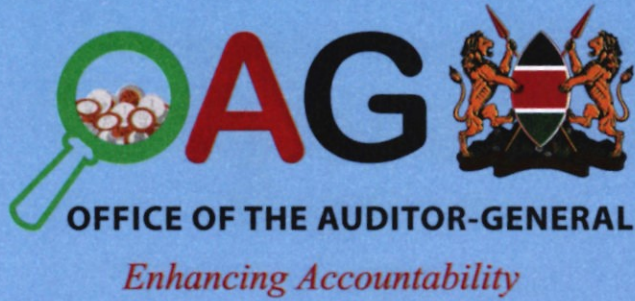


REPUBLIC OF KENYA



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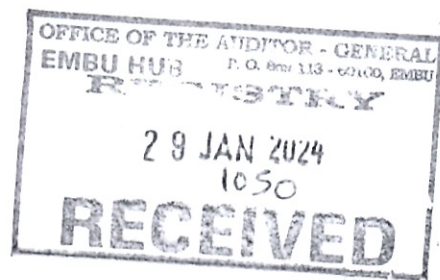
THE AUDITOR-GENERAL

ON

CHUKA UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2023**





CHUKA



UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2023

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

Chuka University isInspiring Environmental Sustainability for Better Life



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I. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Chuka University is an independent public entity established through a charter as per the Universities Act, 2012. It is represented by the Cabinet Secretary for Education, who is responsible for the general policy and strategic direction of the University. Chuka University has a variety of Academic programmes, which are offered under the following six Faculties: Business Studies, Arts and Humanities, Education and Resources Development, Agriculture and Environmental Studies, Science, Engineering and Technology and Faculty of Law.

(b) Principal Activities

The Mandate of the Chuka University as provided by the Chuka University Charter dated 8th January 2013 is to:

- i) Provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya.
- ii) Participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economic, social, cultural, scientific, and technological development of Kenya.
- iii) Provide and advance university education and training to appropriately qualified candidates, leading to the conferment of degrees and award of Diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing contribute to manpower needs.
- iv) Conduct examinations for such academic awards as may be provided in the statutes pertaining to the University and
- v) Examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, study courses and subjects of study.

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OUR MISSION

To generate, preserve and share knowledge for effective leadership in higher education, training, research and outreach through nurturing an intellectual culture that integrates theory with practice and innovation.

Vision

To be a Premier University for the provision of quality education, training and research for sustainable national and global development

Core Values

The University is committed to the following set of core values:

- i) Customer value and focus
- ii) Diversity & social fairness
- iii) Environmental consciousness
- iv) Fidelity to the law
- v) Innovation
- vi) Integrity
- vii) Passion for Excellence
- viii) Peaceful Co-existence
- ix) Professionalism and Confidentiality
- x) Prudence utilisation of resources
- xi) Team work
- xii) Timeliness and Devotion to duty.

(c) Key Management

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

- i) The Council
- ii) The Management Board

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and had direct fiduciary responsibility were:

Designation	Name
Prof. Henry Mutembei M'Ikiugu, Ph.D.	Vice Chancellor
Prof. Eunice Wamuyu Githae, (PhD)	Ag. Deputy Vice Chancellor (AFP&D)
Prof. Gilbert Mbaka Nduru , (Ph.D)	Ag. Deputy Vice Chancellor (ARSA).
Dr. Peter Opiayo Mabubi, Ph.D.	Registrar (Administration and Planning)
Dr. Samwel Macharia Chigoe, Ph.D.	Registrar (Academics)
CPA. John K. Thurania, MBA, CPA (K), CPS(K)	Finance Officer
Mr. Naftal Oenga, MBA, Bcom	Procurement Officer

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight committee of the University for the Financial Year 2022/2023 and their respective functions are outlined below:

1. Finance, Farms, Enterprise Company and General-Purpose Committee

- i) To review and recommend approval of policies and conditions for sound management of the financial processes and operations.
- ii) To review and report to the Board on the annual audited accounts.
- iii) To review and recommend approval of policies and conditions for sound management of financial investments.
- iv) To formulate policies and conditions for sound management of University funds.
- v) To discuss and recommend to the council Annual and Quarterly Financial reports.

2. Audit, Governance and Risk Management Committee

- i) To assist in enhancing internal controls in order to improve efficiency, transparency and accountability in the management of University funds
- ii) To Examine internal and external audit reports and recommendations after management response to ensure action is taken
- iii) To follow up to ensure action is taken to resolve Public Accounts Committee recommendations
- iv) To Provide oversight on risk management processes
- v) Any other duty as set out in the Audit Committee Charter

3. Human Resources Management Committee

- i) To provide guidance and direction to compensation and benefits of employees as per the negotiated Collective Bargaining Agreements as well as negotiate for group health care benefits.
- ii) To implementation of employee training and development policy depending on competency needs assessment.
- iii) To carry out the organization employee needs assessment and recommend for recruitment of various categories of staff.
- iv) To handle and recommend to the council staff disciplinary matters and the appropriate action to be taken.

4. Building, Planning and Development Committee

- i) To oversee implementation of development projects in the University.
- ii) To consider and recommend to the Council building projects budget for the University.
- iii) To monitor and appraise development projects for the University.

5. Grievances Handling and Appeals Committee

- i) To hear any appeals related to staff and students discipline and recommend to the council for the necessary action.
- ii) To arbitrate the cases brought to the committee from various organs of the University.

6. Sealing and Honorary Degree Committee

- i) To make recommendations to the council on the award of Honorary Degrees to various personnel.
- ii) To recommend to the Council students due for graduation.
- iii) To propose to the Council, the graduation dates as proposed by the Senate.

f) Entity Headquarters

P.O. Box 109, 60400
Recreation and Business Centre Building
Off Embu-Meru Highway
Chuka, Kenya

g) Entity Contacts

Telephone: (254) 0202310512/
Cell phone 0715505858/0731620266
E-mail: info@chuka.ac.ke

h) Entity Bankers

1. Kenya Commercial Bank Ltd,
P.O. Box 7014 – 60400
Chuka
2. Cooperative Bank of Kenya
P.O. Box 101 – 60400
Chuka
3. Equity Bank Ltd
P.O. Box 213 – 60400
Chuka
4. Family Bank Ltd
P.O. Box 3092-60200
Meru
5. ABSA bank of Kenya Ltd
P.O. Box 88-60100
Embu
6. Standard Chartered Bank Ltd
P.O. Box 109-60200
Meru

i) Independent Auditors




Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

j) Principal Legal Advisor




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

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3. THE UNIVERSITY COUNCIL

Name(s)	Concise Description
<p>Prof. David T. K. Serrem, Ph.D., OGW Council Chairman</p> 	<p>Professor David K. Serem was born on 23rd November, 1951. He holds a Doctor of Education (Ed.D.) degree in Administration of Higher Education from the University of Wyoming, USA. He has served as Head Department, Dean, Principal, Deputy Vice Chancellor and Ag. Vice Chancellor in various Universities in Kenya. Prof. is a seasoned educational administrator and researcher with a bias in Educational Leadership and Management. He is a member of several professional associations. Prof. Serem has served as a Board member of Kenya Airways, the National Housing Corporation (NHC), Kenya Industrial Research and Development Institute (KIRDI) and currently serving as the Chairman of Mount Kenya University (MKU) Council and a Professor in the Department of Educational Management and Policy Studies, Moi University. Professor is the current Chuka University Council Chairman.</p>
<p>Hiram M. Kahiro Council Member</p> 	<p>Mr. Hiram Kahiro was born on 22nd April, 1972. He has worked in Public Administration for over 25 years. He previously served as District Officer, County Commissioner, County Secretary and Head of Public service at Nyandarua County Government. He is currently serving as the Secretary, Administration and Head of administration and support services at the National Treasury, Ag. CEO, State Officers and Public Officers Motor Car Loan Scheme Fund of the National Government, representative to the Cabinet Secretary as a Board Member of the Witness Protection Agency and the Civil Servants Housing Scheme Fund. He holds an MA and BA from The University of Nairobi. He serves in the Chuka University council as a representative to the Cabinet Secretary, the National Treasury and Planning.</p>
<p>Crispus Micheni Ndeke Council Member</p> 	<p>Mr Crispus Micheni Ndeke was born on 18th December, 1960. He is a seasoned educational administrator and has worked in Public Administration for over 30 years. He hold a Masters in Psychology from Mount Kenya University (MKU) and a Bachelor of Education from Kenya Methodist University (KEMU). He is currently a council member and Chairperson of Audit, Governance and Risk Management Committee of the Chuka University Council.</p>




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<p>Linet Kwamboka Maganda Council Member</p> 	<p>Mrs Linet Kwamboka Maganda was born on 23rd October 1972. She has worked in Public Administration for over 25 years. Lately she served as a member of Nyamira County Assembly Service Board. She holds a Master of Arts Degree in Christian Education from Evangel Christian University of America and a Bachelor of education from Kenyatta University. She is currently a council member at Chuka University and Chairperson of Human Resource Management Committee of the Chuka University Council.</p>
<p>Samuel Gacheru Gitonga Council Member</p> 	<p>Mr. Samuel Gacheru Gitonga was born on 2nd April 1981. He works as a lecturer at cooperative University. He holds Master of Sociology and Community Development from The University of Nairobi, Bachelor of Education Degree from Catholic University and currently pursuing PHD- Social Transformation in Tangaza University College. He is currently a council member and Chairperson of Building, Planning, Development Committee of the Chuka University Council.</p>
<p>Zephania Rwanda Mbaka Council Member</p> 	<p>Mr. Zephania Rwanda Mbaka was born on 2nd June 1985. He holds a Master of Business Administration (Strategic Management) and Bachelor of education (Arts), mathematics & business studies, with IT. He previously served as Chief Officer – Finance and Economic Planning in Tharaka Nithi County and Branch Manager at the Kenya Institute of Management. He is currently a council member at Chuka University and Chairperson of Finance, farms, enterprise and General purpose Committee of the Chuka University Council.</p>




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<p>Margaret M. Makhungu Council Member</p> 	<p>Margaret M. Makhungu was born on 12th May, 1967. She is an ICT professional and consultant with over 25 years' experience in Information Communications Technology. She has led and worked with different teams in multi-cultural and multi-skilled environments in Africa, Asia and Europe. She holds a Masters degree in Business Administration from the United States International University USIU (Strategic Management and IT management), a certificate in Financial Markets from the Securities Institute of Australia, and is an Electrical Engineer with a Bachelor of Technology degree in Electrical and Communications Technology from Moi University, Eldoret. She is currently a council member at Chuka University.</p>
<p>Dr. Wahome Rureri. Council Member</p> 	<p>Dr. Wahome Rureri was born on 10th March 1972. He holds a PhD in Business Administration (Strategic Management), MBA and a B.Ed. Science. He has over 10 years working experience in senior management positions in public service and currently working in the State Department for University Education and research. He currently Represents the Principal Secretary, State Department for University Education and Research in Chuka University Council.</p>
<p>Prof. Henry M. M'Ikiugu, Ph.D. Vice Chancellor/CEO & Secretary to the Council</p> 	<p>Prof. Henry Mutembei M'Ikiugu was born on 16th August 1970. He is a Professor of Veterinary Reproduction and Obstetrics (Theriogenology) and a Specialist in Disaster Management and Risk Mitigation Strategies. He is a renowned scholar and administrator. He worked in several management positions in the University of Nairobi. He joined Chuka University as Deputy Vice Chancellor in charge of Administration, Finance, Planning and Development before he was elevated to the current position of Council Secretary/Vice Chancellor/CEO Chuka University.</p>

