the provision of security guards facilities and canopy within phase one of the LRC	Construct a Main Gate with the provision of security guards facilities and canopy within phase one of the LRC	<ul style="list-style-type: none"> <li>- The University main Gate was constructed up to 100% by end of June 2020</li> </ul>
	Relocated sports facilities	Relocate and secure existing sports facilities to the land next to Cooperative bank leadership center	Relocate and secure existing sports facilities to the land next to Cooperative bank leadership center	<ul style="list-style-type: none"> <li>- The construction of the sports field is on-going and stood at 70% by end of June 2021.</li> </ul>
	Rehabilitated sewerage system	Partner with Co-operative bank to modernize the sewerage system	Partner with Co-operative bank to modernize the sewerage system	<ul style="list-style-type: none"> <li>- The project was initiated and stood at 99% completion level as at 30th June 2021.</li> </ul>
	Enhanced image and visibility of the University	Develop a branding strategy	<ul style="list-style-type: none"> <li>- Develop a branding strategy</li> <li>- Increase the visibility of the University</li> </ul>	<ul style="list-style-type: none"> <li>- A committee was appointed to develop a branding strategy</li> <li>- Several signage are in place and updating of the website is regularly on-going.</li> <li>- University anthem has been composed.</li> <li>- It is presented during official university functions.</li> <li>- There have been numerous efforts to attend the Annual ASK trade shows and exhibitions.</li> <li>- Numerous activations have been done in high school career fairs and other career fairs organised by the Nation Media Group and Standard Media Group. Most of</li> </ul>
F. Physical and ICT resource capacity.	Develop and Upgrade Physical and ICT Infrastructure			
G. Marketing of the University's products and services	Market CUK, its Products and Services		<ul style="list-style-type: none"> <li>- Launch and Publicize CUK brand</li> </ul>	

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			the career fairs were targeting form four leavers, and high school students who are in form 3 and 4. The university participated in the following ASK Exhibitions - ASK Mombasa - ASK Nairobi
Enhanced customer care & service delivery	Strengthen the Public Relation unit to effectively market the university		- An advertisement was sent out for the following positions: 1. Public Relations Officer 2. Public Relations Intern 3. Graphic Designer/Video Editor
Co-operator magazine	Sustain the University's Co-operator magazine and publish annually		Annual magazine published in December 2020
Corporate Social Responsibility	Participate in at least 3 charitable activities annually		- The university has participated in the following annual charity events: 1. Beyond Zero Marathon 2020 2. Karen Heart Run 2020 3. Mater Heart Run 2020 (Postponed due to Covid-19)



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### VII. CORPORATE GOVERNANCE STATEMENT

During the year under review, the Governing Council comprised of six members, all appointed by the Cabinet Secretary in the Ministry of Education. All other members are ex-officio members. The Governing Council is responsible for ensuring that the University Council complies with the law and best practices in corporate governance.

#### Functions of the Council

The functions and powers of the Council are as stipulated in the University Charter of 7<sup>th</sup> October 2016 as indicated below:

- To administer the property and funds of the University in a manner and for the purpose which promotes the interest of the University.
- To receive, and on behalf of the University, donations, endowment, gifts, grants or other moneys and make disbursement there from to the University or other bodies or persons.
- To approve appointment criteria and the terms and conditions of service of staff.
- To provide for the welfare of the staff of the University.
- To enter into association with other Universities, University Colleges or other Institutions of learning.
- To make regulations governing the conduct and discipline of the students of the University.
- To ensure that a proper management structure is in place and that the structure function to maintain corporate integrity, reputation and responsibility.
- To monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University.
- To constantly review the viability and financial sustainability of the University.
- To ensure that the University complies with all the relevant laws, regulations, governance practice, accounting and auditing standards.

#### Committees of the Council

During the 2020/2021 financial year, the following were the Council Committees in place

- i) Finance, Planning and Development Committee
- ii) Human Resource Management Committee
- iii) Audit and Risk Committee
- iv) Sealing Committee

The Council appoints a Chairperson of each Committee. The University Council Chairperson is not a member of any other Committee.



**Dr. Jeremy Bundi**

CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY  
OF KENYA COUNCIL



**Prof. Kamau Ngamau**

VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Co-operative University of Kenya exists to provide education, training, research and consultancy in order to produce leaders in the fields of Co-operative Development, Community Development, Rural transformation, business, applied sciences, Information and Communication Technology for Development. This is what guides the university as we deliver our strategy. Below is an outline of the University's policies and activities that promote sustainability.

The University's sustainability strategy and environmental performance are evidenced by the employ of information technology in the daily operations. This includes the use of online teaching and working tools and aids, allowing for the sustainable and continued offline and online operations even during the height of the COVID-19 pandemic.

The University's efforts towards sustaining its employee welfare include the constant review and implementation of the training policy to enable and encourage the members of staff to improve their skills and manage their careers. Further, the University also has an annual evaluation and appraisal system to identify any skill gaps in the University.

During the year the university has engaged corporate social responsibility activities by the donation of books to High schools and visiting of children's homes.



**Dr. Jeremy Bundi**

CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY  
OF KENYA COUNCIL



**Prof. Kamau Ngamau**

VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA





# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### IX. MANAGEMENT DISCUSSION AND ANALYSIS

#### SECTION A

#### OPERATIONAL AND FINANCIAL PERFORMANCE

##### A) INCOME ANALYSIS:

The University registered a total of KSh. 716,254,168 in gross revenue against a target of KSh 736,656,155. This represents 3% negative variance of the target revenue. In comparison to the same period in the previous financial year, CUK recorded a decrease in revenue of KSh. 58,779,485 which represents a decrease of 8% in gross revenue.

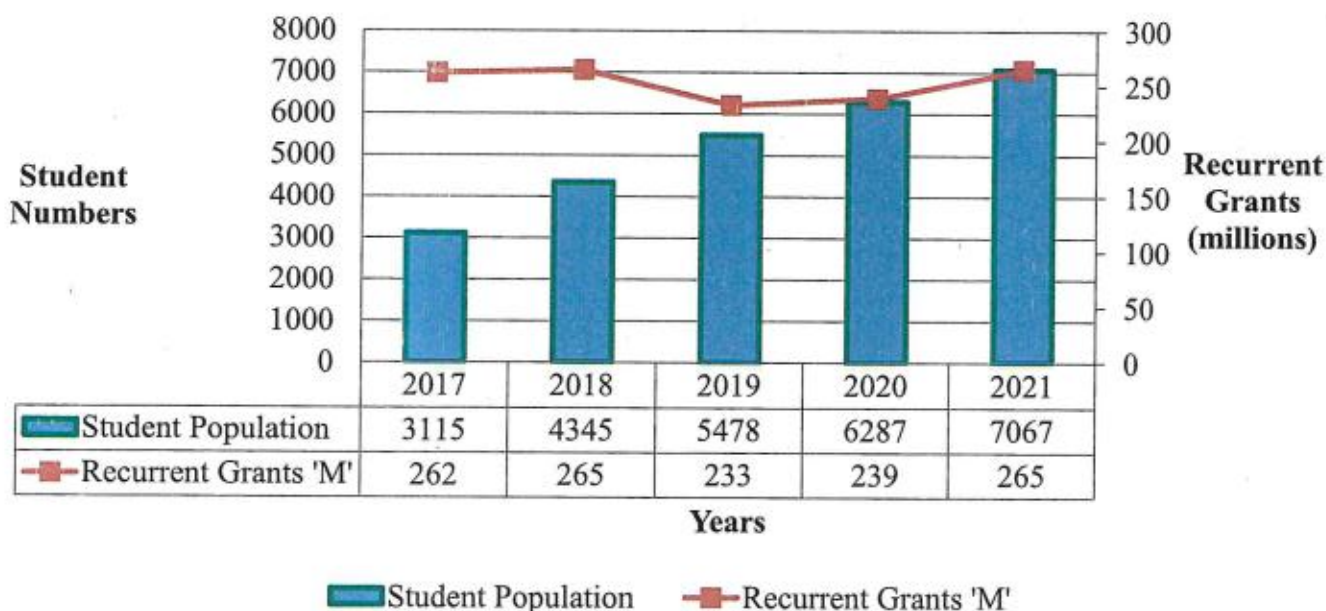
The major drivers of performance were the increase in recurrent grants by KSh 25,859,088.

The fee income for the period is KSh 405,840,180 compared to the same period of 2019/2020 of KSh 402,424,359. This is a 1% increase over the previous financial year.

CUK registered a deficit of KSh 30,037,422 against 2019/2020 deficit of KSh. 93,529,169. This shows an improvement in performance of KSh. 63,491,747 in comparison to the same period last financial year.

Over the last 4 years, recurrent grants from the GoK have been almost constant despite the growth in personnel costs and increase in student population, especially the government sponsored students. This is illustrated in the graph below.

**Student Numbers Against Recurrent Grants**



# THE CO-OPERATIVE UNIVERSITY OF KENYA

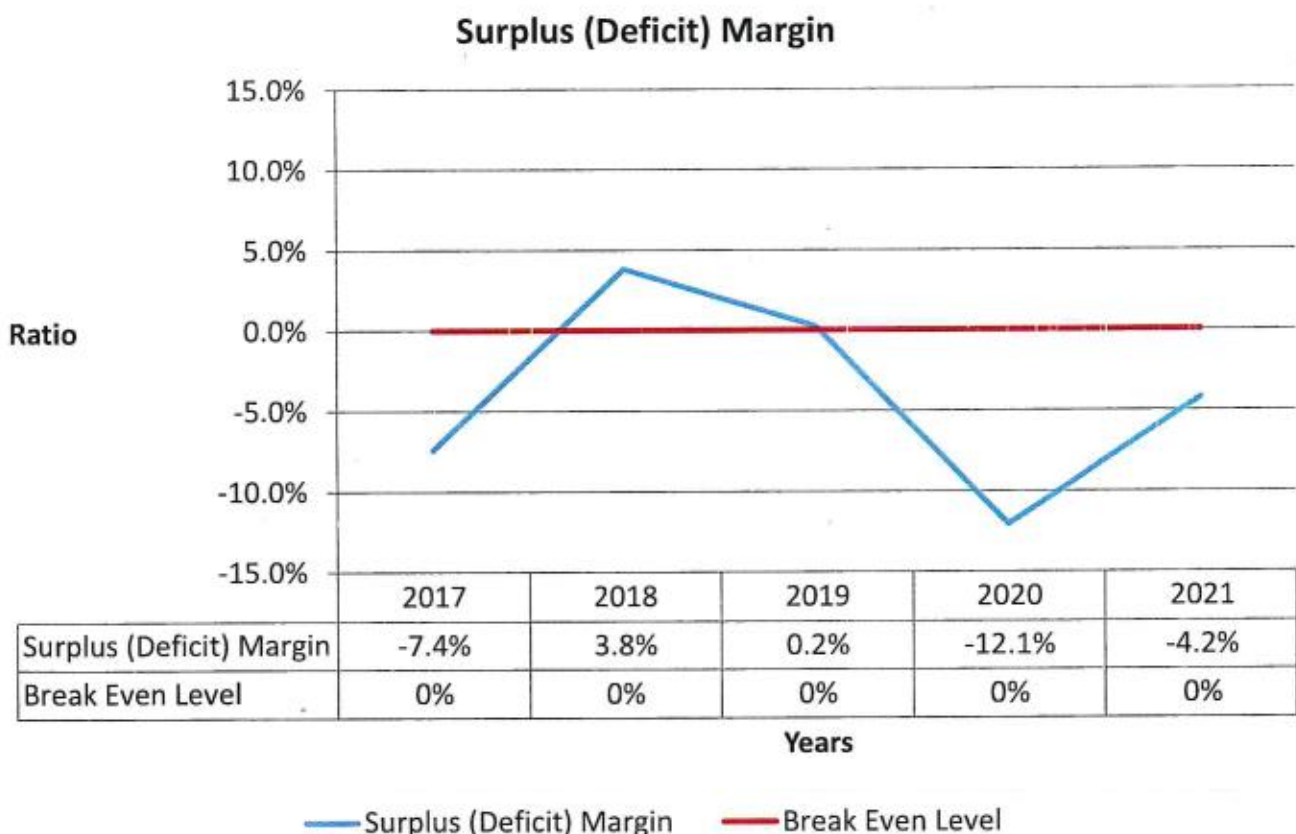
## Annual Report And Financial Statements For The Year Ended June 30, 2021

