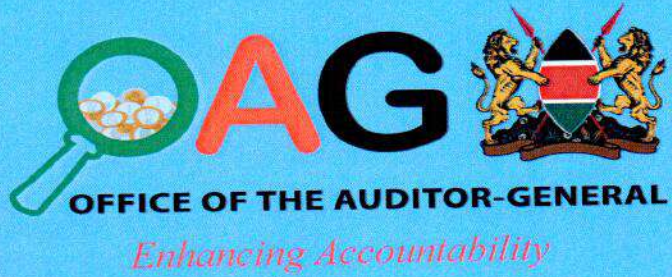


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**EGERTON UNIVERSITY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



**EGERTON**



**UNIVERSITY**

[www.egerton.ac.ke](http://www.egerton.ac.ke)



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**ANNUAL REPORT**

**&**

**FINANCIAL STATEMENTS**

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**FOR THE FINANCIAL YEAR**

**ENDING**

**30<sup>TH</sup> JUNE 2022**

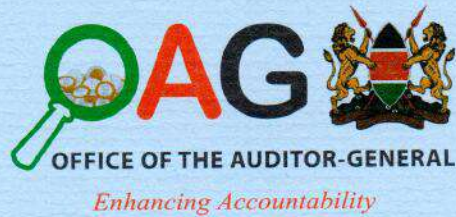
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Prepared in accordance with the Accrual Basis of Accounting Method under the International Public-Sector Accounting Standards (IPSAS)



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON EGERTON UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2022**

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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 the intended purpose.
- C. Report on Effectiveness of Internal Control, 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 overall governance systems are properly designed and were working effectively in the financial year under review.

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Egerton University set out on pages 48 to 103, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets,



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Egerton University as at 30 June, 2022, 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 University Act, 2012 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Sustainability of Services**

The statement of financial performance reflects a deficit of Kshs.1,527,902,227 resulting to accumulated deficit of Kshs.6,624,709,168 for the year under review. Further, the statement of financial position reflects total current assets and liabilities balances of Kshs.1,697,071,948 and Kshs.8,570,105,995 respectively resulting in negative working capital of Kshs.6,873,034,047. This is an indication of the existence of material uncertainty which casts doubt on the University's ability to continue to sustain services and to meet its obligations as and when they fall due. However, the material uncertainty in relation to sustainability of services and the mitigation measures put in place to reverse the situation have not been disclosed in the financial statements.

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

### **2. Irregular Legal Charges**

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects administration and central services expenses of Kshs.1,188,118,035. The amount includes legal charges of Kshs.9,184,64 which relates to case files which have been pending for long but are not disclosed as contingent liabilities as detailed below:

#### **2.1 Case Number, Nairobi HCC 2527 of 1996**

The plaintiff sued the University for the supply of goods valued at Kshs.4,690,651 cost plus interest which it alleges is owed by the University. The status report indicates that the University was to file an application for dismissal of suit for want of prosecution, but the court file was not traced.

#### **2.2 Case Number Nakuru MCC 962 of 1996**

The plaintiff was an employee at the University's Ngongogeri farm. He filed the case alleging wrongful dismissal and loss of property after he was evicted from the farmhouse,



for a total cost of Kshs.700,000. Judgement was entered and the plaintiff was awarded Kshs.70,000 to which the plaintiff appealed and the appeal is still pending.

### 2.3 Case Number Nairobi CMCC 3920 of 2002

The claimant sued University for Kshs.2,354,764 including costs and 36% interest for aluminum works at the University Physical Science Complex in 1999. The University had given a proposal for settlement at Kshs.1,034,923 being outstanding sum, 12% interest per annum charge on principal amount but the claimant declined. However, no file and or documentation was presented for audit to establish the origin of the case and why the claimed had not been paid.

### 2.4 Case Number Nairobi HCC 217 of 2003

The claimant alleged termination of insurance policy agreement that was running from 1991 and renewed annually by the University for five (5) years after the enactment of procurement law allowing competitive bidding in place of single sourcing. The said policies had a clause that in the event of termination, the discounts given will fall due. The plaintiff sued for Kshs.6,609,896 being unremitted premiums, Kshs.4,507,857 thereof being discounts earlier allowed. The University has lodged a counter claim against the claimant of Kshs.4,351,543 for overpayment of premiums. Matter was filed in Nairobi and are in the process of applying for its transfer to Nakuru.

