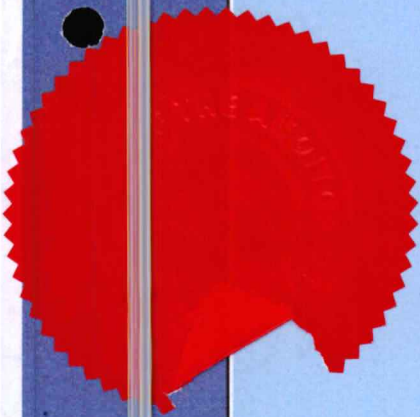
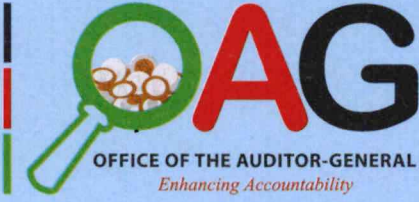


REPUBLIC OF KENYA



 <b>THE NATIONAL ASSEMBLY</b> PAPERS LAID	
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OF KENYA  
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**REPORT**

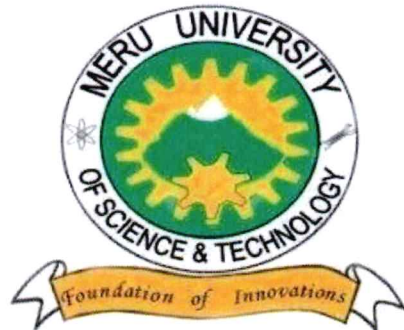
**OF**

**THE AUDITOR-GENERAL**

**ON**

**MERU UNIVERSITY OF SCIENCE  
AND TECHNOLOGY**

**FOR THE YEAR ENDED  
30 JUNE, 2025**



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# MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>TABLE OF CONTENTS</b>	<b>Page</b>
1. Acronyms and Definition of Key Terms.....	ii
2. Key Entity Information and Management .....	iii
3. The University Council.....	vii
4. Key Management Team .....	xiv
5. Chairman’s Statement .....	xvi
6. Report of The Vice Chancellor .....	xviii
7. Statement of Meru University Performance against Predetermined Objectives for FY 2024/2025.....	xx
8. Corporate Governance Statement .....	xxviii
9. Management Discussion and Analysis .....	xxxii
10. Environmental and Sustainability Reporting .....	lii
11. Report of the Council .....	liv
12. Statement of Council’s Responsibilities .....	lv
13. Report of The Independent Auditor for the Financial Statements of Meru University of Science and Technology for the Financial year ended 30 June 2025 .....	lvi
14. Statement of Financial Performance for the year ended 30 June 2025.....	1
15. Statement of Financial Position as at 30 June 2025.....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2025 .....	3
17. Statement of Cash Flows for the year ended 30 June 2025.....	4
18. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025 .....	5
19. Notes to the Financial Statements .....	8
Appendix I: Progress on Follow up of Auditor Recommendations .....	42
Appendix II: Projects Implemented by MUST .....	44
Appendix III: Inter-Entity Transfers .....	45
Appendix IV: Recording of Transfers from other Government Entities .....	46

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**1. ACRONYMS AND DEFINITION OF KEY TERMS**

**A: Acronyms and Abbreviations**

IPSAS	International Public Sector Accounting Standards
IPUCCF	Inter Public Universities Council Consultative Forum
KRA	Key Result Areas
MUST	Meru University of Science and Technology
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
RICE	Research, Innovation, Commercialization and Extension
SAGAs	Semi-Autonomous Government Agencies
VC	Vice Chancellor

**B: Glossary of Terms**

<b>Fiduciary Management</b>	Members of Management directly entrusted with the responsibility of financial resources of the organisation
<b>Comparative Year</b>	Means the prior period.
<b>Grants in Aid</b>	An amount of money given by the government to a government department or social organization that is not a business.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**2. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Through the Legal Notice No.103 of July 18, 2008, the then Meru College of Technology was upgraded to a constituent college of Jomo Kenyatta University of Agriculture and Technology and renamed Meru University College of Science and Technology. On March 1, 2013, the University College acquired its fully-fledged university status and became Meru University of Science and Technology. The University is located 16 km from Meru town along Meru-Maua road in Meru County, Tigania West Constituency.

The University has the following schools, Institutes and Campuses;

**Schools**

- School of Agriculture & Food Science
- School of Business & Economics
- School of Computing & Informatics
- School of Education
- School of Engineering & Architecture
- School of Health Sciences
- School of Pure & Applied Sciences
- School of Nursing

**Institutes & Campuses**

- Sanitation Research Institute
- Mariene Research Institute
- Town Campus: Center for continued and professional studies
- Marimba Learning Centre
- Institute of Cement and Concrete



**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**(b) Principal Activities**

**i. The principal activities of the University are to:**

- a) Provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to labour market needs.
- b) Play a leading role in the development and expansion of opportunities for higher education and research in agriculture, forestry, mining, energy, water and environmental sciences on arid and semi-arid lands.
- c) Contribute to industrial and technological development through innovations and technology transfer.
- d) Contribute to agricultural, industrial and technological development of Kenya in collaboration with industry and other institutions through transfer of appropriate technology.

**ii. Vision**—The vision of the University is to be a world class University of excellence in science and technology.

**iii. Mission**—To provide quality University education, training and research in science, technology and innovation.

**iv. Core Values**—The following are the University core values:

- Integrity
- Professionalism
- Quality
- Innovation

**(c) Key Management**

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

- The Council
- The Vice Chancellor
- University Senate
- University Management Board

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Romanus Odhiambo
2.	Deputy Vice Chancellor (Administration, Finance and Planning)	Prof. Hilda Omae
3.	Deputy Vice Chancellor (Academic, Research and Students' Affairs)	Prof. Simon Thurania

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

4.	Registrar (Administration and Planning)	CHRP, Dr. Elijah Walubuka
5.	Registrar (Academic and Students' Affairs)	Dr. Stephen Karanja
6.	Finance Officer	CPA Nephath Njeru

**(e) Fiduciary Oversight Arrangements**

**i) Audit Committee of the Council activities**

The Audit Committee of the Council assists the Council in fulfilling its responsibilities with respect to accounting and management control, and financial reporting. Specifically, the Audit Committee is responsible for overseeing:

- The internal audit function and the work of external auditor,
- That the system of the management control in the University is robust and effective and protects the assets of the University on a reasonable and economic basis,
- Ensures that financial information is reliable and accurate,
- Monitors compliance with laws and regulations,
- Provides for proper authorization and recording of transactions.

**ii) Finance Committee of the Council**

The Finance Committee is responsible for monitoring and advising Council on the financial health of the university, including the financial strategy, budget setting, annual accounts, investment activity, and consideration of capital expenditure.

**(f) The University Headquarters**

Meru University of Science and Technology  
 Physical Address: Meru-Maua Road, 16 kilometres from Meru Town  
 P.O Box 972 – 60200, Meru

**(g) The University Contacts**

Telephone: (254) 0704 508 454  
 E-mail: [finance@must.ac.ke](mailto:finance@must.ac.ke), [vc@must.ac.ke](mailto:vc@must.ac.ke)  
 Website: [www.must.ac.ke](http://www.must.ac.ke)  
 P.O Box 972 – 60200, Meru –Kenya

**(h) The University Bankers**

1. National Bank of Kenya – Meru Branch  
 P.O Box 1774 – 60200, Meru
2. Kenya Commercial Bank Ltd- Meru Branch  
 P.O Box – 178 – 60200, Meru
3. Equity Bank –Makutano Branch  
 P.O. Box 3137 -60200, Meru
4. Cooperative Bank- Makutano Branch  
 P.O. Box 1328-60200, Meru

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**Independent Auditors**

Auditor General  
Office of the Auditor General,  
Anniversary Towers, University Way,  
P.O. Box 30084 GOP 00100,  
Nairobi, Kenya

**(i) Principal Legal Adviser**

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

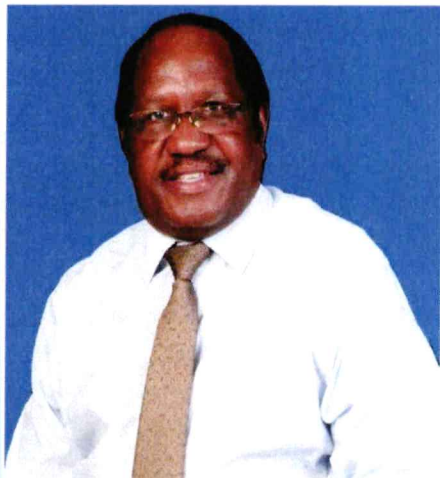
**Meru University of Science and Technology  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

**3. THE UNIVERSITY COUNCIL**

The following are the Council members who served during the period:

**CURRENT COUNCIL MEMBERS**

**PROF. JAMES IRERI KANYA –CHAIRMAN OF THE COUNCIL**



Prof. Kanya holds a Ph.D. in Plant Ecology from University of Nairobi. He also holds a Master of Science degree in Botany from Jomo Kenyatta University of Agriculture and Technology.

Prof Kanya has considerable expertise in Environmental Impact Assessment and research in the areas of Botany, Environmental studies, Biotechnology, Ecological techniques and Rice breeding. In addition, he has over thirty-three years' experience in teaching as a university don and a researcher. He has published widely.

Prof. Kanya was appointed as the chair of the Council for a period of three years with effect from 9<sup>th</sup> May 2024

**JANNET OMINDE ATIKA—COUNCIL MEMBER**



Jannet holds a Master of Business Administration (MBA) degree in strategy from the University of Nairobi, an undergraduate degree in Economics and Sociology from Egerton University, various executive and management trainings from Strathmore Business school- Kenya, IESE Business school- Spain, Cranfield School of Management -UK and Lagos Business school -Nigeria. Jannet is an Executive Coach and Holds a diploma in Executive Coaching from the Academy of Executive Coaching (AoC).

Jannet has cumulative 28 years work experience attained in commercial fields specifically cutting across Sales, Marketing, Public Relations and Customer Experience. She spent a total 21 years at Safaricom PLC where she nurtured an illustrious career rising to Director—Customer Experience, a role she held for 6 years leading a team of over 2,500 staff and a budget of KShs. 5.6 billion annually. She is the founder of CXP consulting group, a team of experts helping organizations position customer experience at the core of their daily business to make Experience their competitive advantage.

Jannet is the vice chairperson of Women Corporate Directors (WCD) Kenya Chapter. She is the Chairperson of the membership sub-committee at WCD- Kenya and a board member WCD, Kenya Chapter Board. She also has been a member of the board at the Institute of Customer Experience-Kenya (ICX Kenya) where she served two terms.

Jannet was appointed a member of University Council for a period of three years with effect from 0<sup>th</sup> March 2023. During the year, she was the Chairperson of the Audit committee.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**LUCY RIMANTO MOLONKET – COUNCIL MEMBER**

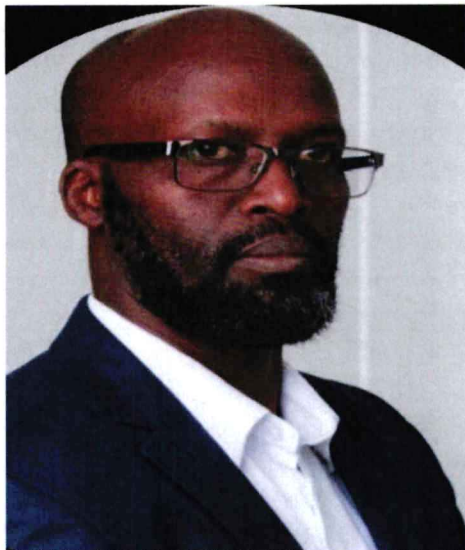


Lucy holds a Master's degree in Business Administration from Jomo Kenyatta University of Agriculture and Technology (JKUAT), a Bachelor of Commerce Degree in Marketing from the University of Nairobi (UON) and a professional Diploma in Sales and Marketing from the University of Nairobi. Lucy is a Graduate of the Advanced Management Programme (Strathmore-IESE Business School, Barcelona Spain) and Senior Management Leadership Programme from Antai College of Economics and Management—Shanghai, China. She also holds certificates in Executive Leadership Development from Lagos Business School (Pan African University) and Gordon School of Business, in Pretoria South Africa.

She is a career Marketer with over 15 years' vast experience within the NGO Sector, Banking Sector and the Public Sector. Currently she is a Co`nsultant and runs her private businesses in the Construction Industry, Food Production and Livestock Farming.

Lucy was appointed a member of University Council for a period of three years with effect from 10<sup>th</sup> March 2023. During the year, she was the Chairperson of the Human Resources committee.

**SILVESTER KIBIWOTT KINYOR- COUNCIL MEMBER**



Engineer Silvester Kibiwott Kinyor holds a Bachelor's degree with Second Class Honors, Upper Division, in Technology - Electrical and Communications Engineering. Additionally, he possesses a Master of Business Administration (MBA) IESE Business School. He has several certifications, including the Project Management Professional (PMP)<sup>®</sup> certification, and the PRINCE2 Project Management Methodology. His is a member of several professional bodies such as the Energy Regulatory Commission (EPRA), Institution of Engineers of Kenya (IEK), Engineers Board of Kenya (EBK), and the National Construction Authority (NCA).

