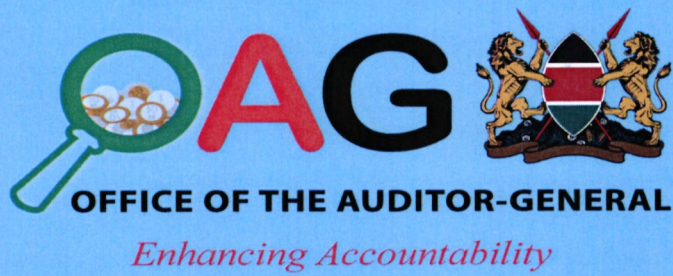


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

THARAKA UNIVERSITY COLLEGE

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





THARAKA



UNIVERSITY

COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th JUNE 2022

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

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1.KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Tharaka University College is an independent public entity established as a Constituent College of Chuka University on 27th July, 2017, through Legal Notice No. 146. The main objective of its establishment was to enhance access to quality and affordable University Education to the people of the region and beyond, with the aim of training skilled manpower required for regional and national development. The vision of the University College is to be an adaptive Centre of excellence in teaching, research, innovation and outreach for societal transformation.

Tharaka University College is represented by the Cabinet Secretary for Education, who is responsible for the general policy and strategic direction of the University College. The University College runs academic programmes, which are offered under the following four Faculties; Business Studies, Education, Humanities and Social Sciences, Life Sciences; and Natural Resources; and Physical Sciences, Engineering and Technology.

b)Principal Activities

The mandate of Tharaka University College is enshrined in the **objects** and **functions** as shown below:

The objectives of the University College are to:

- a) Provide directly, or in collaboration with other institutions of higher learning, facilities for quality University Education, including technological, scientific and professional education, and the integration of teaching, research, outreach and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
- b) 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 Academic Board shall from time-to-time determine and in so doing, contribute to realization of sustainable national economic and social development; and
- c) Provide programmes, products, and services in ways that reflect the principles of equity and social justice.

The functions of the University College are to:

1. Participate in technological innovation as well as discovery, transmission, preservation and enhancement of knowledge;
2. Stimulate the intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya;

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3. Inculcate a culture of lifelong learning, responsible citizenry and innovation in technology, engineering and mathematics within the institution and society;
4. Engage in teaching, training, scholarship, entrepreneurship, research, consultancy, community services, among other educational services, with emphasis on technology and its development, impact and application to society;
5. Statutes and syndicates examinations for award at other institutions as may be approved by the Senate; and
6. Facilitate the development and provision of appropriate academic programmes and community services.

Mission

To create a strong knowledge base through teaching, research and innovation and to disseminate this knowledge to produce all rounded graduates with problem solving skills for positive societal transformation

Vision

A Centre of excellence in teaching, research, innovation and outreach for societal transformation.

Motto

The motto of Tharaka University College is “Education for Freedom”.

Core Values

The University College 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 in utilization of resources
- xi) Team work
- xii) Timeliness and Devotion to duty.

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c)Key Management

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

- i) The Principal Secretary, Ministry of Education
- ii) The Council
- iii) The Academic Board

c)Fiduciary Management

Tharaka University College is led on day to day operations by

Prof. Peter K. Muriungi	Principal (CEO)
Prof. Veronica Nyaga	Deputy Principal Academic Research and Students Affairs
Prof. Levi Musalia	Deputy Principal Administration Finance and planning
Antony Mutegi Njiru	Head of Finance
John Kiplagat	Registrar Academic Affairs
Edward Patrick Kathuni	Registrar Administration and Planning

d)Fiduciary Oversight Arrangements

The key fiduciary oversight committees of the University College for the Financial Year 2020/2021 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 College funds.
- v) To discuss and recommend to the full Council Annual and Quarterly Financial reports.

2. Audit, Governance and Risk Management Committee

- i) Assist in enhancing internal controls in order to improve efficiency, transparency and accountability in the management of University College funds,
- ii) Examine internal and external audit reports and recommendations after management response to ensure action is taken,

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- iii) Follow up to ensure action is taken to resolve Public Accounts Committee recommendations,
- iv) 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) Implementation of employee training and development policy depending on competency needs assessment.
- iii) Carry out the organization employee needs assessment and recommend for recruitment of various categories of staff.
- iv) 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 College.
- ii) To consider and recommend to the Full Council building projects budget for the University College.
- iii) To monitor and appraise development projects for the University College.

f) Entity Headquarters

P.O. Box 193, 60215
Marimanti Town
Kenya.

g) Entity Contacts

Telephone: (254) 0202008549/02020076920

Cell phone 0728229548

E-mail: info@tharaka.ac.ke

Website: tharaka.ac.ke

h) Entity Bankers

Kenya Commercial Bank Ltd,

P.O. Box 7014 - 60400

Chuka

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Cooperative Bank of Kenya

P.O. Box 101 – 60400

Chuka

Family Bank of Kenya Ltd

P.O Box

Chuka

Equity Bank Ltd

P.O. Box 213 - 60400

Chuka

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Advisor

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200




Nairobi, Kenya

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2.THE UNIVERSITY COLLEGE COUNCIL

Name(s)	Concise Description
<p>Dr. Timothy M. Kiruhi, Ph.D. Council Chairman</p> 	<p>Dr. Timothy M. Kiruhi is the current Chairman of Tharaka University College Council. He was born on 9th February, 1966. He holds a Ph. D degree in Organizational Leadership (Global Leadership focus) Regent University, USA, M.A (Leadership Studies) Azusa Pacific University, BSc (Mechanical Engineering) (UON). He is the current Vice Chancellor International Leadership University.</p>
<p>Prof. Peter K. Muriungi, Ph.D. Principal/CEO</p> 	<p>Professor Peter K. Muriungi was born on 21st January 1975. He is a renowned Scholar and an administrator. He started his University teaching career in Chuka University in 2009. He grew in academia and was later appointed as the Founding Director Quality Assurance and Performance Contracting. He served as acting Principal TUC from 2017 to January 2019. On 17th of January, 2019 he was appointed the Principal, TUC. He holds a Ph.D. in Linguistic University of Tromsø, Norway, M.A (Linguistics) University of Witwatersrand SA and B.Ed. (Arts) UoN</p>

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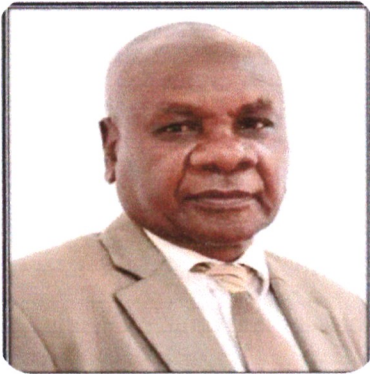

<p>Mr. James Mwangi Kiburi Rep. Principal Secretary State Department for University Education and Research</p> 	<p>Mr. James Mwangi Kiburi was born on 7th October, 1965. He represents the Principal Secretary – State Department for University Education and Research, Ministry of Education. He holds Bachelor of Education (Science), Kenyatta University, Master in Educational Psychology, Moi University and currently pursuing a PhD in Educational Psychology at Maasai Mara University. He is the Deputy Director of Education in the Ministry of Education, State Department for University Education and Research. He was appointed as the alternate member of Tharaka University College Council in April 2022.</p>
<p>Justice (Rtd.) Muga Apondi Council Member</p> 	<p>Justice (Rtd.) Muga Apondi was born in 1955. He is an advocate of High Court of Kenya and a Commissioner for Oaths. He served in the Kenyan Judiciary for over 30years. He holds L.L.M and L.L.B from UoN and a diploma in Law, Kenya School of Law. He serves as an independent Council Member.</p>
<p>Christopher Aleke Dondo Council Member</p> 	<p>Christopher Aleke Dondo was born on 22nd October, 1955. He is an Economic consultant. He holds M.A (Economics), York University, B.A (Economics), UoN and Diploma in Finance for Non-Finance Managers, KCA University. He serves as an independent Council Member.</p>

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<p>Esther N. Michieka Council Member</p> 	<p>Esther N. Michieka was born on 27th September, 1957. She is an educationist. She served in Higher Education Loans Board (HELB) for over 20 years as a lending Manager. She holds M. A, PGDE and B.Ed., UoN. She serves as an independent Council member of Tharaka University Council.</p>
<p>Abdi Ali Mohamed Council Member</p> 	<p>Abdi Ali Mohamed was born on 22nd June, 1974. He is a business consultant. He also worked as a senior Technical Specialist (Health, Food Security and Climate Change) Somalia. He holds M.A Public Policy and Administration, Kenyatta University, BA Sociology and Psychology UoN and Diploma in Community Health Nursing, KMTC. He serves as an independent Council Member.</p>
<p>Dr. Muthoni P. Nkoroi Council Member</p> 	<p>Dr. Muthoni P. Nkoroi was born on 9th January, 1962. She has a wide range of experience as a Principal in various secondary schools in Kenya. She holds a Ph.D. in Education Management, M.A Education Management, Kenyatta University and BED (Arts), Kenyatta University. She serves as an independent Council Member.</p>