### 2.5 Case Number Nakuru CMCC No.2509 of 2004

The University filed a claim against the defendant in 2014 and obtained judgement in its favor. Upon pursuit of the decretal amount from the defendant/debtor in vain, the University instructed its lawyers to pursue the same through auctioneers who were able to attach the defendant's motor vehicle valued at Kshs.300,000. The defendant/debtor never came forward to clear the remaining amount and the same auctioneers tried to trace any other movable property owned by the debtor and even traced the debtor but all efforts came to a naught. The University came across obituary of the debtor and recommended that the outstanding debt be written off.

In the circumstances, the accuracy, propriety and disclosure of legal charges totalling to Kshs.9,184,64 for the year ended 30 June, 2022 could not be confirmed.

## 3. Interest Payable on Delayed Remittance of Payroll Deductions

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects administrative and central services costs of Kshs.1,188,118,035. The amount includes interest payable on delayed remittance of payroll deductions amounting to Kshs.706,456,019 as shown below:

Description	Amount (Kshs)
Interest on Outstanding Pension Contributions	180,911,241
Interest on PAYE	15,124,545
Interest on Outstanding EU Sacco Deductions	510,420,233
<b>Totals</b>	<b>706,456,019</b>



However, the basis for computing the interest was not provided for audit review. However, there is no evidence of management having engaged with the affected Organization in an effort to have the interests charged waived. Further, the expenditure has not been budgeted for.

In the circumstances, the accuracy and validity of interest payable on payroll deductions of Kshs.706,456,019 for the year ended 30 June, 2022 could not be confirmed.

#### **4. Receivables from Exchange Transactions**

The statement of financial position as disclosed in Note 27(a) to the financial statements reflects receivables from exchange transactions balance of Kshs.1,001,255,396. The following unsatisfactory matters were however noted:-

##### **4.1 Long Outstanding Imprest**

Included in the balance is long outstanding imprest balance of Kshs.107,167,608 with some dating far back to 2014. However, no recoveries have been made from the salaries of the defaulting officers contrary to Regulation 92 of the Public Finance Management (National Government) Regulations, 2015 requires a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station. Further, no interest has been levied on the outstanding imprest pursuant to the provisions of the Regulations 92.

##### **4.2 Long Outstanding Student Debtors**

Included also in the balance is student debtors of Kshs.848,321,383. The balance further includes Kshs.360,187,445 due from students who have left the University. Management has not made efforts to recover the amount which have been outstanding for over five (5) years nor adjustments made to provide for likely impairment in accordance with the University's Credit and Debt Management Policy which requires write off of debts that are older than five (5) years.

In the circumstances the accuracy and fair statement of receivables from exchange transactions balance of Kshs.1,001,255,396 as at 30 June, 2022 could not be confirmed.

#### **5. Unsupported Prior Year Adjustment**

The statement of financial position reflects accumulated deficit balance to Kshs.6,624,709,168 comprising of the deficit for the year of Kshs.1,527,902,227 and a prior adjustment of Kshs.1,606,224,206 which is unsupported.

In the circumstances, the accuracy and fair statement of the accumulated deficit balance of Kshs.6,624,709,168 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Egerton University Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements



applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unauthorized Bank Overdraft**

The statement of financial position under current liabilities reflects bank overdraft (negative cash balances) of Kshs.261,600,780 as at 30 June, 2022. Review of the available records revealed that, the University's account held as Kenya Commercial Bank was overdrawn to the tune of Kshs.239,167,819 without authority from the National Treasury contrary to the provisions of Regulation 82(7) of the Public Finance Management (National Government) Regulations, 2015 which requires that no official Government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit, authorized by the National Treasury. Management indicated that the bank overdraft was approved by the University Council.

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

#### **2. Unremitted Staff Deductions**

The statement of financial position reflects trade and other payables balance of Kshs.7,340,485,835 as disclosed in Note 32(a) to the financial statements. Included in the balance is payroll payables comprising of salary deductions and pension contributions totalling to Kshs.6,105,227,546 which had not been remitted to the statutory entities contrary to the Section 37(1) of the Income Tax Act which states that an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed. The payroll payables were also not supported by way of detailed listing of the staff from whom the deductions were made and the respective amounts.