4. MANAGEMENT TEAM

Name of the Staff& Responsibility	Concise Description
<p>Prof. Henry M. M'Ikiugu, Ph.D. Vice Chancellor/CEO</p> 	<p>Prof. Henry Mutembei M'Ikiugu was born on 16th August 1970. He is a Professor of Veterinary Reproduction and Obstetrics (Theriogenology) and a Specialist in Disaster Management and Risk Mitigation Strategies. He is a renowned scholar and administrator. He worked in several management positions in the University of Nairobi. He joined Chuka University as Deputy Vice Chancellor in charge of Administration, Finance, Planning and Development before he was elevated to the current position of Council Secretary/Vice Chancellor/CEO Chuka University.</p>
<p>Prof. Eunice Wamuyu Githae, (PhD) Ag. Deputy Vice-Chancellor (AFP&D)</p> 	<p>Prof. Eunice Wamuyu Githae was born on September 4, 1979. She has served as the Chair of the Department of Biological Sciences and also acted as the Director of Research and Extension at various times. Before joining Chuka University, she served as Chair of the Department of Environmental Studies and Forestry at Maasai Mara University. She is an Associate Professor of Plant Ecology and holds a Ph.D. in Dryland Resource Management (Plant Ecology and Environment) from the University of Nairobi. She is the Acting Deputy Vice Chancellor in charge of Administration, Finance, Planning, and Development.</p>
<p>Prof. Gilbert Mbaka Nduru, (Ph.D) Ag. Deputy Vice Chancellor (ARSA).</p> 	<p>Prof. Gilbert Mbaka Nduru was born on 28th February 1965. He is a Professor of Environmental Studies and holds a BEd, MA and PhD (Moi University). He has served as Director of Research, Linkages and International Programs as well as Dean of Environmental Studies and Resources Development. He is currently the Ag. Deputy Vice Chancellor in charge of Academic, Research and Student Affairs.</p>

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<p>Dr. Samwel Macharia Chege, Ph.D. Registrar (Academics)</p> 	<p>Dr. Samwel Macharia Chege was born on 22nd August 1978. He has served in various public and private institutions including Dedan Kimathi University of Technology where he served as an ISO 9001:2008 QMS coordinator before joining Chuka University. He holds B. ed Arts, PGD-HRM, Msc and Ph.D. from University of Science and Technology. He is the Registrar Academic Affairs</p>
<p>Dr. Peter Opiayo Mabubi, (Ph.D.) Registrar (Administration and Planning)</p> 	<p>Dr. Peter Opiayo Mabubi was born on 21st September 1971. He has served in various senior administrative positions in the Ministry of Education, KASNEB, Moi University and Pwani University where he served as Registrar (AF&P) before joining Chuka University in the same capacity. He holds B.ed (Arts), M.ed (Economics of Education), PGD-HRM and PhD (Economics of Education). He is the current Registrar-Administration and Planning.</p>
<p>CPA. John K. Thuranira, MBA, CPA (K), CPS (K) Finance Officer</p> 	<p>CPA. John K. Thuranira was born on 31st December, 1974. He served in various Companies and institutions as an Accountant before moving to Constituencies Development Fund (CDF) as a Fund Manager in Kigumo & Tetu Constituencies. He holds BCOM, MBA, (Egerton), CPA (K) and a CPS (K). He is the current Finance Officer, Chuka University.</p>

5. CHAIRMAN'S STATEMENT

On behalf of the University Council and on my own behalf, I take great pleasure to present the Annual Report and Financial Statements for Chuka University for the year ended 30th June 2023. Since its establishment, Chuka University has continued to execute its mandate of generating, preserving and sharing knowledge for effective leadership in higher education, training, research and outreach through nurturing an intellectual culture that integrates theory with practice and innovation.

Am happy to report that we have made remarkable progress through the strategic partnerships we forged with our key stakeholders in multi-pronged areas of development. In line with the University's strategic plan, Kenya's Vision 2030 and the Bottom up economic model, the council has garnered notable significant milestones.

I hasten to observe that University education is undergoing challenging times due to a combination of factors. In Chuka University, we have taken firm measures to ensure we remain on the growth trajectory set out in the master, strategic and operational plans. The measures include: re-engineering income generating activities; offering of market driven academic programmes to attract students; refocusing research to increase output dissemination and uptake; improving efficiency in service delivery; and embarking on digital and blended learning and operations.

The new University Council that came to office on 23rd May 2023 will continue building synergies with its stakeholders including the National Government of the Republic of Kenya, the County Government, the Local Community, the International Community, the University Council, the Management, the Senate, The treasured Alumni, The Staff and most importantly our Students. Together we are determined to build strong bridges to create new knowledge and innovations, produce top-notch researchers and experts in order to build a better world. Thank you all for your continued commitment, loyalty, hard work and peaceful co-existence.



Prof. David T. K. Serem, Ph.D., OGW
COUNCIL CHAIRMAN.

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am delighted to highlight the following major achievements accomplished during the year ended 30th June 2023;

i) Student Enrolment and Teaching

Chuka University continues to grow and carve a niche to attract top scholars. Currently, the University has over 17,000 students, spread over the four campuses in Chuka, Chogoria, Embu and Igembe. The University has graduated over 26,000 graduates since inception and has over 240 academic programmes cutting across certificate, diploma, bachelors, masters and doctoral levels. During the financial year 2022/2023, the University graduated 2,815 students. The increased student population has triggered business opportunities in the local community, thus helping transform the economic outlook of the region.

ii) Financial performance

In the Financial Year under review, the University Management has continued with the pursuit for prudent financial utilization in its bid to strengthen the institutional capacity as per the strategic objectives and core values. To ensure high performance of our business processes, the University embraced the use Government Investment Management Information System (GIMIS), an online interface that enable sharing of monthly, quarterly, annual reports and budgets with the National treasury and other stakeholders. To cope with emerging technologies, the University is implementing Micro Soft 365-Business Central and Library Information management system. The new technologies are expected bring efficiency in our business processes and enable us to serve our customers better.

Education, Training, Research and outreach

The core business of the University is provision of quality education and research. In an endeavour to build research capacity, the University has acquired state-of-the-art scientific equipment. The University has continued to support staff and students to conduct research through the Internal Research Fund (IRF). The University also held its 8th International Research Conference in October 2022.

iii) Infrastructure Development

Chuka University has grown tremendously over the years and the University has continued to invest in projects and programmes that support our students to realize their academic pursuits and dreams. Foremost in our Investments is research and teaching facilities. The University has invested in state of art research and teaching facilities and it offers market oriented and driven courses. This is evidenced by acquisition of Ultra-modern laboratory equipment and on-going construction of a Science and Technology Research Park and the Ultra-Modern Library Complex. In order to support agricultural research and production, we have continued to equip and develop university farms especially the irrigation infrastructure installed at Kairini farm. To support student accommodation, the university completed and commissioned a Modern Student Hostel (Phase 1) with a capacity of 968 Students. The Construction of Student Male Hostel Phase 2, Administration/Law complex and the Food Technology Tuition Complex are still ongoing.

iv) Human Resource

The University continues to invest in recruitment of highly qualified and experienced staff. We are proud of our academic excellence and the pervasive can-do attitude of staff that turns enthusiasm into success and ideas into a cutting edge practice.

In conclusion, may I convey my appreciation and gratitude to the university council, senate, management and the staff for their commitment to work and their timeliness and splendid effort that have seen the University realize its goal of becoming a premier University.

Finally, I would like to thank the government, local and international donors, suppliers and other service providers for their trust and guidance and continued cooperation.



Prof. Henry M. M'ikiugu, Ph.D.
Vice Chancellor/Chief Executive Officer

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**7. STATEMENT OF ENTITY’S PERFORMANCE AGAINST
 PREDETERMINED OBJECTIVES**

Chuka University has ten strategic pillars and objectives within its Strategic Plan for the FY 2017/2018- 2021/2022. These strategic pillars are Academic Excellence; Research, Science, Technology and Innovation; Environmental Conservation and Renewable Energy; Infrastructure and Facilities Development; Financial Resource Mobilization and Utilization; Information Communication Technology Development; Governance, Leadership and Management; Human Resource Management; Student Welfare Services and Community Outreach and Linkages Chuka University develops its annual work plans based on the above 10 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Chuka University achieved the performance targets set for the FY 2022/2023 period for its 10 strategic pillars, as indicated below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Expansion of Relevant Market-Driven Programmes	Design, develop, implement and review academic programmes	New programmes	Designed programmes in line with changing technologies, job market and industrial needs	New Programmes developed as follows 1 Ph.D.1 Masters 5 Bachelors
Provision of Relevant Quality Education and Training	improve faculty performance Modernize learning environments	Evaluation Modernized Environment	Conduct student evaluation rating in all Faculties to improve faculty performance Implemented a virtual teaching and learning environment	Trained 230 teaching staff and 50 postgraduate students on e-Learning.10 E-learning modules developed. Offered scholarships to 7 outstanding graduates to pursue masters Build capacity for 288 lecturers on review of University curricula to meet CBET requirement. Organized a workshop for 29 Deans & CODs on aligning curricula with CUE Guidelines.

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Research, Science, Technology and Innovation	Generation and Dissemination of Research Findings	Disseminated Research Findings	Staff Published research findings in peer-reviewed journals	126 new refereed articles published. Organized one annual Conferences.57 post-graduates students trained on competitive research &grant proposal writing.
Environmental Conservation and Renewable Energy	Enhancement of Environmental Conservation	Programmes/Projects on environmental conservation.	Establish tree nurseries and plant trees	Over 1000 tree seedling planted
Infrastructure and Facilities Development	Development of Learning Facilities Construct high priority projects identified in the University Master Plan.	100% Progress report achieved as per targets set in the year.	Implementation of budgeted projects. Developed and implemented a maintenance and renovation schedule	Over 90% Progress report indicates the achievement of the progress of the building since. construction is ongoing Maintenance and renovation schedule developed and implemented
Information, Communication and Technology	Increase the number of services offered to our stakeholders via the website. Utilize ICT in teaching and learning	Increase digitalization	Posted conference proceedings, events, news, advertisements and other documents Populated the University website with content and make it interactive Purchase teaching and learning ICT equipment.	Website revamped Web ranking improved. 230 teaching staff and 50 postgraduate students in Moodle e-Learning Management System and Moodle development

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Governance, Leadership and Management.	Adopt best corporate governance practices	Performed Activities	Constitute University committees. Sensitize staff on Vision, Mission, Core Values, policies, Strategic Plan, Statutes, Service and Accreditation Charter.	New committee members appointed. 300 staff sensitized in various forums within the university
Human Resource Management	Employ, Appraise and promote Staff.	Performed Activities	Review and implement University policies Conducted training needs assessment Staff appraised as per set targets.	4 policies reviewed training needs assessment conducted reviewed the current career progression guidelines. I performance appraisal & report done A survey on employee satisfaction.
Student Welfare Services	Production of Holistic Graduates	Programmes and projects	Inculcated utilization of peer mentorship services counseling services Strengthened	Offered two online life skills sensitization to students during first year orientation. Sensitization on career choices. 4 mentorship programmes offered in the year. Career ambassadors identified and trained
Community Outreach and Linkages	Engagement in Priority Areas in Community Outreach	Projects/Programmes on community outreach.	The university developed and implemented community outreach programmes Offer improved plant and livestock farming extension and advisory services.	200 small scale enterprises/trades trained. 75 farmers trained on Agricultural Production and Livestock Nutrition Organized a medical camp attracting 1,241 clients to assist local access medical services

8. CORPORATE GOVERNANCE STATEMENT

Chuka University is committed to exhibiting the best practices in all aspects of corporate governance as guided by the University Charter and the Mwongozo Code of Governance. The Mwongozo Code was established by the Government to provide guidance on effective leadership, governance and management of public resources. The Charter requires the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

i) The Council

This is the governing body of the university. The Council comprises nine members as disclosed in pages 9 to 11. The council is constituted taking into account requirements of the sector, diversity of skills, age, value addition, gender, academic qualifications and experience necessary to help achieve the Universities goals and objectives. The Council is appointed by the Cabinet Secretary for Education.