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3.MANAGEMENT TEAM

<p>Prof. Peter K. Muriungi, Ph.D. Principal/CEO</p> 	<p>Professor Peter K. Muriungi was born on 21st January 1975. He is a renowned Scholar and an administrator. He started his University teaching career in Chuka University in 2009. He grew in academia and was later appointed as the Founding Director Quality Assurance and Performance Contracting. He served as acting Principal TUC from 2017 to January 2019. On 17th of January, 2019 he was appointed the Principal, TUC. He holds a Ph.D. in Linguistic University of Tromsø, Norway, M.A (Linguistics) University of Witwatersrand SA and B.Ed. (Arts) UoN</p>
<p>Prof. Levi Musalia, Ph.D Deputy Principal(AFP&D)</p> 	<p>Prof. Levi Musalia was born on 30th April 1957. He has taught in Egerton University department of animal Science before joining Chuka University as a dean faculty of Agriculture and resource development. He joined Tharaka University College in January 2019 as the Deputy principal administration finance planning and development. He is a full professor of animal Science from Chuka University.</p>
<p>Prof. Veronica Nyaga, Ph.D. Deputy principal(ARSA)</p> 	<p>Prof. Veronica Nyaga was born on 4th February 1970. She has worked with Teachers Service Commission(TSC) before joining Egerton University as a lecturer in the department of Education. She joined Tharaka University College on 30th January 2019 as the Deputy Principal academic research and student's affairs. She is a full professor of Counselling psychology from Chuka University.</p>

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<p>John Kiplangat(Registrar academic Affairs)</p> 	<p>John Kiplangat was born on 17th February 1986.He was employed by Teachers Service Commission (TSC) in 2019 and has been a lecturer at Egerton University and later joined Tharaka University College as a registrar academic affairs in July 2020.He holds a master’s degree in Geography from Egerton University.</p>
<p>Antony Mutegi Njiru (Head of Finance)</p> 	<p>Antony Mutegi Njiru was born on 3rd July. 1984 He worked in Chuka University Finance department since 2008 where he rose to become the Deputy Finance Officer before joining Tharaka University College in 2018 as the head of Finance. He holds a bachelor of business Management degree from Egerton University .</p>
<p>Edward Patrick Kathuni(Registrar Administration & Planning)</p> 	<p>Edward Patrick Kathuni was born 17th June 1966.He has over 30 teaching experience with Teachers Service Commission (TSC). He was the Principal Chuka boys high school and Kibirichia boys high school before joining Tharaka University College in July 2019 as the registrar administration and planning. He has a master’s degree in education from Chuka University.</p>

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4. CHAIRMAN'S STATEMENT

It is my pleasure and great honor for me to present the 3rd Annual Reports and Financial Statements of Tharaka University College for Financial Year ended 30th June 2022. Since its establishment Tharaka University College has continued to execute its mandate of creating a strong knowledge base through teaching, research and innovation and to disseminate this knowledge to produce all rounded graduates with problem solving skills for positive societal transformation in order to achieve its vision of becoming a centre of excellence in teaching, research, innovation and outreach for societal transformation.

On behalf of the Tharaka University council I am happy to report that the University has made tremendous growth through its strategic partnerships with its stakeholders. This progress has ensured that the University is able to cope with increased need of additional facilities due to increasing student population. This has been done in line with the University's strategic plan.

In 2021/2022 financial year Tharaka University made tremendous growth in infrastructural development. The government allocated Kshs.240, 000,000. (Two hundred and forty million) in this financial year towards the construction of Science Tuition, Administration Block and Ultra-Modern Library. These three buildings have created an additional learning facilities and offices in the University College to cope with the increasing student population. The University College completed a five storey Media studio building that has also created additional leaning facilities and establishment of modern facilities for media students at the University.

Tharaka University College has continued to lead in the community outreach activities and in the 2021/2022 financial year the University trained over 100 farmers in apiculture and aquaculture. This in keeping with its mandate of ensuring the knowledge is shared to the community. The University is located in a semi-arid area and it's leading in the environmental conservation. The University planted trees and also distributed tree seedlings to the surrounding community to increase forest cover in the area.

The University College library has also been equipped with new titles and also increased internet access in all the University College buildings and provided for the internet hotspots for the students and staff members. Digital library is also available through the increased subscription to Kenya Libraries and Information Services Consortium. (KLISC). The University College has also enhanced the E- learning by integrating the modules in the ERP

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system to enable it automate its operations to cope with the current business trends as a result of Covid-19 and technological advancement.

As the Chairman of the Council of this great Divine University College I wish to thank the Government of Kenya and all the collaborating partners and stakeholders for their continued support. I also take pride in the realization that staff members, students, management and fellow Council members have continued to preserve the University College brand through resilience and commitment towards achieving our common goal of academic excellence. Thank you all for your continued commitment, loyalty, hard work and peaceful co-existence



Dr. Timothy M. Kiruhi, Ph.D.

COUNCIL CHAIRMAN

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5.REPORT OF THE PRINCIPAL/CHIEF EXECUTIVE OFFICER

Tharaka University College is an independent public entity which was established as Constituent College of Chuka University on 27th July, 2017, through Legal Notice No. 146. The University College was a campus of Chuka University and inherited the assets and liabilities which were for Chuka University Tharaka Campus. In the 2021-2022 financial year

The University College has grown rapidly since the reporting of its 1st batch of the Government sponsored students in September 2018. In the September 2021 intake, the University College received over 1700 students. The increase in the number of students has supported the University efforts to operate uninterrupted and to keep with its mission of creating a strong knowledge base through teaching, research and innovation and to disseminate this knowledge to produce all rounded graduates with problem solving skills for positive societal transformation through embracing technology and carrying out its lectures through online teaching, Google classrooms and provision of e-library services.

It is my pleasure to highlight the following achievements made by the University College in the 2021-2022 financial year.

Student Enrolment

Tharaka University College continues to grow in students 'enrolment. The University College started its operations as a campus of Chuka University and had only 27 students. This number has grown and currently has over 3500 students. In the current financial year, the University College received an additional 1700 students. The students are spread in all its programs. The addition of these students was as a result of vigorous marketing strategies and activities to attract more students carried out by the University College in the year under review. The increased student population has triggered business opportunities in the local community, thus helping transform the economic outlook of the area. The allure of the beautiful, serene learning environment with ultramodern learning facilities has attracted people from all over Kenya to Tharaka University College. The University College has an elaborate way of taking care of student welfare including counselling services given by the University College by the Office of the Dean of students. Tharaka University College is fully paid up member of Kenya University Students Association. The University College has participated in sporting activities in the course of the year and this has been enhanced by the purchase of more buses that are being used to transport students on weekends for sporting activities with other Universities in

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Kenya. Tharaka University College is also a registered member of Kenya Universities sports association (KUSA). The University College has well democratically constituted student leadership comprising of members who are elected annually by the students through the delegate system.

Financial performance

Tharaka University College was established on 27th July 2017 but missed Government funding for financial years 2017-2018 and 2018-2019. The University College having been a campus of Chuka University, Chuka University continued funding its operations until the financial year 2019-2020 when the University College received the first Government funding.

In the year under review Tharaka University College has grown its net assets to 787 Million from 106 inherited by the University College from Chuka University. The growth of these assets was tremendous bearing in mind that the sources of funding for these assets was from the savings on recurrent grants from the Government and appropriation in aid.

Tharaka University College in the year under review applied prudent financial management in its bid to strengthen the institutional capacity as per the strategic objectives and core values. In the year under review the financial position has posted a positive liquidity indicating the University College is ready to pay its bills as they fall due and the University College remains a going concern in the fore going future and is in the right path in the implementation of its mission and objectives.

Education, Training, Research and outreach

The University College is fully committed to provision of quality education, training and research for sustainable national and global development. In the year under review, the University College acquired additional laboratory equipment in order to ensure the student do practical's to acquire more knowledge related to their areas of specialization.

The University niche area is in dry land farming and mineralogy. The University is located in a mineral rich area and the study of mineralogy will ensure its exploration. To ensure this is achieved the University College in the 2021/2022 financial year established four new programs which were approved by the Commission for University Education. These programs are:

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1. Bachelor of Technology in Water and Irrigation 2
2. Bachelor of Technology in Mineral Exploration and Mining
3. Bachelor of Science in Geology
4. Bachelor of Science in Dry Land Farming

The University College was inspected by the Commission for University Education (CUE) and passed for the award of charter which will be awarded in the next financial year to become a fully-fledged University which is a major milestone.

Infrastructure

Tharaka University College has set up an elaborate master plan in order to have a clear direction on where it is and where it expect to be in future. In 2021-2022 financial year, the University College was allocated capital budget by the government of Kenya and continued the construction of its four main buildings namely, the Main Library, Science Tuition Block, the Main Administration Block and the Media Studio building. These projects will go a long way in ensuring the University College will have additional facilities to match the growing demand as a result of growing student population. The construction of the main library was started as part of the recommendation of the Commission for University Education, Science Tuition Block which has science laboratories, lecture halls and offices for the lecturers will ensure the University has additional facilities. The University College also started the construction of the Administration block. This will host the administrative staff of the University College to ensure they have a good working environment. The University College has also completed the construction of the media Studio building which was started in the 2019 2020 financial year. This is a storey building which the University College constructed through savings from the University appropriation in aid and was completed in the year under review. All these projects are ongoing and they are progressing on well to ensure the students and members of staff are able to learn and work in a friendly environment. The University College, in year under review constructed pavements in order to ease movement of students and staff members around the University College especially during rainy season.

The University College also continued with the construction of the 1.5Million Litres water tank to ensure there is sufficient storage facilities for water. This is because the University College is located in a semi-arid area and the provision of water storage facilities is critical. The shortage of water is critical concern in the area especially in the months of September and October and therefore its storage will be of utmost importance.

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Among the other developments which have been undertaken in the University College is the expansion of structured cabling. This ensures that the University College online learning continues uninterrupted especially during this time of technological advancement. The University College has also expanded teaching demonstration unit to enable students in the faculty of life sciences and natural resources acquire the required skills for these courses.