Eng. Kinyor is an accomplished Electrical Engineer with an extensive background in the Electrical and Telecommunications industry, spanning over 15 years. His expertise and experience have been instrumental in driving advancements and implementing successful projects across the African region. His specialization in solar energy solutions has established him as a Solar Expert, allowing him to contribute to the development and implementation of sustainable and eco-friendly energy solutions. He has overseen the installation and implementation of Telecommunication Towers, ensuring seamless connectivity and coverage for telecommunication networks. Additionally, he has played a crucial role in providing green energy solutions to these towers, contributing to sustainable practices in the industry. His expertise extends beyond telecommunication projects, as he has also spearheaded the deployment of Smart Water meters, enabling efficient and accurate monitoring of water consumption. Furthermore, he has been involved in the strategic rollout of fiber optics infrastructure to various sites, buildings, and homes, facilitating reliable and high-speed internet connectivity for clients.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

Eng. Kinyor has held various significant positions in renowned telecommunications organizations. These include roles such as Chief Technical Officer, Project Director, Supervision Engineer, and Implementation Engineer. He has also worked with prominent companies such as Safaricom Kenya, Huawei Kenya, Telkom Kenya, Airtel, Alcatel Lucent, Tanzania Telecommunication, and Rwandatel.

Eng. Kinyor was appointed a member of University Council for a period of three years with effect from 10<sup>th</sup> March 2023. During the year, he was the chairman of the Finance committee.

**MARTIN KINOTI - COUNCIL MEMBER**



Martin is an Animal Nutrition specialist and practitioner and holds a BSc. (Animal Production) from Egerton University and an MSc. (Applied Nutrition) from University of Nairobi. He has also undertaken several practical training sessions in livestock nutrition and management in England, USA, Belgium, and Israel and has been active in the regional livestock and animal feed sectors for the last 24 years.

Martin has extensive public, NGO and private sector experience, having worked in government livestock extension services and donor funded agricultural projects before moving into the private sector 22 years ago. After 11 years with Unga Group where he rose to become Head of Technical Services, he founded Nutrimix Limited, a company specializing in the manufacture and distribution of feed supplements and additives, as well as offering consultancy services in the area of livestock feeding and management. Martin has, and continues to practice as a consultant in feed formulation and TMR for many feed millers and dairy farms respectively. He has also been active in applying proven scientific concepts in development of specialty products for the local livestock sector. Martin has undergone training in Finance for Non-Finance Managers, Pension Fund Trusteeship, Change Management, Corporate Governance and is also a member of the Technical Committee on Animal Feeds at Kenya Bureau of Standards and the Secretary General of the Association of Kenya Feed Manufacturers, AKEFEMA.

His three-year term as a member Council started on 10<sup>th</sup> March 2023. During the year, he was the chairman of the Academic committee.

**DR. JACOB GEKONGE KWABA- COUNCIL MEMBER**



Dr. Jacob G. Kwaba holds a PhD in Administration, Management and Policies from Masinde Muliro University of Science and Technology, master's in education and administration and Bachelor in Education (History and CRE Option), P1 Certificate from St. Paul Teachers' Training College, and a Diploma in CRE from Nyeri Pastoral Centre.

Dr. Kwaba has over 33 years' experience in an array of specializations. He has wide experience in administration, financial management and auditing. He has been a Gusii Mwalimu SACCO (Treasurer) delegate for the last 24 years. He was also a school principal for more than twenty-five (25) years. As an Academic he has supervised a number of post graduate students, and has published widely in international journals in

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

the field of administration and management of public sectors. He has also been a part-time lecturer at Mt. Kenya University since 2012.

Dr. Kwaba runs various mentorship programmes that target the upcoming administrators and managers. He has worked as a senior consultant in the board of Gusii Mwalimu SACCO.

His three-year term as a member Council started on 10<sup>th</sup> March 2023.

**JOSEPH MWAURA KAMAU- COUNCIL MEMBER**



Joseph Mwaura Kamau is a highly motivated person with interest in advancing knowledge and understanding more in Finance, Economics and Investments with an aim of helping humanity to develop economically and improve on financial management. His aspiration is to attain the highest level of experience and expertise in the aforementioned field. He has served at the National Treasury, Principal Investment Officer. Department of Government Investment and Public Enterprises; the Kenya National Bureau of Statistics Censors as Senior Supervisor and Equity Bank (K) Ltd.

He has an MA Economics, Finance and Banking (Financial Sector Policy) from Moi University and MA from the University of Nairobi-BA (Mathematics & Economics)

He is the alternate to Principal Secretary, The National Treasury

in the Council.

His three-year term as a member of the Council started on 23<sup>rd</sup> November 2023

**CAROLINE NJERI MUNYIRI: COUNCIL MEMBER**



Caroline Munyiri holds a Master of Science in Analytical Chemistry from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Education in Science from Kenyatta University. Her academic portfolio is further enriched by a Diploma in Education Management and certifications in Project Management, as well as Management and Leadership courses.

Caroline devoted 19 years to teaching in the education sector, where she developed extensive expertise in pedagogy and curriculum development. Her transition into the field of research and innovation has enabled her to take a leading role in addressing science, technology, and innovation matters within the Ministry of Education. She has been instrumental in developing research and innovation policies, procedures, guidelines, and incentives that promote a systemic approach to innovation. She has successfully initiated and evaluated the implementation of various research and innovation programs and projects, while also spearheading resource mobilization to support these initiatives.

With a passion for integrating technology into education and research, Caroline is particularly enthusiastic about leveraging Artificial Intelligence to drive progressive research outcomes and

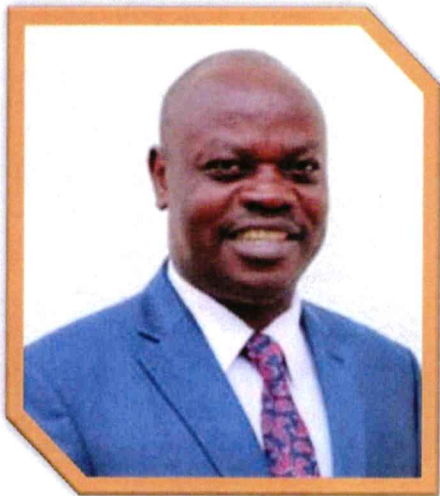
**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

sustainable development. Her dedication and vision continue to shape and advance the fields of science, technology, and innovation in Kenya.

Caroline is an Assistant Director for Research at the State Department for Higher Education and Research. She represents the Principal Secretary of the State Department for Higher Education and Research in the Council.

Caroline was appointed as a Council member for a three-year term in December 2024.

**PROF. ROMANUS ODHIAMBO—VICE CHANCELLOR**



Prof. Odhiambo holds a PhD in Statistics from Kenyatta University and an MSc in Statistics from Kenyatta University. He also holds an Executive Master of Science in Organizational Development from USIU and a Bachelor of Education (Double Mathematics) from Kenyatta University.

Prof. Odhiambo is a professor of Statistics with over 26 years of experience in academics and research. He has served in many administrative, and leadership positions at JKUAT over the years as chairman of an academic department for two successive terms, dean of a faculty for two successive terms, and Deputy Vice-Chancellor (Academic Affairs) for 10 years. He has distinguished

himself in organizational development and management aspects such as resource mobilization, project management and leading change. He has also supervised many students at Masters and Doctoral level. He is a member of the International Biometric Society (IBS), Institute of Mathematical Statistics (IMS) and Kenya Inter-University Association of Mathematicians and Computer Science.

His second term as the Vice-Chancellor of MUST started on 6<sup>th</sup> August 2023.

**MS SHARON KOSKEI - COUNCIL SECRETARY**



Ms. Koskei is an experienced Advocate of the High Court of Kenya with a demonstrated history of working in the legal industry with 10+ years of exceptional and diversified experience in Public Law, Commercial law and Corporate Governance. She started her career in private practice before

transitioning to public service and has a proven track record of providing the highest possible level of legal service to senior management. She is a strong legal professional skilled in Negotiation, Legal Writing, Corporate Law and Board of Directors

management. She currently serves Meru University of Science and Technology as the Chief Legal Officer as well as the Secretary to the University Council.

She holds a Master of Laws (LL.M –International Business Law) from the University of Cumbria, UK, a (Bachelor of Laws degree (LL. B) from the University of Nairobi and Diploma in Law from the

**Meru University of Science and Technology  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

Kenya School of law. She is a Registered Certified Public Secretary (CS) and has institutional affiliation Institute of Certified Secretaries (ICS), the East African Law Society (EALS) and Law Society of Kenya (LSK).

She was appointed to the position of the University Legal Officer and the Secretary to the University Council on April 15, 2021.

**FREDRICK NDAMBUKI- COUNCIL MEMBER (Retired)**



He served as a member of the Council from 10<sup>th</sup> March 2023 to December 2024. He was replaced by Ms. Caroline Munyiri as the representative to the Principal Secretary, State Department of Higher Education and Research in the Council

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**COMMITTEES OF THE COUNCIL**

<b>Council Committees During the Financial Year 2024/25</b>	
<p><b>Finance Committee</b></p> <ol style="list-style-type: none"> <li>1. Jannet Atika: <b><i>Chairperson</i></b></li> <li>2. Joseph Kamau</li> <li>3. Silvester Kinyor</li> <li>4. Caroline Munyiri</li> <li>5. Prof. Romanus Odhiambo</li> </ol>	<p><b>Academic Committee</b></p> <ol style="list-style-type: none"> <li>1. Lucy Molonket: <b><i>Chairperson</i></b></li> <li>2. Caroline Munyiri</li> <li>3. Dr. Jacob Kwaba</li> <li>4. Prof. Romanus Odhiambo</li> </ol>
<p><b>HR Committee</b></p> <ol style="list-style-type: none"> <li>1. Silvester Kinyor; <b><i>Chairman</i></b></li> <li>2. Martin Kinoti</li> <li>3. Jannet Atika</li> <li>4. Lucy Molonket</li> <li>5. Prof. Romanus Odhiambo</li> </ol>	<p><b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>1. Martin Kinoti: <b><i>Chairman</i></b></li> <li>2. Joseph Kamau</li> <li>3. Dr. Jacob Kwaba</li> </ol>

**Meru University of Science and Technology  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

**4. KEY MANAGEMENT TEAM**

Management team that served during financial year 2024/2025



**VICE CHANCELLOR**

**Prof. Romanus Odhiambo**

B.Ed. (Sc) (KU), M.Sc. (Statistics) (KU), EMOD (USIU), Ph.D. (Statistics) (KU)

**DEPUTY VICE CHANCELLOR (ADMINISTRATION,  
FINANCE AND PLANNING)**

**Prof. Hilda Nyaugo**

B.Ed. (Sc) (Egerton), M.A. (Education Administration) (Michigan State University), Ph.D. (Measurement & Quantitative Methods) (Michigan State University)



**DVC (ACADEMIC AND STUDENTS AFFAIRS)**

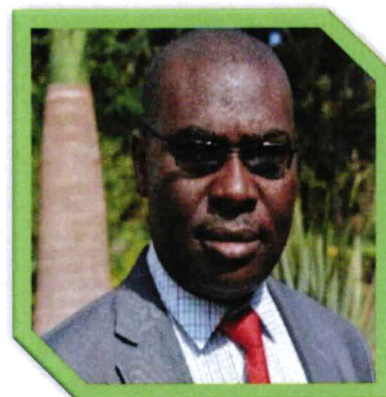
**Prof. Simon Thurania**

B.Ed. (KU), M.Ed. (KU), Ph.D. (University of Maryland-USA)

**REGISTRAR (ACADEMIC AND STUDENTS  
AFFAIRS)**

**Dr. Stephen Karanja**

B. Ed. (KU), MSc. (KU), Ph.D. (JKUAT)



**Meru University of Science and Technology  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**



**REGISTRAR (ADMINISTRATION AND PLANNING)**

**Dr. Elijah Walubuka**

MHRM, BA (Daystar), MBA (Egerton), Ph.D.  
(Kabarak)

**FINANCE OFFICER**

**CPA Nephat Njeru**

B. Com (Accounting) (KU), MBA (Finance)  
(JKUAT), CPA(K)



**LEGAL OFFICER**

**Ms. Sharon Koskei**

Bachelor of Laws degree (UoN), Diploma in Law  
(Kenya School of Law), Master of Laws (University of  
Cumbria)



**Human Resource Manager**

**Ms. Evelyn Gitonga**

Bachelor of Arts, Sociology- University of Nairobi  
Master of Business Administration, HRM,  
Kenyatta University



**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**5. CHAIRMAN'S STATEMENT**



On behalf of the Council of Management of Meru University of Science and Technology (MUST), it is my honour to present the Annual Report and Financial Statements for the year ended 30 June 2025. This report provides a comprehensive overview of the University's key activities, achievements, challenges, and strategic direction as overseen by the Council during the period under review. This year has been marked by significant progress across multiple facets of the University's mandate, alongside challenges that tested our resilience and commitment to excellence in higher education.

The Council is pleased to report sustained growth in student enrollment, with a 12% increase reflecting the strong confidence placed in MUST by prospective students and stakeholders. This growth underscores the continued relevance and appeal of our academic programs, which have been thoughtfully expanded and diversified. Notably, the University introduced new programmes in emerging fields such as Sanitation, Cement and Concrete, alongside innovative courses in Artificial Intelligence, Machine Learning, and Deep Learning. These initiatives are carefully aligned with evolving industry demands and Kenya's national development priorities, reinforcing MUST's position as a forward-looking and dynamic institution.