As the governing body of the University, the Council has a responsibility of maintaining a sound system of internal controls that support the achievement of policies, aims and objectives, whilst safeguarding the public and other university resources. The University Council is vested with powers and authority by its Charter and the Universities Act, 2012. In discharging its mandate, the Council is guided by the Charter to effectively fulfil its corporate governance responsibility towards its stakeholders. In addition, it has adopted Guidelines on Corporate Governance developed by the Commission for University Education.

The University also embraces the Public Officers and Ethics Act and the Mwongozo Code for State Corporations. The Council is also the executive governing body responsible for the academic policy and strategic direction of the University, including its external relations, and for the Administration of the University.

The Council is responsible for the management of the University's finances and assets, in accordance with the Public Financial Management Act, 2012 and Public Financial regulations of 2015.

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Meetings of the council

The meetings of the council were held during the financial year has tabulated in the table below:

Council Member Name	Council Meeting Date								Total
	08/07/ 2022	22/09/ /2022	23/09/ /2022	09/12/ /2022	25/01/ /2023	09/03/ /2023	02/06/ /2023	09/06/ /2023	
Dr. Julius T. Rotich	✓	✓	✓	✓	✓	✓	x	x	6/6
Prof.Dorcas K. Isusta	✓	✓	✓	✓	✓	✓	✓	x	7/7
Hiram M. Kahiro	✓	✓	✓	✓	x	✓	✓	✓	7/8
Dr.George O. Kwedho	✓	✓	✓	✓	✓	✓	x	x	6/6
Josephine W.Gitonga	✓	✓	✓	✓	✓	✓	x	x	6/6
Hellen K. Mungania	✓	✓	✓	✓	✓	✓	x	x	6/6
Andrew M. Mugambi	✓	✓	✓	✓	✓	✓	x	x	6/6
Kennedy M.Ontiti	✓	✓	✓	✓	✓	✓	x	x	6/6
Dr. Wahome Rureri.	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Prof. David T. K. Serem	x	x	x	x	x	x	✓	✓	2/2
Professor Henry M. M'Ikiugu	x	x	x	x	x	x	x	✓	1/1
Crispus Micheni Ndeke	x	x	x	x	x	x	✓	✓	2/2
Linet Kwamboka Maganda	x	x	x	x	x	x	✓	✓	2/2
Samuel Gacheru Gitonga	x	x	x	x	x	x	✓	✓	2/2
Zephania Rwanda Mbaka	x	x	x	x	x	x	✓	✓	2/2
Margaret Makhungu,	x	x	x	x	x	x	✓	✓	2/2
Total	9	9	9	9	8	9	9	9	

The term of service for the council expired in March 2022 and on 23rd May 2023 the Government appointed a new council. During the financial year 2022/2023, the government also appointed Professor Henry M. M'Ikiugu, formerly the Deputy Vice Chancellor

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(Administration, Finance, Planning and Development) as the substantive Council Secretary/ Chief Executive Officer/Vice Chancellor who took over from Prof. Dorcas. Isutsa who was in acting capacity. Prof. Dorcas K. Isusta also proceeded on terminal leave after her term as Deputy Vice Chancellor (Academic, Research and Students Affairs) ended. The council appointed Prof. Eunice Githae and Professor Prof. Gilbert Mbaka Nduru as the Acting Deputy Vice Chancellors in Administration and Academic Divisions respectively.

Council Committees

To promote smooth running of its affairs, certain functions of the Council are delegated to its committees, which report to the Council.

These Committees include the following:

- i) Finance, Farm, Enterprise Company and General-Purpose Council Committee.
- ii) Audit, Governance and Risk Management Council Committee.
- iii) Grievances Handling Appeals Council Committee.
- iv) Human Resources Management Council Committee.
- v) Building, Planning and Development Committee.
- vi) Sealing and Honorary Degree Council Committee.

All Committees of the Council have an appointed chairperson. The decisions and recommendations of these committees are formally reported to the Council.

Conflicts of Interests

The Council members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Council. All transactions with all parties, directors or their related parties are carried out at arm's length. Council members are obligated to disclose to the Council any real or potential conflict of interest, which may come to their attention whether direct or indirect. During every Council meeting, an agenda item exists which requires members to make a declaration of any conflict of interest they may have in the business to be discussed. During the financial year 2022/2023, no conflicts of interest arose in conduct of Council business.

Remuneration of the Council

The members of the council, other than the Chief Executive Officer, do not receive a salary. They are however paid a sitting allowance for every meeting attended at the rate of Ksh. 20,000 per sitting. The Chairman and the Chancellor receives honoraria as stipulated in their

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appointment letters by the appointing authority. The committee members do not receive any remuneration apart from the reimbursement of expenses incurred while on the University duties. During the period under review, the University did not have a Chancellor, since no appointment had been made by the appointing authority.

Ethics and Conduct

The Council, Management and staff are required to conduct themselves with Integrity and professionalism in accordance with the Chuka University Code of Conduct and Ethics. The Code defines our ethical standards and holds us accountable for our business conduct This is key in ensuring that we do the right thing and are accountable at all times, while adhering to our standards and principles as we interact with customers, communities and other stakeholders.

During the year under review, Chuka University continued to entrench a strong ethical conduct through training and sensitisation of staff, corruption risk assessments and enforcement of prevention measures. In addition, the Company has put in place various mechanisms for receiving complaints and making follow-ups on allegations and cases of unethical conduct. Objective analysis of reported cases is done and appropriate action instituted to control and mitigate the risk.

Governance Audit.

The University has a committee called Audit, Governance and Risk Management Committee. The committees aim is to ensure the University complies with all relevant areas of corporate governance. The action points identified by the committee are implemented continuously.

ii) The Management Team

Members of the management team are appointed by the Council through a competitive process. The membership consists of the CEO/Vice Chancellor, the Deputy Vice Chancellor (Administration, finance, Planning and Development), Deputy Vice Chancellor (Academics, Research and student Affairs) Finance Officer, Registrar (Academics) and Registrar (Administration and Planning).

iii) The Senate

This is the academic authority of the University. It is composed of the Vice - chancellor, Deputy Vice Chancellors, Principals and Deputy Principal of Constituent Colleges, Deans, Directors, Chairmen of the Academic Departments, two Students' Representatives, Finance Officer, Registrar Academic, Registrar (Administration and Planning) and Faculty Representatives. Its role is to discuss and approve student results as well as students' discipline. The Senate is chaired by the Vice - Chancellor.

The Principal academic and administrative officer of the University is the Vice Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.

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9. MANAGEMENT DISCUSSION AND ANALYSIS

Management’s discussion and analysis (MD&A) provides a broad overview of the Chuka University financial condition as at June 30, 2023, comparative information for the year ended June 30, 2023 and the significant changes from the previous years. Management has prepared the financial statements and related note disclosures along with this MD&A. The MD&A should be read in conjunction with the financial statements and related notes of the Chuka University.

The financial statement presentation consists of comparative Statement of Financial performance, statement of financial position, statement of changes in net assets, statements of cash flows, and accompanying notes for the June 30, 2023 and 2022 financial years. These statements provide information on the financial position of Chuka University and the financial activity and results of its operations during the years presented.

i) Operational and Financial Performance

In the statement of financial performance, the University self-generated an amount of **kshs.559 Million** as Appropriation in Aid, which was used to fund purchase of equipment, support construction projects and other University operations. The Government further funded the University operations with **Kshs.1.333 Billion**. During the year, the university incurred an expenditure of **Kshs1.894 Billion** hence realizing a **surplus of Kshs.0.398 Million**.

In our statement of financial position, the Net worth of the University continued to grow recording a **net worth of Kshs.7.869 Billion** up from **Kshs.7.853 Billion** in the financial year 2021/2022. The performance in the last five years is tabulated below;

Description	2018/2019	2019/2020	2020/2021	2021/2022	2022-2023
Capital Funds	1,995,627,819	2,222,883,129	2,273,648,351	2,313,648,351	2,329,420,610
Accumulated Surplus	3,801,863,817	4,224,788,207	4,216,988,348	4,239,342,013	4,239,740,388
Revaluation Reserve	1,301,000,044	1,300,211,588	1,300,211,588	1,300,211,588	1,300,211,588
Total	7,098,491,680	7,747,882,924	7,790,848,287	7,853,201,952	7,869,372,586

ii) Key projects and investment decisions the entity is planning/implementing

Chuka University’s five-year strategic plan sets out the key projects and investment decisions to be made in order to ensure that it meets its mandate. In its Quest to become Premier University for the provision of quality education, training and research for sustainable national

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and global development the University has embarked on implementation of five key strategic projects as envisaged in the master Plan. The projects are Ultra-Modern Science Research Park, Food Technology, Male hostel, Administration Block/ Law school and the Ultra-Modern Library. The Projects are currently at various stages of implementation.

iii) Compliance with statutory requirements

The university has complied with all the statutory rules and has not been penalised in any instance. The University has ensured that all the taxes are paid at the right time and all the statutory deductions deducted from staff salaries are remitted to the relevant offices in good time.

iv) Major Risks

Chuka University was not exposed to any major risk that can affect its operation

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Chuka University is an acknowledged local leader in social responsibility issues. The goal of the university is to use knowledge and resources to make a positive and decisive difference to people, organisations and the community. Below is an Outline of the organisation's policies and activities that promote sustainability;

i) Sustainability Strategy and Profile

Ensuring financial sustainability is one of the key objectives in our Corporate Strategic Plan. Key initiatives to ensure financial sustainability include prudence utilization and management of financial resources. The University has continued introducing market driven courses in its endeavour to expand revenue base and reduce over reliance on government capitation. This is in addition to meeting the economic needs. The recently introduced School of Law is a classical example of such initiatives.

ii) Environmental performance

Chuka University promotes programmes that help conserve the environment in full realization that communities depend on environment in many ways. Programmes that promote environmental conservation include;

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Promoting Irrigation in arid communities

The university is constructing a water reservoir and irrigation system on its 500-acre Kairini farm for arid farming demonstrations units and teaching blocks to help people in the largely semi-arid county become food secure.

Promoting harvesting of solar energy

The University installed 40 solar panels in Students Male Hostel to harvest solar energy for use in the student hostels.