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

### **3. Stalled Projects**

As reported in the previous year report, included in the work-in-progress balance of Kshs.912,668,913 reflected in the statement of financial position and Note 30(b) to the financial statements are stalled projects valued at Kshs.435,545,277. The projects status of the stalled projects remain unchanged.

In the circumstances, the completion of the projects remains doubtful, and amounts spent of Kshs.435,545,277 to 30 June, 2022, has not benefited the intended beneficiaries.

### **4. Computer Maintenance**

The statement of financial performance and as disclosed in Note 16 to financial statements reflects administration and central services totalling Kshs.1,188,118,035. The amount includes computer maintenance of Kshs.5,371,360, however, the expenditure exceeds the budget of Kshs.1,932,554 resulting to unauthorized expenditure of Kshs.3,438,806 which contrary to Public Finance Management Regulation (National Government) 2015 Regulation number 51(2) and (3) Expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets. The Accounting Officer of that Government entity shall make an expenditure commitment only against the procurement plan approved for that entity in accordance with the Public Procurement and Disposal Act, 2005 and the Regulations made thereunder.

The Management is in breach of the law.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 3000 and 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 CONTROL, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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



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

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

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

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

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



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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

24 April, 2023









**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

Particulars	Notes	2021-2022 Kshs.	2020-2021 Kshs.
<b>Revenue from Non-Exchange Transactions</b>			
GoK Recurrent Capitation Grant	6 (a)	2,231,277,478	2,098,946,927
Research & Extension Income	7	344,651,164	250,219,370
CESAAM ACE 2 Income	8	125,565,839	164,207,237
MCF TAGDEV Income	9	137,371,317	118,123,413
Tegemeo Income	10	132,066,894	124,042,943
Other Revenue from Non-Exchange Transactions	11	526,921	-
<b>Total Revenue from Non-Exchange Transactions</b>		<b>2,971,459,613</b>	<b>2,755,539,890</b>
<b>Revenue from Exchange Transactions</b>			
Tuition and Related Fees	12	996,881,645	583,267,363
IGU's Incomes	13 (a)	126,866,051	91,619,332
Other Services Rendered	13 (b)	25,877,748	28,600,706
		<b>1,149,625,444</b>	<b>703,487,401</b>
<b>Total Revenue</b>		<b>4,121,085,057</b>	<b>3,459,027,291</b>
<b>Expenditure</b>			
Staff Costs	14	3,319,706,520	3,189,990,440
Council Expenses	15	16,106,147	15,532,485
Administrative and Central Services	16	1,188,118,035	480,763,690
Repairs and Maintenance Expenses	17	52,286,645	98,580,124
Academic Departments Expenses	18	136,159,644	129,239,943
Research & Extension Expenses	19	332,989,670	247,355,310
CESAAM ACE 2 Expenses	20	125,531,607	164,207,237
MCF TAGDEV Expenses	21	137,371,317	118,123,413
Tegemeo Expenses	22	128,772,567	154,923,743
IGU Expenses (Inputs)	23	89,656,514	47,169,110
Depreciation Expenses	24	121,342,989	129,653,282
		<b>5,648,041,655</b>	<b>4,775,538,777</b>
<b>Other Gains/(Losses)</b>			
Gain (Loss) on Shares			28,857
(Decrease) increase in Provision for bad debts		266,275	(239,296)
Gain on Foreign Exchange	25	(411,570)	27,754,585
Gain (Loss) on biological Assets		(5,028,300)	(10,508,218)
Gain (Loss) on Disposal of Assets		4,227,965	-
		<b>(945,630)</b>	<b>17,035,929</b>
<b>Deficit for the Period</b>		<b>(1,527,902,227)</b>	<b>(1,299,475,557)</b>
<b>Attributable to:</b>			
Owners of the controlling entity		<b>(1,527,902,227)</b>	<b>(1,299,475,557)</b>

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

  
CPA Charles K. Wanjohi  
Ag. Finance Officer  
ICPAK Member No.8804  
Date:

  
Amb. Dr. Luka Huga Wario  
Chairman, University Council  
Date:



## 15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Particulars	Notes	2021-2022 Kshs.	2020-2021 Kshs.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash in Bank and in Hand	26 (a)	591,255,728	380,781,289
Contingent Deposit	26 (b)	53,000,000	53,000,000
Receivables from Exchange Transactions	27 (a) & (b)	1,001,255,396	987,169,473
Inventories	28	30,474,339	30,399,586
Agricultural Assets	29	21,086,485	26,114,785
		<b>1,697,071,948</b>	<b>1,477,465,132</b>
<b>Non Current Assets</b>			
Property, Plant & Equipment	30 (a)	4,178,057,758	4,288,115,251
Work in Progress (WIP)	30 (b)	912,668,913	904,434,993
Investments	31	150,119,859	150,119,859
		<b>5,240,846,530</b>	<b>5,342,670,103</b>
<b>Total Assets</b>		<b>6,937,918,478</b>	<b>6,820,135,235</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Negative Cash Balances	26 (c)	261,600,780	379,554,765
Trade and Other Payables	32 (a)	7,340,485,835	4,059,403,553
Provisions and Accruals	32 (b)	609,382,215	535,218,641
Deferred Income	32 (c)	358,637,165	344,019,360
		<b>8,570,105,995</b>	<b>5,318,196,319</b>
<b>Total Liabilities</b>		<b>8,570,105,995</b>	<b>5,318,196,319</b>
<b>Net Assets</b>		<b>(1,632,187,517)</b>	<b>1,501,938,917</b>
General fund		4,992,521,651	4,992,521,651
Accumulated Surplus (Deficit)		(6,624,709,168)	(3,490,582,735)
<b>Total Capital and Liabilities</b>		<b>(1,632,187,517)</b>	<b>1,501,938,917</b>

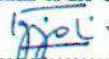
The notes set out on pages 53 to 94 form an integral part of these Financial Statements.

The Financial Statements set out on pages 48 to 52 were signed on behalf of the Council by:



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

Date:



CPA Charles K. Wanjohi  
Ag. Finance Officer  
ICPAK Member No.8804

Date:



Amb. Dr. Luka Huga Wario  
Chairman, University Council

Date:



**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022.**

Particulars	Note	Capital Reserves	Revenue Reserves	Total
		Kshs.	Kshs.	Kshs.
At July 1, 2020		4,953,491,207	(2,191,107,178)	2,762,384,030
Capital Grants	6(b)	39,030,444		39,030,444
Deficit from operations			(1,299,475,557)	(1,299,475,557)
<b>At June 30, 2021</b>		<b>4,992,521,651</b>	<b>(3,490,582,735)</b>	<b>1,501,938,917</b>
At July 1, 2021		4,992,521,651	(3,490,582,735)	1,501,938,917
Deficit from operations			(1,527,902,227)	(1,527,902,227)
Prior year Adjustments			(1,606,224,206)	(1,606,224,206)
<b>At June 30, 2022</b>		<b>4,992,521,651</b>	<b>(6,624,709,168)</b>	<b>(1,632,187,517)</b>



17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Particulars	Notes	2021-2022 Kshs.	2020-2021 Kshs.
<b>Operating Activities</b>			
Deficit for the year		(1,527,902,227)	(1,299,475,557)
<b>Adjustments for</b>			
Depreciation	24	121,342,989	129,653,282
Movement in Provisions for the year	32 (b)	74,163,574	64,934,422
Movement in Deferred Income for the year	32 (c)	14,617,805	14,088,634
Prior year adjustments		(1,606,224,206)	
(Profit) Loss on disposal of Assets	25	(4,227,965)	-
(Gain) Loss on Revaluation of Shares			(28,857)
		<b>(2,928,230,030)</b>	<b>(1,090,828,077)</b>
<b>Changes in Working Capital</b>			
(Increase) Decrease in Biological Assets	29	5,028,300	10,508,218
(Increase) Decrease in Receivables	27 (a)	(14,085,923)	476,739,334
(Increase) Decrease in Inventories	28	(74,754)	4,244,761
Increase (Decrease) in Payables	32 (a)	3,281,082,282	265,028,922
		<b>3,271,949,905</b>	<b>756,521,235</b>
<b>Cash Generated from Operations</b>		<b>343,719,875</b>	<b>(334,306,842)</b>
<b>Investing Activities</b>			
Purchase of Property, Plant and Equipment	30 (a)	(19,519,416)	(27,428,477)
Cash on Disposal of Assets	25	4,227,965	-
<b>Net Cash from Investing Activities</b>		<b>(15,291,451)</b>	<b>(27,428,477)</b>
<b>Financing Activities</b>			
GoK Capital Grants	6 (b)	-	39,030,444
<b>Net Cash from Financing Activities</b>		<b>-</b>	<b>39,030,444</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>328,428,424</b>	<b>(322,704,875)</b>
Cash and Cash Equivalents at the start of the period		54,226,524	376,931,351
Cash and Cash Equivalents at the Close of the period	26 (d)	<b>382,654,948</b>	<b>54,226,524</b>