### B) EXPENDITURE ANALYSIS.

As at 30<sup>th</sup> June 2021, CUK registered total operating expenditure of KSh 744,816,339 against previous year's expenditure of KSh 869,651,265, a decrease of KSh 124,834,926 representing 14.3% decrease in expenditure. This is mainly attributable to the payment of the 2017 – 2021 CBA arrears amounting to KSh 35,208,372 in the 2019/2020 financial year, and the implementation of strict budgetary controls to ensure that expenditure matches revenues.

Employee Costs took 71% of the total income; Remuneration of Council members 0.7%, Depreciation and amortisation expense 6.1%, Repairs and Maintenance 2.4% and General expenses 23.6% of the total income.

In summary, the University has registered a deficit of KSh 30,037,422 as a result of the loss of the third semester of the 2020/2021 academic year to the 2021/2022 financial year. The financial performance is as summarised below.



This is a measure of operational efficiency. As seen above, the University's surplus margin has improved in the current financial year.





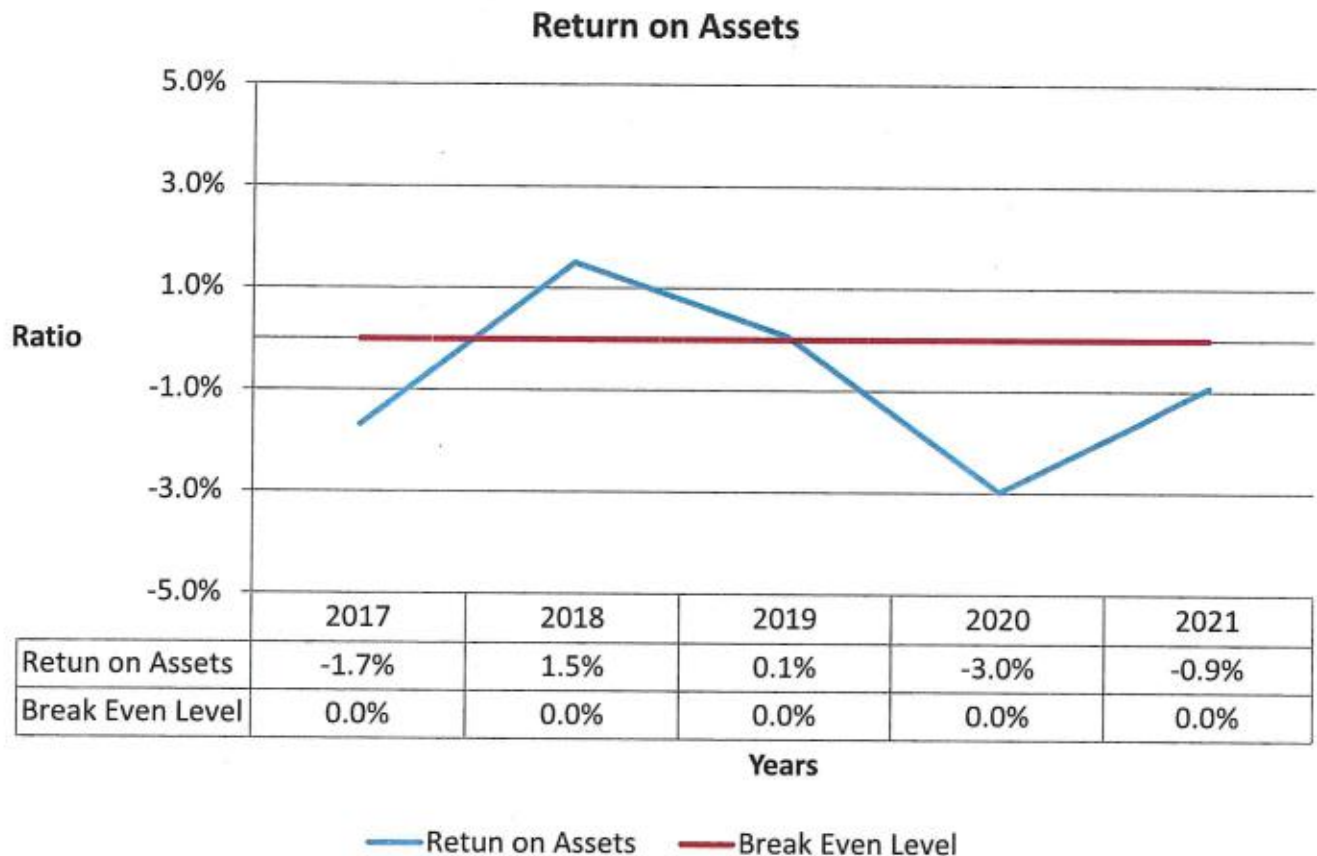
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### C) STATEMENT OF THE FINANCIAL POSITION.

The statement of financial position indicates that the university closed the year with Total assets of KSh. 3,220,006,142. This is against KSh 3,193,460,499 registered in the financial year 2019/2020. This reflects an increase in total assets of KSh. 26,545,643.



This is a measure of how profitable the University's assets are by comparing net income to the Net Assets. As can be seen above, the University's Return on Assets has improved over the past two years.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

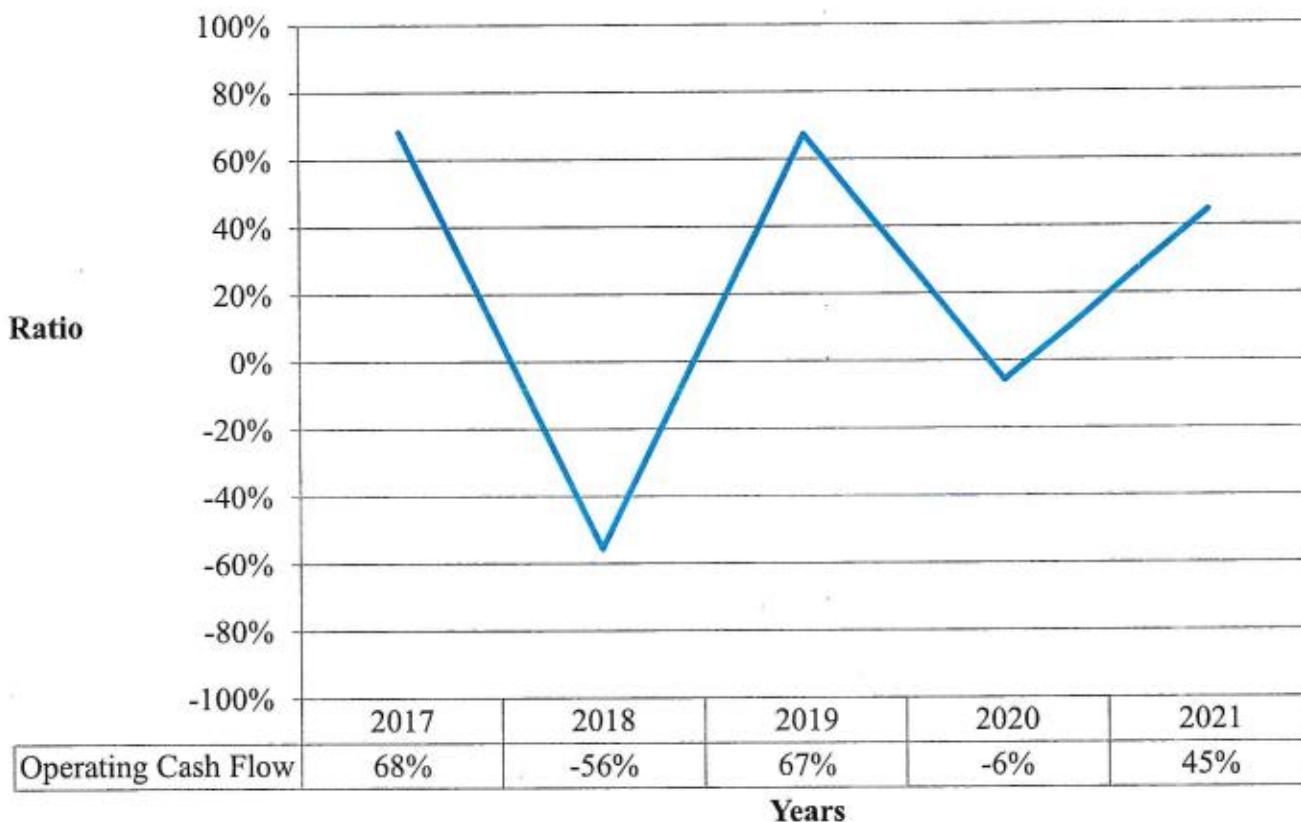
For The Year Ended June 30, 2021

### D) STATEMENT OF CASHFLOWS

As at 30 June 2021, the University had net cash generated from operating activities of KSh 64,151,525. This is the net amount utilized by the University to facilitate operations.

The net change in cash and cash equivalents was KSh 20,264,818 closing the year with KSh 100,277,080.

#### Operating Cash Flow



Operating cash flow ratio is cash from operating activities as a percentage of current liabilities in a given period. It is a measure of the University's liquidity.

As can be seen above, the operating cash flow is less than an ideal 100%; this means that the University has generated less cash in the period than it needs to pay off its short-term liabilities. This signals a need for more capital.

However, the low operating cash flow ratios for this period is not necessarily a bad thing since the University is investing heavily in development of academic programs, it's expected that the investment in new programs will pay off in the end and generate more cash.