Soil Conservation

The institution bought soil scanners that measure the soil acidity and diagnose its fertility and project on the expected crop yield.

Environmental Assessments and Compliance

In compliance with environmental regulations, the Company conducts environmental and social impact assessments for all new infrastructure projects. In addition, we conduct environmental audits and monitoring for existing projects to ensure that they continue to be environmentally sustainable

Promoting environmental conservation and renewable energy through research.

Chuka University held an International Research conference with major emphasis in research on environmental conservation and renewable energy. In addition, the University offers research grants to promote research in environmental conservation and renewable energy.

iii) Employee Welfare

The university offers bursaries to staff and their dependants to support their education in institutions of higher learning. In addition, the University regularly reviews and promotes employees. The University continues to negotiate with staff through respective Union Chapter of UASU, KUSU and KUDHEIHA on practical ways of promoting employee welfare. During the financial year, the management and the unions began negotiations of Internal Collective Bargaining agreement (CBA) for 2017-2021 with aim of promoting employee welfare in and

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out of work place. The University has also operationalized General Personal Accident (GPA) and Work Injury Benefits (WIBA) insurance covers to caution the employees against accidents.

iv) Market Place Practices

Chuka University aligned its procurement policies with the Constitution, the PFMA and Regulations, and the Procurement and Asset Disposal Act, 2015. The University ensures transparency in procurement of goods and services and ensures allocation of 30% of contracts are awarded to AGPO suppliers (Women, people with disabilities and the youth).

v) Community Social Responsibility/Community Engagements

Chuka University's efforts stand out in the country. The University has, amongst other activities, collaborated with stakeholders to facilitate the construction and upgrading of community roads and water supply.

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11. REPORT OF THE COUNCIL

The Council submits the report together with the audited financial statements for the year ended June 30, 2023, which indicate the state of the University's affairs.

Principal activities

The principal activities of the University are to provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya.

Results

The results of the entity for the year ended June 30, 2023 are set out on pages 1 to 7 for financial statements and pages 8 to 50 for the notes to the financial statements.

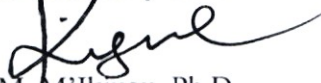
University Council

The members of the Council who served during the year are shown on page ix to xi in accordance with the Universities Act, 2012.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which empowers the Auditor General to carry out the audit of the University for the year ended June 30, 2023.

By Order of the University Council



Prof. Henry M. M'ikiugu, Ph.D.
Vice Chancellor/Chief Executive Officer

12. STATEMENT OF COUNCILS' RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), accrual basis and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2023, and of the University's financial position as at that date.

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

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

Approval of the financial statements

The University's financial statements were approved by the Board on 28th September 2023 and signed on its behalf by:



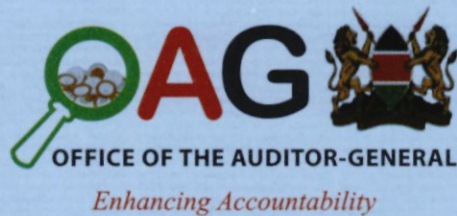
Prof. Henry M. M'Ikiugu, Ph.D.
Vice Chancellor/Chief Executive Officer



Prof. David T. K. Serrem, Ph.D., OGW
Council Chairman

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON CHUKA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2023

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 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, risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Chuka University set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2023

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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Chuka University as at 30 June, 2023 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, 2016.

Basis for Qualified Opinion

Lack of Land Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.8,411,526,705 as disclosed in Note 27 to the financial statements. This balance includes land at Karingani/Ndagani valued at Kshs.25,000,000 which the University does not have ownership documents. Although Management indicated that the title documents for the parcel of land is being pursued with the relevant Ministry, the documents had not been obtained as at 30 June, 2023.

In the circumstances, the ownership of land valued at Kshs.25,000,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparative basis amount of Kshs.2,301,827,608 and Kshs.2,182,869,083 respectively, resulting to under collection of Kshs.118,958,525 or (5%) of the budget. Similarly, the University's approved expenditure budget was Kshs.2,301,827,608 and actual expenditure was Kshs.2,112,845,992 resulting to under absorption of Kshs.188,981,616 or (8%) of the budget.

The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the stakeholders.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Tangible Assets, Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.8,411,526,705 as disclosed in Note 27 to the financial statements. Included in this balance is work in progress amount of Kshs.4,355,546,868. However, the following observations were noted for the projects that were on going within the University;

1.1 Delayed Construction of Food Technology Tuition Complex

Included in the work in progress balance of Kshs.4,355,546,868 is Kshs.19,126,609 in respect of construction of Food Technology Tuition Complex. Review of the project file revealed that the University entered into a contract with a Company on 22 May, 2017 at a contract sum of Kshs.292,164,909 for an execution period of 104 weeks. However, physical verification carried out in September, 2023 revealed that no works were on going and the contractor was not on site, a clear indication that the works will not be delivered on time.

In the circumstances, the University may not realize value for money on the project.

1.2 Delayed Construction of Administration Block

Included in the work in progress balance of Kshs.4,355,546,868 is Kshs.115,773,628 in respect to construction of Administration Block. Review of the project file revealed that

the University entered into a contract with a Company at a contract sum of Kshs.1,410,808,347 with a contract execution period of two-hundred and sixty (260) weeks commencing on 19 October, 2017 and ending on 11 December, 2022. Further, it was observed that the contract was extended to 10 August, 2023.

However, physical verification carried out in September, 2023 revealed that the contractor was not on site. This is an indication that the project will not be delivered on time. No explanation was provided on why the project was still incomplete even after the last contract extension of 10 August, 2023. Further, no explanation was provided by Management on how and when the Administration Block will be completed and put to intended use.

In the circumstances, the University may not realise value for money on the incomplete building.

1.3 Delayed Construction of Male Hostel Block - Wing B

Included in the work in progress balance of Kshs.4,355,546,868 is Kshs.80,423,758 in respect of construction of Male Hostel Wing B. Review of the project file revealed that the University entered into a contract with a Company at a sum of Kshs.559,500,000 with a contract execution period of 208 weeks commencing on 11 June, 2019 and ending on 10 June, 2023. However, it was observed that the contract period expired on 11 June, 2023 and the contractor had not applied for extension.

Further, physical verification carried out in September, 2023 revealed that the works were not on going and the building was approximately 73% complete as per the project implementation status report. However, Management did not provide explanation on why the works had stopped, delaying the benefits to the intended users.

In the circumstances, Management may not realise the value for money if the project remains incomplete.

1.4 Delayed Construction of Library Complex

Included in the work in progress balance of Kshs.4,355,546,868 is Kshs.314,247,802 in respect of construction of Ultra-Modern Library. Review of the project file revealed that the University entered into a contract with a Company at a sum of Kshs.1,610,480,481 with a contract execution period of two-hundred and sixty (260) weeks commencing on 7 February, 2022 and ending on 6 February, 2027.

However, physical verification carried out in September, 2023 revealed that the works were not on going and that the building was approximately 10% complete as per the project implementation status. Management did not provide explanation on how they intend to complete the project report. This is a clear indication that the works may not be completed within the contract period thereby delaying the benefits to the intended users. In the circumstances, Management may not realise the value for money if the project is not completed within the stipulated time.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and 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.

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 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 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 Management's use of 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 March, 2024

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For the Year Ended June 30, 2023.

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30TH JUNE 2023

Chuka University
Statement of Financial Performance
For the Year Ended June 30, 2023

	Note	2022-2023 Kshs	2021-2022 30th June 2022
Revenue from Non-Exchange Transactions			
Exchequer Recurrent Grants	6	1,333,854,721	1,331,759,394
Other Revenue from Non-Exchange Transactions	7	1,232,275	441,766
Sub-total		1,335,086,996	1,332,201,160
Revenue from Exchange Transactions			
Tuition and Related Income	8	466,588,214	709,653,889
Other Income from Exchange transactions	9	92,689,805	69,132,803
Sub-Total		559,278,019	778,786,692
Total Revenue (A)		1,894,365,015	2,110,987,852
Expenses			
Employment Expenses	10	1,390,339,490	1,375,897,120
Council Expenses	11	9,271,184	11,866,227
Establishment Expenses	12	-	1,413,880
Repairs and Maintenance Expenses	13	12,220,896	44,407,744
Academic Expenses	14	106,923,317	186,353,638
Students and Alumni Expenses	15	5,220,491	16,788,858
Staff Welfare and Development Expenses	16	5,497,635	13,076,935
Finance costs	17	1,917,756	2,137,297
Depreciation and Amortization	18	218,081,141	227,063,532
Use of Goods and services	19	144,448,893	209,532,919
Increase/Decrease in Provision for Doubtful Debts	20	45,836	96,037
Total Expenditure (B)		1,893,966,639	2,088,634,187
Surplus / Deficit (A-B)		398,375	22,353,665

The notes set out on pages 8 to 56 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the council by.


 Prof. Henry M. M'Ikruku, Ph.D.

Vice Chancellor/Chief Executive Officer


 CPA. John K. Thurania

ICPAK Member
 No 15343
Finance Officer

Prof. David T. K. Serrem, Ph.D., OGW

Council Chairman

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.


15. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2023


Chuka University
Statement of Financial Position
As at June 30, 2023

	Note	30th June 2023	30th June 2022
ASSETS:			Ksh
Current Assets			
Cash and Cash Equivalents	21	228,558,081	272,731,809
Receivables from Exchange Transactions	23	70,445,617	65,907,865
Receivables from Non-Exchange Transactions	24	5,772,259	
Prepayments	25	5,793,387	4,175,759
Inventory	26	13,480,234	17,083,733
Total		324,049,577	359,899,166
Non-Current Assets			
Tangible Assets -Property, Plant & Equipment	27	8,411,526,705	7,784,517,185
Intangible Assets - Comp Software	28	8,559,099	936,384
Biological Assets	29	10,823,653	12,109,800
Total		8,430,909,457	7,797,563,369
Total Assets		8,754,959,034	8,157,462,535
Liabilities:			
Current Liabilities:			
Payables from Exchange Transactions	30	441,225,740	11,016,949
Refundable Deposits	31	444,360,708	293,243,634
Total Liabilities		885,586,448	304,260,583
Equity Funds & Reserves			
Capital Funds		2,329,420,610	2,313,648,351
Accumulated Surplus		4,239,740,388	4,239,342,013
Revaluation Reserve		1,300,211,588	1,300,211,588
Total Equity and Reserves		7,869,372,586	7,853,201,952
Total Equity and Liabilities		8,754,959,034	8,157,462,535

The notes set out on pages 8 to 56 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the council by:


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Finance Officer

Council Chairman

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.