A key highlight of the year was the successful graduation of over two thousand students, many of whom have begun making impactful contributions to their communities and industries, exemplifying the University's commitment to academic excellence and societal transformation.

Our research environment has grown increasingly vibrant and productive, attracting substantial research funding and fostering collaboration with scholars and partners from across the globe. This has cultivated a culture of innovation and knowledge exchange critical to addressing national and global challenges. Complementing this, the University's outreach programmes extended its influence beyond the university boundaries, delivering meaningful benefits to diverse communities through education, health, and environmental initiatives.

While celebrating these successes, the University confronted challenges that tested its operational resilience. Disruptions arising from national academic strikes affected the academic calendar, and delays coupled with uncertainties related to the evolving university education funding model introduced complexities in financial planning. The Council worked in close partnership with university management to implement effective mitigation strategies, including academic catch-up plans and strengthened financial controls, thereby safeguarding continuity and institutional stability.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

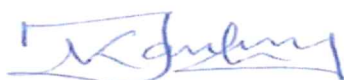
Financially, MUST maintained a solid and stable position through prudent budgetary discipline and strategic diversification of revenue streams. The Council remains firmly committed to upholding the highest standards of transparency, accountability, and fiduciary responsibility.

Governance remains a cornerstone of the University's success. The Council continued to exercise effective oversight over institutional strategy, risk management, and resource stewardship, ensuring compliance with all statutory and regulatory requirements. We were pleased to welcome a new member during the year whose expertise has further strengthened our governance capacity. At the same time, we extend sincere gratitude to the outgoing member for his dedicated service and invaluable contributions.

Looking forward, the Council is committed to nurturing MUST's growth as a centre of academic excellence, innovation, and sustainability. Strategic priorities for the coming year include expanding digital and blended learning platforms to enhance accessibility, deepening research partnerships locally and internationally, and advancing sustainable campus development initiatives that promote environmental stewardship. Investment in infrastructure and academic resources will remain a critical focus to meet growing demand and to enhance the experience of both students and staff. The Council calls upon all members of the University community and its wider stakeholders to remain engaged, collaborative, and supportive. The challenges ahead require collective effort, innovation, and shared commitment to realize our vision of transformative education and impactful research.

I wish to express my profound appreciation to my fellow Council members for their unwavering dedication, insight, and stewardship throughout the year. The achievements outlined in this report are also a testament to the tireless efforts of the University's management, academic faculty, and support staff, whose professionalism and passion continue to propel MUST forward. Equally, we extend our gratitude to the Government of Kenya, development partners, alumni, and community stakeholders whose ongoing support and collaboration underpin the University's successes and ambitions.

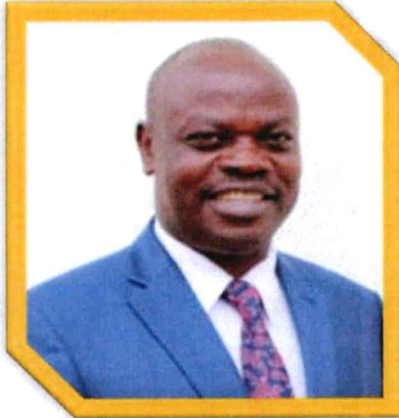
In conclusion, the Council remains confident in the future of Meru University of Science and Technology. We reaffirm our commitment to providing strategic leadership that ensures the institution's resilience, relevance, and sustainable growth, while steadfastly upholding its core values and mission.



**Prof. James Ireri Kanya, PhD**  
**Chairman of the Council**

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**6. REPORT OF THE VICE CHANCELLOR**



It is my distinct honour to present the Annual Report of Meru University of Science and Technology for the financial year ending 30 June 2025. This year has been marked by remarkable growth, important changes, and a strong commitment to academic excellence, innovative research, and making a positive impact on society.

The 2024/25 financial and academic year saw a remarkable 29% increase in student enrolment, bringing the total number of students to 12,801 across undergraduate, postgraduate, and diploma programs. This growth shows the confidence that students and other stakeholders have in the quality and relevance of education offered at MUST. On 4<sup>th</sup> October 2024, we proudly graduated 2,224 students, demonstrating our ongoing commitment to producing skilled and employable graduates who contribute to Kenya's economic and social development. During the Alumni Association Annual General Meeting held on 16<sup>th</sup> May 2025, it was encouraging to hear that our graduates are finding jobs in many sectors, with many starting and leading their own businesses. As we managed this rapid growth, we maintained strict quality standards to ensure academic excellence was never compromised. Our courses continue to align with Kenya's development goals and the needs of industry. These curricula are regularly reviewed and accredited by the Commission for University Education and other bodies, while also involving industry partners to keep them relevant.

Research and innovation remain at the heart of our mission to create knowledge and support sustainable development. Over the past year, our academic staff and postgraduate students published more than 150 peer-reviewed journal articles, presented at conferences, and produced technical reports covering important fields such as agriculture, health sciences, information technology, and environmental management. Our research attracted funding from both national and international sources, including short-term and long-term projects lasting over five years. Partnerships with local and international research institutions have grown, creating new opportunities for funding, sharing knowledge, and building capacity. A key highlight of the year was hosting the 4th Meru University International Conference from 25<sup>th</sup> to 27<sup>th</sup> June 2025, themed "Innovative Research for Community Empowerment: Addressing Global Challenges and Sustainable Livelihoods." This event brought together researchers and experts from around the world, sparking valuable discussions and partnerships that have raised the university's research profile. In addition, the MUST Innovation and Entrepreneurship Week (MUSTIEW), held from 23<sup>rd</sup> to 25<sup>th</sup> September 2024, attracted many innovators, startups, and investors. This event showcased new ideas and solutions, encouraging business partnerships that will help improve the economy and society.

The academic year did face challenges due to nationwide strikes in September and November 2024, which disrupted normal activities. However, thanks to the dedication of our staff and the use of flexible learning methods such as blended and online classes, we managed to minimize the impact. Remedial classes and extra tutorials helped ensure students completed their courses and exams on time without lowering academic standards.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

MUST continues to support the full development of students by improving welfare services including counselling, career advice, and mentorship. These efforts have helped students perform better and feel supported. Our students also shone in extracurricular activities, winning many awards in sports, drama, and music at regional, national, and international levels. This shows the lively and caring campus environment we work hard to maintain.

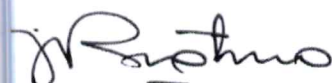
Community engagement remains a key part of our work. Through various partnerships and outreach programs, students and staff have contributed to important social causes such as agriculture, environmental protection, health education, and youth empowerment.

On the financial side, the university maintained careful management of resources to ensure sustainability and efficiency. Total revenue for the year was Kshs 1.885 billion, a 15% increase from Kshs 1.57 billion the previous year. This increase came mainly from higher tuition fees due to more students, as well as income from other sources. Our catering services and university farm began generating extra income, strengthening our financial stability. Total spending was kept at Kshs 1.67 billion, up from Kshs 1.55 billion the previous year, reflecting careful budgeting aligned with our priorities. As a result, MUST recorded a surplus of Kshs 192.1 million, a big improvement from the previous year's surplus of Kshs 20 million. This strong financial position allows us to invest more in improving facilities, expanding research, and providing better support to students.

Good governance and compliance remain at the core of MUST's values. We have worked closely with the University Council and regulatory bodies to ensure we meet all legal requirements and follow the best practices in governance. Our internal audit functions have been strengthened to manage risks better and improve efficiency. Our commitment to transparency and accountability continues to build trust and confidence among all stakeholders.

Looking ahead, MUST is focused on strengthening its role as a leading university in science, technology, and innovation. Next year, we plan to speed up digital transformation by expanding ICT infrastructure and e-learning options. We will work to increase access to education through scholarships and flexible learning programs, and we will deepen partnerships with industry, government, and development agencies to increase research funding and improve graduate job prospects. We also plan to grow sustainable campus initiatives, such as adopting renewable energy and improving waste management, while continuing to promote a culture of excellence, innovation, and community service. In September 2025, we will host the Meru University-Mount Kenya Mountain Run to raise funds for our endowment, which supports needy students and environmental conservation.

I take this opportunity to sincerely thank the University Council for their visionary leadership, our dedicated staff for their professionalism and resilience, and our students whose energy and talents inspire us every day. We are equally grateful to our partners, alumni, and the Government of Kenya for their invaluable support. Together, we continue to advance Meru University's mission to transform lives through quality education, impactful research, and committed community service.



**Prof. Romanus Odhiambo, Ph. D.**  
**Vice Chancellor**

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**7. STATEMENT OF MERU UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025**

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 entity's performance against predetermined objectives.

The University has seven strategic issues within its Strategic Plan for the years 2023-2027. These Strategic issues are as follows:

NO	STRATEGIC ISSUE	GOAL	KRAs
1	Academic excellence	Enhance the quality and effectiveness of teaching and learning methods	KRA 1: Teaching and learning
2	Research and innovation	Foster a culture of research excellence and innovation	KRA 2: Research Innovation commercialization and extension
3	Student Welfare services	Enhance student welfare	KRA 3: Staff wellbeing and support services
4	Outreach and linkages	Strengthen connections with external stakeholders and communities	KRA 4: Stakeholder engagement and impact
5	Institutional capacity and development	Strengthen institutional capacity and development	KRA 5: Institutional capacity

MUST develops its annual work plans based on the above strategic issues. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2024/25 period for its five strategic issues as indicated in the table below:

S/N	Strategic Issue	Objective	Key Performance Indicator	Activities	Achievements
1	Academic excellence	To review and develop curricula periodically	<ul style="list-style-type: none"> <li>• Curricula aligned to CBC</li> <li>• Tracer study reports</li> <li>• CUE surveillance and recertification audit reports.</li> <li>• New programs</li> <li>• Trained staff on CBET</li> <li>• Moderated exams</li> <li>• Student lecturer evaluations reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement</li> <li>• Program review</li> </ul>	<ul style="list-style-type: none"> <li>• 21 curriculum aligned to CBC</li> <li>• Tracer studies reports</li> <li>• Four programmes developed.</li> <li>• 40 staff trained on CBET</li> <li>• Exams moderated</li> <li>• Student lecturer evaluations undertaken</li> </ul>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

SN	Strategic Issue	Objective	Key Performance Indicator	Activities	Achievements
			<ul style="list-style-type: none"> <li>Acquired library resources</li> </ul>		<ul style="list-style-type: none"> <li>Library resources required.</li> </ul>
		To leverage innovative technology in education delivery	<ul style="list-style-type: none"> <li>Onboarded ODeL programmes</li> <li>Number of trainings on intergration of ICT in teaching and learning</li> <li>Virtual global team projects</li> <li>E-resources integrated</li> <li>Plagiarism check integrated</li> </ul>	<ul style="list-style-type: none"> <li>Onboard programs on the ODeL platform.</li> <li>Train staff on integration of ICT in teaching and learning</li> <li>Adopt collaborative integrated online learning.</li> <li>Intergrate e-resources to the e-learning platform</li> <li>Integrate plagiarism check to the e-learning platform</li> </ul>	<ul style="list-style-type: none"> <li>Staff trained on integration of ICT in teaching and learning</li> </ul>
2	Research and innovation	Increase the research and innovation outputs	<ul style="list-style-type: none"> <li>Workshops, seminars and colloquiums</li> <li>Annual International Conference</li> <li>Published journal</li> <li>Grant Proposals</li> <li>Technological competition</li> <li>Annual Innovation and Exhibition event</li> <li>Data bank developed</li> </ul>	<ul style="list-style-type: none"> <li>Organize workshops, seminars and colloquiums</li> <li>Host annual international conference</li> <li>Host grant writing workshops</li> <li>Publish the university journal</li> <li>Write infrastructural grants proposal for innovations</li> </ul>	<ul style="list-style-type: none"> <li>Two Annual conferences held</li> <li>Two journal published</li> <li>Two annual innovation and exhibition events held</li> <li>Innovation data bank developed</li> </ul>
		To catalyse commercialization of research outputs	<ul style="list-style-type: none"> <li>Leather factory Phase 1</li> <li>Teaching and Referral Hospital phase 1</li> <li>Patents generated and commercialized</li> <li>Startups facilitated with seed grant</li> <li>Commercialization Masterplan implemented</li> </ul>	<ul style="list-style-type: none"> <li>Pitching for the construction of the Leather factory.</li> <li>Pitching for the construction of the Teaching and referral hospital.</li> <li>Patenting of intellectual property (IP)</li> <li>Seed grants to facilitate startups</li> </ul>	<ul style="list-style-type: none"> <li>Pitching for the construction of the leather factory and the teaching and referral hospital undertaken</li> <li>Three patents generated and commercialized.</li> <li>Two startups facilitated with seed grant</li> <li>Commercialization master plan implemented fully</li> </ul>
3	Student welfare services	To improve students' living	<ul style="list-style-type: none"> <li>Construction of one student hostel pitched.</li> </ul>	<ul style="list-style-type: none"> <li>Pitching for the construction of one student hostels</li> </ul>	<ul style="list-style-type: none"> <li>Scholarship policy complied with 100%</li> </ul>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