Human Resource

Tharaka University College is committed to invest in recruitment and retention of highly qualified and experienced staff in order to realize its objective of academic excellence. During the year under review Tharaka University College staff held inter-denominational prayers and participated in staff inter-University games sponsored by the University College. This is in the spirit of team building for the University staff members. The University also supported the establishment of a University welfare and Sacco. These are very useful in ensuring the welfare of members of staff is taken care of.

In conclusion, may I convey my appreciation and gratitude to the University Council for their invaluable support to Tharaka University College Management and staff members, my fellow staff members for their commitment to work and their timeliness and splendid efforts that have seen Tharaka University College towards its goal of becoming a centre of excellence in teaching, learning, research, innovation and outreach.

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



Prof. Peter K. Muriungi, Ph.D.

PRINCIPAL/CEO

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6.STATEMENT OF ENTITY’S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE 2021/2022 FINANCIAL YEAR

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity’s performance against predetermined objectives. Tharaka University College has six (6) areas as anchored in its Strategic Plan for the FY 2017/2018- 2021/2022.

These strategic issues are as follows:

- Issue 1: University Teaching and learning
- Issue 2: Research, innovation and outreach
- Issue 3: Information, communication and technology
- Issue 4: Student services
- Issue 5: Resource mobilization and management
- Issue 5: Institutional transformation

The University College develops its annual work plans based on the above 6 pillars. Assessment of the Council’s performance against its annual work plan is done on a quarterly basis. The University College achieved its performance targets set for the FY 2021/2022 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Issue 1: University Teaching and Learning	To Expand Competitive Programmes	Develop Programs	Develop new programmes	4 new programs developed namely; 1. Bachelor of Technology in Water and Irrigation 2. Bachelor of Technology in Mineral Exploration and Mining 3. Bachelor of Science in Geology 4. Bachelor of Science in Dry Land Farming
		Develop short courses for industry and community	Establish computer academy	Computer academy established
	To enhance Quality in Education and Training	Staff trainings	Train academic staff in pedagogical methods and Competence Based Curriculum	All academic staff trained

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	To evaluate teaching effectiveness	Teaching evaluations done	Evaluate teaching effectiveness	Teaching evaluations done for all units and results communicated
	To conduct public lecture forums	Public lectures held	Hold a public lecture forum	1 public lecture held for students
	To expand learners exponential learning opportunities	In build academic trips	Incorporate academic trips	15 Academic trips held
Issue 2: Research, Innovation and Outreach	To Generate and Disseminate Research Findings	Number of staff trained	Train staff in proposal writing	54 staff trained in writing proposals
	Develop fundable research proposal	Developed proposals	Develop proposals	A grant worth ksh 1.5 M awarded by KENET
	To organize annual conferences	1 Conference per year	Organize annual conferences	1 conference conducted
	To enhance outreach in the ASALs	Trainings	Train farmers on apiculture and aquaculture	50 farmers trained on apiculture and aquaculture
	To promote the culture of research and Innovation	career and innovation week	Hold career and innovation week	1 career and innovation week held

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Issue 3: Information Communication and Technology	To expand intranet and internet coverage	% coverage	Extend LAN to all offices Extend WIFI coverage at the University College	100% coverage achieved
	To utilize ICT infrastructure in teaching and learning	Number of computers	Equip Computer Laboratories	50 additional computers purchased
	To enhance ICT equipment maintenance and software development	ERP	Procurement of ERP	5 ERP Modules procured
	To undertake regular website updates	e-repository in place	Populating the University E-repository	E-Repository updated with 7 new communities
	Procurement of teaching and learning materials	Smartboards, LCD projectors	Procurement of smartboards	2 smartboards procured and projectors for all departments
	To utilize ICT infrastructure in learning research and extension	E-learning resource centre	Establish an operationalize E-learning resource centre	E-learning resource centre established and operational
	Issue 4: Student Services	To enhance work study programme	Number of beneficiaries	Enhance work study programme
To Strengthen Student Governance Mechanism		Number of students sensitized	Sensitize students on effective and democratic elections and leadership	20 students sensitized on effective and democratic elections and leadership

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	To Strengthen Students' Career Services	Career week	Organize open and career weeks	3 career weeks organised
	To enhance student welfare services	Linkages for student interaction	To sign MOUs with hotel industries for attachments	4 MOUs signed with hotels
	To improve student leadership	Trainings Democratic election	Train students on effective and democratic leadership Conduct free, fair and democratic election	3 trainings held 1 free, fair and democratic election
	To Improve student's security and safety	Sensitizations	Train students and staff on basic first aid skills	30 students and 30 staff trained
Issue 5: Resource Mobilization and Management	To implement cost reduction and savings measures	Regular internal audits	Conduct regular internal audits	Internal audits conducted
	To enable fees payments using online platforms to enhance fees collection	Operational Platform in place	Enable fees payments using online platforms	Operational Platform in place with banks

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	To Recruit and Train Qualified Staff	Skills Gap analysis Report	Undertake a skills gap analysis	1 Skills Gap analysis Report in place
	To support staff Welfare	100% compliance	Timely submission of staff deductions	100% compliance achieved
	To support, develop and train staff as per HR development policy	100% compliance	support, develop and train staff	Staff development supported through trainings, sensitisations and study leaves
	To undertake staff performance appraisal	100% compliance	All staff to undertake performance appraisal	All staff to undertook performance appraisal for FY 2021-2022
	To support staff welfare	University Sacco	Establish University Sacco	University Sacco established and operational
	To organize team building activities	team building activities	Organize team building activities	team building activities held
Issue 6: Institutional Transformation	To provide a secure, comfortable teaching, learning and living environment	Developing University College Masterplan	Develop University College Masterplan	Masterplan in place
	To acquire plants and equipment	1 Bus 1 Standby Generator	Procure 1 Bus and 1 Standby Generator	Procured 1 Bus 1 Standby Generator
	To comply with the Constitution and Statutory requirements	Compliance certificate	Remit statutory Deductions	100% compliance

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	To construct Flagships projects	Completion rate	To construct Flagships projects	Studio house completed and functional University Health Unit complete and functional Science tuition block phase 1 75% complete Modern Library phase 1 50% complete Administration block phase 1 75% complete Underground water tank 75% complete
	To Adhere to the 30% procurement rule for preferential groups (Youths, women, PWDs)	% compliance	Adhering to the 30% procurement rule for preferential groups (Youths, women, PWDs)	50% of total procurement was awarded to AGPO
	To Adhere to the 40% procurement rule for local content	% compliance	% awarded	100% awarded to Buy Kenya Build Kenya
	Implementing activities towards acquiring ISO 9001:2015 and ISMS 27001:2013	Consultant hired Committee in place Training reports Certification in place	Hire a consultant Form a Committee Train staff on ISO requirements ISO 90001:2015 Certification	Consultant hired Committee in place Staff trained Staff trained

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7.CORPORATE GOVERNANCE STATEMENT

Tharaka University College is committed to exhibiting best practices in all aspects of corporate governance as guided by the Universities Act 2012 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 Act requires the University College 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 College. The Council comprises nine members as disclosed in pages 6 to 8. 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 College goals and objectives. The Council is appointed by the Cabinet Secretary for Education.

As the governing body of the University College, 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 College Council is vested with powers and authority by the Universities Act, 2012. The Council is guided by the guidelines from the Ministry of Education, State department for University Education and Research and Commission for University Education (CUE) to effectively fulfil its corporate governance responsibility towards its stakeholders.

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

Meetings of the Council

The meetings of the Council held during the financial year are as indicated in the table below. The University Council met in the first quarter of the financial year and there were no further meetings because the Council expired on 6th September 2021.

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S/ N	Council Member Name	Council Meeting Date			Total meeting attended
		13-07-21	12-8-21	27-08-21	
1.	Dr. Timothy M. Kiruhi	✓	✓	✓	3/3
2.	Prof. Peter K. Muriung	✓	✓	✓	3/3
3.	Mr. Christopher Aleke Dondo	✓	✓	✓	3/3
4.	Dr.Muthoni P.Nkoroi	x	x	✓	1/3
5.	Mr. James Onduru	✓	✓	✓	3/3
6.	Mr. Abdi Ali Mohamed	x	x	x	0/3
7.	Mrs.Esther N.michieka	✓	✓	✓	3/3
8.	Justice (Rtd.)Muga Apondi	✓	✓	x	2/3
	Total	6	6	7	

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) Human Resources Management Council Committee.
- iv) Building, Planning and Development Committee.

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

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 receives honoraria as stipulated in the Government communique. The committee members do not receive any remuneration apart from the reimbursement of expenses incurred while on the University College duties.

Conflict of Interest

Council members have a statutory duty to avoid situations that they have interests that may conflict with those of the Council. Members of the Council 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

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members make declarations of any conflict of interest. In the 2021/2022 financial year no conflict of interest arose in the conduct of Council business.

Ethics Conduct

The Council, Management board and members of staff of Tharaka University College are required to conduct themselves with integrity and professionalism in accordance with the code of conduct and ethics of the University College

During the 2021/2022 financial year Tharaka University continued to strengthen ethical conduct of their staff through training and sensitization of staff members on corruption risk assessment and enforcement of preventive measures.

Succession Planning

The University College Council is the overall governing organ of the University College. The appointment of the members of the Council is done by the Cabinet Secretary of the Ministry of Education. The Cabinet secretary ensures that there is a staggering of the Council members retirement dates so that all the members do not retire the same time.

Council charter

The University College has a Council Charter which guides its operations. The Council Charter was approved during the 7th Tharaka University Full Council meeting.