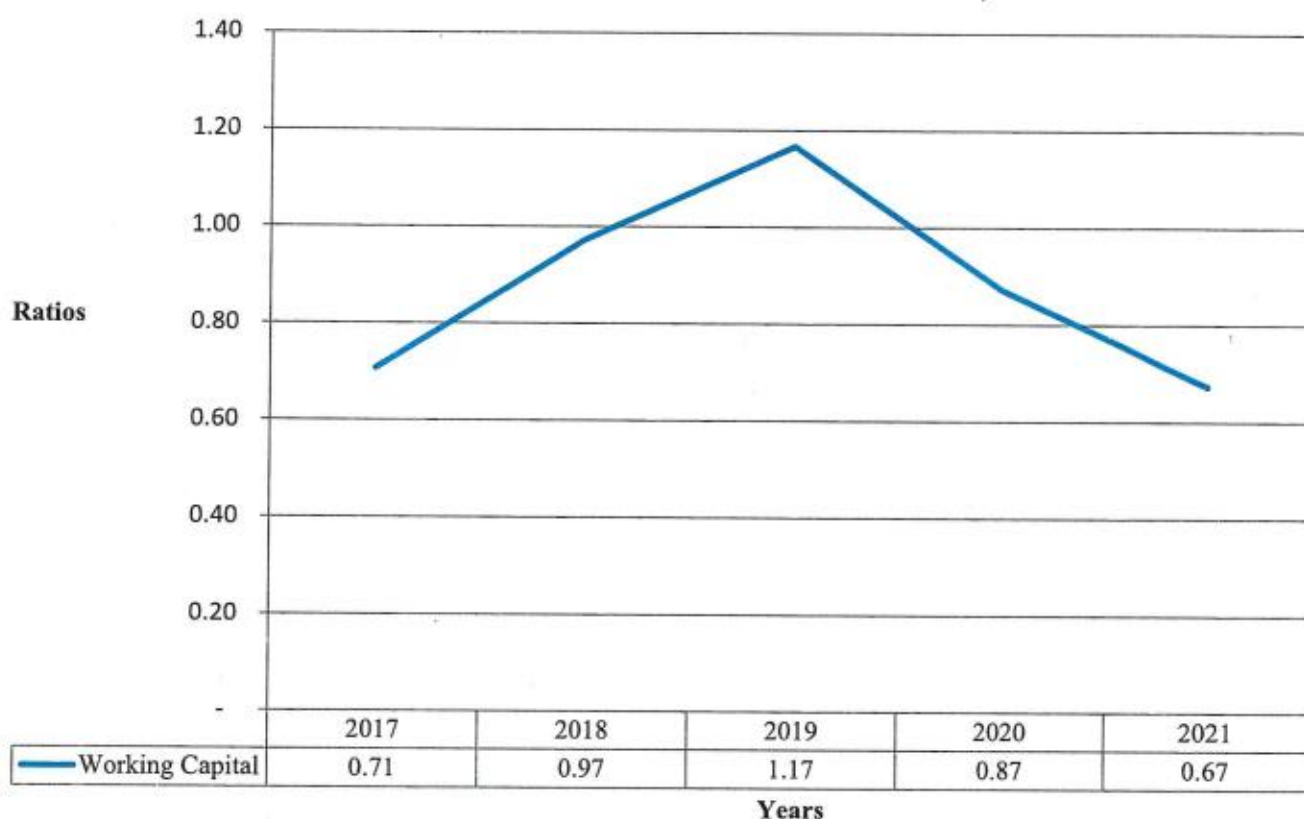


# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### Working Capital



Working capital is a measure of both the University's operational efficiency and its short-term financial health. The working capital ratio (current assets/current liabilities), or current ratio, indicates whether the University has enough short-term assets to cover its short-term debt. A good working capital ratio is considered anything between 1.2 and 2.0.

The University's working capital position has been improving over the past two years; however the Covid-19 pandemic has led to a decline in the working capital position.

#### E) STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS

CUK did not attain the revenue target projections by KSh 20,401,987 representing a variance of 3% of the expected revenue by 30 June, 2021.

In expenditure projections, the university was below target by Ksh 15,135,797. This is a variance of 2% of the target expenditure.





# **THE CO-OPERATIVE UNIVERSITY OF KENYA**

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### **SECTION B**

#### **Compliance with statutory requirements**

CUK complied with all the statutory obligations within the financial year.



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### SECTION C

#### Key projects and investment decisions planned and implemented

Within the 2020/2021 financial year, the University has been implementing the following projects in order of priority.

S/No	Project	% of Completion (financial)	Financing of the project	Remarks
1	Consultancy for construction of the Ultra-Modern Library & Learning resource Centre	40%	G.O.K	The design works and the tendering of construction works of the Library (phase 1A of LRC) were finalized. Supervision of Phase 1 is on-going.
2	Construction of the Ultra-Modern Library & Learning resource Centre	94%	G.O.K	The Library building structure is complete and finishes are continuing. The gate is also complete and in use.
3	Upgrade of Sewer System	97%	The Co-operative Bank of Kenya	The work is 97% complete. The Co-operative Bank of Kenya has approved the contract variation and the works are on-going.
4	Construction of Classrooms	0%	CUK	This was retendered after approval of the supplementary budget. The tender was awarded at KSh 18,878,655.00 to Emmak Construction company in March 2021. A contract for construction was signed on 6 <sup>th</sup> April 2021.



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### SECTION D Risk Analysis

TYPE OF RISK	RISK DESCRIPTION	RISK MITIGATION STATUS.	PENDING ISSUES	ACTION OFFICER	TIME LINE	STATUS AS 30/06/2021	AT
Operational risks	Likely loss arising from shortfalls in revenue targets for Tuition fees, CRCC income and Students cafeteria.	<ul style="list-style-type: none"> <li>- Implementation of online learning) to mitigate against COVID -19 Pandemic.</li> <li>- Implementation and control of 2021/2022 budget to ensure the university operates within its means</li> </ul>	<ul style="list-style-type: none"> <li>- 2021/2022 budget implementation.</li> </ul>	<ul style="list-style-type: none"> <li>- FO</li> </ul>	<ul style="list-style-type: none"> <li>- September 2022</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue shortfalls reported by the close of the fourth quarter</li> </ul>	
	Likely loss due to inability to facilitate normal operations and extension of semester.	<ul style="list-style-type: none"> <li>- Revision of budget and income estimates to ensure the university operates within its means.</li> </ul>	2021/2022 budget implementation.	<ul style="list-style-type: none"> <li>- FO</li> </ul>	<ul style="list-style-type: none"> <li>- June 2022</li> </ul>	<ul style="list-style-type: none"> <li>- Deficits reported in the quarterly financial statements</li> </ul>	
	Likely loss arising from Classroom space Crises in September 2021.	<ul style="list-style-type: none"> <li>- Immediate construction of classrooms based on savings from the lecture theatre project. This will be done after approval of supplementary budget by MOE and National treasury</li> </ul>	<ul style="list-style-type: none"> <li>- Construction of classrooms</li> </ul>	<ul style="list-style-type: none"> <li>- DVC FPA</li> </ul>	<ul style="list-style-type: none"> <li>- September 2021</li> </ul>	<ul style="list-style-type: none"> <li>- Award of construction contract signed on 16<sup>th</sup> March 2021 and contract signed on 6<sup>th</sup> April 2021</li> </ul>	
Government policy risks	Loss of revenue as a result of lack of funding for Diploma Programs	<ul style="list-style-type: none"> <li>- Sourcing of funds from the state Department of TVET when TVET funding board is established</li> <li>- Met with PS state department of TVET to table our request for additional funding</li> <li>- Met with UFB to table our request for additional</li> </ul>	<ul style="list-style-type: none"> <li>- Reversing the trend of the declining student enrolment due to competition from TVET institutions that are funded for their diplomas</li> </ul>	<ul style="list-style-type: none"> <li>- DVC FPA/A</li> </ul>	<ul style="list-style-type: none"> <li>- September 2021</li> </ul>	<ul style="list-style-type: none"> <li>- Purchasing of TVET programs done</li> <li>- Launch of TVET programs</li> <li>- Purchasing additional TVET Programs</li> </ul>	



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		funding				
	Likely loss arising from decline/Stagnation of growth in recurrent grants based on DUC model of Funding	<ul style="list-style-type: none"> <li>- In the 2020/2021 financial year, recurrent grants is KSh 265M up from 239M in the 2019/2020 financial year. In 2021/2022 financial year recurrent grants has gone up to 281M.</li> <li>- Develop additional Market driven programs to compensate for those declining in enrolment</li> </ul>	<ul style="list-style-type: none"> <li>- Admission of students in new programs as placed by KUCCPS</li> <li>- Approval of additional programs for accreditation by CUE</li> </ul>	<ul style="list-style-type: none"> <li>- DVC</li> <li>- AA</li> <li>- DVC</li> <li>- FPA</li> </ul>	<ul style="list-style-type: none"> <li>- June 2022</li> </ul>	<ul style="list-style-type: none"> <li>- Minimal growth in the recurrent grants</li> </ul>
Market Risks	Likely loss due to declined performance in the University sector arising from COVID -19 Pandemic	<ul style="list-style-type: none"> <li>- University preparing Business continuity Plans to ensure resumption and continuity of learning</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of Business Continuity Plans</li> </ul>	<ul style="list-style-type: none"> <li>- VC</li> </ul>	<ul style="list-style-type: none"> <li>- Continuous</li> </ul>	<ul style="list-style-type: none"> <li>- Online learning in progress for about 60% of students</li> </ul>
	Loss of Brand/ image/ Mandate in Co-operative Training	<ul style="list-style-type: none"> <li>- Increase the number of Diploma Programs which would then form the market for the degree programs.</li> <li>- Increase the variety of market driven programs</li> </ul>	<ul style="list-style-type: none"> <li>- The school of Co-operative development is the oldest as per Mandate; however, the school has been overtaken in the following areas.</li> <li>- Number of Diploma Programs</li> <li>- Number of degree programs</li> </ul>	<ul style="list-style-type: none"> <li>- DVC</li> <li>- AA</li> </ul>	<ul style="list-style-type: none"> <li>- June 2022</li> </ul>	<ul style="list-style-type: none"> <li>- Development of market driven Co-operative centred programs on-going</li> <li>- A committee appointed to make recommendations to revamp cooperative programs</li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