S/N	Strategic Issue	Objective	Key Performance Indicator	Activities	Achievements
		environment	<ul style="list-style-type: none"> <li>• Walkways constructed</li> <li>• Student engagement on work study</li> <li>• Endowment fund policy developed</li> <li>• Endowment fund policy operationalized</li> <li>• Scholarship policy complied with.</li> <li>• Sports complex constructed</li> <li>• New sporting disciplines introduced</li> <li>• Games tutors/trainers trained.</li> <li>• Mountain run event organized</li> <li>• Cultural event for students.</li> <li>• Participation in Drama festivals</li> </ul>	<ul style="list-style-type: none"> <li>• Construct walkways</li> <li>• Engage work study students</li> <li>• Develop and operationalize the endowment fund policy.</li> <li>• Comply with the scholarships policy.</li> <li>• Construct sports complex</li> <li>• Introduce new sporting disciplines</li> <li>• Train games tutors/trainers.</li> <li>• Host a mountain run</li> <li>• Host a student cultural week</li> <li>• Participate in drama festivals</li> </ul>	<ul style="list-style-type: none"> <li>• Five new sporting disciplines introduced</li> <li>• Games tutors trained</li> <li>• Two student cultural events held</li> <li>• Students have participated in the annual drama festivals.</li> </ul>
		To institutionalize student mentorship and governance	<ul style="list-style-type: none"> <li>• Student mentorship policy developed</li> <li>• Student mentors trained</li> <li>• Students mentored.</li> <li>• Career talks</li> <li>• Student leaders trained</li> <li>• Number of teambuilding events for student leaders held.</li> <li>• Ease of student crisis intervention</li> </ul>	<ul style="list-style-type: none"> <li>• Develop the student mentorship policy.</li> <li>• Train student mentors</li> <li>• Hold career talks</li> <li>• Capacity building for student leaders</li> <li>• Team building events for student leaders</li> <li>• Develop and implement a student crisis intervention framework</li> </ul>	<ul style="list-style-type: none"> <li>• Students mentored</li> <li>• Sixteen career talks events held for students.</li> <li>• 80 student leaders trained</li> <li>• Two teambuilding events for the student leaders undertaken</li> <li>• The student crisis intervention framework implemented fully.</li> </ul>
4	Outreach and linkages	To establish strategic partnership	<ul style="list-style-type: none"> <li>• Identified partners</li> <li>• Signed MOUs</li> <li>• Investor conference hosted</li> <li>• Digital platform developed</li> <li>• Career fairs hosted</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of partners</li> <li>• Signing of MOUs</li> <li>• Host an investors conference and pitch projects.</li> <li>• Develop a digital platform for engagement of industry</li> <li>• Host career fairs</li> </ul>	<ul style="list-style-type: none"> <li>• Ten MOUs signed</li> <li>• Two career fair events held</li> </ul>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

SN	Strategic Issue	Objective	Key Performance Indicator	Activities	Achievements
		To enhance community outreach and knowledge	<ul style="list-style-type: none"> <li>• Needs assessment reports</li> <li>• Community outreach proposals developed.</li> <li>• Community outreach and extension programs conducted.</li> <li>• Faculty and student exchange programmes implemented</li> <li>• Established partnerships</li> <li>• Number of open days held.</li> <li>• Number of CSR events/activities</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out needs assessment</li> <li>• Develop community outreach proposals</li> <li>• Conduct Community outreach and extension programs</li> <li>• Signing of MOUs for Faculty and student exchange programmes.</li> <li>• Establish partnerships</li> <li>• Host Open days</li> <li>• Undertake CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>• Needs assessment undertaken and report prepared.</li> <li>• One proposal for community outreach developed.</li> <li>• Two community outreach programmes undertaken</li> <li>• Two faculty and student exchange programmes undertaken.</li> <li>• Two open day events held</li> <li>• Four CSR events undertaken</li> </ul>
5	Institutional capacity development	To enhance human resource development and staff welfare	<ul style="list-style-type: none"> <li>• Competence needs assessment reports</li> <li>• Staff needs assessment report</li> <li>• Recruited staff</li> <li>• Training needs assessment report</li> <li>• University staff training plan.</li> <li>• Trained staff</li> <li>• Mental health awareness talks held</li> <li>• ADSA awareness talks held</li> <li>• Staff peer counsellors trained.</li> <li>• New staff and those in training mentored</li> <li>• Team building activities for staff</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out competence needs assessment</li> <li>• Conduct staff needs assessment</li> <li>• Recruit recommended staff.</li> <li>• Conduct training needs assessment</li> <li>• Develop and review the university the university training plan.</li> <li>• Conduct staff training.</li> <li>• Carry out mental health awareness talks</li> <li>• Carry out ADSA awareness talks</li> <li>• Train staff peer counsellors</li> <li>• Undertake staff mentorship programmes</li> <li>• Carry out staff team building activities</li> </ul>	<ul style="list-style-type: none"> <li>• Competency needs assessment undertaken</li> <li>• Staff needs assessment undertaken.</li> <li>• Staff training plan developed.</li> <li>• 140 staff trained</li> <li>• Mental health and ADSA awareness talks held.</li> <li>• 50 new staff mentored.</li> <li>• Team building event for staff undertaken.</li> </ul>
		To improve infrastructure for service delivery	<ul style="list-style-type: none"> <li>• School of Nursing and health sciences building constructed and equipped</li> </ul>	<ul style="list-style-type: none"> <li>• Construct and equip the School of Nursing and health sciences building</li> </ul>	<ul style="list-style-type: none"> <li>• Pitching for the development of the Centre of Excellence in Electrical Engineering</li> </ul>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

S/N	Strategic Issue	Objective	Key Performance Indicator	Activities	Achievements
			<ul style="list-style-type: none"> <li>• Hotel and conference facility constructed and equipped</li> <li>• Mariene Library Block</li> <li>• Mariene Laboratory block</li> <li>• Mariene Administration block</li> <li>• Development of the Centre of Excellence in Engineering at MUST pitched</li> <li>• Construction for the Creative Economy Hub pitched</li> <li>• Perimeter fence constructed</li> <li>• Construction of the Science City pitched</li> <li>• Teaching lab and workshops equipment procured</li> <li>• Additional fleet purchased</li> <li>• 500 Computers procured</li> <li>• 8 Printers purchased</li> <li>• Expanded Local Area Network</li> <li>• Upgraded Local Area Network</li> <li>• On-site and Off-site solutions</li> <li>• Eight Video conference facilities implemented</li> <li>• Implemented EDMS</li> <li>• Upgraded ERP System</li> <li>• Implemented e-board system</li> <li>• Implemented print management solution</li> <li>• Acquired office licenses</li> <li>• Acquired OS licenses</li> </ul>	<ul style="list-style-type: none"> <li>• Pitching to Construct and equip the Hotel and conference facility</li> <li>• Mariene Library Block constructed and equipped</li> <li>• Mariene Laboratory block constructed and equipped</li> <li>• Mariene Administration block constructed and equipped</li> <li>• Pitching for the development of the Centre of Excellence in Engineering</li> <li>• Pitching for the construction of the Creative Economy Hub</li> <li>• Pitching for the construction of perimeter fence</li> <li>• Pitching for the construction of Science City</li> <li>• Procure teaching lab and workshops equipment</li> <li>• Purchase of motor vehicles</li> <li>• Acquire Computers</li> <li>• Acquire printers</li> <li>• Expand Local Area Network</li> <li>• Upgrade of existing Local Area Network</li> <li>• Implement onsite and Offsite backup solutions (Disaster Recovery Site)</li> <li>• Implement video conferencing facilities</li> <li>• Implement Electronic Data Management System</li> </ul>	<ul style="list-style-type: none"> <li>undertaken suceesfully, fund have been allocated for construction to commence FY 2026/2027.</li> <li>• Pitching for the construction of the creative economy hub undertaken, awaiting feedback from the investor.</li> <li>• Teaching lab and workshop equipment procured.</li> <li>• ODeL and ERP services hosted 100%</li> </ul>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

S N	Strategic Issue	Objective	Key Performance Indicator	Activities	Achievements
			<ul style="list-style-type: none"> <li>• Acquired softwares and plugins</li> <li>• Network security monitoring tool acquired.</li> <li>• Vulnerability test conducted</li> <li>• Upgraded bandwidth</li> <li>• Hosted ODeL and ERP services</li> <li>• Upgraded access points</li> <li>• Upgraded data center</li> <li>• Virtual labs implemented</li> <li>• 20 Personal device assistance</li> <li>• Onboard University services</li> <li>• Upgraded and expanded CCTV</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrade ERP System</li> <li>• Implement e-board system</li> <li>• Acquire print Management Solution</li> <li>• Acquire 500 office 365 licenses</li> <li>• Acquire 500 operating system licenses</li> <li>• Acquire teaching Softwares and plugins.</li> <li>• Acquire network security management tools.</li> <li>• Conduct vulnerability assessment penetration test</li> <li>• Upgrade Internet Bandwidth With 600Mbps</li> <li>• Hosting of ODeL and ERP</li> <li>• Upgrade 30 Wireless Access points.</li> <li>• Upgrade the University Data Centre</li> <li>• Implement 8 Virtual Labs</li> </ul>	
		To enhance university visibility	<ul style="list-style-type: none"> <li>• Communication and marketing framework developed</li> <li>• Media campaigns undertaken</li> <li>• Customer satisfaction survey report</li> <li>• Customer feedback mechanism implemented</li> <li>• Number events published on digital platforms</li> <li>• Number of social media analytics reports</li> </ul>	<ul style="list-style-type: none"> <li>• Develop the communication and marketing framework</li> <li>• Carry out media campaigns</li> <li>• Undertake customer satisfaction survey</li> <li>• Implement customer feedback mechanism</li> <li>• Develop content and publish on digital platforms</li> <li>• Respond to posts on social media</li> </ul>	<ul style="list-style-type: none"> <li>• 25 events published on the university digital platforms</li> <li>• Social media analytics reports developed</li> <li>• Digital media campaigns undertaken</li> <li>•</li> </ul>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

S/N	Strategic Issue	Objective	Key Performance Indicator	Activities	Achievements
			<ul style="list-style-type: none"> <li>Digital marketing campaigns undertaken</li> <li>Social media accounts verified</li> </ul>	<ul style="list-style-type: none"> <li>Undertake digital marketing campaigns</li> <li>Undertake social media account verification.</li> </ul>	
		To manage the university financial resources	<ul style="list-style-type: none"> <li>Donors engaged</li> <li>Developed funding proposals</li> <li>100 acres of hay planted</li> <li>3000 trees of avocado tree farm</li> <li>Dairy farm established</li> <li>17 acres of coffee plantation</li> <li>Dorper sheep farm established</li> <li>Updated asset register</li> <li>Internal and external audit reports</li> <li>Quarterly and annual financial reports</li> </ul>	<ul style="list-style-type: none"> <li>Engagement of donors</li> <li>Development of proposals</li> <li>Establish hay farm</li> <li>Establish an orchard</li> <li>Establish a dairy farm</li> <li>Undertake coffee farming</li> <li>Establish Dorper sheep farm</li> <li>Conduct regular inventory, valuation maintenance and disposal of assets</li> <li>Undertake financial and systems audits</li> <li>Preparation of financial reports as per the PFMA</li> </ul>	<ul style="list-style-type: none"> <li>Two donors engaged</li> <li>45 acres of hay farm established</li> <li>1200 avocado trees planted</li> <li>20 dairy animals procured and dairy farm established.</li> <li>17 acres of coffee plantation established.</li> <li>The university assets register established.</li> <li>Quarterly and annual financial reports prepared and internal and external audits undertaken.</li> </ul>
		To integrate climate change mitigation and adaptation into university operations	<ul style="list-style-type: none"> <li>Renewable energy established</li> <li>Established ewaste centre</li> <li>Training on waste management conducted</li> <li>Trees grown</li> <li>Botanical garden</li> </ul>	<ul style="list-style-type: none"> <li>Establish infrastructure for solar power generation</li> <li>Develop a waste management framework</li> <li>Train on waste management</li> <li>Grow trees</li> <li>Establish botanical garden</li> </ul>	<ul style="list-style-type: none"> <li>E waste centre established.</li> <li>Two training events undertaken on ewaste management.</li> <li>98,000 trees grown</li> </ul>
		To enhance institutional framework	<ul style="list-style-type: none"> <li>QMS and ISMS audits undertaken</li> <li>Capacity building undertaken for QMS and ISMS</li> <li>Risk policy reviewed</li> <li>Risk champions appointed and sensitized</li> <li>Risk committee sensitized</li> </ul>	<ul style="list-style-type: none"> <li>Undertake the QMS and ISMS audits</li> <li>Undertake capacity building for all staff on QMS and ISMS</li> <li>Review the risk policy</li> <li>Appoint and sensitize risk champions</li> </ul>	<ul style="list-style-type: none"> <li>QMS and ISMS audits undertaken</li> <li>Capacity building for staff on QMS and ISMS undertaken.</li> <li>Annual performance reviews undertaken.</li> <li>Automation of the performance management system automated at 70%</li> </ul>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

S/N	Strategic Issue	Objective	Key Performance Indicator	Activities	Achievements
			<ul style="list-style-type: none"> <li>• Annual performance reviews undertaken</li> <li>• Performance management system automated.</li> <li>• HR policy manual, staff Establishment, career progression guidelines reviewed</li> </ul>	<ul style="list-style-type: none"> <li>• Sensitize the risk committee members</li> <li>• Undertake annual performance reviews</li> <li>• Automate the performance management systems</li> <li>• Review the HR Instruments</li> </ul>	

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**8. CORPORATE GOVERNANCE STATEMENT**

Meru University of Science and Technology (MUST) Council is the governing body responsible for overseeing the strategic direction, policy formulation, and overall management of the university. As the highest decision-making organ within the institution, the Council plays a pivotal role in ensuring that the university adheres to its mission, vision, and core values while maintaining the highest standards of academic excellence and institutional integrity.