**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30th
 JUNE 2023**

Chuka University
Statement of Changes in Net Assets/Equity
For the Year Ended June 30 , 2023

	Note	Capital Fund Ksh	Revaluation Reserves - PPE Ksh	Accumulated Surplus Ksh	Total Ksh
2021-2022					
Balance as at 01/07/2022		2,273,648,351	1,300,211,588	4,216,988,348	7,790,848,288
Surplus for the Year		-	-	22,353,665	22,353,665
Capital Grants	32	40,000,000	-	-	40,000,000
Balance as at 30/06/2022		2,313,648,351	1,300,211,588	4,239,342,013	7,853,201,953
2022-2023					
Balance as at 01/07/2021		2,313,648,351	1,300,211,588	4,239,342,013	7,853,201,952
Surplus for the Year		-	-	398,375	398,375
Capital Grants	32	15,772,259	-	-	15,772,259
Balance as at 30/06/2023		2,329,420,610	1,300,211,588	4,239,740,388	7,869,372,586

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2023

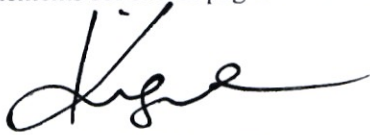
Chuka University
Cash Flow Statement
For the Period Ended June 30, 2023

	Note	2022-2023	2021/2022
			Kshs
Surplus (Deficit) from Operations		398,375	22,353,665
Adjustments for Non-Cash Items in the Income Statement:			
Depreciation and Amortization Charge for the Year	18	218,081,141	227,063,532
Loss on asset disposal		3,945	
		218,483,462	249,417,197
Working Capital Adjustments			
Increase/Decrease in Receivables -Exchange Transactions	23	(4,537,752)	(9,507,704)
Increase/decrease in Receivables - Non Exchange Transactions	24	(5,772,259)	-
Increase/Decrease in prepayments	25	(1,617,628)	3,691,319
Increase/Decrease in Inventory	26	3,603,499	(5,632,045)
Increase/Decrease in Payable from Exchange Transactions	30	430,208,791	(118,371,746)
Increase/Decrease in Refundable Deposits	31	151,117,074	
Net Cash Flows Used in Operating Activities (A)		791,485,187	119,597,021
Cash flows from investing activities			
Acquisition of Land	27		-
Acquisition Building	27		-
Acquisition Plant & Equipment	27	(11,262,391)	(43,189,769)
Acquisition of Motor Vehicles	27		-
Acquisition of Furniture & Fittings	27	(5,585,852)	(11,123,865)
Acquisition of Computer Hardware	27	(689,140)	(13,940,303)
Purchase of Library Books	27	(734,774)	(293,875)
Disposal proceeds	27	33,723	
Biological Assets	29	1,286,147	1,096,250
Work in Progress	33	(825,919,788)	(1,078,749,224)
Computer Software Acquired	34	(8,559,099)	-
Net Cash Flows Used in Investing Activities (B)		(851,431,174)	(1,146,200,786)
Cash Flows from Financing Activities			
Capital Fund	32	15,772,259	40,000,000
Net Cash Flows used in Financing Activities (C)		15,772,259	40,000,000

**Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.**

Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)		(44,173,728)	(986,603,765)
Cash and Cash Equivalents Bal B/F	21	272,731,809	1,259,335,574
Cash and Cash Equivalents C/F	21	228,558,081	272,731,809

The notes set out on pages 8 to 56 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the council by:



Prof. Henry M. M'ikiugu, Ph.D.

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CPA. John K. Thurania

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No.15343

Finance Officer



Prof. David T. K. Serrem, Ph.D., OGW

Council Chairman

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2023

Chuka University							
Statement of Comparison of Budget and Actual Amounts							
For the Period Ended June 30, 2023							
	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference		
	2022-2023	2022-2023	2022-2023	2022-2023	Variance		
INCOME	Kshs	Kshs	Kshs	Kshs	Kshs	%	Note
GOK Recurrent Capitation	1,333,854,721	-	1,333,854,721	1,333,854,721	-	100	
GOK Development Capitation	15,772,259	-	15,772,259	15,772,259	-	100	
A-I-A / Internally Generated Funds	679,468,819	-	679,468,819	560,510,294	(118,958,525)	82	1
Committed Savings	272,731,809	-	272,731,809	272,731,809	-	100	
Total Revenue (A)	2,301,827,608	-	2,301,827,608	2,182,869,083	(118,958,525)	95	
Expenses							
Employment Expenses	1,504,609,190	-	1,504,609,190	1,390,339,490	114,269,700	92	
Council Expenses	10,087,918	-	10,087,918	9,271,184	816,734	92	
Repairs and Maintenance Expenses	12,375,000	-	12,375,000	12,220,896	154,104	99	
Academic Expenses	117,700,000	-	117,700,000	106,923,317	10,776,683	91	
Students and Alumni Expenses	5,470,000	-	5,470,000	5,220,491	249,509	95	
Staff Welfare and Development	5,990,000	-	5,990,000	5,497,635	492,365	92	
Finance Costs	2,000,000	-	2,000,000	1,917,756	82,244	96	
Use of goods and services	174,685,500	-	174,685,500	158,663,015	16,022,485	91	
Purchase of Plant Property and Equipment	19,475,000	-	19,475,000	18,272,157	1,202,843	94	

Chuka University
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Capital Projects	449,435,000	-	449,435,000	404,520,051	44,914,949	90	
Total Expenditure (B)	2,301,827,608		2,301,827,608	2,112,845,992	188,981,616	92	
Budget Surplus/Deficit (A-B)	-	-	-	70,023,091	70,023,091		

Reconciliation of Budget Surplus and Surplus as Per the Statement of Financial Performance

Surplus as per the Statement of Comparison of Budget and Actual Amounts	70,023,091
Add	
Purchase of Property, Plant and Equipment	18,272,157
Payment for Capital Projects	404,520,051
farm Expenses under IGU	2,213,799
Medical Expenses under IGU	1,829,055
Catering Expenses	10,171,267
	437,006,330
Less	
Savings Committed	272,731,809
GOK Development Capitation	15,772,259
Depreciation and Amortization	218,081,141
less provision	45,836
	506,631,045
Surplus as per the Statement of Financial Performance	398,375
	398,375

Note 1: A-I-A / Internally Generated Funds

The was a reduction in student Population due to a graduation of 2022 module two class and reduction in Government sponsored students placed at Chuka University.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Chuka University is a public university established in 2013, under the Universities Act No. 42 of 2012. The Public Financial Management Act 2012, and the Public Financial Management Regulations 2015, governs the financial management of Chuka University. Chuka University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act 2012, and PFM Regulation Act 2015, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

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

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.

Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

Chuka University did not early – adopt any new or amended standards in year ended 2022/2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount,

deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

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

b) Budget information

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 6 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Chuka University is a public institution of higher learning, established under the Universities Act No. 42 of 2012. By the nature of its establishment and operations, Chuka University is a public entity that is not subject to income tax. The University does not engage in any unrelated trade or business. Therefore, no income taxes have been reported in the University's financial statements. Accordingly, no provision for income taxes is required.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.

recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) 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 the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal

Chuka University
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consideration the asset is initially measured at its fair value. University land is freehold property and not subjected to amortization. Depreciation on other property is charged so as to write off the value of the assets during their estimated useful life, using straight line method.

Assets are subjected to a full year's depreciation and amortization except those acquired within the last three months of the year. A gain or loss resulting from the disposal of property, plant and equipment arises where proceeds from disposal differ from its carrying amount. Those capital gains or losses are recognized in the statement of financial performance.

The annual rates are:

Buildings	2.5%
Machinery and Equipment	20%
Furniture and Fittings	12.5%
Motor Vehicles	25%
Computer & Computer peripherals	30%
Library Books	20%

f) Leases

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

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

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

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Computer software is amortized on straight line basis at the rate of 30%.

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses.

**Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023.**

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity.

After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses

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are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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

j) Inventories

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

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

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

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

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

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

k) Provisions

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

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

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

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

l) Contingent liabilities

The Entity 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.

m) Contingent Assets

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

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

After University inherited the former Eastern Campus of Egerton University, the staff opted to remain in the Egerton University Pension Scheme. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. The University also contributes to the statutory National Social Security Fund (N.S.S.F.). This is a defined contribution scheme registered under N.S.S.F. Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and currently limited to a maximum of Ksh 200.00 per employee per month, while the employer contributes Ksh 200.00 per month.

p) 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.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The Entity 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5) SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION

UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made: e.g.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes

- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22 & 25

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Chuka university management has provided for a provision for bad debts at the rate of 1% of the Receivables from exchange transactions.

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6) Exchequer Recurrent Grants

Description	2022-2023	2021-2022
	Kshs	Kshs
Ministry of Education-Exchequer Recurrent Grants		
July	111,154,560	110,700,084
August	111,154,560	110,700,084
September	111,154,560	110,700,084
October	111,154,560	110,700,084
November	111,154,561	110,700,084
December	111,154,560	110,700,084
January	111,154,561	110,700,084
February	111,154,561	110,700,084
March	111,154,558	110,700,084
April	111,154,560	110,700,084
May	111,154,560	112,379,275
June	111,154,560	112,379,279
Total	1,333,854,721	1,331,759,394

7) Other Revenue from Non-Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Other Revenue from Non-Exchange Transactions		
Surcharges & Fines	1,232,275	441,766
Fines for Damages	-	-
Total	1,232,275	441,766

8) Tuition and Related Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Revenue from Exchange Transactions		
Income from Diploma & Certificates Courses	62,754,750	163,678,900
Income from Government Sponsored Students	308,716,534	394,805,400
Income from Self-Sponsored Undergraduate Students	74,956,880	124,125,500
Income from Self-Sponsored Postgraduate Students	15,127,050	62,362,200
Total Income Earned	461,555,214	744,972,000
Less: Non Tuition Income Included in the Income Earned		
Caution Money	-	(8,452,000)
Medical Fees	-	(18,514,000)
Student Union	-	(5,641,000)
Less:		
Tuition Fees Refund	-	(2,711,111)
	-	(35,318,111)
Add: Tuition Related Income		
Student ID	107,000	-
Activity Fees	289,000	-
Registration Fee	366,500	-

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Examination Fees	1,120,000	-
Mentorship Fees	2,015,000	-
Examination Fess Supervision	65,000	-
Material Development	903,000	-
Attachment Fees	119,000	-
Quality Assurance	48,500	-
Subtotal	5,033,000	-
Total Tuition & Related Income for the Year	466,588,214	709,653,889

9) Other Miscellaneous Income from Exchange Transactions

Description	2022-2023	2021-2022
Other Miscellaneous Income from Exchange Transactions	Kshs	Kshs
Wear and Tear	879,703	396,544
Hire of Facilities	888,387	379,605
Disposal of Miscellaneous Items less loss	148,435	266,135
Accommodation Charges	18,472,100	14,437,200
Application Fees	2,511,820	2,322,649
Conferences & Seminars	2,000	1,350
Library Subscription	702,000	-
Research Funds	8,806,469	2,602,210
Catering Services	927,942	218,208
Medical Services	19,935,665	12,312,024
Farm Products	998,557	132,752
Hillside Hotel	6,172,830	2,204,654
Rental Income	7,991,865	10,051,588
Water Services	1,043,310	500,000
Interest on Bank Deposit	637,396	6,400,803
Remarking	4,000	-
Printing and Photocopy	3,626	24,331
Basic Needs	-	294,250
Advertisement (Corporate services)	-	3,000
Academic gowns and graduation Fee	10,971,000	16,577,000
Course Retake	11,288,400	8,500
Academic Transcripts	18,000	
Insurance Compensation	200,000	
Lab Analysis	50,400	
Gym Income	35,900	
Total	92,689,805	69,132,803

10) Employment Expenses

Description	2022-2023	2021-2022
Employment Expenses	Kshs	Kshs
Personnel Emoluments:		
July	111,886,028	103,829,970
August	112,614,336	104,581,973
September	112,545,926	105,675,941
October	110,995,925	107,202,010