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8.MANAGEMENT DISCUSSION AND ANALYSIS

Tharaka University College niche area is in dry land farming and mineralogy. The University College is located in a semi-arid area and dry land farming techniques implemented by the University College through the investment in teaching demonstration units will improve food security especially in the areas that receive low rainfall in the republic of Kenya. Dry land farming such as bee keeping and goat keeping and drip irrigation to minimize the amount of water used in irrigation of crops will ensure high productivity at minimal cost. This intervention is contributing to the government effort of food security in the BIG four Agenda

Operational and Financial Performance

During the year under review the University College realized a total revenue of **Kshs.141 Million as appropriation in aid and Kshs.303 Million** as recurrent government capitation. The University College received Kshs.240 Million as capital grant from the government to support construction of the ongoing capital projects in the University. In the year under review the University College employed strict austerity measures and stringent internal control systems that resulted in the University College realizing a surplus of kshs.3 Million.

In the statement of financial position, the net worth of the University College continued to grow recording a net worth of **Kshs. 782,022,485** compared to **Kshs. 538,801,884** in the 2020/2021 financial year. The performance is tabulated below for three years the University College has been operating independently

Description	2019/2020	2020/2021	2021/2022
Capital Funds	116,541,079	238,461,372	478,461,372
Accumulated Surplus	167,603,554	241,281,280	244,501,881
Revaluation Reserve	59,059,232	59,059,232	59,059,232
Total	343,203,865	538,801,884	782,022,485

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Key projects and investment decisions the entity is planning/implementing

Tharaka University has a five year strategic plan and this plan has set out the projects that the University College is implementing. These projects are outlined in the performance contract signed by the University College for implementation. The projects being implemented by the University are Science Tuition Block, the Main Library, Administration Block and the Media studio Building.

Compliance with statutory requirements

The University College has complied with all the statutory rules and regulations and has not been penalized in the year under review. Payroll deductions withheld at the time of payment of salaries such as N.S.S.F, N.H.I.F, Pension for employees and employer, bank and SACCO deductions, HELB are always paid in a timely manner. Payment of taxes such as VAT and PAYE are filed and paid before the due dates. The University College has also ensured that payment of salaries is paid in a timely manner

Major Risks

Tharaka University College was not exposed to any major risk that can affect its operation in the course of the year under review.

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9.ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Tharaka University College is located in a semi-arid area. The University College has participated in planting trees around its compound to create a conducive micro climate. The University College has participated in several corporate social responsibilities activities as highlighted below:

Sustainability Strategy and Profile

The University College main objective on the financial performance is to ensure the University College continues to be financially sustainable. This is supported by prudence in the utilization of the financial resources. The University has enhanced marketing of its courses to increase the student population which will lead to increased revenues.

Environmental Conservation

The University College bought tree seedlings from the community and the students who had tree nurseries and came from poor background to supplement their source of income to be used in the University College. The seedlings that were bought were planted in the compound to improve on the microclimate. This is also in an effort to achieve the Government target of **10%** forest cover. The University College also trained farmers on the various ways of bee keeping and animal husbandry.

Employee welfare

The University has supported the creation of strong unions for the members of staff to ensure their need are appropriately addressed. The University College has also ensured the remittances of the union's dues are done in a timely manner to support their activities. The University has also sponsored inter Universities staff game to ensure the team building for the members of staff.

Market place practices

Tharaka University College has ensured that it offers the best marketing practices in order to ensure that it attract the required numbers of students to sustain its operations. The University College has a strong marketing team headed by a senior member of staff. This team is regularly trained on the best marketing methods which they employ in the market place in order to attract the required potential customers fairly. The marketing team places

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advertisement which are reviewed by the University management in the newspapers and radio stations.

Tharaka University marketing team is facilitated by the University College during the marketing meetings outside the University College. The University College has also ensured that it pays its customers in time to maintain a good working relationship with its stakeholders.

The University College also ensures that the students are properly educated and trained to acquire the best skills. This will ensure the products released to the market are of the best quality as recommended by the requirement of the Commission for University Education

Corporate Social Responsibility/Community Engagements

Tharaka University College was supported by the community when it was being established through the donation of land by the community. The University College has graded the access road to the University for use by the both the students and members of the community. This has ensured that the members of the community transport their produce to the market during the rainy season. The University College has also planted trees in the surrounding primary schools to improve the tree cover especially in the semi-arid area where the University College is located

Tharaka University College has also trained farmers on bee keeping in order to ensure the members of the community produces the best honey since the members of the community around the University practice bee keeping in large scale.

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10. REPORT OF THE COUNCIL

The Council submits the report together with the financial statements for the year ended June 30, 2022, which indicate the state of the University's affairs.

Principal activities

The Principal activities of the University College are to provide directly, or in collaboration with other institutions a strong knowledge base through teaching, research and innovation and to disseminate this knowledge to produce all rounded graduates with problem solving skills for positive societal transformation

Results

The results of the entity for the year ended June 30, 2022 are set out on pages 34 to 39 for financial statements and pages 40 to 76 for the notes to the financial statements.

University Council

The members of the Council who served during the year are shown on page 6 to 8 in accordance with the Universities Act, 2012.

Dividends/Surplus remission

Tharaka University College did not remit surplus to consolidated fund since it did not have any surplus in the 2021/2022 financial year.

Auditors

The Auditor General is responsible for the statutory audit of the Tharaka University College in accordance with 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 College for the year ended June 30, 2022.

By Order of the University Council



Prof. Peter K. Muriungi, Ph.D.

PRINCIPAL/CEO

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11.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 College, which give a true and fair view of the state of affairs of the University College 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 College. The Council is also responsible for safeguarding the assets of the University College.

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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that this 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 accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. 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, 2022, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University College, 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.

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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 26th August 2022 and signed on its behalf by:



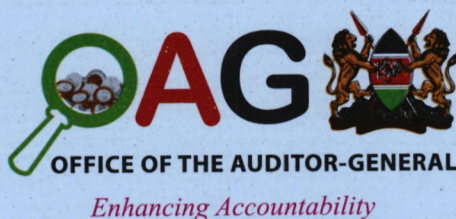
Prof. Peter K. Muriungi, Ph.D.
PRINCIPAL/CEO



Dr. Timothy M. Kiruhi, Ph.D.
COUNCIL CHAIRMAN

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THARAKA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tharaka University College set out on pages 34 to 77, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tharaka University College as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for a Qualified Opinion

1. Inaccuracy in the Statement of Financial Position

The statement of financial position reflects property, plant and equipment comparative balance of Kshs.385,664,840 while Note 25 to the financial statements reflects property, plant and equipment comparative balance of Kshs.397,797,553 resulting to an unexplained variance of Kshs.12,132,713.

In the circumstances, the accuracy of the property, plant and equipment comparative balance of Kshs.385,664,840 could not be confirmed.

2. Inaccuracies in Tuition and Related Income

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects tuition and related income totalling Kshs.121,967,792. However, the tuition and related income records provided for audit reflected a total of Kshs.135,109,895 resulting to an unexplained variance of Kshs.13,142,103.

In addition, Note 7 to the financial statements reflects income from self-sponsored undergraduate students fees of Kshs.10,278,845 while supporting documents reflects Kshs.5,827,000 resulting to an unexplained variance of Kshs.4,451,845. Further, the ERP for self-sponsored undergraduate student's fees report did not indicate the year and semester of study and total amounts invoiced.

Further, Note 7 to the financial statements reflects an amount of Kshs.82,833,947 relating to Government sponsored students while supporting documents reflected Kshs.75,222,527 resulting to unexplained variance of Kshs.7,611,420.

In the circumstances, the accuracy and completeness of tuition fees and related income balance of Kshs.121,967,792 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.776,195,997 and Kshs.779,952,906 respectively resulting to an over-funding of Kshs.3,756,909. Similarly, the College expended Kshs.696,402,708 against an approved budget of Kshs.776,195,997 resulting to an under-expenditure of Kshs.79,793,289 or 10% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, a number of paragraphs were raised. However, Management has not resolved and disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board templates. Management has not provided satisfactory explanation for the delay in resolving the issues.

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. Irregularities in Invoicing Students

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects tuition and related income amounts of Kshs.121,967,792. However, review of sampled students' statements provided for audit revealed delays in billing/ invoicing of students resulting into multiple billings of four, three or two semesters being done on the same day and invoicing was not done in a chronological way with student being invoiced year 2 semester 1 before year 1 semester 1 and semester 2. This is contrary to Section 2.1.4 (c) of Tharaka University College Financial Management Manual, 2019 which states that student accounts will be charged with tuition fees and any other relevant charges before the beginning of the semester.

Further, tuition fees revenue was recognized based on revenue collected and banked instead of number of students registered and invoiced per semesters and academic program during the 2021/2022 financial year. This is contrary to paragraph 21 of International Public Sector Accounting Standard (IPSAS) No.9 which provides that

revenue is recognized when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity

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

2. Delays in Collection of Receivables

The statement of financial position and as disclosed in Note 22 to the financial statements reflects student fees receivable from exchange transaction of Kshs.11,583,038. However, review of student's statements revealed that several students were allowed to progress for 2 or 3 semester and sit for exams before making any payment or clearing fee arrears. This is contrary to Section 2.1.4 (j) of the Tharaka University College Financial Management Manual which requires that no student with fee balances will be allowed to sit for exams unless approved by relevant authority and follow up done to recover all the outstanding fee balance.

Further, it was noted that one student had studied for Four (4) semesters without paying school fees and another one for two (2) semesters. This is contrary to Section 64(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which provides that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for all national government revenue and other public money and that adequate measures, including legal action where appropriate, are taken to obtain payments.