The conduct of business within the Council is governed by several key legislative and regulatory frameworks that ensure transparency, accountability, and adherence to best practices in university governance. These include:

**University Act No. 42 of 2012:** This act provides the legal foundation for the establishment and operation of public universities in Kenya. It outlines the powers and functions of the university councils, including the appointment of key officers, financial management, and the establishment of academic and administrative structures. The Council operates within the provisions of this act to fulfil its mandate.

**Mwongozo Code of Conduct 2015:** The Mwongozo Code of Conduct provides guidelines for the governance of state corporations, including public universities. It emphasizes ethical leadership, good corporate governance, and the importance of maintaining public trust. The Council is committed to upholding the principles outlined in the Mwongozo Code, including integrity, accountability, transparency, and fairness in all its operations.

**Commission for University Education Regulations and Standards 2014:** These regulations set the standards for quality assurance in university education in Kenya. The Council ensures that the university complies with these standards in all aspects of its academic programs, research, and community engagement. The regulations guide the Council in maintaining the quality and relevance of education offered at the university.

**MUST Charter:** The MUST Charter is the foundational document that outlines the university's objectives, governance structures, and operational framework. It serves as a reference point for the Council in its decision-making processes, ensuring that all actions taken are aligned with the university's core mandate.

The composition of the Council reflects a diverse and experienced group of individuals who bring a wealth of knowledge and expertise to the governance of the university. The Council is composed of a chairperson and eight other members, all of whom are appointed based on their qualifications, experience, and commitment to the advancement of higher education. The Chairperson leads the Council, ensuring that it functions effectively and that all members contribute meaningfully to the deliberations and decisions made.

The Council meets regularly to deliberate on various issues affecting the university, including policy formulation, financial management, infrastructure development, and academic programs. Through its leadership, the Council ensures that MUST continues to fulfill its mission of providing quality education, fostering innovation, and contributing to the socio-economic development of the community and the nation at large.

The University Council is composed of a chairperson and eight other members. All the members other than the Vice Chancellor are drawn from outside the University. The Legal Officer serves as the Secretary to the Council.

The University Management Board (UMB) and Council members are held to the highest ethical standards in how they carry out their duties and interact with stakeholders on behalf of the

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

University. Each member fulfills their duties as a representation of the University as a whole rather than a particular group. The University maintains a register of interests of members of the Council and UMB members. Council members are expected to attend scheduled meetings regularly. The function of Council members is comparable to that of a company's non-executive directors. They have collective responsibility for Council decisions. They recognize the substantial differences between their position in strategic governance and that of the university's operational management (a role being played by the University Management Board chaired by the Vice-Chancellor). The Vice Chancellor and the members of the University Management Board make presentations before the Council on particular topics.

The Council has four (4) committees and the Council committees have four scheduled meetings per annum.

**Council and Council Committees Meetings Attendance**

Council Member	Academic Committee	Ad Hoc Committee	Audit Committee	Finance Committee	Full Council	HR Committee	Other
Martin Kinoti Francis	1/6	1/4	4/5	1/8	20/20	6/7	11/33
Fredrick Ndambuki	2/6	-	-	3/8	9/20	1/7	-
Silvester Kibiwott Kinyor	-	4/4	2/5	8/8	19/20	7/7	8/33
Lucy Rimanto Molonket	5/6	-	1/5	-	20/20	7/7	10/33
Jannet Ominde Atika	1/6	4/4	2/5	7/8	19/20	6/7	9/33
Dr Jacob Gekonge Kwaba	6/6	-	5/5	-	20/20	-	8/33
Livingstone Mburu	4/6	-	2/5	1/8	16/20	2/7	7/33
Prof. James Ireri Kenya	-	4/4	-	-	20/20	-	33/33
Joseph Kamau Mwaura	-	3/4	5/5	8/8	19/20	-	8/33
Caroline Munyiri	2/6	-	-	4/8	10/20	-	10/33

**Full Council**

The full Council met 6 times during the year. The Council had 4 regular meetings and 2 special meetings. The attendance per member is shown in the table above:

**Committees of the Council**

The following are the committees of the Council:

- i. Finance Committee
- ii. Audit Committee
- iii. Human Resources Committee
- iv. Academic Committee

**Finance Committee**

The Finance Committee is responsible for monitoring and advising Council on the financial health of the university, including the financial strategy, budget setting, annual accounts, investment activity and consideration of capital expenditure. The Committee also has responsibility for monitoring institutional level Key Performance Indicators in order to measure and monitor University performance against agreed strategies and targets. The Committee also monitors and advises on the conduct of the University's estates/infrastructure activity including revenue and capital expenditure. The Committee may draw on professional expertise beyond that available

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

within the Council membership. The composition of the Finance Committee of the Council was as follows:

1. Jannet Atika: Chairperson
2. Joseph Kamau
3. Silvester Kinyor
4. Caroline Munyiri
5. Prof. Romanus Odhiambo

**Audit Committee**

The Audit Committee has responsibility for monitoring the effectiveness of the University's risk management, control and governance arrangements, along with the arrangements to promote economy, efficiency and effectiveness throughout the institution and advises the Council accordingly. The Committee exercises oversight over internal audit arrangements. It considers internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The Committee also exercises oversight over external audit arrangements, such as the nature, scope and effectiveness of the process and considers the audit aspects of the institution's financial statements. The composition of the Audit Committee of the Council was as follows:

1. Martin Kinoti: Chairman
2. Joseph Kamau
3. Dr. Jacob Kwaba

**Human Resources Committee**

The Committee monitors and reviews the development and implementation of good governance practice. The Committee is responsible for the oversight of human resource strategy, policies and associated procedures including the use of performance and development systems, indicators and benchmarks. The composition of the Human Resources Committee of the Council was as follows:

1. Silvester Kinyor; Chairman
2. Martin Kinoti
3. Jannet Atika
4. Lucy Molonket
5. Prof. Romanus Odhiambo

**The Academic Committee of the Council**

The Academic Committee of the Council assists the Council in fulfilling its oversight of the University academic programs, strategic academic plans, student learning, graduation matters and related activities such as:

- i. To advise Council on students' access and admissions, curriculum design, course and fees structure, academic and mentoring support, provision and use of learning resources and students' welfare.
- ii. To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice.
- iii. To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance.
- iv. To consider the overall balance of academic activities and provision of resources.
- v. To develop, amend, repeal and approve regulations concerning academic programmes.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

- vi. To receive and consider proposals and nominations for the award of honorary degrees and recommend to Council award of honorary degrees.
- vii. To consider and advice Council on all matters related to research and innovation in the University.
- viii. To authorize on behalf of Council the application of the University Seal on documents.

The composition of the Academic Committee of the Council was as follows:

1. Lucy Molonket: Chairperson
2. Caroline Munyiri
3. Dr. Jacob Kwaba
4. Prof. Romanus Odhiambo

**Ad hoc Committee**

The Council may appoint an ad hoc committee to handle special matte

**Other meetings**

During the year, Council members attended other meetings such as performance contract negotiations, performance contract evaluation, trainings, workshops, meetings at the Ministry of Education and so on.

**Conflict of interest**

The University has adopted a conflict-of-interest policy which applies to the Council, Management and Staff. All persons governed by the policy are under the obligation to avoid and disclose ethical, legal, financial or other conflicts of interest involving the University and remove themselves from a position of decision-making authority with respect to any conflict situation involving the University. Any person who has a material personal interest in a particular matter and who is able to influence the decision will not vote on the matter when it is being discussed or considered.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**9. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A**

**The University's Operational and Financial Performance**

**1. Introduction**

Meru University of Science and Technology (MUST) continues to affirm its position as a resilient, responsive, and progressive public university in Kenya's dynamic higher education landscape. Over the years, and notably during the financial year 2024/2025, the University recorded notable improvements in student enrolment, academic service delivery, infrastructure, and research productivity. Despite the fiscal constraints and operational disruptions experienced across the sector, MUST has sustained its commitment to academic excellence, research relevance, and community engagement.

The year under review coincided with major policy shifts in the higher education sector, particularly the roll-out of the new Higher Education Funding Model (HEFM). This period also witnessed heightened demand for university education, increased regulatory oversight, and growing national expectations for universities to support Kenya's socio-economic transformation, especially in the priority areas of industrialization, agriculture, health, and the digital economy.

This report provides a comprehensive management discussion of MUST's institutional performance for the year ending 30<sup>th</sup> June 2025. It assesses progress made across academic programs, research and innovation, financial performance, infrastructure development, human capital, and stakeholder engagement. It further draws insights from data trends over the past five years, providing a strong basis for evaluating achievements, addressing emerging risks, and setting the strategic direction for the coming year.

**2. Sectoral and Policy Context**

The 2024/2025 academic and financial year was heavily influenced by the full operationalization of the new Higher Education Funding Model (HEFM), introduced by the State Department for Higher Education and Research in 2023. Unlike the traditional Differentiated Unit Cost (DUC) model, HEFM is designed to allocate government support based on a student's financial need and the actual cost of their academic program. While the model aims to promote equity and efficiency in resource allocation, it has introduced considerable uncertainty in university financing.

MUST, like other public universities, faced significant delays in receiving disbursements from the University Fund (UF) and the Higher Education Loans Board (HELB). The irregularity of funds, coupled with the absence of a clear disbursement calendar, disrupted financial planning and affected the University's ability to meet recurring obligations on time. Moreover, the extended process of budget approvals under this model further constrained capital development, slowed procurement cycles, and deferred planned infrastructure projects.

Meanwhile, the government's Bottom-Up Economic Transformation Agenda (BETA) significantly shaped institutional strategy during the year. MUST aligned its academic, research, and community outreach initiatives with the BETA pillars—especially those targeting agricultural transformation, inclusive economic growth, digital infrastructure, healthcare, and youth employment. This alignment was evident in programmatic reforms, research priorities, and stakeholder engagements throughout the year.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**3. Student Enrolment Trends (2019/20–2024/25)**

MUST has experienced steady and significant growth in student enrolment over the past six academic years, underscoring its rising profile as a university of choice. By the close of the 2024/25 academic year, the student population stood at 12,801, a sharp increase from 9,923 the previous year—representing a 29% growth. This continues a broader trend of expansion, with the University recording an average annual enrolment growth rate of approximately 19% over the last five years.

The upward trajectory spans across all academic levels and modes of study, including government-sponsored and self-sponsored undergraduate students, diploma and certificate programmes, postgraduate studies, and continuing education. This consistent increase reflects the growing appeal of MUST, particularly in fields such as engineering, computer science, health sciences, agriculture, and business—disciplines aligned with national development priorities and market demand.

<b>Students' Population</b>							
<b>Year</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Total</b>	5,115	5,740	6,858	9,664	8,661	9,923	12,801
<b>Percentage Increase</b>	base	12%	19%	41%	-10%	15%	29%

MUST's enrolment growth is not only a result of increased demand but also of deliberate institutional efforts to expand access and maintain academic quality. The University has invested in infrastructure, improved delivery modes including blended and digital learning, and enhanced student support systems. These measures have enabled the institution to accommodate rising numbers while preserving the integrity and quality of its academic programmes. Improved coordination with national placement bodies such as KUCCPS, targeted outreach efforts, and support for underrepresented communities have also played a role in widening access to university education. The strong growth in student numbers confirms MUST's role as a dynamic and inclusive institution, committed to responding to the educational needs of the country and preparing graduates for impact in a rapidly changing world.

**4. Academic and Research Performance**

The first semester of the 2024/25 academic year, which officially began on 2<sup>nd</sup> September 2024 and was initially scheduled to conclude on 13<sup>th</sup> December 2024, faced considerable disruptions. These challenges stemmed from two major strikes that significantly affected the university's operations. The first strike, led by the University Academic Staff Union (UASU) and the Kenya University Staff Union (KUSU), began on 18<sup>th</sup> September 2024 and lasted for eight days, halting teaching and support services until 26<sup>th</sup> September 2024. A second strike followed in November 2024, driven by unresolved salary disputes. This industrial action, initiated by UASU on 6<sup>th</sup> November, persisted until 23<sup>rd</sup> November 2024. Although a resolution was reached through a KShs. 9.7 billion pay deal, the cumulative effect of these disruptions necessitated an extension of the semester into January 2025 to ensure learning objectives were met. This extension imposed additional financial and operational pressures on the university, though tuition fees remained fixed. Academic programs were delivered successfully during the reporting period, with all faculties meeting their teaching, examination, and graduation obligations.