**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022**

Particulars	Note	Original Budget 2021/2022 Kshs.	Adjustments 2021/2022 Kshs.	Final Budgeted 2021/2022 Kshs.	Actual on Cumulative to date 2021/2022 Kshs.	% of Utilization
<b>Revenue from Non-Exchange Transactions</b>						
Bank Revenue (Capital Grant)	6 (a)	3,214,317,128		3,214,317,128	3,281,777,128	101%
Research & Extension Income	7	91,135,800	173,070,302	264,206,201	344,651,164	130%
Other Revenue from Non Exchange transactions	11	74,368,120	20,680,261	95,048,380	320,921	0%
CESAM ACE 2	9	64,478,378	24,588,351	89,066,729	125,565,839	132%
MCI TAGDEV	10	97,924,285	19,806,127	117,730,412	137,371,347	150%
Telemco Income					132,068,804	112%
<b>Total Revenue from Non-Exchange Transactions</b>		<b>2,547,184,529</b>	<b>238,222,131</b>	<b>2,785,406,660</b>	<b>2,971,459,613</b>	<b>107%</b>
<b>Revenue from Exchange Transactions</b>						
Union and Related Fees	12	1,001,002,097		1,001,002,097	960,881,613	96%
Other Services Rendered	13	160,942,837	-	160,942,837	152,743,700	95%
		<b>1,160,944,934</b>		<b>1,160,944,934</b>	<b>1,149,625,444</b>	<b>99%</b>
<b>Total Revenue</b>		<b>3,712,129,463</b>	<b>238,222,131</b>	<b>3,950,351,594</b>	<b>4,121,085,057</b>	<b>104%</b>
<b>Expenditure</b>						
Staff Costs	14	2,303,254,847	(3,450,000)	2,304,804,847	2,310,706,520	144%
Council Expenses	15	17,983,200	-	17,983,200	16,106,147	90%
Administrative and Central Services	16	513,467,863	15,000,000	528,467,863	1,180,187,005	223%
Repairs and Maintenance Expenses	17	107,646,000	(2,000,000)	102,646,000	22,336,643	21%
Academic Departments Expenses	18	947,611,710	(7,383,000)	940,228,710	146,134,611	15%
Research & Extension Expenses	19	111,107,392	173,070,302	284,178,342	322,889,870	117%
CESAM ACE 2 Expenses	20	71,388,139	30,689,361	102,077,500	133,331,007	130%
MCI TAGDEV Expenses	21	64,478,378	24,588,351	89,066,729	137,371,317	154%
Telemco Expenses	22	97,924,285	19,806,127	117,730,412	137,371,317	109%
Depreciation Expenses	23	53,012,738	-	53,012,738	88,612,484	167%
Total Expenditure	24	2,000,000	-	2,000,000	121,342,939	6067%
<b>Other gains/(Losses)</b>						
Gain on Foreign Exchange					(411,570)	
Gain/(Loss) on Biological Assets					(5,008,300)	
Gain/(Loss) on Disposal of Assets					4,227,962	
					(945,030)	
<b>Surplus/(Deficit) from Recurrent Budget</b>		<b>114,250,000</b>	<b>(0)</b>	<b>114,250,000</b>	<b>(1,527,002,227)</b>	
Capital expenditure	30 (a)	114,250,000	-	114,250,000	19,519,416	17%
<b>Deficit for the Period</b>		<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(1,547,421,644)</b>	

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