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November	111,955,229	106,199,490
December	111,734,762	106,616,756
January	122,986,885	118,702,476
February	112,607,870	108,392,835
March	111,983,280	112,817,283
April	111,809,292	111,268,836
May	111,990,809	113,923,541
June	111,706,366	112,748,138
Total	1,354,816,708	1,311,959,249
Casual Labour Expenses	6,594,986	12,106,437
Gratuity Expense	10,950,853	33,670,295
Hospitalization & Medical Expenses	17,976,943	18,161,139
Total employment Expenses	1,390,339,490	1,375,897,120

11) Council Expenses

Description	2022-2023	2021-2022
Council Expenses	Kshs	Kshs
Sitting Allowance, Lunch Accommodation & Mileage	-	11,866,227
Sitting Allowance	2,802,860	-
Medical Expenses	45,090	-
Induction and Training	1,503,469	-
Travel and Accommodation	4,747,765	-
Other allowances	172,000	-
Total	9,271,184	11,866,227

12) Establishment Expenses

Description	2022-2023	2021-2022
Establishment Expenses	Kshs	Kshs
Teaching Demonstration and Watering Units	-	1,413,880
Total	-	1,413,880

13) Repairs and Maintenance Expenses

Description	2022-2023	2021-2022
Repairs and Maintenance Expenses	Kshs	Kshs
Vehicle Repairs/Transport Operating Expenses	-	11,727,989
Maintenance of Motor vehicle	1,113,700	-
Fuel & Oils-Generator	-	2,035,405
Grounds Maintenance	95,603	534,020
Computer Hardware	1,299,169	-
Computer/Software Maintenance	83,520	2,986,274
Plant & Equipment	2,830,319	1,289,377
Furniture	792,019	84,430
Buildings	5,653,766	25,750,249
Library Books	352,800	-
Total	12,220,896	44,407,744

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14) Academic Expenses

Description	2022-2023	2021-2022
Academic Expenses	Kshs	Kshs
Part- Time Lect. Expenses	56,434,033	113,429,408
Graduation Expenses	9,669,324	20,119,291
Teaching Practice & Field Attachment All.	12,249,658	27,684,900
Academic Field Trips	4,217,958	1,842,640
Teaching Materials	9,113,451	4,073,732
Exam Supervision	639,636	6,192,045
Travelling & Subsistence (Part Time Lecturers)	-	136,000
Research Expenses	14,599,257	12,875,622
Total Academic Expenses	106,923,317	186,353,638

15) Students and Alumni Expenses

Description	2022-2023	2021-2022
Students and Alumni expenses	Kshs	Kshs
Student Welfare Expenses	5,220,491	14,582,144
Student Work Study Expenses	-	1,712,537
Basic Needs Expense	-	494,177
Total	5,220,491	16,788,858

16) Staff Welfare & Development Expenses

Description	2022-2023	2021-2022
Staff Welfare & Development expenses	Kshs	Kshs
Staff Development -	409,950	187,500
Staff Welfare Expenses	1,545,780	9,090,760
Staff Education Fund-Tuition Waiver	3,541,905	3,798,675
Total	5,497,635	13,076,935

17) Finance Costs

Description	2022-2023	2021-2022
Finance Cost	Kshs	Kshs
Bank Charges Interest	1,917,756	2,137,297
Total Finance Cost	1,917,756	2,137,297

18) Depreciation and Amortization

Description	2022-2023	2021-2022
Depreciation and Amortization	Kshs	Kshs
Buildings	59,712,840	56,900,682
Plant & Equipment	87,279,683	84,896,462
Motor Vehicles	39,328,625	39,328,625
Furniture & Fittings	13,160,745	12,355,174
Computer Hardware	12,933,027	26,043,606
Library Books	4,729,837	4,729,835
Amortization of Computer Software	936,384	2,809,148
Total Dep & Amortization	218,081,141	227,063,532

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19) Use of goods and services

Description	2022-2023	2020-2021
Use of Goods and Services	Kshs	Kshs
Staff Insurances (GPA&WIBA)	6,015,248	14,095,164
Fuel and Oils-Generator	209,344	-
Fuel and Oils-Motor Vehicles	8,904,675	-
Motor Vehicle Insurance	1,784,628	2,216,916
Property Insurances (Buildings and Other Assets)	-	-
Travelling and Subsistence for staff	3,546,412	12,870,115
External Travelling	-	1,081,171
University Committees' Expenses	1,893,275	3,490,465
Animal Breeding Expenses	-	14,800
Postage and Telephone	967,226	1,985,160
Electricity Expenses	16,223,266	15,201,345
Honorarium	-	-
Water Supply and Sewerage Expenses	938,988	1,062,473
Staff Uniforms	393,135	1,412,580
Newspapers Journals and Videos	984,200	1,040,070
Printing & Publishing	-	-
Office Stationery	11,970,188	14,213,362
Subscriptions to Nursing Council	-	-
General Subscription	3,514,840	4,439,339
Campuses Expenses	-	4,639,637
Professional Services- ISO	232,000	413,560
Professional Services- surveys	-	-
Hire of Security Services	21,667,500	20,237,500
Hire of Cleaning Services	10,008,434	10,773,000
Internet Expenses	18,192,139	28,359,464
Legal Fees	156,600	2,537,488
Chancellor's expenses	-	-
Professional Services	-	-
Official Entertainment	2,168,466	2,005,658
Conferences & Seminars	2,126,391	6,290,491
Cleaning Materials	1,435,266	517,470
Corporate Social Responsibility	11,060,084	6,182,109
Quality Assurance fees -CUE Subscription	6,000	3,435,000
Farm general expenses	2,480,731	5,811,100
Advertisement & Publicity	3,621,474	19,660,190
Exhibitions and Local Shows	1,388,030	12,794,692
Property/Land rates	411,500	411,500
KUCCPS Placement fees	5,347,500	4,710,000
Landscaping of University Grounds	979,114	5,034,686
Tagging of University Assets	-	-
Nairobi Campus Expense	-	508,164
Purchase of Games Equipment	874,580	-
Wildlife Conservancy	-	-
Covid 19 Expenses	-	466,750
Signage	17,500	-
Compensation Expenses	1,283,016	925,500

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Audit Fees		
Catering Expenses	696,000	696,000
Purchase of Medical Drugs	2,915,094	
Total	36,050	144,448,893
		209,532,919

20) Provision for doubtful debts

Description	2022-2023	2021-2022
Provisions for Doubtful Debts	Kshs	Kshs
Bal B/F 1st July 2022		
Increase/Decrease During the Year Period	665,736	569,699
Balance as at 30th June 2023	45,836	96,037
	711,572	665,736

21) Cash and Cash Equivalents

Description	2022-2023	2021-2022
Cash & Cash Equivalents	Kshs	Kshs
KCB - Fees Collection A/C - 1103755439	14,855,829	15,450,932
KCB - Operations A/C 1113791985	108,894,239	14,715,810
Equity IGU a/c 0293981713	4,268,209	20,171,030
Equity - Catering Dept. A/C 0210298189098	6,599,748	7,957,257
Equity fees collection A/C 0210261453469	3,123,127	12,987,737
Equity Research Fund-KEPAP 0210262271525	1,101,391	64,236,577
Equity TOWA A/C 0210298770822	6,510,323	2,308,187
Cooperative Bank -Development A/C 01120058189900	2,442,503	3,844,839
Cooperative- Fees Collection A/C 01129058189900	3,084,201	6,171,444
Family Bank- Fees Collection A/C 054000002641	9,245,523	18,065,820
Barclays Bank A/C 2035727666	6,037,788	952,473
Standard Chartered Bank A/C 0102024755200	25,385,836	34,638,521
Equity Operations A/C 0210261453459	19,830,548	25,333,268
Equity Gratuity 0210263739640	11,943,465	23,376,530
Equity Retention 0210263739666	5,235,350	22,521,384
Total	228,558,081	272,731,809

22) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	2022-2023	2022-2023
	Account number	Kshs
a) Current account		
KCB - Fees Collection		
KCB - Operations	1103755439	14,855,829
Equity IGU a/c	1113791985	108,894,239
Equity - Catering Dept.	0210293981713	4,268,209
Equity fees collection A/C	0210298189098	6,599,748
Equity Research Fund-KEPAP	0210261453469	3,123,127
Equity Hillside A/C	0210262271525	1,101,391
Cooperative Bank -Development A/C	0210298770822	6,510,323
	01120058189900	2,442,503

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Cooperative- Fees Collection A/C	01129058189900	3,084,201
Family Bank- Fees Collection A/C	054000002641	9,245,523
Barclays Bank	2035727666	6,037,788
Standard Chartered Bank	0102024755200	25,385,836
Equity Operations A/C	0210261453459	19,830,548
Equity Gratuity	0210263739640	11,943,465
Equity Retention	0210263739666	5,235,350
Sub-total		228,558,081
b) On - call deposits		
N/A	-	-
N/A	-	-
Sub- total		
c) Fixed deposits account		
N/A	-	-
N/A	-	-
Sub- total		
d) Staff car loan/ mortgage		
N/A	-	-
N/A	-	-
Sub- total		
e) Others(specify)		
Cash in transit	-	-
cash in hand	-	-
Mobile money accounts	-	-
Sub- total		
Grand total		228,558,081

23) Receivable from Exchange Transactions

Description	2022-2023	2021-2022
Receivable from Exchange Transactions	Kshs	Kshs
Students Fees Receivable	54,160,929	41,858,584
Hill Side Hotel	-	348,150
Imprest Debtors	17,461	-
Rental Income Receivable	16,978,799	24,366,867
Total Receivables from Exchange Transactions	71,157,189	66,573,601
Less: Impairment/Provision for Doubtful Debts	(711,572)	(665,736)
Net Receivables from Exchange Transactions	70,445,617	65,907,865

24) Receivable from Non-Exchange Transaction

Description	2022-2023	2021-2022
Receivable from Non-Exchange Transaction	Kshs	Kshs

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Exchequer Capital Grant	5,772,259	-
Total	5,772,259	-

25) Prepayments

Description	2022-2023	2021-2022
Prepayments	Kshs	Kshs
Prepaid Staff Insurances	5,631,471	3,992,973
Property Motor Vehicle Insurance	161,916	182,786
Total	5,793,387	4,175,759

26) Inventory

Description	2022-2023	2021-2022
Inventory	Kshs	Kshs
Main Stores	8,086,346	8,168,760
Medical Supplies	1,423,599	1,877,358
Farm Supplies & Consumables	3,163,026	5,539,883
Hill Side Hotel Supplies and Consumables	237,164	194,536
Catering Supplies & Consumables	570,099	1,303,196
Total	13,480,234	17,083,733

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27) Tangible Assets, Property, Plant and Equipment Schedule