In the circumstances, Management was in breach of the law

3. Lapsed Tenure of Office for the Council Members

During the financial year under review, the term of office for five (5) council members appointed effective on 6 September, 2018 to serve for a period of 3 years lapsed from 6 September, 2021. However, the five (5) council members served for the entire period of 2021/2022 with expired appointment letters. This is contrary to Gazette Notice No. 9720 of the Universities Act (NO.42 of 2012) of 21 September, 2018 which appointed Council members for a period of three (3) years, with effect from the 6 September, 2018 and Section 11(4) of Legal Notice No. 146 of the Tharaka University College Order, 2017 which states that a member of the Council other than ex officio member shall hold office for a term of three years but shall be re eligible for re appointment for further one term.

Further, lapse in term of office of the Council affected the Council operations such as the minimum number of meetings were not held since the Council held three meetings and Council evaluation was not done.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Appoint Council Member with Financial Expertise

Review of the Council members qualifications revealed that the University Council did not have a Council member with financial expertise who is registered with a professional body. This is contrary to Paragraph of 1.1 Sub-section 6 of Chapter 1 of Mwongozo Code of Governance, 2015 which states that at least one Board member should be a financial expert, meaning that he or she has the necessary qualifications and expertise in financial management or accounting and is a bona-fide member of a professional body regulating the Accountancy profession, and in compliance with the requirements thereof.

In the circumstances, the effectiveness of the College's governance could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 control, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the College'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 control 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 controls 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College'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 College 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 College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi


03 May, 2023

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13. STATEMENT OF FINANCIAL PERFORMANCE

<i>Tharaka University College</i>			
<i>Statement of Financial Performance</i>			
<i>For the Period Ended 30th June , 2022</i>			
	Note	2021-2022	2020-2021
		30th June 2022	30th June 2021
Revenue from Non-Exchange Transactions			
Exchequer Recurrent Grants	6	303,363,096	303,662,590
Sub-total		303,363,096	303,662,590
Revenue from Exchange Transactions			
Tuition and Related Income	7	121,967,792	49,334,689
Miscellaneous from Exchange Transactions	8	9,536,473	4,650,665
Other Income	9	10,252,644	4,451,158
Sub-Total		141,756,909	58,436,512
Total Revenue (A)		445,120,005	362,099,102
Expenses			
Employment Expenses	10	268,135,642	177,205,884
Council Expenses	11	4,022,783	7,497,333
Establishment Expenses	12	-	31,050
Repairs and Maintenance Expenses	13	26,028,905	11,142,272
Academic Expenses	14	20,690,084	16,908,809
Students and Alumni Expenses	15	6,588,982	3,648,781
Staff Welfare and Development Expenses	16	266,300	3,045,900
Finance costs	17	1,653,398	589,495
Depreciation and Amortization	18	27,717,653	17,582,829
Use of goods and services	19	86,776,083	50,796,353
Increase/Decrease in Provision for Doubtful Debts	20	19,574	(27,330)
Total Expenditure (B)		441,899,404	288,421,376
Surplus / Deficit (A-B)		3,220,601	73,677,726


Prof. Peter K. Muriungi, Ph.D. Antony Mutegi
PRINCIPAL/CEO ACCOUNTANT
ICPAC NO 1366


Dr. Timothy M. Kiruhi, Ph.D.
COUNCIL CHAIRMAN

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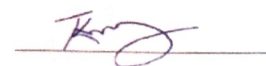
14.STATEMENT OF FINANCIAL POSITION

<i>Tharaka University College</i>			
<i>Statement of Financial Position</i>			
<i>As at 30th June, 2022</i>			
	Note	2021-2022	2020-2021
		30th June 2022	30th June 2021
ASSETS:			
Current Assets			
Cash and Cash Equivalents	21	170,827,589	152,670,752
Receivables from Exchange Transactions	22	11,583,038	9,645,126
Prepayments	23	1,694,993	919,150
Inventory	24	9,657,584	14,695,740
Total		193,763,204	177,930,768
Non-Current Assets			
Tangible Assets -Property, Plant & Equipment	25	625,145,838	385,664,840
Intangible Assets - Comp Software	26	1,540,140	2,200,200
Biological Assets	27	11,216,412	13,272,813
Total		637,902,390	401,137,853
Total Assets		831,665,594	579,068,621
Liabilities:			
Current Liabilities:			
Payables from Exchange Transactions	28	11,654,707	22,256,876
Refundable Deposits and prepayments from customers	29	37,988,402	18,009,861
Total Liabilities		49,643,109	40,266,737
Equity Funds & Reserves			
Capital Funds		478,461,372	238,461,372
Accumulated Surplus		244,501,881	241,281,280
Revaluation Reserve		59,059,232	59,059,232
Total Equity and Reserves		782,022,485	538,801,884
Total Equity and Liabilities		831,665,594	579,068,621



Prof. Peter K. Muriungi, Ph.D. Antony Mutegi
PRINCIPAL/CEO **ACCOUNTANT**

ICPAC NO 1366

Dr. Timothy M. Kiruhi, Ph.D.
COUNCIL CHAIRMAN

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15.STATEMENT OF CHANGES IN NET ASSETS

<i>Tharaka University College</i>					
<i>Statement of Changes in Net Assets/Equity</i>					
<i>For the Period Ended 30th June , 2022</i>					
	Note	Capital Fund	Revaluation Reserves - PPE	Accumulated Surplus	Total
		Ksh	Ksh	Ksh	Ksh
2020-2021					
Balance as at 01/07/2020		116,541,079	59,059,232	167,603,554	343,203,865
Surplus/Deficit for the Year		-	-	73,677,726	73,677,726
Capital Grants		121,920,293	-	-	121,920,293
Balance as at 30/06/2021		238,461,372	59,059,232	241,281,280	538,801,884
2021-2022					
Balance as at 01/07/2021		238,461,372	59,059,232	241,281,280	538,801,884
Surplus/Deficit for the Year		-	-	3,220,601	3,220,601
Capital Grants	31	240,000,000	-	-	240,000,000
Balance as at 30/06/2021		478,461,372	59,059,232	244,501,881	782,022,485

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16.STATEMENT OF CASH FLOWS

<i>Tharaka University College</i>			
<i>Cash Flow Statement</i>			
<i>For the Period Ended 30th June , 2022</i>			
		2021-2022	2020-2021
		30th June 2022	30th June 2021
	Note	Kshs	Kshs
Surplus / (Deficit) from Operations		3,220,601	73,677,726
Adjustments for Non-Cash Items in the Income Statement:			
Depreciation and Amortization Charge for the Year	18	27,717,653	17,582,829
		30,938,254	91,260,555
Working Capital Adjustments			
Increase/Decrease in Receivables -Exchange Transactions	22	(1,937,912)	2,705,733
Increase/Decrease in Receivables - Non Exchange Transactions		-	15,511,286
Increase/Decrease in prepayments	23	(775,843)	(406,210)
Increase/Decrease in Inventory	24	(5,038,156)	(8,821,209)
Increase/Decrease in Payable from Exchange Transactions	28	(10,602,169)	25,850,434
Increase /Decrease in Refundable Deposit and prepayment	29	19,978,541	
Net Cash Flows Used in Operating Activities (A)		32,562,715	126,100,589
Cash flows from investing activities			
Acquisition Plant & Equipment	25	(7,395,167)	(3,525,780)
Acquisition of Motor Vehicles	25	-	(12,002,500)
Acquisition of Furniture & Fittings	25	(6,338,674)	(4,910,309)
Acquisition of Computer Hardware	25	(8,267,464)	(7,716,996)
Purchase of Library Books	25	(4,369,306)	-
Computer Software Acquired	26	-	(2,200,200)
Additions to Biological Assets	27		
Work in Progress Paid	30	(228,035,267)	(150,672,196)
Net Cash Flows Used in Investing Activities (B)		(254,405,878)	(181,027,981)
Cash Flows from Financing Activities			
Capital Fund	31	240,000,000	121,920,293
Net Cash Flows used in Financing Activities (C)		240,000,000	121,920,293
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)		18,156,837	66,993,301
Cash and Cash Equivalents Bal B/F	21	152,670,752	85,677,451
Cash and Cash Equivalents C/F		170,827,589	152,670,752

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED
JUNE 30, 2022

Tharaka University College											
Statement of Comparison of Budget and Actual Amounts											
For the Period Ended June 30, 2022											
	Original Budget		Adjustments		Final Budget		Actual on		Performance		
	2021/2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	Kshs	%	Note
INCOME											
GOK Recurrent Capitation	303,363,099		(3)		303,363,096		303,363,096		-	100	
A-I-A / Internally Generated Funds	62,400,000		75,600,000		138,000,000		141,756,909		(3,756,909)	103	
GOK Capital Grants	240,000,000				240,000,000		240,000,000		-	100	
Committed Savings	94,832,901				94,832,901		94,832,901		-	100	
Total Revenue (A)	700,596,000		75,599,997		776,195,997		779,952,906		(3,756,909)	100	
Expenses											
Employment Expenses	213,000,000		57,300,000		270,300,000		268,135,642		2,164,358	99	
Council Expenses	8,500,000		(4,400,000)		4,100,000		4,022,783		77,217	98	
Repairs and Maintenance Expenses	9,200,000		17,000,000		26,200,000		26,028,905		171,095	99	
Academic Expenses	31,200,000		(10,300,000)		20,900,000		20,690,084		209,916	99	
Students and Alumni Expenses	4,000,000		3,000,000		7,000,000		6,588,982		411,018	94	
Staff Welfare and Development Expenses	1,500,000		(1,200,000)		300,000		266,300		33,700	89	1
Finance Costs	700,000		1,000,000		1,700,000		1,653,398		46,602	97	
Depreciation and Amortization	28,000,000		-		28,000,000		27,717,653		282,347	99	
Use of goods and services	69,196,000		19,450,000		88,646,000		86,776,083		1,869,917	98	
Provision for Doubtful Debts	500,000.00		(229,949)		270,051		117,000		153,051	43	2
Purchase of Plant Property and Equipment	67,800,000		(34,750,000)		33,050,000		26,370,611		6,679,389	80	

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Capital Projects	267,000,000	28,729,946	295,729,946	228,035,267	67,694,679	77	3
Total Expenditure	700,596,000	75,599,997	776,195,997	696,402,708	79,793,289	90	
Budget Surplus/Deficit	-	-	-	83,550,198.00			

The adjustment in budget was due to approval of supplementary budget and budget reallocation done during the financial year 2021-2022.