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			<ul style="list-style-type: none"> <li>- Enrolment as per KUCCPS admission is wanting</li> <li>- Loss of Market for Co-operative degree programs</li> <li>- Programs and Population Ratios.</li> </ul>	<ul style="list-style-type: none"> <li>- DVC AA</li> </ul>	December 2021	<ul style="list-style-type: none"> <li>- Development of post graduate programs on-going</li> </ul>
	<ul style="list-style-type: none"> <li>- Likely loss arising from Poor enrolment of Post Graduate Programs in CUK</li> </ul>	<ul style="list-style-type: none"> <li>- Development of post graduate programs on-going</li> <li>- Development of PHD programs on-going.</li> </ul>	<ul style="list-style-type: none"> <li>- Poor Completion rate for Master of Cooperative Management.</li> <li>- Poor/ No Marketing strategy for Postgraduate programs.</li> </ul>	<ul style="list-style-type: none"> <li>- VC</li> <li>- DVC (AA)</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- June 2022</li> </ul>	<ul style="list-style-type: none"> <li>- 60% of students registered for online learning</li> </ul>
Credit Risks	<ul style="list-style-type: none"> <li>- Revenue shortfalls leading to failure to meet financial obligations.</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of blended learning (Face to face and online learning) to mitigate against COVID -19 Pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>- Receipt of KSh 78 M development grants which is a major source of decline in liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>- FO</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Continuous</li> </ul>	<ul style="list-style-type: none"> <li>- Awaiting for release of development capitation</li> <li>- Negotiating with suppliers/contractors for more credit period</li> </ul>
Liquidity Risks	<ul style="list-style-type: none"> <li>- Inadequate Cash flow</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of 2021/2022 budget to manage cash flow.</li> <li>- Reduction of current liabilities through effective budget management</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- VC</li> <li>- DVC</li> <li>- FPA</li> </ul>	<ul style="list-style-type: none"> <li>- June 2022</li> </ul>	<ul style="list-style-type: none"> <li>- Nairobi Campus registered financial deficits.</li> </ul>
Capital Risks	<ul style="list-style-type: none"> <li>- Loss of working capital due to idle capacity in Nairobi</li> </ul>	<ul style="list-style-type: none"> <li>- Restructuring of Nairobi Campus</li> <li>- Deployment of new</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of the new initiatives by the</li> </ul>	<ul style="list-style-type: none"> <li>- VC</li> <li>- DVC</li> <li>- FPA</li> </ul>	<ul style="list-style-type: none"> <li>- June 2022</li> </ul>	<ul style="list-style-type: none"> <li>- Nairobi Campus registered financial deficits.</li> </ul>

# THE CO-OPERATIVE UNIVERSITY OF KENYA

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For The Year Ended June 30, 2021

Campus	management of the campus	new management to revive the campus	- DVCA A		
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# **THE CO-OPERATIVE UNIVERSITY OF KENYA**

## **Annual Report And Financial Statements For The Year Ended June 30, 2021**

### **SECTION E**

#### **Material arrears in statutory/financial obligations**

As at June 30, 2021, CUK did not have any material arrears in statutory or financial obligations.

### **SECTION F**

#### **Financial probity and serious governance issues**

- i) CUK does not have any financial improbity as reported by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight.
- ii) There are no governance issues among the Board or members of the Board and top management including conflict of interest.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

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### X. REPORT OF THE UNIVERSITY COUNCIL

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

#### Principal activities

The principal activity/mission of CUK is to provide innovative education, training, research, and consultancy services for sustainable community empowerment.

#### Results

The results of the entity for the year ended June 30, 2021 are set out on page 47 of the Annual Report and Financial Statements for the period ended June 30, 2021.

The results indicate that CUK registered a total of KSh. 714,474,621 in gross revenue against a target of KSh. 844,873,195. This represents 85% of the target revenue. In comparison to the previous financial year, CUK recorded an 8% decrease in revenue. At the same time, CUK registered total expenditure of KSh 752,356,127 against previous years KSh. 869,651,265 representing 13.5% decrease in expenditure.

Due to the Covid-19 pandemic, the Government instructed the closure of all institutions of learning in Kenya from the month of March 2020. This led to the disruption of the 2019/2020 and 2020/2021 academic years. The third semester of the 2020/2021 academic calendar has been pushed back to the 2021/2022 financial year. This has adversely affected the income that the University has generated in the financial year 2020/2021. Consequently, the University has registered a deficit of KSh 39,356,757 in the financial year.

The University has put in measures to mitigate against the effects of the Covid-19 pandemic. This has included the roll out of the enhanced e-learning platform which includes registration, orientation, instruction, assessment, examination, and clearance of the learners over the platform.

Over the last four (4) years, recurrent grants from the G.O.K have remained almost constant despite the growth in personnel costs and increase in student population especially the Government Sponsored Students. Since 2013, CUK has been receiving over a thousand G.O.K students annually with no commensurate increase in government funding. This has greatly affected the expected growth.

The Council is pleased to report that the Charter was granted on 7<sup>th</sup> October 2016 by His Excellency the President of the Republic of Kenya, Hon. Uhuru Kenyatta. Strategies implemented on award of the Charter have borne fruit with an increase in the number of students in postgraduate and undergraduate programs. This will see an increase in gross revenue.

#### Directors

The members of the University Council who served are;

- |                           |              |
|---------------------------|--------------|
| 1. Dr. Jeremy Bundi       | Chairperson. |
| 2. Ms Anne Chepkorir      | Member.      |
| 3. Mr. Christopher Ombati | Member.      |



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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For The Year Ended June 30, 2021

4. Mr Peter Gathirwa	Member.
5. Mr Patrick Musyimi	Member
6. Ms Elizabeth Kimkung	Member.
7. Mr Reuben Kipchumba	Member.
8. Ms Susan Karuri	Member.
9. CPA Peter Kiama	Member.
10. Prof. Kamau Ngamau	Secretary.

### Auditors

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

By Order of the University Council.



**Prof. Kamau Ngamau**

VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA





# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### XI. STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act; require the Council to prepare Financial Statements which give a true and fair view of the state of affairs of the University at the end of the Financial Year and the operating results for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institution. The Council is also responsible for safeguarding the assets of the Co-operative University of Kenya (CUK).

The Council is responsible for the preparation and presentation of the Financial Statements, which give a true and fair view of the state of affairs of the University as at the end of the Financial Year ended on June 30, 2021. This responsibilities 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 institution; (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 Co-operative University of Kenya; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the 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 Standard (IPSAS), and in the manner required by the PFM Act, the State Corporations Act and Public Sector Accounting Standard Board. The Council is of the opinion that CUK's financial statements give a true and fair view of the state of the institution's transactions during the financial year ended June 30, 2021, and the financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

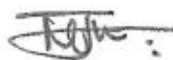
#### Approval of the Financial Statements

The Co-operative University of Kenya's financial statements were approved by the Council on the 5<sup>th</sup> of August 2021, and signed on its behalf by:



**Dr. Jeremy Bundi**

CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY  
OF KENYA COUNCIL



**Prof. Kamau Ngamau**

VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA







# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON THE CO-OPERATIVE UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

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

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

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

#### **Opinion**

I have audited the accompanying financial statements of the Co-operative University of Kenya set out on pages 45 to 73, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual

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*Report of the Auditor-General on the Co-operative University of Kenya for the year ended 30 June, 2021*



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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Co-operative University of Kenya as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Uncertainty in Sustainability of Services**

I draw your attention to Note 31 to the financial statements. The statement of financial performance reflects a deficit of Kshs.30,037,422 compared to a deficit of Kshs.93,529,169 incurred in the previous financial year. Similarly, the statement of financial position reflects an increase in accumulated deficits from Kshs.176,997,599 for the previous year to Kshs.179,868,766 as at 30 June, 2021. Further, the statement of financial position reflects current liabilities amounting to Kshs.219,221,978 while current assets amounted to Kshs.164,472,117, resulting to a negative working capital of Kshs.54,749,861.

The continued existence of the University is dependent on continued financial assistance from the Government and its creditors.

My opinion is not modified in respect of 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 are no key audit matters to report in the year under review.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### Basis for Conclusion

#### Incomplete Payroll Data

As disclosed in Note 9 to the financial statements, the statement of financial performance reflects a balance of Kshs.508,702,590 in respect of employee costs. However, examination of the monthly payroll reports revealed that key staff information such as date of birth, Identity Card number, Personal Identification Number, designation, date hired, gender, ethnicity, date posted and bank account number were missing from the monthly payroll data.

In the circumstances, the completeness of the payroll data for effective management of Human Resource could not be confirmed.

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 misstatements, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 misstatements, 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 controls 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls 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 University's policies and procedures may deteriorate.

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

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

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 September, 2022

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### XIII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2021

	Note	2020-2021	2019-2020
		KSh	KSh
<b>Revenue from non-exchange transactions</b>			
Unconditional Grants	4	265,073,196	239,214,108
Conditional Grants	4	24,545,284	82,204,704
		<b>289,618,480</b>	<b>321,418,812</b>
<b>Revenue from exchange transactions</b>			
Tuition fees & Other Levies	5	405,840,180	402,424,359
Income from Co-operative Retreat & Conference Centre	6	10,291,955	31,495,737
Rental revenue from facilities and equipment	7	2,293,375	1,965,738
Other income	8	8,210,178	17,729,007
		<b>426,635,688</b>	<b>453,614,841</b>
<b>Total revenue</b>		<b>716,254,168</b>	<b>775,033,653</b>
<b>Expenses</b>			
Employee Cost	9	508,702,590	557,926,281
Board expenses	10	5,347,570	5,676,210
Depreciation and amortization expense	11	43,786,631	46,780,421
Repairs and Maintenance	12	16,938,699	18,977,824
General Expenses	13	169,170,849	239,420,529
Audit Fee	22	870,000	870,000
<b>Total expenses</b>		<b>744,816,339</b>	<b>869,651,265</b>
<b>Other Gains/(Losses)</b>			
Bad Debts recovered	13 (d)	24,040	-
Foreign Exchange Gain / (Loss)	14	(112,591)	271,346
(Increase) / Decrease in Provision	15(b)	(1,386,700)	817,097
<b>Surplus/(Deficit) for the period</b>		<b>(30,037,422)</b>	<b>(93,529,169)</b>

The notes set out on pages 51 to 72 form an integral part of the Financial Statements







# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### XIV. STATEMENT OF FINANCIAL POSITION

As At 30 June 2021

	Note	2020-2021 KSh	2019-2020 KSh Restated
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	100,277,080	80,012,262
Receivables from exchange transactions	15	61,886,798	89,028,440
Receivables from non-exchange transactions	16	187,643	56,126,160
Inventories	17	2,120,596	1,643,640
		<b>164,472,117</b>	<b>226,810,502</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	2,649,755,637	2,676,962,506
Investments	18	8,425,530	2,825,530
Intangible Assets	20	18,752,930	21,443,460
Work In Progress	21	378,599,928	265,418,501
		<b>3,055,534,025</b>	<b>2,966,649,997</b>
<b>Total assets</b>		<b>3,220,006,142</b>	<b>3,193,460,499</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	22	181,887,300	226,832,256
Trade and other payables from non-exchange transactions	23	37,334,678	24,590,609
		<b>219,221,978</b>	<b>251,422,865</b>
<b>Long term liabilities</b>			
Long term liabilities	24	32,505,836	22,505,836
		<b>32,505,836</b>	<b>22,505,836</b>
<b>Total liabilities</b>		<b>251,727,814</b>	<b>273,928,701</b>
<b>Net Assets</b>			
Capital fund	25	1,368,373,769	1,289,915,073
Revaluation Reserves	26	1,779,773,325	1,806,614,324
Accumulated Deficit	27	(179,868,766)	(176,997,599)
<b>Total net assets</b>		<b>2,968,278,328</b>	<b>2,919,531,798</b>
<b>Total net assets and liabilities</b>		<b>3,220,006,142</b>	<b>3,193,460,499</b>