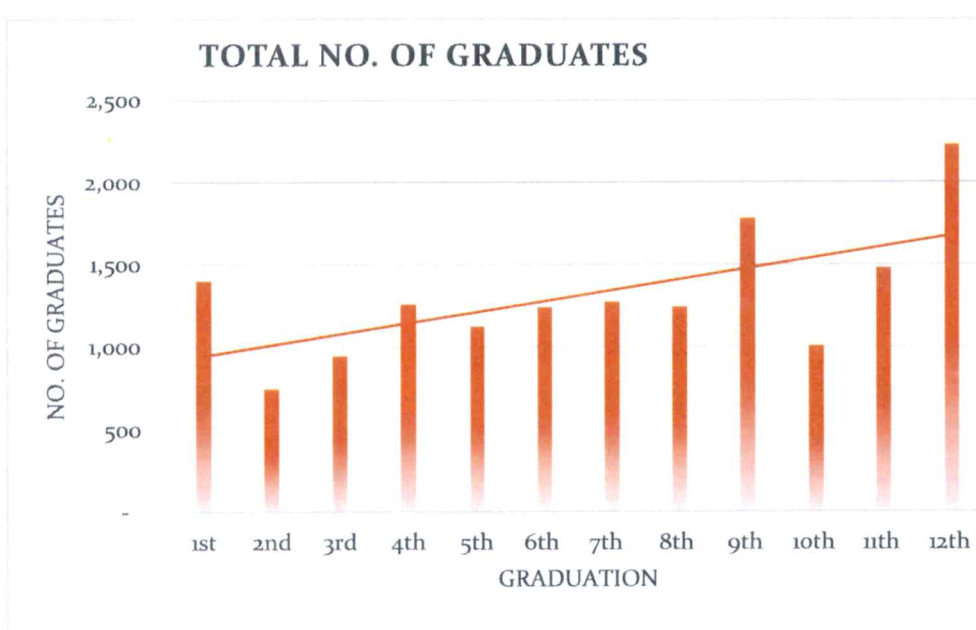
**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

Despite these challenges, MUST held its 12<sup>th</sup> graduation ceremony on 4<sup>th</sup> October 2024, celebrating the academic achievements of 2,244 graduates. This milestone underscored the university's commitment to academic excellence amid an otherwise turbulent semester. The table below shows the number of graduands since the first graduation in the year 2013:

Graduation	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>
Date	26- Jul, 2013	29- Aug, 2014	11- Dec, 2015	16- Dec, 2016	15- Dec, 2017	8- Mar, 2018	29- Nov, 2019	26- Feb, 2021	27- May, 2022	11- Mar, 2023	27- Oct, 2023	4- Oct, 2024
Total No. of graduates	1,399	749	949	1,263	1,128	1,239	1,271	1,240	1,777	1,004	1,474	2,224

MUST has recorded a steady rise in the number of graduates each year. This growth reflects the expansion of academic programmes, improved student retention, and increased enrolment. The University has evolved from graduating a small cohort to producing thousands of qualified professionals annually across various fields, demonstrating its commitment to academic excellence and national development. This upward trend also highlights the University's growing capacity to support students from admission to graduation.

Although industrial actions disrupted learning across the country, Meru University of Science and Technology responded promptly by reorganizing its academic calendar and introducing make-up sessions. These swift measures ensured that no semester was lost and that academic timelines



remained on track. The second semester (January-April 2025) proceeded without interruption, and in May 2025, students embarked on their industrial attachments and teaching practice as scheduled for the academic year.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

In research and innovation, MUST continued to strengthen its visibility and contribution. The University actively engaged in a variety of externally funded research projects, focusing on applied solutions such as low-cost cement alternatives, climate-resilient agriculture, digital learning technologies, and sanitation innovation. The flagship sanitation project that transforms human waste into safe livestock feed and fertilizer gained both national and international attention for its



ecological and economic potential. MUST hosted the 4<sup>th</sup> Annual Meru University International Conference (MUSTIC 2025) from 25<sup>th</sup> to 27<sup>th</sup> June 2025. The conference brought together scholars, students, industry professionals, policymakers, and international partners under the theme *“Innovative Research for Community Empowerment: Addressing Global Challenges and*

*Sustainable Livelihoods.”* The event was officially opened by Prof. Emeritus Ratemo W. Michieka, Chancellor of Tharaka University, who emphasized the transformative power of research in addressing global challenges and uplifting communities. Other distinguished guests included Dr. Jemima Onsare, representing the Principal Secretary of the State Department for Higher Education and Research, and Dr. Narendra Raval (Guru), CEO of Devki Group of Companies, who encouraged students to embrace humility, value manual work, and never hesitate to start small in their pursuit of success. There was also a virtual message from Dr. Roberto Natali, Italian Ambassador to Kenya, expressing support for continued collaboration in education and innovation.

To promote innovation and entrepreneurship, the University successfully hosted the MUST Innovation and Entrepreneurship Week (MUSTIEW) in September 2024, which attracted participation from academia, industry, and development partners. Furthermore, the University convened the Meru University International Conference (MUSTIC) in June 2025, bringing together researchers and practitioners from Kenya and abroad. These forums reinforced MUST’s growing reputation as a hub of academic excellence and innovation.

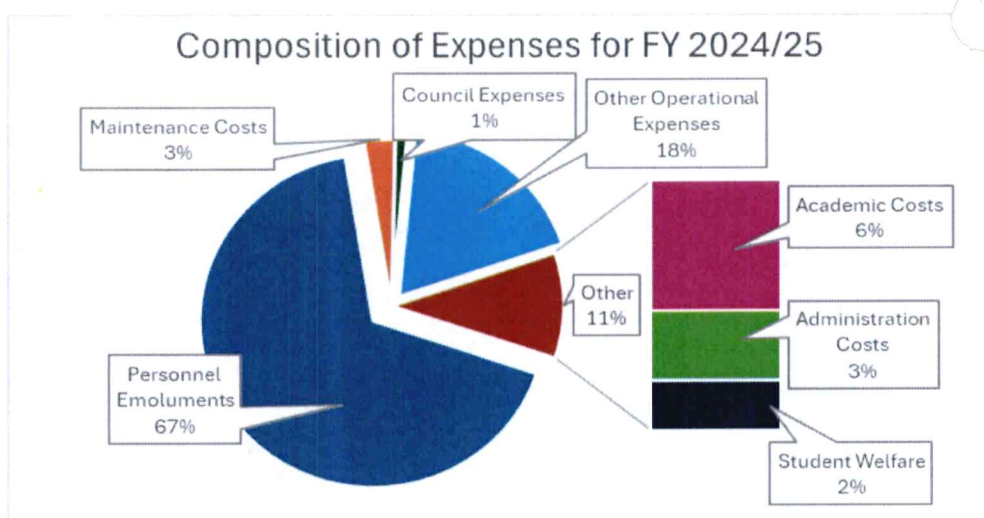
### **5. Financial Performance**

The financial year 2024/2025 was a period of strong financial performance for MUST, characterized by improved revenue recognition under the new funding model, enhanced internal revenue, and responsible expenditure. The University’s financial sustainability remains on a positive trajectory, supported by continued government support, growing student enrolment, and efficient operational management. Strategic investments in research, infrastructure, and student services continue to shape the university’s resilience and academic excellence

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**a) Analysis of Income Statement**

MUST's financial performance for the year ended 30 June 2025 reflects commendable resilience and adaptability amid significant policy shifts within the higher education sector. The University recorded total revenue of Kshs. 1.89 billion, representing a 20% increase from the



previous financial year's revenue of Kshs. 1.57 billion. This growth was primarily driven by a substantial rise in revenue from non-exchange transactions, which increased from Kshs. 632.2 million in FY 2023/24 to Kshs. 1.42 billion in FY 2024/25. The positive variance of Kshs. 784.7 million, representing a 124% increase, underscores the transformative impact of the New Higher Education Funding Model introduced by the government.

	2024-2025	2023-2024	Variance	Variance
	Kshs.M	Kshs.M	Kshs.M	%
<b>Revenue</b>				
GoK --DUC	640.40	632.17	8.23	1%
University Fund	574.08	-	574.08	0
HELB	202.40	-	202.40	0
<b>TOTAL</b>	<b>1,416.88</b>	<b>632.17</b>	<b>784.71</b>	<b>124%</b>
<b>AIA</b>				
Tuition and other Fees	407.36	900.12	- 492.76	-55%
Donations and Gifts	0.73	0.02	0.71	4733%
Other Income	60.48	41.69	18.79	45%
Sub-total	<b>468.56</b>	<b>941.82</b>	<b>- 473.26</b>	<b>-50%</b>
<b>Total revenue</b>	<b>1,885.44</b>	<b>1,573.99</b>	<b>311.45</b>	<b>20%</b>
<b>Expenses</b>				
<b>Operational Expenses</b>				
a) Personnel Emoluments	1,139.21	1,072.85	66.36	6%
b) Maintenance Costs	49.10	34.21	14.89	44%
c) Council Expenses	20.16	15.89	4.27	27%
d) Other Operational Expenses	310.39	286.03	24.36	9%
Academic Costs	91.29	69.65	21.65	31%
Administration Costs	48.35	45.51	2.84	6%
Student Welfare	34.82	29.01	5.82	20%
<b>Total expenses</b>	<b>1,693.33</b>	<b>1,553.15</b>	<b>140.18</b>	<b>9%</b>

Under the revised policy framework, universities now receive funding based on student financial need, as determined by the Means Testing Instrument. Consequently, disbursements through the

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

Universities Fund (UF) and the Higher Education Loans Board (HELB) significantly increased during the year. Specifically, revenue from the Universities Fund amounted to Kshs. 574.1 million, while HELB disbursements totaled Kshs. 202.4 million. These funds, previously classified as Appropriations-in-Aid (AIA), are now recognized as grants-in-aid, thereby enhancing the value reported under non-exchange transactions.

Additionally, the Government of Kenya's Direct University Capitation (DUC) support rose marginally by Kshs. 8.2 million, or 1%, from Kshs. 632.2 million to Kshs. 640.4 million. Further bolstering non-exchange revenue was a significant increase in donations and gifts, which surged from Kshs. 15,000 in FY 2023/24 to Kshs. 725,000 in FY 2024/25—a remarkable rise. This growth reflects strengthened stakeholder engagement, particularly with private sector partners and alumni. The success of high-profile institutional events, such as the 2025 MUSTIC Conference and the graduation ceremony, played a key role in attracting philanthropic contributions.

In contrast, revenue from exchange transactions experienced a sharp decline. Total revenue under this category fell by 50%, from Kshs. 941.8 million in FY 2023/24 to Kshs. 467.8 million in FY 2024/25, a negative variance of Kshs. 473.3 million. This was primarily driven by a substantial 55% decrease in tuition and other fees, which dropped from Kshs. 900.1 million to Kshs. 407.4 million. The reduction reflects the structural realignment in student payment flows under the new funding model, whereby more students—particularly those under government sponsorship—received direct financial support from the state, reducing their out-of-pocket tuition contributions. As these funds are now classified under grants-in-aid, the previously recognized tuition revenues diminished correspondingly.

However, other income under exchange transactions rose significantly, increasing by 45% from Kshs. 41.7 million to Kshs. 60.5 million. This growth is attributed to enhanced performance from internal income-generating units, such as the University's farm and catering services, which have increasingly contributed to the institution's revenue diversification strategy.

On the expenditure side, total expenses for the financial year stood at Kshs. 1.69 billion, up from Kshs. 1.55 billion in the previous year—marking a 9% increase, or a variance of Kshs. 140.2 million. The largest portion of these expenses remained operational in nature, rising by Kshs. 109.9 million, or 8%, from Kshs. 1.41 billion in FY 2023/24 to Kshs. 1.52 billion in FY 2024/25.

Personnel emoluments represented the single largest cost driver within operational expenses, rising by 6% (Kshs. 66.4 million)—from Kshs. 1.07 billion in FY 2023/24 to Kshs. 1.14 billion in FY 2024/25. This increase is attributed to the recruitment of additional staff to cater to the growing student population, annual salary increments, and the implementation of the 2021–2025 Collective Bargaining Agreement (CBA), which included negotiated basic salary adjustments. Employer contributions to staff pension schemes also increased, as pension liabilities are pegged at 20% of basic salary. Moreover, expenditure on casual labour rose, reflecting the University's need to hire more temporary staff to support expanded service delivery. An upsurge in commuter allowances was also recorded, driven by a rise in the number of staff members using personal vehicles to travel to their workstations.

Maintenance costs experienced a significant increase of 44%, rising from Kshs. 34.2 million to Kshs. 49.1 million a variance of Kshs. 14.9 million. This was mainly driven by increased repairs

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

and maintenance activities across the University. Notable among these were the repair of furniture and machinery, including compliance maintenance for equipment under the Kenya Bureau of Standards (KEBS) certification requirements. Additionally, the University invested in road maintenance, which included repainting, replacing broken pavement slabs, and rehabilitating road sections damaged by seasonal rains.

Council expenses increased by 27%, from Kshs. 15.9 million to Kshs. 20.2 million, representing a variance of Kshs. 4.3 million. This was due to an increase in the frequency and duration of Council meetings, driven by the need for strategic oversight and deliberations on key reforms aligned with the new funding policy and expansion plans. Expenses included allowances for members, facilitation of consultative forums, and logistical support for statutory committees.

Other operational expenses grew by 9%, rising from Kshs. 286.0 million in the previous year to Kshs. 310.4 million in the reporting period—a variance of Kshs. 24.4 million. A key driver of this increase was the upward revision of the ceiling for individual outpatient medical expenses, resulting in an overall increase in outpatient medical claims by Kshs. 18 million. Additionally, legal expenses increased as the University engaged more advisory services to handle compliance, contract management, and dispute resolution. Library expenses also rose, driven by the need to support new academic programmes and an expanding student body.

Academic costs rose significantly by 31%, increasing from Kshs. 69.6 million in FY 2023/24 to Kshs. 91.3 million in FY 2024/25. The Kshs. 21.6 million variance was largely driven by increased expenditure on teaching and learning activities, laboratory reagents and consumables, research activities, and increased travel to support expanded academic programmes and higher student enrolment.