Surplus as per the Statement of Comparison of Budget and Actual Amounts	83,550,198
Add	
Purchase of Property, Plant and Equipment	26,370,611
Payment for Capital Projects	228,035,267
Add back provision for bad debts	117,000
less	
Less increase in provision for bad debts	19,574
GOK Capital Grants	240,000,000
Committed Savings	94,832,901
Surplus as per the Statement of Financial Performance	3,220,601

Budget Notes

Note 1: Staff Welfare and Development Expenses

The university had budgeted to recruit additional staff in critical areas of the operations. The recruitment was not done due insufficient capitation hence the staff related expenses was reduced hence the allocated budget was not fully utilized,

Note 2: Provision for Doubtful Debts

The introduction of a robust ERP system enhanced revenue collection hence less fees was in arrears. The amount budgeted as provision for bad debts was more that the provision that that was required.

Note 2: Capital Projects.

The project implementation proceeded slow during the last quarter of the financial year due to heavy rains that was witnessed in the area that had not been anticipated.

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18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Tharaka University College is an independent public entity established as a Constituent College of Chuka University on 27th July, 2017, through Legal Notice No. 146. The University College Entity is established by and derives its authority and accountability from Universities Act No 42 of 2012. The Public Financial Management Act 2012, and the Public Financial Management Regulations 2015, governs the financial management of Tharaka University College. Tharaka University College is wholly owned by the Government of Kenya and is domiciled in Kenya. The University College principal activity is to enhance access to quality and affordable University Education to the people of the region and beyond, with the aim of training skilled manpower required for regional and national development. The vision of the University College **is to be an adaptive Centre of excellence in teaching, research, innovation and outreach for societal transformation**

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Tharaka University College 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 judgment 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 College.

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.

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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:
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IPSAS 41:	Applicable: 1st January 2023:
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Financial
Instruments

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:

- 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.

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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: <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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).

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <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:	<i>Applicable 1st January 2025</i>
Non- Current Assets Held for Sale and Discontinued Operations	<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

Tharaka University College did not early – adopt any new or amended standards in year ended 2021/2022

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.

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Sale of goods

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

Interest income

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

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

Tharaka University College 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 original budget for 2021/2022 was approved by the ministry of education on 28th July 2021 and the final budget approved on 18th May 2022.

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.

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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.

Tharaka University College is a public institution of higher learning, established under Legal Notice 146 of 2017. By the nature of its establishment and operations, The University College 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

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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 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:

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- 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.

a) 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.

b) 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.

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All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. 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	2.50%
Machinery and Equipment	20%
Furniture and Fittings	12.50%
Motor Vehicles	25%
Computer & Computer peripherals	30%
Library Books	20%

c) 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

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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.

d) 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%.

e) 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.

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.

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f) 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. Tharaka University College 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

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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 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.

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g) 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.

h) 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.

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

i) 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.

j) 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.

k) 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.

l) 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.

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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.) at Kshs.200 per employee of the University College. 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.

m) 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.

n) 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.

o) Related parties

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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.

p) 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.

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 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 21 & 23

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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. Tharaka University College management has provided for a provision for bad debts at the rate of 1% of the Receivables from exchange transactions.

6	Exchequer Recurrent Grants		
	Description	2021-2022	2020-2021
		30th June 2022	Kshs
	Ministry of Education-Exchequer Recurrent Grants		
	July	25,280,258	23,221,882
	August	25,280,258	23,221,882
	September	25,280,258	23,221,883
	October	25,280,258	23,221,882
	November	25,280,258	23,221,882
	December	25,280,258	23,221,882
	January	25,280,258	23,221,882
	February	25,280,258	23,221,882
	March	25,280,258	23,221,884
	April	25,280,258	48,221,882
	May	25,280,258	23,221,884
	June	25,280,258	23,221,883
	Total	303,363,096	303,662,590
7	Description	2021-2022	2020-2021
	Revenue from Exchange Transactions	30th June 2022	Kshs
	Income from Diploma & Certificates Courses	31,000,726	8,534,800
	Income from Government Sponsored Students	82,833,947	42,091,700
	Income from Self Sponsored Undergraduate Students	10,278,845	3,831,700
	Income from Self Sponsored Postgraduate Students	10,996,377	8,849,750
	Total Income Earned	135,109,895	63,307,950
	Less: Non Tuition Income Included in the Income Earned		
	Caution Money	(3,152,000)	(2,090,000)
	Medical Fees	(4,988,000)	(2,378,000)
	Accommodation Charges	(702,000)	(534,000)
	Application Fees	(471,200)	(169,000)
	Fines for Damages	(6,305)	(3,000)
	Student Union	(1,912,900)	(1,088,200)
	Less:		

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	Tuition Fees Prepaid	(13,382,736)	(7,639,561)
	Tuition Fees Refund	(227,000)	(71,500)
	Total	(24,842,141)	(13,973,261)
	Add:		
	Tuition Fees Receivable	11,700,038	
	Total Tuition & Related Income for the Year	121,967,792	49,334,689
8	Description	2021-2022	2020-2021
	Other miscellaneous income from exchange transactions	30th June 2022	Kshs
	Income Catering	8,059,308	4,447,215
	Income Medical	33,620	29,455
	Income Farm	1,386,570	173,995
	Others -shop	56,975	-
	Total	9,536,473	4,650,665
9	Description	2021-2022	2020-2021
	Other Miscellaneous Income from Exchange Transactions	30th June 2022	Kshs
	Hire of Facilities	61,800	22,800
	Disposal of Miscellaneous Items	152,650	135,985
	Accommodation Charges	702,000	534,000
	Application Fees	471,200	169,000
	Fines for Damages	6,305	3,000
	Conferences & Seminars	198,515	116,378
	Library Subscription		1,000
	Research Funds		110,780
	Medical fees	4,988,000	2,378,000
	Interest on Bank Deposit	3,672,174	980,215
	Total	10,252,644	4,451,158
10	Description	2021-2022	2020-2021
	Employment Expenses	30th June 2022	Kshs
	Personnel Emoluments:		
	July	14,921,151	11,742,945
	August	15,652,259	11,773,607
	September	19,639,851	11,832,283
	October	21,236,312	12,092,431
	November	21,499,119	11,972,545
	December	22,072,456	12,391,665
	January	25,012,192	13,757,917
	February	22,746,220	12,554,526
	March	22,698,720	12,556,782
	April	21,493,412	12,565,394
	May	22,516,112	12,955,604
	June	22,810,852	12,853,742

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	Total	252,298,655	149,049,441
	Casual Labour Expenses	7,983,968	7,078,933
	Gratuity Expense	6,192,529	19,296,294
	Hospitalization & Medical Expenses	1,660,490	1,781,216
	Total employment Expenses	268,135,642	177,205,884
11	Description	2021-2022	2020-2021
	Council Expenses	30th June 2022	Kshs
	Sitting Allowance,Lunch Accommodation & Mileage	4,022,783	7,497,333
	Total	4,022,783	7,497,333
12	Description	2021-2022	2020-2021
	Establishment Expenses	30th June 2022	Kshs
	Teaching Demonstration and Watering Units	-	31,050
	Total	-	31,050
13	Description	2021-2022	2020-2021
	Repairs and Maintainace Expenses	30th June 2022	Kshs
	Vehicle Repairs/Transport Operating Expenses	3,860,665	2,312,503
	Fuel & Oils-Generator	4,460,814	1,097,520
	Grounds Maintenance	11,563,414	-
	Computer/Software Maintenance	846,000	-
	Buildings	5,298,012	7,732,249
	Total	26,028,905	11,142,272
14	Description	2021-2022	2020-2021
	Academic Expenses	30th June 2022	Kshs
	Part- Time Lect. Expenses	12,149,850	14,413,727
	Graduation Expenses	1,527,720	222,701
	Teaching Practice & Field Attachment All.	877,153	217,600
	Academic Field Trips	679,002	211,111
	Teaching Materials & Lab Reagents	3,683,812	848,760
	Travelling & Subsistence (Part Time Lecturers/external examiners)	1,060,387	
	Other Research Expenses	712,160	994,910
	Total Academic Expenses	20,690,084	16,908,809
15	Description	2021-2022	2020-2021
	Students and Alumni expenses	30th June 2022	Kshs
	Student Welfare Expenses	3,979,370	3,470,381.00
	Student Work Study Expenses	690,500	178,400.00
	Basic Needs Expense	1,919,112	-
	Total	6,588,982	3,648,781
16	Description	2021-2022	2020-2021
	Staff Welfare & Development expenses	30th June 2022	Kshs