The Financial Statements set out on pages 45 to 49 were signed on behalf of the University Council by:



**Dr. Jeremy Bundi**  
CHAIRPERSON, THE CO-OPERATIVE  
UNIVERSITY OF KENYA COUNCIL



**Prof. Kamau Ngamau**  
VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA



**CPA. Maxwell Nyaga**  
ICPAK No. 11419  
FINANCE OFFICER,  
THE CO-OPERATIVE  
UNIVERSITY OF KENYA



# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### XV. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2021

	Accumulated Deficit KSh	Capital Reserve Fund KSh	Revaluation Reserve KSh	Total KSh
<b>Balance as at 30 JUNE 2019</b>	<b>(113,821,716)</b>	<b>1,189,915,073</b>	<b>1,836,080,920</b>	<b>2,912,174,277</b>
Surplus/(deficit) for the period	(93,529,169)	-	-	(93,529,169)
Excess Depreciation on revaluation	29,502,596		(29,502,596)	-
Additions in the year	850,690	100,000,000	36,000	100,886,690
<b>Balance as at 30 JUNE 2020</b>	<b>(176,997,599)</b>	<b>1,289,915,073</b>	<b>1,806,614,324</b>	<b>2,919,531,798</b>
Surplus for the period	(30,037,422)	-	-	(30,037,422)
Excess Depreciation on revaluation	26,840,999	-	(26,840,999)	-
Additions in the year	325,260	78,458,696		78,783,956
<b>Balance as at 30 JUNE 2021</b>	<b>(179,868,762)</b>	<b>1,368,373,769</b>	<b>1,779,773,325</b>	<b>2,968,278,332</b>





# THE CO-OPERATIVE UNIVERSITY OF KENYA

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For The Year Ended June 30, 2021

### XVI. STATEMENT OF CASHFLOWS

For the year ended 30 June 2021

		30.06.2021	30.06.2020
	Notes	KSh	KSh
<b><u>Cash flows from Operating activities</u></b>			
<b>Surplus for the period</b>		(30,037,422)	(93,529,169)
Adjustment for:			
Profit/Loss on Disposal of Assets		-	-
Depreciation and amortization	8	43,786,631	46,780,421
Operating Profit before Working Capital Changes		13,749,209	(46,748,748)
<b>Change in Working Capital</b>			
(Increase)/Decrease in inventories	14	(476,956)	2,238,557
(Increase)/Decrease in receivables from Exchange transactions	12	27,141,642	13,354,023
(Increase)/Decrease in receivables from Non-Exchange transactions	13	55,938,517	(20,857,650)
Increase/(Decrease) in payables from Exchange transactions	18	(44,944,956)	68,367,126
Increase/(Decrease) in payables from Non-Exchange transactions	19	12,744,069	(72,810,727)
<b>Net cash generated from operating activities</b>		<b>64,151,525</b>	<b>(56,457,419)</b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of Property, Plant & Equipment	15	(10,873,232)	(337,008,637)
Intangible Assets	20	(3,016,000)	(720,000)
Investment in ATC		(5,600,000)	-
Work in progress	18	(113,181,427)	215,134,395
<b>Net cash flows from investing activities</b>		<b>(132,670,659)</b>	<b>(122,594,242)</b>
<b><u>Cash flows from financing activities</u></b>			
Capital Reserve fund	25	78,458,696	100,000,000
Revaluation Reserve	26	-	36,000
Accumulated Deficit	27	325,256	850,690
Decrease in Long-term Liabilities	21	10,000,000	11,278,638
<b>Net cash flows from financing activities</b>		<b>88,783,952</b>	<b>112,165,328</b>
<b>Net change in cash and cash equivalents</b>		20,264,818	(66,886,333)
<b>Opening cash and cash equivalent</b>	14	80,012,262	146,898,595
<b>Closing cash and cash equivalent</b>	14	<b>100,277,080</b>	<b>80,012,262</b>



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget 2021	Adjustments 2021	Final budget 2021	Actual on comparable basis 2021	Performance difference 2021	Variance %
	KSh	KSh	KSh	KSh	KSh	%
<b>Revenue</b>						
Unconditional Grants	265,073,195	-	265,073,195	265,073,196	1	0%
a) Conditional Grants	35,000,000	(10,410,620)	24,589,380	24,545,284	(44,096)	0%
b) Tuition fees & Other Levies	520,700,000	(93,306,420)	427,393,580	405,840,180	(21,553,400)	-5%
Rental revenue from facilities and equipment	1,900,000	400,000	2,300,000	2,293,375	(6,625)	0%
c) Income from Co-operative Retreat & Conference Centre	40,000,000	(29,700,000)	10,300,000	10,291,955	(8,045)	0%
Other income	23,200,000	(16,200,000)	7,000,000	8,210,178	1,210,178	17%
<b>Total income</b>	<b>885,873,195</b>	<b>(149,217,040)</b>	<b>736,656,155</b>	<b>716,254,168</b>	<b>(20,401,987)</b>	<b>-3%</b>
<b>Expenses</b>						
Employee Cost	532,926,604	(24,128,773)	508,797,831	508,702,590	95,241	0%
d) Board Expenses	9,000,000	(3,652,430)	5,347,570	5,347,570	-	0%
e) Depreciation and amortization expense	38,000,000	-	38,000,000	43,786,631	(5,786,631)	-15%
Repairs and Maintenance	24,300,000	(7,361,301)	16,938,699	16,938,699	-	0%
General Expenses	261,239,319	(99,167,626)	162,071,693	171,516,100	(9,444,407)	-6%
<b>Total expenditure</b>	<b>865,465,923</b>	<b>(134,310,130)</b>	<b>731,155,793</b>	<b>746,291,590</b>	<b>(15,135,797)</b>	<b>-2%</b>
<b>Surplus for the period</b>	<b>20,407,272</b>		<b>5,500,362</b>	<b>(30,037,422)</b>		

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### Explanation of Material Variances on Statement of Comparison of Budget and Actual Amounts

- a) **Conditional Grants.** The recurrent grants variance is as a result of the research partners failing to release the funds in time. This variance is expected to be recovered in the 2021/2022 financial year.
- b) **Tuition fees & Other Levies, and Other Income.** The negative variance in these items of income and expenditure was occasioned by the impact of the Covid-19 pandemic. The income targets were not achieved due to the disruption of the 2020/2021 academic calendar. The third semester has fallen in the 2021/2022 financial year, thus losing that semester's income from gross tuition income. Additionally, catering income, a major component of other income, has declined due to the loss of the semester.
- c) **Income from Co-operative retreat and Conference Center (CRCC).** The negative variance was occasioned by the closure of hotel and restaurant facilities as a Covid-19 mitigation measure by GoK. This led to loss of revenue for CRCC.
- d) **Rental income.** This is income from staff houses to our members of staff, and office space let to ATC, a company limited by guarantee by the Co-operative University of Kenya. The increase was occasioned by recognition of rental income due from ATC.
- e) **Board Expenses and General Expenses.** The Board and management of the University instituted strict control measures over the operations of the university in the financial year. This was to cushion the university against the effects of the Covid-19 pandemic in the previous financial year.
- f) **Depreciation and amortization expenses.** The negative variance arose due to the amortization of the intangible assets during the year.





# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### XVIII. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1. GENERAL INFORMATION

##### i. Entity Information

The Co-operative University of Kenya (CUK) is a chartered public university that is established and derives its authority and accountability from the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7<sup>th</sup> October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4<sup>th</sup> November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E). The University is wholly owned by Government of Kenya and is domiciled in Kenya.

The principal activity of CUK continues to be the provision of Co-operative Education, Business, and Information Technology and related Disciplines for various stakeholders including the Co-operative movement and the Government. CUK serves as a Centre of academic excellence in the Co-operative Movement in Kenya, together with other mandates as stipulated under the Universities Act No. 42 of 2012, and the Co-operative University of Kenya Charter of 7<sup>th</sup> October 2016.

##### ii. Statement of Compliance and Basis of Preparation

The Co-operative University of Kenya's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), the State Corporations Act and the PFM Act. The preparation of financial statements in conformity with 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 are presented in Kenya shillings, which is the accepted functional and reporting currency and all values are rounded to the nearest shilling. The accounting policies have been consistently applied to all the years presented.

##### Basis of preparation

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

##### iii. Adoption of New and Revised Standards

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

- IPSAS 13, Leases and IPSAS 17, Property, Plant and Equipment – The amendments to remove transitional provisions which should have been deleted when IPSAS 33 was approved. This does not apply to the University.
- IPSAS 21, Impairment of Non-cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets – The amendments to ensure consistency of impairment guidance to account for assets measured at revalued amounts in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. This does not apply to the University as the assets are not carried at revalued amounts.

###### b) Early adoption of Standards

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

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Revenue Recognition

#### i) Revenue from non-exchange transactions

- **Unconditional Grants**

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).

This recognition is only 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 Co-operative University of Kenya and can be measured reliably.

- **Conditional Grants**

Conditional grants are treated as a liability and credited to the income and expenditure statement when the activities for which they were provided for have been undertaken.

#### ii) Revenue from Exchange Transactions

- **Tuition Fees**

Revenue from tuition fees is recognized at the beginning of the semester when the student has met all the admission and registration requirements for that particular semester. Tuition fees are accounted for on accrual basis over the period of instruction to which they relate. Fees paid in advance are carried forward as liabilities at the end of each reporting period.

- **Rendering of Services**

The Co-operative University of Kenya 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 number of days to the service has been rendered as a percentage of the total period of service.

- **Rental Income**

Rental income arising from provision of housing is recognized as the income earned in accordance with the terms of the tenancy agreement.

### b) Budget Information

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

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

#### c) Investment Property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

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

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

#### d) Property, Plant and Equipment

All properties, 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 Co-operative University of Kenya recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. 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.

Depreciation is calculated on a reducing balance method for all other categories of assets except for land which is not depreciated. The applied depreciation rates are as shown below:

• Land	Nil
• Building	2.5%
• Plant and Machinery	10%
• Furniture and Fitting	12.5%
• Motor Vehicles	25%
• Office Equipment	12.5%
• Computer and Accessories	30%
• Telecommunication Equipment	20%
• Kitchen Equipment and Cutlery	10%
• Tools	10%

#### e) 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.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, if that 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 Co-operative University of Kenya.





# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

For The Year Ended June 30, 2021

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### f) Provisions

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

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

- **Contingent liabilities**

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

#### g) Nature and Purpose of Reserves

The Co-operative University of Kenya creates and maintains reserves in terms of specific requirements.