Administration costs recorded a modest increase of 6%, from Kshs. 45.5 million to Kshs. 48.3 million, a variance of Kshs. 2.8 million. This marginal rise was the result of deliberate cost management strategies instituted by University Management. However, the growth also reflects increased activity arising from a larger staff and student population, leading to higher travel costs and greater use of stationery. Training for both academic and administrative staff was enhanced to align with institutional reforms and policy changes. Notable training programmes included productivity mainstreaming, digitalization, and research proposal writing, all aimed at enhancing staff output.

Student welfare expenses rose by 20%, from Kshs. 29.0 million to Kshs. 34.8 million—a variance of Kshs. 5.8 million. This increase reflects expanded investment in student support services, including catering, sports, and other extracurricular activities. The growth in student numbers necessitated greater spending to ensure the quality and inclusivity of welfare services.

The University recorded a surplus of Kshs. 192.1 M in FY 2024/2025 compared to Kshs. 20.8M in FY 2023/2024 — an increase of Kshs. 171.3 M. The surplus was mainly due to the new funding model, increased student numbers, prudent cost management across, and increased income from internally generated sources.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**b) Analysis of Balance Sheet**

The University's financial position as at 30 June 2025 reflects a combination of strengthened liquidity, improved operational performance, and prudent liability management, offset by stagnation in capital development due to delayed government funding. The lack of development funding has curtailed infrastructure growth, posing strategic capacity risks. The University's ability to sustain service delivery and future expansion will depend on maintaining current collection efficiencies, preserving cash reserves, and securing timely capital funding

Assets	2024- 2025	2023- 2024	Variance	
	Kshs. M	Kshs. M	Kshs. M	%
<b>Current Assets</b>				
Cash and cash equivalents	382.87	173.47	209.40	121%
Prepayments	20.44	16.20	4.24	26%
Receivables: Exchange transactions	99.23	162.46	-63.23	-39%
Receivables: Exchange non-transactions	0.00	52.68	-52.68	-100%
Inventory	7.88	9.93	-2.05	-21%
<b>Total Current Assets</b>	<b>510.42</b>	<b>414.74</b>	<b>95.69</b>	<b>23%</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	5,194.92	5,169.94	24.98	0%
Biological Assets	3.02	0.43	2.59	610%
Intangible Asset (ERP)	22.81	25.20	-2.40	-10%
<b>Total Non-Current Assets</b>	<b>5,220.75</b>	<b>5,195.57</b>	<b>25.18</b>	<b>0%</b>
<b>Total Assets</b>	<b>5,731.17</b>	<b>5,610.31</b>	<b>120.86</b>	<b>2%</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	442.69	514.29	71.60	14%
Provisions	98.87	98.51	-0.35	0%
<b>Total liabilities</b>	<b>541.55</b>	<b>612.80</b>	<b>71.25</b>	<b>12%</b>
<b>Net assets</b>	<b>5,189.62</b>	<b>4,997.51</b>	<b>-192.11</b>	<b>-4%</b>
<b>Finance By:</b>				
Capital	3,425.06	3,425.06	0.00	0%
Reserve Fund	-675.29	-867.40	-192.11	22%
Revaluation Reserve	2,439.85	2,439.85	0.00	0%
<b>Total net assets and liabilities</b>	<b>5,189.62</b>	<b>4,997.51</b>	<b>-192.11</b>	<b>-4%</b>

**Current Assets**

Cash and cash equivalents closed the year at Kshs. 382.87 million, a sharp increase of 121% from Kshs. 173.47 million in the prior year. This was driven by substantial disbursements from HELB and the Universities Fund toward year-end, alongside improved student fee collections. Given the new funding model's reliance on lump-sum releases, disciplined cash flow management will be critical to bridge the operational period until the next anticipated disbursement in October 2025.

Prepayments rose by 26% to Kshs. 20.44 million (2023/2024: Kshs. 16.20 million), reflecting the timing of insurance premium payments. Medical insurance was paid to cover October 2024–October 2025, while general insurance extended to January 2026, increasing prepaid balances at year-end.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

Receivables from exchange transactions declined by 39% to Kshs. 99.23 million (2023/2024: Kshs. 162.46 million), signaling enhanced collection efficiency from students.

Inventory decreased by 21% to Kshs. 7.88 million (2023/2024: Kshs. 9.93 million), indicative of leaner stockholding and tighter procurement practices.

Overall, total current assets increased by 23% to Kshs. 510.42 million, with liquidity gains more than offsetting reductions in receivables and inventory.

#### **Non-Current Assets**

- i. **Property, plant, and equipment** registered only marginal growth, moving from Kshs. 5.17 billion to Kshs. 5.19 billion. This reflects minimal additions, as planned construction stalled following the non-release of development funds from the National Treasury. Depreciation largely offset asset acquisitions.
- ii. **Biological assets** rose significantly to Kshs. 3.02 million (2023/2024: Kshs. 0.43 million), a 610% increase arising from livestock purchases and herd growth.
- iii. **Intangible assets**, representing the ERP system, decreased by 10% to Kshs. 22.81 million due to amortization.

Consequently, total non-current assets closed at Kshs. 5.22 billion, reflecting near-stagnant growth for the year.

#### **Total Assets**

The University's total assets stood at Kshs. 5.73 billion (2023/2024: Kshs. 5.61 billion), representing a modest 2% increase. The expansion was entirely liquidity-driven, with no significant capital asset growth.

#### **Liabilities**

- i. **Trade and other payables** decreased by 14% to Kshs. 442.69 million (2023/2024: Kshs. 514.29 million) as the University settled outstanding obligations.
- ii. **Provisions** remained stable at Kshs. 98.87 million, relating primarily to unpaid part-time lecturer claims for the January–June 2025 period.

Overall, total liabilities fell by 12% to Kshs. 541.55 million, reflecting improved short-term solvency.

#### **Net Assets / Equity**

- i. **Capital** remained unchanged at Kshs. 3.43 billion, with no new capital injections from the National Treasury.
- ii. **The reserve fund** deficit narrowed significantly by Kshs. 192.11 million to Kshs. (675.29) million, supported by the year's operational surplus.
- iii. **The revaluation reserve** was unchanged at Kshs. 2.44 billion.

Net assets increased by 4% to Kshs. 5.19 billion, underscoring a stronger financial base despite constrained development funding.

#### **Overall Position**

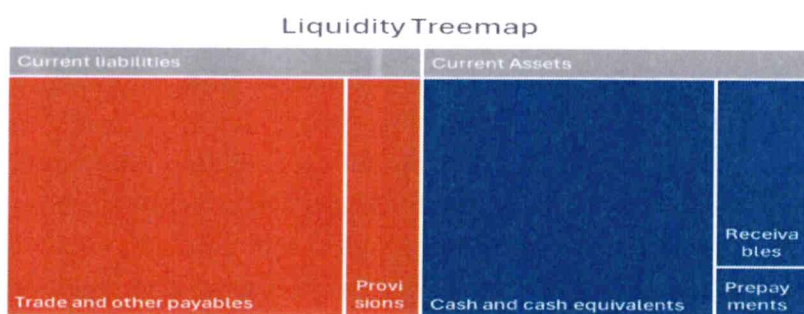
The University's balance sheet for the year ended 30 June 2025 shows a marked improvement in short-term liquidity while sustaining a strong long-term solvency position. Overall, the ratio

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

movements paint a picture of a University that has significantly strengthened its liquidity position within one year, reduced reliance on liabilities, and achieved a major turnaround in operating results. The improvement in the current ratio towards the 1.0 mark reflects prudent cash management and tighter control over receivables, although the small working capital deficit signals the need for continued vigilance in cash flow planning. Low debt ratios highlight the MUST's long-term financial sustainability, while the dramatic growth in the surplus demonstrates operational efficiency gains and effective cost discipline.

**Liquidity Analysis:** The current ratio improved significantly from 0.68 in FY 2023–2024 to 0.94 in FY 2024–2025. This improvement, while still marginally below the optimal benchmark of 1.0, reflects enhanced cash reserves (Kshs. 382.87 million in 2025 vs. Kshs. 173.47 million in 2024) and a notable reduction in receivables from exchange and non-exchange transactions.

**Working Capital Position:** Working capital – the difference between current assets and current liabilities – improved from a deficit of Kshs. 198.06 million in FY 2023–2024 to a deficit of only Kshs. 31.13 million in FY 2024–2025. This reduction in the liquidity gap by over Kshs. 166 million reflects stronger cash inflows and disciplined expenditure controls, albeit with the University still operating with a small negative working capital base.



**Solvency and Capital Structure:** The debt-to-asset ratio fell slightly from 10.9% in 2023–2024 (Kshs. 612.80 million / Kshs. 5,610.31 million) to 9.45% in 2024–2025 (Kshs. 541.55 million / Kshs. 5,731.17 million). This ratio confirms that less than one-tenth of the University's assets are financed through liabilities, which is a strong indicator of balance sheet resilience and low leverage risk.

Similarly, the debt-to-equity ratio declined from 12.26% in 2023–2024 (Kshs. 612.80 million liabilities / Kshs. 4,997.51 million equity) to 10.43% in 2024–2025 (Kshs. 541.55 million / Kshs. 5,189.62 million). This further underlines the conservative financing strategy, with the University relying predominantly on internally generated surpluses and capital reserves rather than external borrowing.

**Profitability Impact on Financial Position:** The year's surplus rose sharply to Kshs. 192.11 million from Kshs. 20.85 million in the prior year, an 821% increase. This surplus directly improved the reserve fund from a deficit of Kshs. 867.40 million in FY 2023–2024 to Kshs. 675.29 million in FY 2024–2025, strengthening the University's net asset base and enhancing capacity to fund future capital and operational needs.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**c. Analysis of Cash Flow Statement**

Details	2024-25	2023-24
	Kshs.	Kshs.
Net cash generated from Operating Activities	319,902,903	87,844,361
Net cash flows from investing Activities	(110,499,582)	(64,900,519)
Net cash flows from Financing Activities	-	69,032,612
<b>Total Net Increase in cash and cash equivalents</b>	<b>209,403,321</b>	<b>91,976,454</b>
Add: Cash and cash equivalents at beginning of year	173,468,125	81,491,670
<b>Total Cash and cash equivalents at end of year</b>	<b>382,871,445</b>	<b>173,468,125</b>

For the year ended 30 June 2025, Meru University recorded a net increase in cash and cash equivalents of KShs. 209.40 million, compared to KShs. 91.98 million in the previous financial year. This brought the year-end cash balance to KShs. 382.87 million, up from KShs. 173.47 million as at 30 June 2024, reflecting a significant strengthening of the University's liquidity position. The improvement was driven by strong operational cash generation, prudent expenditure management, and the absence of any new debt obligations.

Cash generated from operating activities amounted to KShs. 319.90 million, representing an increase of more than 260 percent over the KShs. 87.84 million recorded in 2023/24. This performance was underpinned by the disbursements from the Government of Kenya through the Universities Fund scholarships, Higher Education Loans Board loans, and DUC capitation. In addition, the University recorded higher internally generated revenues from graduation fees, student-related services, and other income-generating initiatives. Working capital management improved markedly, with enhanced collections of student fee arrears and a reduction in receivables, further boosting operating cash inflows.

Net cash used in investing activities amounted to KShs. 110.50 million, compared to KShs. 64.90 million in the previous year, reflecting an increase in capital expenditure. The funds were applied to the acquisition and upgrading of property, plant, and equipment, as well as the expansion of biological assets. Notably, all capital investments during the year were financed internally from operating surpluses, demonstrating the University's ability to fund strategic projects without external borrowing.

There were no cash flows from financing activities during the year under review, unlike in 2023/24 when the University received KShs. 69.03 million in capital funding. This indicates that MUST was able to meet some investment and operational needs without recourse to additional capital grants.

The closing cash balance of KShs. 382.87 million provides adequate liquidity to sustain operations through October 2025, when the next tranches of HELB and Universities Fund disbursements are expected. This robust cash position enhances the University's resilience against potential delays in government funding, although maintaining this strength will require continued efficiency in revenue generation, disciplined expenditure control, and effective receivables management.

Overall, the FY 2024/25 cash flow performance reflects strong operational capacity, disciplined investment, and prudent cash stewardship. The University is entering the 2025/26 financial year with a solid liquidity base that positions it well to meet both operational obligations and strategic

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

objectives without undue reliance on external financing. Sustaining this performance will require the institutionalization of a minimum cash reserve policy, continued diversification of income sources, and strict governance over capital projects to ensure they deliver value for money.

**6. Human Resources and Industrial Relations**

Meru University of Science and Technology (MUST) maintained a workforce of slightly over 400 employees during the year under review. This workforce comprised academic staff responsible for teaching and research, administrative staff charged with managing institutional operations, and support staff who ensured the smooth running of day-to-day activities. To meet fluctuating workload demands and address staffing gaps in specialised areas, the University also engaged part-time lecturers and casual workers, particularly in high-enrolment programmes and time-sensitive support functions.

During the year, the University successfully negotiated and signed Collective Bargaining Agreements (CBAs) with its three recognised trade unions: the Universities Academic Staff Union (UASU), representing academic staff such as lecturers, senior lecturers, and professors; the Kenya University Staff Union (KUSU), representing non-teaching administrative and technical staff; and the Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals and Allied Workers (KUDHEIHA), representing support staff such as cleaners, groundskeepers, security personnel, and kitchen staff. These agreements resolved long-standing issues including salary harmonisation and improvements in non-monetary benefits such as medical coverage, leave entitlements, and training opportunities. The negotiation process was conducted in a collaborative and transparent manner, fostering industrial harmony within the University.