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	Staff Development -	266,300	1,247,648
	Staff Welfare Expenses	-	1,798,252
	Total	266,300	3,045,900
17	Description	2021-2022	2020-2021
	Finance Cost	30th June 2022	Kshs
	Bank Charges Interest	1,653,398	589,495
	Total Finance Cost	1,653,398	589,495
18	Description	2021-2022	2020-2021
	Depreciation and Amortization	30th June 2022	Kshs
	Buildings	3,525,000	3,525,000
	Plant & Equipment	4,003,961	2,623,928
	Motor Vehicles	8,219,875	5,219,250
	Furniture & Fittings	2,460,080	1,649,281
	Computer Hardware	6,897,888	3,334,054
	Library Books	1,950,789	1,231,316
	Amortization of Computer Software	660,060	-
	Total Dep & Amortization	27,717,653	17,582,829
19	Description	2021-2022	2020-2021
	Use of goods and services	30th June 2022	Kshs
	General Insurances	1,978,232	-
	Property Insurances MV	380,175	622,470
	Travelling and Subsistence for staff	8,302,538	7,714,750
	University Committees' Expenses	935,275	1,771,340
	Animal Breeding Expenses	640,100	1,335,131
	Postage and Telephone	267,050	117,164
	Electricity Expenses	1,845,139	1,727,458
	Honorarium	-	234,740
	Water Supply and Sewerage Expenses	551,894	527,960
	Staff Uniforms	-	139,050
	Newspapers Journals and Videos	328,754	266,691
	Printing & Publishing	-	1,284,350
	Office Stationery	3,190,430	2,226,408
	General Subscription	940,000	626,859
	Campuses Expenses	3,228,321	-
	Professional Services- ISO	561,250	418,540
	Hire of Security Services	7,704,566	3,653,942
	Hire of Cleaning Services	4,422,000	2,625,349
	Internet Expenses	6,084,281	778,526
	Legal Fees/Valuation	30,880	
	Professional Services	1,510,322	
	Official Entertainment	378,210	801,471

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	Conferences & Seminars	7,471,541	1,094,400
	Cleaning Materials	198,070	578,157
	Corporate Social Responsibility	253,585	210,000
	Quality Assurance fees -CUE Subscription	1,889,801	1,151,000
	Farm general expenses	4,758,980	3,801,731
	Advertisement & Publicity	9,094,199	5,378,872
	Exhibitions and Local Shows	1,095,500	-
	KUCCPS Placement fees	1,548,000	1,327,500
	Landscaping of University Grounds	-	217,200
	Purchase of foodstuff	10,465,652	5,075,632
	Medical drugs & related	1,514,387	73,590
	Covid 19	2,073,411	2,142,666
	Signage	-	282,880
	Strategic Plan	-	1,242,131
	Purchase of Games Equipment	2,437,540	652,395
	Audit fees	696,000	696,000
	Total	86,776,083	50,796,353
20	Description	2021-2022	2020-2021
	Provisions for Doubtful Debts	30th June 2022	Kshs
	Bal B/F 1st July 2021	97,426	124,756
	Increase/Decrease During the Year Period	19,574	(27,330)
	Balance as at 30th June 2022	117,000	97,426
		2021-2022	2020-2021
21	Description	30th June 2022	Kshs
	Cash & Cash Equivalents		
	KCB - Fees Collection A/C - 1240985967	1,338,657	30,389,947
	Coop Development a/c 01120572400000	140,030,909	47,955,307
	Coop-Fee Collection A/C 011295724000000	1,328,964	25,107,063
	Equity fees collection A/C 0210277753588	1,237,915	21,036,835
	KCB-Retention A/C 1281110027	25,316,159	28,181,600
	KCB - Operations A/C 1280946571	981,259	-
	Family bank fee collection	593,726	-
	Total	170,827,589	152,670,752
22	Description	2021-2022	2020-2021
	Receivable from Exchange Transactions	30th June 2022	Kshs
	Students Fees Receivable	11,700,038	9,742,552
	Total Receivables from Exchange Transactions	11,700,038	9,742,552
	Less: Impairment/Provision for Doubtful Debts	(117,000)	(97,426)
	Net Receivables from Exchange Transactions	11,583,038	9,645,126
23	Description	2021-2022	2020-2021
	Prepayments	30th June 2022	Kshs

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	Prepaid General Insurance	1,482,714	919,150
	Prepaid Property Insurance	212,279	-
	Total	1,694,993	919,150
24	Description	2021-2022	2020-2021
	Inventory	30th June 2022	Kshs
	Main Stores	7,814,535	13,812,877
	Medical Supplies	535,638	324,848
	Farm Supplies & Consumables	465,180	365,980
	laboratory	392,464	
	Catering Supplies & Consumables	449,767	192,035
	Total	9,657,584	14,695,740

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25) Property, Plant and Equipment Schedule

Depreciation Rate	-	2.5%	20.0%	25.0%	12.5%	30.0%	20.0%	-	Totals
Particulars	Land	Buildings	Plant & Equip	Motor Vehicle	Furniture & Fittings	Comp Hardware & ICT	Library Books	Work In Progress	
Cost									
Balance in 2020/2021 Financial Statements	47,000,000	141,000,000	7,914,290	15,657,750	8,909,171	5,671,950	4,925,264	5,474,176	236,552,601
Prior year adjustment on cost depreciation (Note 1)			1,978,572	5,219,250	1,272,739	2,430,836	1,231,316		12,132,713
Cost 1.7.2020	47,000,000	141,000,000	9,892,862	20,877,000	10,181,910	8,102,786	6,156,580	5,474,176	248,685,314
Additions -2020/2021	-	-	3,525,780	12,002,500	4,910,309	7,716,996	-	150,672,196	178,827,781
W.I.P Capitalized	-	-	-	-	-	-	-	-	-
Cost At 30th June 2021	47,000,000	141,000,000	13,418,642	32,879,500	15,092,219	15,819,782	6,156,580	156,146,372	427,513,095
Cost/Value as at 1.7.21	47,000,000	141,000,000	13,418,642	32,879,500	15,092,219	15,819,782	6,156,580	156,146,372	427,513,095
Additions	-	-	7,395,167	-	6,338,674	8,267,464	4,369,306	228,035,267	254,405,878
Cost At 30th June 2022	47,000,000	141,000,000	20,813,809	32,879,500	21,430,893	24,087,246	10,525,886	384,181,639	681,918,973
Depreciation and impairment									
Prior year adjustment to accumulated depreciation (Note 1)	-	-	1,978,572	5,219,250	1,272,739	2,430,836	1,231,316	-	12,132,713
Accumulated Depreciation as at 30th June 2021		3,525,000	2,623,928	5,219,250	1,649,281	3,334,054	1,231,316	-	17,582,829
Adjusted accumulated depreciation as at 30th June 2021	-	3,525,000	4,602,500	10,438,500	2,922,020	5,764,890	2,462,632	-	29,715,542
Acc. Dep At 1 July 2021	-	3,525,000	4,602,500	10,438,500	2,922,020	5,764,890	2,462,632	-	29,715,542
Dep charge for the year		3,525,000	4,003,961	8,219,875	2,460,080	6,897,888	1,950,789	-	27,057,594
Dep as at 30 June 2022		7,050,000	8,606,461	18,658,375	5,382,100	12,662,778	4,413,421	-	56,773,135
Net Book Values									
NBV as at 30th June 2021	47,000,000	137,475,000	8,816,142	22,441,000	12,170,199	10,054,892	3,693,948	156,146,372	397,797,553
NBV as at 30th June 2022	47,000,000	133,950,000	12,207,348	14,221,125	16,048,793	11,424,468	6,112,465	384,181,639	625,145,838

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Note 1: Adjustment of prior year cost and accumulated depreciation

Item	DR	CR
Plant and Equipment Cost	1,978,572	
Motor vehicle Cost	5,219,250	
Furniture and fittings Cost	1,272,739	
Computer Hardware Cost	2,430,836	
Library books Cost	1,231,316	
Accumulated Depreciation		12,132,713

Being prior year adjustment on understatement of initial cost and accumulated depreciation

26) Intangible Assets, Computer Software Schedule

Description	Kshs
Description	Kshs
Year 2020/2021	
Cost/Value at 1/7/2020	2,200,200
Accumulated Amortization 1/07/2020	-
Amortization Charge for the Period	-
Accumulated Amortization 30/06/2021	-
Carrying amount as at 30 June 20	-
Carrying amount as at 30 June 2021	2,200,200
Year 2021/2022	
Cost/Value at 1/7/2021	2,200,200
Additions/adjustments	-
Cost/Value at 30/06/2022	2,200,200
Accumulated Amortization 1/07/2021	-
Amortization Charge for the Period	660,060
Accumulated Amortization 30/06/2022	660,060
Carrying amount as at 30 June 2021	2,200,200
Carrying amount as at 30 June 2022	1,540,140

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27) Biological Assets

Item	Unit	2020/2021			2021/22		
		Qty	Cost/Unit	Total	Qty	Cost/Unit	Total
Pixie Orange	numbers	120	1,000	120,000	120	1,000	120,000
Pixie Orange	numbers	229	350	80,150	229	350	80,150
Pixie Orange	numbers	260	249	64,740	257	350	89,950
He goats	Heads	15	10,000	150,000	21	7,000	147,000
She goats	Heads	24	8,000	192,000	48	6,500	312,000
He goat-kid	Heads	32	3,000	96,000	34	4,000	136,000
She goat-kid	Heads	17	3,000	51,000			-
Indigenous bull	Heads	6	80,000	480,000	3	50,000	150,000
Indigenous cow	Heads	6	50,000	300,000	5	40,000	200,000
Indigenous heifers	Heads	3	80,000	240,000	2	20,000	40,000
Indigenous heifers	Heads	7	50,000	350,000			-
Local male calf	Heads	2	25,000	50,000	2	25,000	50,000
Local female calf	Heads	1	15,023	15,023	6	10,000	60,000
Jersey heifer	Heads	3	150,000	450,000	1	50,000	50,000
Ankole Bull	Heads	1	250,000	250,000	1	250,052	250,052
Ankole heifer-Female	Heads	6	200,000	1,200,000	6	200,000	1,200,000
Ankole Male calf	Heads	1	50,000	50,000	2	150,000	300,000
Ankole female calf	Heads	2	50,000	100,000	7	150,000	1,050,000
Boars	Heads	2	40,000	80,000	26	25,000	650,000
Sows	Heads	5	35,000	175,000	19	22,000	418,000
Piglets Six Months	Heads	26	3,500	91,000	35	10,000	350,000
Piglets three months					33	3,500	115,500
Piglets new months					22	1,500	33,000
Neem Tree	Numbers	1,195	500	597,500	1,195	500	597,500
Ashoka Trees	Numbers	5,752	1,200	6,902,400	2,951	1,200	3,541,200
Saluting Cyprus	Numbers	306	500	153,000	306	500	153,000
Indigenous Trees	Numbers	690	1,500	1,035,000	405	1,500	607,500
Palm Tree					56	300	16,800
Layers Chicken					566	500	283,000
Improved Kienyeji					5	400	2,000
Catfish					1938	20	38,760
Jersey cow					1	175,000	175,000
Total				13,272,813			11,216,412