- **Capital Fund**

This fund is composed of development grants sourced from the Government and Development Partners, which are used in capital projects by the Co-operative University of Kenya. The Co-operative University of Kenya recognizes any expenditure incurred of a capital nature and those funds are transferred to the capital fund upon incurring such expenditure.

- **Accumulated Fund**

These are the funds that are retained by the Co-operative University of Kenya. These funds are cumulative and are increased by the surplus or decreased by the deficit in a particular accounting period.

- **Revaluation Reserve**

Beginning in 2014, the revaluation surplus reserves include the results of a revaluation (from historic cost to fair value) of the assets owned by the institution. The fair value has been determined by an independent valuation.

#### h) Changes in Accounting Policies and Estimates

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

#### i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, 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 various commercial banks at the end of the financial year

# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### j) 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.

Amortization is calculated on a reducing balance method for all categories of intangible assets. The applied amortization rates are as shown below:

- Software 30%
- Master plan 2%

#### k) 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.

#### l) Financial Instruments

##### i. Financial assets

###### • Initial recognition and measurement

Financial assets 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 Co-operative University of Kenya determines the classification of its financial assets at initial recognition.

###### • Receivables

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.

##### ii. Financial liabilities

###### • Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Co-operative University of Kenya 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.

#### m) Related Parties

# **THE CO-OPERATIVE UNIVERSITY OF KENYA**

## **Annual Report And Financial Statements**

**For The Year Ended June 30, 2021**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The Co-operative University of Kenya regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. These related parties include: The Government of Kenya and Members of key management comprising the University Council and the University Management Board.



# **THE CO-OPERATIVE UNIVERSITY OF KENYA**

## **Annual Report And Financial Statements**

**For The Year Ended June 30, 2021**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

#### **n) Leases**

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

#### **o) 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 entity (The Co-operative University of Kenya Staff Provident Fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the period in which they become payable.

The University does not have any defined benefit plans.

#### **p) Comparative Figures**

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

#### **q) Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements.

### **3) SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Co-operative University of Kenya's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Changes in estimates are reflected in the period in which they become known.

# THE CO-OPERATIVE UNIVERSITY OF KENYA

## Annual Report And Financial Statements

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. Grants	2020-2021	2019-2020
	KSh	KSh
<b>Unconditional grants</b>		
Government of Kenya	265,073,196	239,214,108
	<b>265,073,196</b>	<b>239,214,108</b>
<b>Conditional grants</b>		
2017-2021 CBA Arrears	-	55,539,707
Projects (LFC)	5,189,380	6,783,379
Research Grants	17,971,785	14,417,166
Special Grants (International Conference)	1,384,119	5,464,452
	<b>24,545,284</b>	<b>82,204,704</b>
<b>Total government grants and subsidies</b>	<b>289,618,480</b>	<b>321,418,812</b>

The 2017 - 2021 Collective Bargaining Agreement (CBA) arrears are amounts released by the Government of Kenya towards settling the personnel costs arising from the CBA signed between the University workers' unions and the Government.

5. Tuition Fees	2020-2021	2019-2020
	KSh	KSh
Main Campus	387,573,788	369,521,642
Nairobi CBD Campus	18,250,918	28,735,078
Meru Campus	12,474	598,163
Mombasa Campus	3,000	3,569,476
<b>Total revenue from Tuition fees</b>	<b>405,840,180</b>	<b>402,424,359</b>

### 6. Co-operative Retreat & Conference Centre (CR&CC)

	2020-2021	2019-2020
	KSh	KSh
Sales from CR&CC	10,291,955	31,495,737
<b>Total from CR&amp;CC</b>	<b>10,291,955</b>	<b>31,495,737</b>

This income from the Co-operative Retreat and Conference Centre declined greatly due to closure of the hospitality sector by the Government as part of measures to contain the Covid-19 pandemic.

7. Rental revenue from facilities	2020-2021	2019-2020
	KSh	KSh
Rent Income	2,293,375	1,965,738
<b>Total rentals</b>	<b>2,293,375</b>	<b>1,965,738</b>

The rental income is rent from staff houses to the University's members of staff and office space let to ATC, a company owned by the University's guarantee and The Co-operative Alliance of Kenya.



# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8. Other income	2020-2021 KSh	2019-2020 KSh
Catering	1,857,691	8,254,421
Dispensary	56,013	82,181
Contributions from ATC	3,500,000	1,200,000
Water and Electricity	199,200	391,160
Sale of Farm Produce	-	118,602
Co-operator Magazine Income	124,401	1,407,400
Miscellaneous Income	2,472,873	6,275,243
<b>Total other income</b>	<b>8,210,178</b>	<b>17,729,007</b>

The decrease in the items of the other income is primarily attributed to the recovery from the Covid-19 pandemic. Reduced in person learning and other in person activities has reduced the amount of income generated.

9. Employee costs	2020-2021 KSh	2019-2020 KSh
Basic Salaries	231,270,483	244,660,971
Casual workers	97,779	1,166,830
Part time teaching	32,429,829	70,728,378
Gratuity	9,796,859	6,673,684
Pension	35,839,850	32,055,079
House to Office allowance	32,964,042	33,066,750
Other personnel allowances	60,576,405	64,132,862
Group life insurance	3,581,251	2,134,940
Leave allowance	3,065,356	2,814,240
New recruits, passage & Baggage	272,011	916,227
House allowances	98,808,725	99,576,320
<b>Employee costs</b>	<b>508,702,590</b>	<b>557,926,281</b>

The Employee Costs for the financial year 2019-2020 includes the 2017 - 2021 Collective Bargain Agreement arrears paid in the 2019-2020 Financial year.

10. Board Expenses	2020-2021 KSh	2019-2020 KSh
Sitting Allowance	3,200,000	3,440,000
Travelling Allowance	212,166	379,816
Subsistence Allowance	635,150	316,500
Medical Scheme	441,954	441,994
Co-opted Members Allowance	84,000	53,900
Chairperson's Honoraria	774,300	1,044,000
<b>Total Board Expenses</b>	<b>5,347,570</b>	<b>5,676,210</b>

11. Depreciation and amortization expense	2020-2021 KSh	2019-2020 KSh
Property, plant and equipment	38,080,101	39,968,367
Intangible asset	5,706,530	6,812,054
<b>Total depreciation and amortization</b>	<b>43,786,631</b>	<b>46,780,421</b>





# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

12. Repairs and maintenance	2020-2021	2019-2020
	KSh	KSh
Motor Vehicle repairs	2,793,278	2,477,274
Maintenance of Sewerage and water	406,860	781,721
Maintenance of Buildings and station	10,352,956	8,580,902
Maintenance of roads/grounds	-	-
Maintenance of computers/printer	1,009,915	3,595,139
Maintenance of plant & equipment	2,375,690	3,542,788
<b>Total repairs and maintenance</b>	<b>16,938,699</b>	<b>18,977,824</b>

The increase in repairs and maintenance expense is due to measures put up to comply with the Ministry of Health's Covid-19 guidelines on social distancing and sanitization.

### 13. The following are included in general expenses:

	2020-2021	2019-2020
	KSh	KSh
<b>Central Services</b>		
Electricity expenses	7,164,172	12,927,083
Water expenses	496,718	916,104
Vehicle licenses & insurance	413,606	381,027
Vehicle fuel and oil	3,147,774	3,729,282
Publishing & Printing	295,010	1,334,270
Advertising and Publicity	3,888,003	9,207,632
Telephone expenses	703,288	529,599
Postal & Courier services	45,200	232,520
Conferences/workshops and seminars	4,854,250	8,702,850
Contracted professional services	8,258,033	4,896,210
Catering cost	8,537,689	25,124,045
Cleaning materials	2,096,938	2,586,500
Outsourced Cleaning Services	8,699,532	9,967,210
External travelling	3,050	3,738,086
Gas and fuel	2,438,400	6,225,900
Training expenses/Staff training	1,351,640	2,166,048
Subscription to professional bodies	1,106,888	1,547,416
Utensils & Crockery	3,000	686,012
Performance Contract	1,951,538	761,620
Booked meals for staff	52,140	2,639,909
Newspapers	17,940	236,400
Internet services	10,401,441	10,699,629
ISO certification & maintenance	142,400	883,900
Staff welfare	2,192,950	2,967,000
Fumigation services	865,590	680,958
Generator expenses	297,200	619,282
Rent & rates	14,767,827	15,300,586
Purchase of uniforms	1,411,684	1,067,454
Purchase of Drugs	2,025,170	5,349,376
Medical scheme	15,081,653	34,065,255
Stationery & stores	3,889,141	5,459,400
Purchase of production materials	1,092,300	2,365,982
General insurance	291,566	306,939
Staff group personal accident	343,930	343,970
Set up of ICT infrastructure	5,142,478	3,766,656



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#### General expenses (cont.):

	2020-2021	2019-2020
	KSh	KSh
<b>Students Welfare</b>		
Inter university games	91,200	3,488,170
Students work-study programme	100,000	3,600
Sports equipment	-	1,149,450
Students Fee Waivers/Refunds	2,766,989	4,101,990
<b>Academic Costs</b>		
Research, production & extension	19,131,775	10,301,707
Corporate social responsibility	563,000	272,500
Shows & Exhibitions	100,000	1,330,335
Library books/e-library/journals	481,500	3,445,925
Curriculum Development	6,576,270	934,698
Alumni association	314,000	221,500
Examination expenses	488,410	409,073
Graduation expenses	3,374,140	5,154,821
Leadership for change	6,106,860	3,530,963
HIV/AIDS Control Unit	259,600	111,530
KUCCPS/CUE Accreditation	3,941,000	4,775,380
<b>Administrative Costs</b>		
Legal and Audit Expenses	2,143,620	51,180
Travelling and accommodation	4,739,385	6,310,016
Bank charges/interest	1,731,385	1,783,977
Task Force/Facilitation Allowances	1,326,258	938,000
Official Entertainment	69,800	7,100
VAT Expense	576,000	948,867
Corporation Tax	107,404	635,122
CR&CC Rebates	569,414	262,545
d) Debts Written Off	-	5,670,259
Outsourced Accommodation	112,700	1,106,651
Hire of Machinery & Equipment	30,000	63,060
<b>Total general expenses</b>	<b>169,170,849</b>	<b>239,420,529</b>

a) There has been a general decline in the total general expenses for the financial year 2020-2021 due to increased remote learning and remote working as a result of the Covid-19 pandemic.

b) Set up of ICT infrastructure increased markedly in comparison with the other categories. This is as a result of the University increasing its ICT capacity to allow for remote learning.

c) Curriculum development increased significantly as the University sought to increase the number of programs on offer at the University. This is with a goal of increasing student numbers and tuition revenue.

d) Debts Written Off.

In the financial year 2019/2020, the University sought and obtained authority from the Governing Council to write off long-outstanding Student debtors and Seminar debtors.

In the financial year 2020/2021, written off debt amounting to KSh. 24,040 was recovered and is reported on the statement of financial performance as bad debts recovered.

# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14. Cash and cash equivalents	2020-2021 KSh	2019-2020 KSh
Current Accounts	67,498,892	66,355,865
On-Call Deposits	27,950,145	8,337,392
Fixed Deposits Accounts	4,507,360	4,507,360
Others	320,683	811,645
<b>Total cash and cash equivalents</b>	<b>100,277,080</b>	<b>80,012,262</b>

#### a) Current account

Standard Chartered Bank (Account No. 01020448587500)	20,863,314	24,783,764
Co-operative Bank Business Account (Account No. 01136062663600)	6,842,323	15,411,097
Co-operative Bank WE-Effect Project Account (Account No. 01136082663601)	1,129,416	1,791,610
Co-operative Bank Research Grants Account (USD) (Account No.02120062663600)	6,489,132	6,705,814
Co-operative Bank Research & Projects Account (Account No. 01120125033500)	22,453,623	9,276,520
Equity Bank GIVE Project Account (Account No. 1630278965967)	26,971,147	7,059,248
Co-operative Bank Fees Collection Account (Account No. 01129062663600)	796,162	1,092,908
Co-operative Bank HELB Collection Account (Account No. 01129062663601)	-	-
Co-operative Bank Agency Account (Account No. 01199062663600)	182,836	185,236
Equity Bank Fees Collection Account (Account No. 1250277107862)	9,721,084	8,387,060
<b>Sub- total</b>	<b>95,449,037</b>	<b>74,693,257</b>

#### b) On- Call deposits

<b>Sub- total</b>	-	-
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#### c) Fixed deposits account

Co-operative Bank Collateral Account (Account No. 01246062663600)	4,507,360	4,507,360
<b>Sub- total</b>	<b>4,507,360</b>	<b>4,507,360</b>

#### d) Others

Cash in hand	320,683	811,645
<b>Sub- total</b>	<b>320,683</b>	<b>811,645</b>
<b>Grand total</b>	<b>100,277,080</b>	<b>80,012,262</b>

#### i) Foreign Exchange gain

The Co-operative Bank Research Grants Account (USD) (Account No.02120062663600) is a dollar account for Research money received by the University. Translation of this account at the end of the financial year 2020-2021 generated a foreign exchange loss of KSh. 112,591. In the financial year 2019-2020, the translation generated a foreign exchange gain of KSh. 217,346.





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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

15. Receivables from exchange transactions	2020-2021	2019-2020
Current receivables	KSh	KSh Restated
(a) Student debtors	51,911,619	70,686,007
Seminar debtors	6,913,430	11,691,478
Rent & water bills outstanding	2,348,205	3,910,745
Imprest outstanding	65,345	223,589
Rent, Electricity & Telephone Deposits	3,551,200	3,551,200
Advance rent	-	-
Institute of Co-operative Development Debtors	680,819	675,341
Co-operator Magazine Debtors	423,400	910,600
(b) Less: Provision for Bad Debts	(4,007,220)	(2,620,520)
<b>Total receivables</b>	<b>61,886,798</b>	<b>89,028,440</b>

a) Student debtors' amount has been restated for the financial year 2019-2020. This arose as a change in presentation of the student balances has been adopted. The University now reports the Student debtors separately from the Student creditors.

b) The Provision for bad debts relates to specific Seminar Debtors that are more than 360 days old..

b) Movement in provisions for Bad Debts	2020-2021	2019-2020
	KSh	KSh
Balance at the beginning of the year	2,620,520	3,437,617
Provision for the year	1,620,500	594,200
i) Paid off/ Written off in the year	(233,800)	(1,411,297)
<b>Balance at the end of the year</b>	<b>4,007,220</b>	<b>2,620,520</b>

i) During the financial year 2019-2020, the University sought and obtained authority from the Governing Council to write off long outstanding Seminar debtors amounting to KSh. 1,312,497.

### 16. Receivables from Non-exchange

Transactions	2020-2021	2019-2020
Current receivables	KSh	KSh
Salary advances outstanding	187,642	586,453
a) Recurrent Grants	1	55,539,707
<b>Total current receivables</b>	<b>187,643</b>	<b>56,126,160</b>

Recurrent Grants receivable are government grants received in July 2020 for the financial year 2019/2020. This is the 2017 – 2021 Collective Bargain Agreement Arrears.

17. Inventories	2020-2021	2019-2020
	KSh	KSh
Dry & perishable foods	131,518	71,559
Production materials	126,120	235,452
General stationery	653,319	480,896
Cleaning materials	298,598	279,687
Electrical and hardware	909,841	573,946
Drugs	1,200	2,100
<b>Total inventories</b>	<b>2,120,596</b>	<b>1,643,640</b>

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#### 18. Investments

	2020-2021 KSh	2019-2020 KSh
Agri. And Co-operative Training and Consultancy Services (ATC)	8,425,530	2,825,530
<b>Total investments</b>	<b>8,425,530</b>	<b>2,825,530</b>

The investment in ATC which is a Company owned by the Co-operative University of Kenya and registered under Certificate No. 142828 was as at 30<sup>th</sup> June 2007 worth KSh 2,825,530, which was capital injected by Donor Partners through the University.

During the financial year 2020-2021, the University Council approved the conversion of debt amounting to Ksh. 5,600,000 owed from ATC into capital. This has increased the investment in ATC to Ksh. 8,425,530 which is the amount carried in these financial statements.

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19. Property, Plant & Equipment	LAND	BUILDING	PLANT & EQUIPMENT	FURNITURE & FITTING	COMPUTER & ACCESSORIES	MOTOR VEHICLES	TOOLS	OFFICE EQU	TEL. EQU	KITCHEN	TOTAL
2021	99 YRS	2.5%	10.0%	12.5%	30%	25%	10%	12.5%	20%	10%	
VALUATION AS AT 01/07/2020	1,766,664,000	913,496,087	11,563,784	70,985,773	40,963,673	29,748,800	13,826,244	4,401,408	18,232,559	3,709,655	2,873,591,983
ADDITIONS IN THE PERIOD	-	-	2,568,900	384,400	6,384,132	-	-	937,800	598,000	-	10,873,232
DISPOSALS	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2021	<u>1,766,664,000</u>	<u>913,496,087</u>	<u>14,132,684</u>	<u>71,370,173</u>	<u>47,347,805</u>	<u>29,748,800</u>	<u>13,826,244</u>	<u>5,339,208</u>	<u>18,830,559</u>	<u>3,709,655</u>	<u>2,884,465,215</u>
DEPRECIATION											
AS AT 30/6/2020	-	95,627,353	3,744,578	26,438,704	27,994,694	21,738,543	8,693,776	2,132,191	8,555,987	1,703,651	196,629,477
CHARGE FOR THE PERIOD	-	20,446,718	1,038,810	5,616,437	5,805,933	2,002,564	513,247	400,877	2,054,914	200,600	38,080,101
DEPRECIATION ON DISPOSAL	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2021	<u>-</u>	<u>116,074,071</u>	<u>4,783,388</u>	<u>32,055,141</u>	<u>33,800,627</u>	<u>23,741,107</u>	<u>9,207,023</u>	<u>2,533,068</u>	<u>10,610,901</u>	<u>1,904,251</u>	<u>234,709,578</u>
NET BOOK VALUE AS AT 30-06-2021	<u>1,766,664,000</u>	<u>797,422,016</u>	<u>9,349,296</u>	<u>39,315,032</u>	<u>13,547,178</u>	<u>6,007,693</u>	<u>4,619,221</u>	<u>2,806,140</u>	<u>8,219,658</u>	<u>1,805,404</u>	<u>2,649,755,637</u>





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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

19. Property, Plant & Equipment	LAND	BUILDING	PLANT & EQUIPMENT	FURNITURE & FITTING		COMPUTER & ACCESSORIES	MOTOR VEHICLES	TOOLS	OFFICE EQU	TEL. EQU	KITCHEN	TOTAL
				99 YRS	10.0%	12.5%	25%	10%	12.5%	20%	10%	
VALUATION AS AT 01/07/2019	1,766,664,000	604,708,483	11,530,784		48,414,945	35,645,518	29,712,800	13,826,244	4,138,358	18,232,559	3,709,655	2,536,583,346
ADDITIONS IN THE PERIOD	-	308,787,604	33,000		22,570,828	5,318,155	36,000	-	263,050	-	-	337,008,637
DISPOSALS	-	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2020	<u>1,766,664,000</u>	<u>913,496,087</u>	<u>11,563,784</u>	<u>70,985,773</u>	<u>40,963,673</u>	<u>29,748,800</u>	<u>13,826,244</u>	<u>4,401,408</u>	<u>18,232,559</u>	<u>3,709,655</u>	<u>2,873,591,983</u>	
DEPRECIATION												
AS AT 30/06/2019	-	74,656,360	2,875,777	20,085,303	22,436,558	19,068,458	8,123,501	1,797,548	6,136,844	1,480,759	156,661,108	
CHARGE FOR THE PERIOD	-	20,970,993	868,801	6,353,401	5,558,136	2,670,086	570,274	334,642	2,419,143	222,891	39,968,367	
DEPRECIATION ON DISPOSAL	-	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2020	<u>-</u>	<u>95,627,353</u>	<u>3,744,578</u>	<u>26,438,703</u>	<u>27,994,693</u>	<u>21,738,544</u>	<u>8,693,775</u>	<u>2,132,190</u>	<u>8,555,987</u>	<u>1,703,649</u>	<u>196,629,470</u>	
NET BOOK VALUE AS AT 30- 06-2020	<u>1,766,664,000</u>	<u>817,868,734</u>	<u>7,819,206</u>	<u>44,547,069</u>	<u>12,968,979</u>	<u>8,010,257</u>	<u>5,132,468</u>	<u>2,269,218</u>	<u>9,676,572</u>	<u>2,006,004</u>	<u>2,676,962,506</u>	



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### Revaluation of Property Plant and Equipment

On April 1<sup>st</sup>2014, the University's Property, Plant and Equipment were revalued (from historic cost to fair value). This has resulted in a revaluation surplus in some classes of Property, Plant and Equipment, leading to a revaluation Surplus Reserve. Other classes of Property, Plant and Equipment have had a Revaluation Loss which has been reflected in the statement of financial performance. The fair value has been determined by an independent valuation by Kenval Realtors (EA) Limited. The basis of revaluation was the Open Market Value.

20. Intangible Assets	2020-2021 KSh	2019-2020 KSh
<b>Valuation</b>		
As At The Beginning of the Financial Year	28,255,514	27,535,514
Additions In The Period	3,016,000	720,000
Transfers	-	-
As At the End of the Financial Year	<b>31,271,514</b>	<b>28,255,514</b>
<b>Amortization</b>		
As At The Beginning of the Financial Year	6,812,054	-
Charge of the period	5,706,530	6,812,054
As At the End of the Financial Year	<b>12,518,584</b>	<b>6,812,054</b>
	<b>18,752,930</b>	<b>21,443,460</b>

Intangible assets is composed of: Unified Threat Management Solution (Firewall), Enterprise Resource Planning (ERP) Software and Master Plan. The Firewall and ERP software have been amortized at 30% reducing balance. The University Master plan has been amortized at 2% reducing balance.