PPE Schedule	Land	Buildings	2.50%	Plant & Equipment	20%	Motor Vehicle	25%	Furniture & Fittings	12.50%	Comp Hardware	30%	Library Books	20%	Work In Progress	Totals
2021-2022															
Cost/Value as at 1.7.21	1,097,670,205	2,276,027,289		383,422,123	157,314,500	88,976,870	72,871,717	23,355,300	3,113,911,538	1,078,749,224	293,875	(112,486,307)			7,213,549,542
Additions	-	-	43,189,769	-	-	-	-	-	-	-	-	-	-	-	1,147,297,036
W.I.P Capitalized	-	112,486,307	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost At 30th June 2022	1,097,670,205	2,388,513,596	426,611,892	426,611,892	157,314,500	100,100,735	86,812,020	23,649,175	4,080,174,455						8,360,846,578
Depreciation and impairment															
Acc. Depreciation At 1 July 2021	-	93,701,266	112,233,048	112,233,048	75,076,125	20,788,109	41,519,081	8,757,380	-	-	-	-	-	-	352,075,009
Depreciation charge for the year	-	56,900,682	84,896,462	84,896,462	39,328,625	12,355,174	26,043,606	4,729,835	-	-	-	-	-	-	224,254,384
Depreciation as at 30 June 2022	-	150,601,948	197,129,510	197,129,510	114,404,750	33,143,283	67,562,687	13,487,215	-	-	-	-	-	-	576,329,393
NBV as at 30th June 2021	1,097,670,205	2,182,326,023	271,189,075	271,189,075	82,238,375	68,188,761	31,352,636	14,597,920	3,113,911,538	6,861,474,533					7,784,517,185
NBV as at 30th June 2022	1,097,670,205	2,237,911,648	229,482,382	229,482,382	42,909,750	66,957,452	19,249,333	10,161,960	4,080,174,455						7,784,517,185
2022-2023															
Cost/Value as at 1.7.22	1,097,670,205	2,388,513,596		426,611,892	157,314,500	100,100,735	86,812,020	23,649,175	4,080,174,455	825,919,788	734,774	(550,547,375)			8,360,846,578
Additions	-	-	486,142,077	11,262,391	-	-	689,140	-	-	-	-	-	-	-	844,191,945
W.I.P Capitalized	-	-	-	64,405,298	-	-	-	-	-	-	-	-	-	-	-
Asset Disposal	-	-	(34,930)	(34,930)	-	-	(62,040)	(23,820)	-	-	-	-	-	-	(120,790)
Cost At 30th June 2023	1,097,670,205	2,874,655,673	502,244,651	502,244,651	157,314,500	105,624,547	87,477,340	24,383,949	4,355,546,868						9,204,917,733
Depreciation and impairment															
Acc. Depreciation At 1 July 2022	-	150,601,948	197,129,510	197,129,510	114,404,750	33,143,283	67,562,687	13,487,215	-	-	-	-	-	-	576,329,393
Acc.Depr for Disposed Assets	-	59,712,840	87,279,683	(27,944)	39,328,625	13,160,745	12,933,027	4,729,837	(83,122)	-	-	-	-	-	(83,122)
Depreciation charge for the year	-	210,314,788	284,381,249	284,381,249	153,733,375	46,272,698	80,471,866	18,217,052	-	-	-	-	-	-	217,144,757
Depreciation as at 30 June 2023	-	2,237,911,648	229,482,382	229,482,382	42,909,750	66,957,452	19,249,333	10,161,960	4,080,174,455						7,784,517,185
NBV as at 30th June 2022	1,097,670,205	2,664,340,885	217,863,402	217,863,402	3,581,125	59,351,850	7,005,474	6,166,897	4,355,546,868						8,411,526,705
NBV as at 30th June 2023	1,097,670,205	2,664,340,885	217,863,402	217,863,402	3,581,125	59,351,850	7,005,474	6,166,897	4,355,546,868						8,411,526,705

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28) Intangible Assets, Computer Software Schedule

Description	Kshs
Year 2021/2022	
Cost/Value at 1/7/2021	9,363,828
Additions/adjustments	-
Cost/Value at 30/06/2022	9,363,828
Accumulated Amortization 1/07/2021	5,618,296
Amortization Charge for the Period	2,809,148
Accumulated Amortization 30/06/2022	8,427,444
Carrying amount as at 30 June 2021	-
Carrying amount as at 30 June 2022	936,384
Year 2021/2022	
Cost/Value at 1/7/2022	9,363,828
Additions/adjustments	-
Cost/Value at 30/06/2023	9,363,828
Accumulated Amortization 1/07/2022	8,427,444
Amortization Charge for the Period	936,384
Accumulated Amortization 30/06/2023	9,363,828
Carrying amount as at 30 June 2022	936,384
Carrying amount as at 30 June 2023	-
Description	2022-2023
	Kshs
Work In progress	
Micro soft 360-Business Central	7,609,099
Library Information Management System	950,000
	8,559,099

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29) Biological Assets

Item	Unit	Qty	Cost/Unit	22/23	Qty	Cost/Unit	21/22
CROPS							
Bananas	Bunches	120	350	42,000	2,000	300	600,000
Trees	Plants	4,469	1,000	4,469,000	4,000	1,000	4,000,000
Ornamental Trees	Plants	23,089	35	808,115			
Napier grass	lorries	4	12,000	48,000	115	4,000	460,000
Sudan Grass Seeds	Satchets	60	100	6,000			
Boma Rhodes	Tons	-	-		55	4,000	220,000
Sudan Grass	Pickups	2	12,000	24,000	15	4,000	60,000
Green Grams	Kgs	-	0	-	1,040	125	130,000
Cow Peas	kg	-	-	-	400	100	40,000
Green maize	Plots	-	-	-	100	5,000	500,000
VEGETABLES							
Spinach	Plots	1	4,538	4,538	1	2,000	2,000
Kales	Plots	2	4,500	9,000	3	2,000	6,000
Chinese Cabbage	Plots	-	-	-	1	2,000	2,000
Black night Shade	Plots	2	5,000	10,000	1	4,000	4,000
Comfrey	Plots	1	1,000	1,000	1	1,000	1,000
Caulliflower	Plots	-	-	-	1	2,000	2,000
Spider Plants/sagheti	Plots	1	2,000	2,000	3	2,000	6,000
Amaranth	Plots	2	15,000	30,000	2	4,000	8,000
Maize stovers	Lorries	2	12,000	24,000			
LIVESTOCK							
Calves	Numbers			-	2	50,000	100,000
Cows in milk	Numbers			-	6	250,000	1,500,000
Mature Dairy cows	Heads	7	250,000	1,750,000	2	250,000	500,000
Bulls	Heads	1	80,000	80,000	2	80,000	160,000
Young heifers	Heads	3	40,000	120,000	1	40,000	40,000
Young bulls	Heads	1	30,000	30,000	2	30,000	60,000
Calf Bulls	Heads	1	15,000	15,000			
Calf heifers	Heads	3	20,000	60,000	2	30,000	60,000
INDIGENOUS CATTLE							
Mature Males	Heads	1	80,000	80,000	4	80,000	320,000
Mature Females	Heads	7	60,000	420,000	7	60,000	420,000

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Young Bulls	Heads	4	25,000	100,000	8	15,000	120,000
Young Heifers	Heads	14	30,000	420,000	9	30,000	270,000
CALVES	Heads			-	-	-	-
Males	Heads	3	10,000	30,000	2	10,000	20,000
Females	Heads	1	15,000	15,000	4	15,000	60,000
GOATS	Heads			-	-	-	-
Billy (Mature Males)	Heads	6	15,000	90,000	50	8,000	400,000
Nanny (Mature Females)	Heads	102	10,000	1,020,000	123	6,000	738,000
YOUNG GOATS	Heads			-	-	-	-
Does (Young females)	Heads	16	8,000	128,000	21	3,000	63,000
Young Males (Buckiling)	Heads	31	8,000	248,000	16	2,500	40,000
Kids Females (Doeling)	Heads	21	5,000	105,000	9	3,000	27,000
Kids males	Heads	17	5,000	85,000	25	3,000	75,000
SHEEP	Heads			-	-	-	-
Males	Heads			-	3	4,000	12,000
Females	Heads			-	2	3,500	7,000
Females	Heads			-	1	2,000	2,000
PIGS	Heads			-	-	-	-
Sows (Female)	Heads	5	30,000	150,000	13	30,000	390,000
Piglets	Heads			-	14	3,200	44,800
LLAMA				-	-	-	-
Males	Heads	1	100,000	100,000	2	120,000	240,000
Females	Heads	3	100,000	300,000	4	100,000	400,000
TOTALS				10,823,653			12,109,800

30) Payables / Accruals from Exchange Transactions

Description	2022-2023	2021-2022
Payables / Accruals from exchange transactions	Kshs	Kshs
General Payables	8,655,814	7,625,558
Part-Time Lecturers-Wages & Salaries Accrued		2,695,391
Audit Fees Payable	1,392,000	696,000
Unallocated Receipts	38,479,301	-
CDF Control Account	5,561,388	-
HELB Control Account	385,000	-
Pay As You Earn	1,908,805	-
National Industrial Training Authority	34,700	-
Withholding Tax Payable	63,462	-
Withholding Vat Payable	115,332	-
WIP Projects Payable	384,629,939	-
Total	441,225,740	11,016,949

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31) Refundable Deposit

Description	2022-2023	2021-2022
Payables	Kshs	Kshs
Student Caution Money Payable	30,617,500	25,333,268
Staff Gratuity Payable	23,552,643	25,388,899
Prepaid Tuition Income	141,375,879	25,781,117
Student Union Fee Payable	57,500	
Retention for W.I.P Payable	248,757,185	216,740,350
Total	444,360,708	293,243,634

32) Exchequer Capital Grants

Description	2022-2023	2021-2022
Exchequer Capital Grants	Kshs	Kshs
Ministry of Education		
1st Disbursement	10,000,000	20,000,000
2nd Disbursement	5,772,259	20,000,000
Total	15,772,259	40,000,000

33) Work in progress

Description	2022-2023	2021-2022
Work in Progress Tangible Assets	Kshs	Kshs
Male Hostel Wing A	-	41,617,953
Professional Fees Administration Block	9,016,349	5,392,625
Professional Fees Science Research Park	14,643,254	56,929,585
Administration Block	115,773,628	137,465,632
Food Technology Block	19,126,609	68,419,379
Science Research Park	221,773,197	430,863,334
Construction of Water Tank Kairini	284,154	-
Proposed 3000cm Reinforced Concrete Water Reservoir	752,504	1,022,834
Proposed Male Hostel (Wing B)	80,423,758	54,225,193
Electric Fence at Kairini Farm	-	7,791,050
Igembe Campus		23,153,064
Consultancy services for proposed Ultra-Modern Library Block	18,067,863	92,666,314
Proposed Upgrading of University Access road	5,476,449	32,932,334
Proposed Mechanical Workshop	2,537,023	609,972
Refurbishment of Elimu Plaza		6,813,764
Proposed Bulky water and irrigation system at Kairini Farm	-	4,055,935
Water intake and piping at Kairini	1,334,639	17,624,235
Mwanjate farm fencing	-	7,636,900
Acquisition and relocation of chiefs office	10,809,925	20,369,380
Construction of proposed Ultra-Modern Library	314,247,802	69,159,741
Milk Processing Plant	7,136,605	
Igembe Campus WIP	2,220,772	
Food technology Phase 2	2,295,256	
Total	825,919,788	1,078,749,224

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34) Work in Progress-Intangible Assets

Description	2022-2023	2021-2022
Work in Progress Intangible Assets	Kshs	Kshs
Library Information Management System	950,000	-
Enterprise Resource Planning	7,609,098	-
	8,559,098	-

35) FINANCIAL RISK MANAGEMENT

Chuka University activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The University financial risk management objectives and policies are detailed below:

(i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the council. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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	Total amount	Fully	Past	Impaired
		Performing	Due	
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Receivables from exchange transactions	70,445,617	70,445,617	Nil	Nil
Receivables from non-exchange transactions	5,772,259	5,772,259	Nil	Nil
Bank balances	228,558,081	228,558,081		
	304,775,957	304,775,957		
At 30 June 2022				
Receivables from exchange transactions	65,907,865	65,907,865	Nil	Nil
Receivables from non-exchange transactions	Nil	Nil	Nil	Nil
Bank balances	272,731,809	272,731,809	Nil	Nil
Total	338,639,674	338,639,674	Nil	Nil

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The council sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University Council, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month	Between 1-3 months	Over 5 months	
				Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023		Nil	Nil	
Trade payables	441,225,740	Nil	Nil	441,225,740
Current portion of borrowings	Nil	Nil	Nil	Nil
Provisions	Nil	Nil	Nil	Nil
Deferred income	Nil	Nil	Nil	Nil
Employee benefit obligation	Nil	Nil	Nil	Nil
Total	441,225,740	Nil	Nil	441,225,740
At 30 June 2022				
Trade payables	304,260,583	Nil	Nil	304,260,583
Current portion of borrowings	Nil	Nil	Nil	Nil
Provisions	Nil	Nil	Nil	Nil
Deferred income	Nil	Nil	Nil	Nil
Employee benefit obligation	Nil	Nil	Nil	Nil
Total	304,260,583	Nil	Nil	304,260,583

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates, which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Chuka University did not have a foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected because of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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Sensitivity analysis

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the University's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

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The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
At 30 June 2023				
Financial Assets				
Quoted equity investments	Nil	Nil	Nil	Nil
Non- financial Assets				
Investment property	Nil	Nil	Nil	Nil
Land and buildings	3,762,011,089		Nil	3,762,011,089
Total	3,762,011,089		Nil	3,762,011,089
At 30 June 2022				
Financial Assets				
Quoted equity investments	Nil	Nil	Nil	Nil
Non- financial Assets				
Investment property	Nil	Nil	Nil	Nil
Land and buildings	3,335,581,853		Nil	3,335,581,853
Total	3,335,581,853		Nil	3,335,581,853

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management.

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2022-2023	2021-2022
	Ksh	Kshs
Revaluation reserve	1,300,211,588	1,300,211,588
Retained earnings	4,239,740,388	4,239,342,013
Capital reserve	2,329,420,610	2,313,648,351
Total funds	7,869,372,586	7,853,201,952
Total borrowings	Nil	Nil
Less: cash and bank balances	228,558,081	272,731,809
Net debt/(excess cash and cash equivalents)	Nil	Nil
Gearing	N/A	N/A

36) RELATED PARTY DISCLOSURES

Nature of related party relationships

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

The entity is related to;

Government of Kenya

Chuka University gets funding from the national government through the national treasury of Kenya. The funding is separated in to two: Recurrent grant and capital grant which is used to finance part of the university budget.

Other related parties include:

- i) The Principal Secretary, State Department for University Education and Research.**

Chuka University is an independent public entity established through a charter as per the Universities Act, 2012. It is represented by the Cabinet Secretary for Education, who is responsible for the general policy and strategic direction of the University

- ii) The University management;**

The University management is mandated to make the day-to-day decisions on behalf of the University. They have a significant influence over the operating and financial decision

- iii) The Council Members;**

As the governing body of the University, the Council, have a responsibility of maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other university resources. The University Council is vested with powers and authority by its Charter and the Universities Act, 2012.

The Council is also the executive governing body responsible for the academic policy and strategic direction of the University, including its external relations, and for the Administration of the University.

The Council is responsible for the management of the University's finances and assets, in accordance with the Public Financial Management Act, 2012 and Public Financial regulations of 2015.

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iv) The University Senate;

This is the academic authority of the University. It is composed of the Vice - chancellor, Deputy Vice Chancellors, Principals and Deputy Principal of Constituent Colleges, Deans, Directors, Chairmen of the Academic Departments, two Students' Representatives, Finance Officer, Registrar Academic, Registrar (Administration and Planning) and Faculty Representatives. Its role is to discuss and approve student results as well as students' discipline. The Senate is chaired by the Vice - Chancellor.

Related party transactions

a) Grants/Transfers from National Government

	2022-2023	2021/2022
Transfers from related parties'		
Recurrent	1,333,854,721	1,331,759,394
Capital	15,772,259	40,000,000
Totals	1,349,626,980	1,371,759,394

b) Key management remuneration

	2022/2023	2021/2022
University Council	9,271,184	11,866,227
Key management compensation	31,338,085	35,565,128
Totals	40,609,269	47,431,355

37) Events after the reporting period

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

38) Ultimate and Holding Entity

The entity is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

39) Currency

The financial statements are presented in Kenya Shillings (Kshs)

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20. APPENDICES

Appendix 1: Implementation Status of Auditor-General’s Recommendations

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

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolve d / Not Resolve d</i>)	Timeframe : (<i>Put a date when you expect the issue to be resolved</i>)
1.1	Absence of title deed for Karingani/Ndagan/741	The title deed is being processed through the ministry of lands	Head of Estates, Chuka University	Not resolved	March, 2024



Prof. Henry M. M'Ikiugu, Ph.D.
 Vice Chancellor/CEO

27th September 2023

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Appendix II: Project Implementation Status

ONGOING PROJECTS AS AT 30/06/2023			
PROJECT'S NAME	Contract Sum	TOTAL CERTIFIED AS AT 30/06/2023	% Completion
Students' Recreation Centre	412,615,362	411,796,713	100%
Perimeter Fence Phase IV Sec II	1,986,402	1,530,356	77%
Perimeter Fence Phase V and road levelling	16,067,751	16,067,751	100%
Television & Radio Broadcasting Studio	23,406,155	22,493,385	96%
Reinforced Concrete Water Tank - Kairini	23,972,950	23,875,354	100%
Proposed Food Technology Tuition	292,164,909	279,624,355	96%
Proposed Administration Block	1,410,808,347	941,650,342	67%
Consultants for Administration Block	197,342,943	196,806,140	100%
Proposed Science Research Park	1,929,373,938	226,996,580	12%
Consultants for Science Research Park I	83,939,053	82,656,093	98%
Business School Complex	349,082,563	348,117,691	100%
Proposed 3000m3 Reinforced concrete water reservoir	42,498,342	42,498,341	100%
Proposed Male Hostel Block Phase 1&2	1,259,250,000	963,432,701	77%
Proposed Access Roads at Kairini Farm	9,918,000	9,918,000	100%
Consultancy services for proposed Ultra-Modern Library Block	249,624,475	234,163,410	94%
Chogoria, Igembe and Embu campus WIP	300,000,000	60,358,202	20%
Professional Fee Science Research Park Phase 2 pre contract	151,812,229	113,759,171	75%
Professional Fee Science Research Park Phase 2 post contract	37,953,058	9,488,465	25%
Proposed Perimeter Wall phase 6 Section 2	8,503,090	6,537,612	77%
Proposed Perimeter Wall phase 6 Section 1	3,745,918	2,585,106	69%

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Proposed 200KVA Generator	5,389,550	3,110,000	58%
Proposed mechanical workshop	8,990,592	7,840,956	87%
Proposed Monument at Gate A	2,999,804	2,948,083	98%
Proposed Renovation and Alteration of Elimu Plaza	9,521,615	9,521,615	100%
Proposed upgrading of University access roads	118,670,397	118,670,397	100%
Proposed Water Intake at Kairini	18,962,264	18,958,874	100%
Proposed Fencing at Mwanjate Farm	7,636,900	7,636,900	100%
Proposed Ndagani Chief Office Relocation	30,951,004	30,951,004	100%
Proposed Ultra-Modern Library	1,610,480,482	383,407,543	24%
Milk Processing Plant	52,717,476	7,136,605	14%
Food technology Phase 2	31,205,456	2,295,256	7%
Library Management system implementation	3,787,212	1,675,562	44%
Enterprise Resource Planning	15,218,156	7,609,098	50%
Chogoria, Embu and Igembe campuses	300,000,000	60,358,202	20%



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Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Appendix Iv: Recording of Transfers from Other Government Entitiess

CHUKA

Telephone: 0202310512
0202310518



UNIVERSITY

P.O BOX 109-60400
Chuka

Chuka University wishes to confirm the amounts disbursed to us as at 30th June 2023 as indicated in the table below.

Confirmation of amounts received by Chuka University as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by State Department for University Education and Research (KShs) as at 30th June 2023				Amount Received by Chuka	Differences (KShs)
		Recurrent	Development	Inter-Ministerial	Total	University (KShs) as at 30 th June 2023	
		(A)	(B)	(C)	(D)=(A+B+C)	(E)	
KCB2/04356	03.08.22	111,154,560	-	-	111,154,560	111,154,560	-
KCB2/04494	08.09.22	111,154,560	-	-	111,154,560	111,154,560	-
KCB2/04558	03.10.22	111,154,560	-	-	111,154,560	111,154,560	-
KCB2/04468	03.10.2022	-	10,000,000	-	10,000,000	10,000,000	-
KCB2/04560	10.11.22	111,154,560	-	-	111,154,560	111,154,560	-
KCB2/04561	09.12.22	111,154,561	-	-	111,154,561	111,154,561	-
KCB2/04562	30.12.22	111,154,560	-	-	111,154,560	111,154,560	-
KCB2/04620	03.02.23	111,154,561	-	-	111,154,561	111,154,561	-
KCB2/04718	17.03.23	111,154,561	-	-	111,154,561	111,154,561	-



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KCB2/04832	14-04-23	111,154,558	-	-	111,154,558	111,154,558	-
KCB2/04824	05-05-23	111,154,560	-	-	111,154,560	111,154,560	-
KCB2/04826	10-06-23	111,154,560	-	-	111,154,560	111,154,560	-
KCB2/04833	29-06-23	111,154,560	-	-	111,154,560	111,154,560	-
	04.07.2023	-	5,772,259	-	5,772,259	5,772,259	-
	Total	1,333,854,721	15,772,259	-	1,349,626,980	1,349,626,980	-

Head of Accountants department of beneficiary Entity:

Name:..... Sign..... Date.....

Appendix VI: Reporting of Climate Relevant Expenditures

Name of the Organization: Chuka University

Telephone Number: +254 (061) 2304004

Email Address: vc@chuka.ac.ke

Name of CEO/MD/Head: Prof. Henry M. M’ikiugu, Ph.D. Vice Chancellor

Name and contact details of contact person (in case of any clarifications): Prof. Henry M. M’ikiugu, Ph.D. Vice Chancellor

Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source of Funds	Implementing Partners
Tree Planting	Planting of trees in the neighbouring community	To ensure 10% forest cover as per the government Agenda	Planting trees in the Neighbouring community	22,540	194,330	-	-	AIA	Community and Neighbouring Institutions



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Appendix VII: Disaster Expenditure Reporting Template

Date: 2022/2023						
Entity: Chuka University						
Period to which this report refers (FY)	Year: 2022/2023			Quarter: Q1,Q2,Q3&Q4		
Name of Reporting Officer	Prof. Henry M. M'Ikiugu, Ph.D. Vice Chancellor					
Contact details of the reporting officer:	Email:vc@chuka.ac.ke			Telephone: +254 (061) 2304004		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A



11/11/11