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28	Description	2021-2022	2020-2021
	Payables / Accruals from exchange transactions	30th June 2022	Kshs
	Part-Time Lecturers-Wages & Salaries Accrued	4,070,178	-
	Audit Fees Payable	1,392,000	1,392,000
	Staff Gratuity Payable	6,192,529	20,864,876
	Total	11,654,707	22,256,876
29	Refundable Deposits and prepayments from customers		
	Student Caution Money Payable	5,100,000	2,090,000
	Prepaid Tuition Income	13,382,736	7,639,561
	Retention for W.I.P Payable	19,505,666	8,280,300
	Total	37,988,402	18,009,861
30	Description	2021-2022	2020-2021
	Work in Progress	30th June 2022	Kshs
	Science Tuition Block	49,588,241	28,752,278
	Library Block	24,857,744	13,605,500
	Media House	39,663,630	47,912,085
	Administration Block	74,837,563	24,595,213
	Swimming Pool	5,561,077	1,839,743
	Underground tank	19,334,816	2,337,374
	Borehole	-	6,250,710
	Health Unit	-	6,878,728
	Sewerage/Septic tank	-	774,425
	Cabro Paving	-	10,353,628
	Fish Pond	-	363,100
	Gazebo	3,159,446	4,614,926
	Lecture hall	-	2,394,486
	Ablution	7,032,750	-
	Acquisition Neighboring Land	4,000,000	
	Total	228,035,267	150,672,196
31	Description	2021-2022	2020-2021
	Exchequer Capital Grants	30th June 2022	Kshs
	Ministry of Education		
	1st Disbursement	120,000,000	121,920,293
	2nd Disbursement	120,000,000	-
	3rd Disbursement	-	-
	Total	240,000,000	121,920,293

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32) FINANCIAL RISK MANAGEMENT

Tharaka University College activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University College overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize 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 College has exposure to credit risk, which is the risk that a counter party 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 into account of the value of any collateral obtained is made up as follow:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	11,583,038	11,583,038	Nil	Nil
Receivables from non-exchange transactions	Nil	Nil	Nil	Nil
Bank balances	170,827,589	170,827,589	Nil	Nil
Total	182,410,627	182,410,627	Nil	NIL
At 30 June 2021				

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Receivables from exchange transactions	9,645,126	9,645,126	Nil	Nil
Receivables from non-exchange transactions	Nil	Nil	Nil	Nil
Bank balances	152,670,752	152,670,752	Nil	Nil
Total	162,315,878	162,315,878	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 recognized 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

Ultimate responsibility for liquidity risk management rests with the University College 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Payables	49,643,109	Nil	Nil	49,643,109
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

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Total	49,643,109	Nil	Nil	49,643,109
At 30 June 2021				
Trade payables	40,266,737	Nil	Nil	40,266,737
Current portion of borrowings	Nil	Nil	Nil	xxx
Provisions	Nil	Nil	Nil	xxx
Deferred income	Nil	Nil	Nil	xxx
Employee benefit obligation	Nil	Nil	Nil	xxx
Total	40,266,737	Nil	Nil	40,266,737

(iii) Market risk

The University College Council 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.

The entity's management board 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.

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Tharaka University College 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 recognized 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 Tharaka University College has continued to bank with commercial banks that offer favorable interest rate in order to manage interest rate risk.

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:

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- 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.

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 2022				
Financial Assets				
Quoted equity investments	Nil	Nil	Nil	Nil
Non- financial Assets				
Investment property	Nil	Nil	Nil	Nil
Land and buildings	Nil	180,950,000	Nil	180,950,000
Total	Nil	180,950,000	Nil	180,950,000
At 30 June 2021				
Financial Assets				
Quoted equity investments	Nil	Nil	Nil	Nil
Non- financial Assets				
Investment property	Nil	Nil	Nil	Nil
Land and buildings		184,475,000		188,000,000

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Total	Nil	184,475,000	Nil	184,475,000
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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:

	2021-2022	2020-2021
		Kshs
Revaluation reserve	59,059,232	59,059,232
Retained earnings	244,501,881	241,281,280
Capital reserve	478,461,372	238,461,372
Total funds	782,022,485	538,801,884
Total borrowings	Nil	Nil
Less: cash and bank balances	Nil	Nil
Net debt/(excess cash and cash equivalents)	Nil	Nil
Gearing	Nil	N/A

33) RELATED PARTY BALANCES

a) 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;

i) The National Government;

Tharaka University College 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 College budget.

ii) The Principal Secretary, Ministry of Education;

Tharaka University College is an independent public entity established through a legal order 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 College.

iii) The University management;

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

iv) The Council Members;

As the governing body of the University College, 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 College.

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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.

v) Academic Board

This is the academic authority of the University College. It is composed of the Principal, Deputy Principals, Deans, Directors Heads and Chairmen of the academic Departments, two students' representatives and Faculty representatives. Its role is to discuss and approve student results as well as students' disciplinary matters. The Academic Board is chaired by the Principal.

b) Related party transactions

i) Related Party Transfers

	2021-2022	2020/2021
Transfers from related parties'		
Recurrent	303,363,096	303,662,590
Capital	240,000,000	121,920,293
Transfers to related parties	-	-
Totals	543,363,096	425,582,883

ii) Key management remuneration

	2021-2022	2020/2021
University Council	4,022,783	7,497,333
Key management	20,117,156	18,182,179
Compensation		
Totals	24,139,939	25,679,512

34) Events after the reporting period

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

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35) Ultimate and Holding Entity

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

36) Currency

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

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19. APPENDICES

APPENDIX 1: Progress on follow up of Auditor General Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	35% of debtors by the University College	The University is working to reduce these historical debts inherited from Chuka University.	Head of Finance	Partly resolved	June, 2023
1.2	Lack of Risk Policy	Risk policy in place	Registrar A&P	Resolved	June 2022
1.3	Biological asset reconciliation	Reconciliation provided	Farm Manager	Resolved	June 2022
1.4	Budgetary Performance	Budget Under expenditure	Head of Finance	Partly resolved	June 2023



Prof. Peter K. Muriungi, Ph.D.

PRINCIPAL/CEO

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APPENDIX II: Projects implemented by the Entity

PROJECT'S NAME	Total Project Cost	Total Expended to date	Completion % to date	Budget 2021-2022	Actual 2021-2022	Variance	%	Source of funds
Science Tuition Block	500,000,000	78,340,519	15.67	65,000,000	49,588,241	15,411,759	23.71	GOK
Library Block	500,000,000	38,463,244	7.69	65,000,000	24,857,744	40,142,256	61.76	GOK
Media House	100,000,000	87,575,715	87.58	40,000,000	39,663,630	336,370	0.84	AIA
Administration Block	500,000,000	99,432,776	19.89	85,500,000	74,837,563	10,662,437	31.97	GOK
Swimming Pool	10,000,000	7,400,820	74.01	6,429,946	5,561,077	868,869	15.74	AIA
Underground Tank	25,000,000	21,672,190	86.69	19,500,000	19,334,816	165,184	0.85	AIA
Gazebo	10,000,000	7,774,372	77.74	3,200,000	3,159,446	40,554	1.27	AIA
Abution	15,000,000	7,032,750	46.89	7,100,000	7,032,750	67,250	0.95	AIA
Acquisition Neighbouring Land	6,000,000	4,000,000	66.67	4,000,000	4,000,000	0	0	AIA
	1,666,000,000	351,692,386		295,729,946	228,035,267	67,694,679		

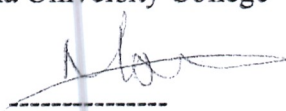
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APPENDIX III: Inter-entity transfers

Tharaka university, Breakdown of Transfers from the State Department of University Education for FY 2021/2022			
Recurrent Grants			
	Bank Statement Date	Amount (KShs)	FY to which the amounts relate
	03-08-2021	25,280,258	2021/2022
	01-09-2021	25,280,258	2021/2022
	29-09-2021	25,280,258	2021/2022
	07-10-2021	25,280,258	2021/2022
	02-11-2021	25,280,258	2021/2022
	03-12-2021	25,280,258	2021/2022
	28-12-2021	25,280,258	2021/2022
	01-02-2022	25,280,258	2021/2022
	02-03-2022	25,280,258	2021/2022
	28-04-2022	25,280,258	2021/2022
	06-06-2022	25,280,258	2021/2022
	28-06-2022	25,280,258	2021/2022
	Total	303,363,096	
Development Grants			
	Bank Statement Date	Amount (KShs)	FY to which the amounts relate
	13-08-2021	120,000,000	2021/2022
	23-03-2022	120,000,000	2021/2022
	Total	240,000,000	

Accountant
Tharaka University College

Sign



Head of Accounting Unit
Ministry of Education

Sign