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<b>21. Work In Progress</b>	<b>BAL B/F</b>	<b>ADDITIONS</b>	<b>TRANSFERS</b>	<b>TOTAL</b>
Drilling of Borehole	3,313,550	-	-	3,313,550
Construction of Water Tank tower	3,424,100	-	-	3,424,100
Disaster Recovery Server	-	3,779,320	-	3,779,320
Access Control System	-	1,697,389	-	1,697,389
Construction of Ultra-Modern Learning Resource Centre	258,680,851	107,704,718	-	366,385,569
Balance carried down	<b>265,418,501</b>	<b>113,181,427</b>	<b>-</b>	<b>378,599,928</b>

a) Construction of Ultra Modern Learning Resource Centre: The project is on Phase 1A which includes Construction of Library, Gate house and Sports field.

### 22. Trade and other payables from exchange transactions

	<b>2020-2021 KSh</b>	<b>2019-2020 KSh Restated</b>
Trade payables	47,990,448	53,631,888
a) Student Creditors	90,711,449	59,741,919
Unidentified Bankings	714,626	4,936,125
Unallocated Bursaries	6,025,500	2,130,304
Caution Money	8,935,000	8,920,000
Student Union Fees	1,607,600	850,000
b) Payroll Liabilities	19,622,743	90,342,086
Insurance Claims Payable	4,509,420	4,509,420
Tablet/Laptop Over deductions	30,514	30,514
Provision for Audit Fees Current year	870,000	870,000
Provision for Audit Fees Previous year	870,000	870,000
<b>Total trade and other payables</b>	<b>181,887,300</b>	<b>226,832,256</b>

a) The Student creditors' amount has been restated for the financial year 2019-2020. This arose as a change in presentation of the student balances has been adopted. The University now reports the Student debtors separately from the Student creditors.

b) The payroll liabilities for the period 2019-2020 comprised of 2017 - 2021 Collective Bargain Agreement arrears paid in the month of July 2020, and statutory pension payable to CUK pension scheme that was not paid due to cashflow challenges occasioned by the Covid-19 pandemic these were however paid in 2020-2021.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 23. Trade and other payables from non-exchange transactions

	2020-2021	2019-2020
	KSh	KSh
Development Payables	37,334,678	24,590,609
<b>Total development payables</b>	<b>37,334,678</b>	<b>24,590,609</b>

Payables from Non-Exchange Transactions relate to capital projects which have been contracted, approved, certificate issued, but not yet settled.

### 24. Long Term Liabilities

	2020-2021	2019-2020
	KSh	KSh
Construction of Library Retentions	32,505,836	22,505,836
<b>Total Long term liabilities</b>	<b>32,505,836</b>	<b>22,505,836</b>

Long term liabilities relate to capital project retentions for certificates paid.

### 25. Capital Reserve Fund

	2020-2021	2019-2020
	KSh	KSh
At start of Year	1,289,915,073	1,189,915,073
Government of Kenya	78,458,696	100,000,000
<b>At end of the Year</b>	<b>1,368,373,769</b>	<b>1,289,915,073</b>

This fund is composed of development grants sourced from the Government and Development Partners, which are used in capital projects by the Co-operative University of Kenya. The Co-operative University of Kenya recognizes any expenditure incurred of a capital nature and those funds are transferred to the capital fund upon incurring such expenditure.

### 26. Revaluation Reserves

	2020-2021	2019-2020
	KSh	KSh
At start of Year	1,806,614,324	1,836,080,920
Excess Depreciation on Revaluation\Additions	-	(29,502,596)
Asset Additions	(26,840,999)	36,000
<b>At end of the Year</b>	<b>1,779,773,325</b>	<b>1,806,614,324</b>

Excess depreciation on Revaluation: This refers to the excess depreciation raised as a result of revaluation of the assets.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 27. Accumulated Deficits

2020-2021

2019-2020

	KSh	KSh
At start of Year	(176,997,599)	(113,821,716)
a) Excess Depreciation on Revaluation	26,840,999	29,502,596
b) Changes During the Year	325,256	850,690
Surplus/(Deficit) for the Year	(30,037,422)	(93,529,169)
<b>At end of the Year</b>	<b>(179,868,766)</b>	<b>(176,997,599)</b>

- a) **Excess depreciation on Revaluation:** This refers to the excess depreciation raised as a result of revaluation of the assets.
- b) **Changes during the Year:** The current year figures relate to internal debtors erroneously captured as expenses in the previous financial year. This has now been corrected.  
The amount for the comparative period refers to retention amount on development payables that had not been captured as a payable in the previous financial year.

#### 28. Financial Risk Management Disclosure.

The Institution is exposed to certain liquidity and credit risks. The Institution does not have significant exposure to liquidity risk as it has substantial unrestricted cash resources which are replenished from the results of its operations.

The Institution's Accounts Receivable is almost exclusively from its operations with its students and therefore risks related to credit are considered minor. A provision has been made against asset value of Accounts Receivables relating to Cooperative Retreat and Conference Centre to reflect Receivables for which payment is not anticipated in the short-term.

#### 29. Related Party Balances.

##### a) Nature of related party relationships

Entities and other parties related to the Co-operative University of Kenya include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

The entity is related to

- i) The National Government;
- ii) The Ministry of Education;
- iii) The University Council;
- iv) The University Management Board;

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### b) Related party transactions

	2020-2021 KSh	2019-2020 KSh
Transfers from related parties'	343,531,891	394,753,815
<b>At end of the Year</b>	<b>343,531,891</b>	<b>394,753,815</b>

This refers to the amounts received from the Ministry of Education.

#### c) Key management remuneration

	2020-2021 KSh	2019-2020 KSh
University Council	5,347,570	5,676,210
University Management Board	77,279,923	71,200,192
<b>At end of the Year</b>	<b>82,627,493</b>	<b>76,876,402</b>

This refers to the Remuneration & Allowances paid to the University Council and the University Management.

#### d) Due from related parties

	2020-2021 KSh	2019-2020 KSh
Due from Ministry of Education	-	55,539,707
Due from other Ministries SC's & SAGA's	-	-
<b>At end of the Year</b>	<b>-</b>	<b>55,539,707</b>

This refers to the amounts receivable from the Ministry of Education and other State Owned Entities.

### 30. Employees.

The University has Two hundred eighty three (283) employees composed of Two hundred thirty two (232) Permanent and Pensionable and fifty one (51) on contract. This comprises sixty four (64) Academic members of staff and Two hundred and nineteen (219) Administrative, Technical and Information Science members of staff. The University operates a defined contribution scheme for permanent and pensionable employees.

### 31. Going Concern.

The University's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of 30 June 2021, the University registered a deficit of KSh. 30,037,422, and closed the year with a negative working capital of KSh. 54,749,861 due to the postponement of the third Semester of the 2020-2021 academic year to July 2021. The University has leveraged on technology and rolled out a robust e-learning environment for all its students so as to turn around this deficit in the 2021-2022 financial year.





# **THE CO-OPERATIVE UNIVERSITY OF KENYA**

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**For The Year Ended June 30, 2021**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

#### **32. Reporting Currency.**

The University's Principal activities are carried out in the Republic of Kenya and the Accounts are reported in Kenya Shillings.

#### **33. Events after the Reporting Period.**

There are no material non adjusting events after the reporting date.

#### **34. Ultimate and Holding Entity**

The University is a chartered public university established by the Kenya Government under the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7<sup>th</sup> October 2016. Its ultimate parent is the Government of Kenya.

# THE CO-OPERATIVE UNIVERSITY OF KENYA

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### XIX. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FOR 2018/2019 FINANCIAL YEAR

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

Ref.	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue	Status:	Timeframe :
1	Budgetary Control and Performance	Budgeting mechanism to plan a realistic budget.	VICE CHANCELLOR	On-going	2021-2022 Financial Year
2	Non-compliance with University charter on appointment of the University Chancellor.	The University has embarked on a fresh process of filling the vacancy of position of Chancellor.	VICE CHANCELLOR	On-going	2021-2022 Financial Year



**Dr. Jeremy Bundi**  
CHAIRPERSON, THE CO-OPERATIVE  
UNIVERSITY OF KENYA COUNCIL



**Prof. Kamau Ngamau**  
VICE CHANCELLOR, THE CO-OPERATIVE  
UNIVERSITY OF KENYA



**CPA. Maxwel Nyaga**  
ICPAK No. 11419  
FINANCE OFFICER,  
THE CO-OPERATIVE  
UNIVERSITY OF KENYA

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### XX. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

S. No.	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1	Consultancy for Construction of Ultra-Modern Library & Learning Resource Centre	98,000,000	45,106,274	46%	78,458,696	19,614,674	GOK
2	Construction of Ultra-Modern Library & Learning Resource Centre	373,091,295	321,279,295	93%			
3	Upgrade of Sewer System	96,000,000	-	0%	96,000,000	24,000,000	Co-op Bank
4	Construction of Classrooms	15,000,000	-	0%	15,000,000	3,750,000	CUK
	<b>Total</b>	<b>582,091,295</b>	<b>366,385,569</b>		<b>189,458,696</b>	<b>47,364,674</b>	



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### XXI. Appendix 2: INTER-ENTITY TRANSFERS

Inter-Entity Transfers Reconciliation Form					
Name of the Entity sending the grant	Amount recognized to statement of comprehensive income	Amount deferred under deferred Income	Amount recognized in capital fund	Total grant income during the year	2020-2021
Ministry of Education	265,073,195.00	-	78,458,696.00	343,531,891.00	343,531,891.00
<b>Total</b>	<b>265,073,195.00</b>	<b>-</b>	<b>78,458,696.00</b>	<b>343,531,891.00</b>	<b>343,531,891.00</b>
Breakdown of Transfers from State Department for University Education					
FY:2020/2021					
a)	Recurrent Grants	Bank Statement Date	Amount (KSh)	FY to Which the Amounts Relate	
		07.08.2020	22,089,433.00	2020-2021	
		31.08.2020	22,089,433.00	2020-2021	
		01.10.2020	22,089,432.00	2020-2021	
		30.10.2020	22,089,433.00	2020-2021	
		07.12.2020	22,089,433.00	2020-2021	
		04.01.2021	22,089,433.00	2020-2021	
		04.02.2021	22,089,433.00	2020-2021	
		10.03.2021	22,089,433.00	2020-2021	
		09.04.2021	22,089,433.00	2020-2021	
		10.05.2021	22,089,433.00	2020-2021	
		16.06.2021	22,089,433.00	2020-2021	
		25.06.2021	22,089,433.00	2020-2021	
		<b>Total</b>	<b>265,073,195.00</b>		
b)	Development Grants	Bank Statement Date	Amount (KSh)	FY to Which the Amounts Relate	
		14.09.2020	78,458,696.00	2020-2021	
		<b>Total</b>	<b>78,458,696.00</b>		