The brief nationwide strikes in September and November 2024, which affected all public universities, highlighted systemic human resource challenges in Kenya's higher education sector. At MUST, the impact of these disruptions was mitigated through proactive communication with staff, timely engagement with union leadership, and the implementation of structured make-up schedules for missed academic days. The University remains committed to maintaining a culture of dialogue, fairness, and mutual respect in its labour relations, recognising that a motivated and engaged workforce is critical to sustaining academic excellence.

Student representation is anchored in the Students Association of Meru University (SAMU), which acts as the voice of the student body. SAMU plays a vital role in bridging the relationship between the University administration and students, facilitating dialogue on matters such as academic timetabling, student welfare, campus facilities, and extracurricular activities. Regular consultative forums between the management and SAMU leadership have been instrumental in preventing unrest and fostering a shared sense of responsibility for institutional success. In February 2025, the students held a peaceful and successful election in which new officials were elected to serve a one-year term.

From a human resources perspective, the University's strength lies in the loyalty and institutional commitment of its long-serving staff, the adaptability of its workforce in responding to operational needs, and the deliberate investment in staff development. In recent years, MUST has implemented structured performance appraisal systems that link individual targets to departmental and institutional strategic goals, thereby improving accountability and creating a transparent basis for recognising high performance. The University has prioritised capacity

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

building through targeted training programmes, with academic staff encouraged and supported to pursue postgraduate and doctoral studies, while administrative and support staff receive skills upgrading in areas such as ICT literacy, financial management, customer service, and occupational safety. These efforts are evident in improved efficiency of service delivery, the adoption of digital systems in administration, and enhanced teaching quality.

The human resources function has increasingly leveraged technology in managing human capital. The payroll system has been fully digitised, and leave management is now processed electronically, improving both efficiency and transparency. The University has also taken deliberate steps to promote inclusivity in its recruitment processes, with specific attention to persons with disabilities (PWDs), gender balance, ethnic diversity, and equal opportunity, ensuring that the workforce reflects the diversity of the Kenyan population.

Looking ahead, the strategic human resources priorities for MUST will include succession planning for key academic and administrative positions, deepening staff engagement to minimise turnover risk, and developing a competitive reward framework that balances fiscal prudence with the need to attract and retain top talent in the higher education sector. By pursuing these priorities, the University will continue to strengthen its human capital foundation, which remains the most critical driver of its growth, innovation, and long-term institutional success.

### **7. Community Engagement and Partnerships**

MUST expanded its footprint in community engagement and strategic partnerships throughout the year. The University collaborated with local communities on agricultural extension, climate-resilient farming, and technology transfer. The University's strong presence at the Meru ASK Show 2025 provided a platform to demonstrate innovations, engage stakeholders, and promote student work.

MUST also signed several Memoranda of Understanding (MOUs) with national and international institutions, private sector players, and development partners, aimed at joint research, student internships, knowledge exchange, and joint funding proposals. The University's alumni network continued to grow in strength and support. A well-attended alumni meeting held in March 2025 provided an opportunity for former students to pledge support in areas such as infrastructure, mentorship, and student welfare.

In 2025, Meru University of Science and Technology (MUST) deepened its impact through strategic partnerships that advanced research, innovation, and community development. In February 2025, the University launched the *Flourishing Communities Model* master class in collaboration with the University of Texas Medical Branch and SODZO Kenya, equipping community leaders, policymakers, health professionals, and educators with skills for sustainable, community-centered development. In a landmark public health initiative, MUST, Penn State University (USA), the Technical University of Denmark, and Meru County signed an MoU to jointly research food safety, zoonotic disease risks, and antimicrobial resistance, alongside faculty mentoring, workshops, and student exchanges. Through the *ENGAGE Project*—with the University of Nairobi and University of California, San Francisco—MUST empowered 15 girls in data science for public health, providing equipment, training, and AI workshops. MUST, in collaboration with Tianjin City Vocational College (China), continue to upgrade the *Luban Workshop*, an e-commerce engineering hub to foster ICT innovation, entrepreneurship, and vocational excellence. These initiatives

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

among others collectively strengthen MUST's role as a driver of academic excellence, technological innovation, and sustainable development.

**9. Strategic Outlook**

Looking ahead to the 2025/26 financial year, Meru University of Science and Technology (MUST) enters a pivotal stage in the implementation of its 2023–2027 Strategic Plan. The University remains firmly committed to aligning its programs, operations, and investments with Kenya's Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), and the Sustainable Development Goals (SDGs). This period will be marked by the consolidation of gains made over the past two years and a deliberate focus on infrastructure development, financial diversification, digital transformation, research commercialization, and community impact. While the outlook is largely positive, management acknowledges the need for cautious optimism, given the evolving challenges within Kenya's higher education landscape.

A central priority for the year will be the continued expansion of both physical and digital infrastructure. With the student population projected to grow significantly, the University will focus on completing key ongoing projects, including the sports fields, the Nursing and Public Health Building, the Library at Mariene, the Administration Block, and a modern laboratory at Mariene. Investments in advanced laboratory equipment for science, engineering, and health sciences will further strengthen teaching and research capabilities. The digital transformation agenda will also accelerate, with the aim of achieving full automation of administrative and academic systems. Planned initiatives include an upgrade of the Enterprise Resource Planning (ERP) system, expanded campus-wide Wi-Fi coverage, and the integration of online payment, procurement, and leave management systems to enhance efficiency and transparency.

Financial sustainability will remain a critical concern. The recent government decision to reduce tuition fees for Government of Kenya-sponsored students is expected to significantly lower tuition revenue. This change, compounded by the high cost of living, calls for prudent fiscal management and aggressive revenue diversification. To address this, MUST will scale up consultancy services, expand continuing education programs for professionals, and fast-track the commercialization of research outputs. The University will also strengthen its Endowment Fund as a sustainable financing mechanism for scholarships, infrastructure, and strategic research. A major highlight in this regard will be the Mountain Run, scheduled for September 2025. This flagship sporting and wellness event will also serve as a high-profile fundraiser for the Endowment Fund.

Research and innovation will continue to be central to the University's mission, with an intentional shift towards community-based projects that address pressing challenges in food security, environmental conservation, public health, and appropriate technology for rural development. The University will deepen its partnerships with development agencies, industry leaders, and international universities to secure research grants, facilitate staff and student exchanges, and enhance the commercialization of innovations. Beyond research, community outreach will remain a key pillar, with activities such as agricultural extension services, ICT training for youth, and public health awareness campaigns in Meru County and the surrounding regions.

Human capital development will be another area of focus, particularly in managing the demands of a growing workforce. The University will invest in staff professional development, with emphasis on technology adoption, modern pedagogical approaches, research management, and

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

leadership skills. Strategic workforce planning will ensure recruitment is aligned with academic growth and financial capacity, avoiding overstaffing and skills mismatches.

The projected increase in student numbers will require enhanced support services. MUST will strengthen counselling, career guidance, and mentorship programs to promote academic success and personal development. Collaboration with the Students Association of Meru University (SAMU) will ensure that student welfare concerns are addressed proactively and that the student voice is represented in decision-making processes.

The broader macroeconomic environment presents both risks and opportunities. Inflation and the rising cost of living will place additional pressure on operational costs and student affordability. However, the University's location in a vibrant agricultural and entrepreneurial region offers unique opportunities to develop agribusiness ventures, value addition enterprises, and tourism-related initiatives. By leveraging these strengths, MUST will enhance its relevance to the local economy while diversifying its income base.

Good governance and effective risk management will underpin all strategic initiatives. The University will continue to strengthen its systems for transparent, inclusive decision-making, ensuring active engagement of staff, students, alumni, and community stakeholders. Recognizing the risks posed by funding volatility, infrastructure delays, and talent retention challenges, management will adopt a phased and financially resilient approach to project execution.

In summary, FY 2025/26 promises to be a year of growth, innovation, and deepened community impact for MUST. The combined focus on infrastructure expansion, digital transformation, revenue diversification, and community-driven research will enhance the University's reputation as a leading science and technology institution in Kenya. This growth will be pursued with fiscal discipline and strategic foresight, guided by the principle of growth with resilience—balancing ambitious progress with prudent management to ensure long-term sustainability.

**SECTION B**

**The University's compliance with statutory requirements**

During the 2024/2025 financial year, Meru University of Science and Technology (MUST) demonstrated total compliance with all statutory and regulatory obligations governing public universities in Kenya. The University maintained complete and accurate documentation across all compliance areas, responded promptly to oversight requirements, and operated robust internal systems to sustain these standards in future periods.

All Pay-As-You-Earn (PAYE) deductions for academic and non-academic staff were correctly computed in accordance with Kenya Revenue Authority (KRA) regulations. Monthly PAYE returns were filed and payments remitted before statutory deadlines, with corresponding KRA iTax receipts and acknowledgements on file. Statutory deductions to the National Hospital Insurance Fund (NHIF) and National Social Security Fund (NSSF) were remitted in full and on time, ensuring uninterrupted health and social security benefits for staff. Pension contributions to the University's pension scheme were accurately calculated and remitted as scheduled. Withholding taxes on supplier payments were correctly applied and remitted to the KRA, with all procurement-

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

related taxes reconciled against official records. The University holds a valid KRA Tax Compliance Certificate for the reporting period.

Financial management fully adhered to the Public Finance Management Act and Treasury circulars. The approved 2024/2025 budget was implemented as authorised, and all eligible payments to suppliers were processed through the University's ERP system. Quarterly and annual financial performance reports were presented to the Council and submitted to the Ministry of Education and other oversight bodies within the prescribed timelines. Procurement activities complied with the Public Procurement and Asset Disposal Act, with open and competitive tendering undertaken where required. Tender advertisements, bid evaluation minutes, signed contracts, delivery confirmations, and inspection reports were maintained as part of the official procurement record. Disposal of obsolete or surplus assets was carried out with Council approval and duly reported to the Public Procurement Regulatory Authority.

Governance operations complied fully with the Universities Act and the MUST Charter. The Council, Senate, and all statutory committees—including Audit, Finance, Human Resource, and Academic Affairs—met as scheduled, with resolutions documented and implemented. Annual reports were prepared and submitted to the Ministry of Education in accordance with statutory requirements. The financial statements for 2023/2024 were prepared in compliance with International Public Sector Accounting Standards (IPSAS) and audited by the Office of the Auditor-General. All audit queries were addressed promptly, and the Auditor-General issued an unqualified opinion.

The University complied with the Employment Act, labour legislation, and applicable Collective Bargaining Agreements. All staff were engaged on lawful contracts, salaries and benefits were processed accurately, statutory leave entitlements were observed, and disciplinary processes followed legal procedures. No industrial disputes arose during the period. Occupational health and safety standards were upheld through regular inspections, current fire safety certification for all major buildings, and safety training for laboratory and workshop personnel. The University health unit continued to offer NHIF-compliant medical services.

Environmental compliance was achieved through valid Environmental Impact Assessment (EIA) approvals from the National Environment Management Authority (NEMA) for all ongoing construction projects. Waste management contracts for biomedical, hazardous, and electronic waste were maintained in accordance with environmental regulations. Research activities obtained the necessary permits from the National Commission for Science, Technology & Innovation (NACOSTI) and, where applicable, ethical clearance from the Institutional Research Ethics Committee. Biosafety and animal handling procedures complied with statutory standards, with all relevant licences and approvals securely filed.

MUST retained full institutional accreditation with the Commission for University Education (CUE), and all new academic programmes introduced in 2024/2025 were accredited prior to student admission. Student admissions complied with Kenya Universities and Colleges Central Placement Service (KUCCPS) guidelines. The Students Association of Meru University (SAMU) operated within its constitution and the Universities Act, holding elections as scheduled.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

Disbursements and refunds of Higher Education Loans Board (HELB) and University Fund (UF) monies were reconciled accurately.

The University complied with the Data Protection Act by appointing a Data Protection Officer, maintaining an approved Data Protection Policy, and safeguarding personal data in accordance with statutory standards. Professional programmes remained accredited by their respective regulatory bodies: the Nursing Council of Kenya (NCK) for nursing graduates, the Kenya Engineering Technology Registration Board (KETRB) for engineering technologists, the Clinical Officers Council (COC) for clinical medicine graduates, and the Kenya Veterinary Board (KVB) for animal health graduates.

Integrity and anti-corruption measures were strictly observed. Senior officers submitted statutory wealth declarations to the Ethics and Anti-Corruption Commission (EACC), and the University's whistleblowing mechanism remained active throughout the year. All University assets were insured against major risks, the asset register was updated and verified, and all foreign staff held valid work permits in compliance with immigration regulations.

MUST's comprehensive compliance record for 2024/2025 reflects its commitment to transparency, good governance, and the protection of public trust while safeguarding the welfare of its staff, students, and stakeholders.

**SECTION C**

**Key projects and investment decisions the University is planning/implementing**

**Capital Budget for the FY 2024/25**

The total capital budget for the FY 2024/25 was KShs. 185 million. The government had allocated MUST a total of KShs. 30 million for capital projects and the University was expected to raise KShs. 155 million internally to finance capital expenditure. The planned capital expenditure and the actual expenditure for the year ended 30 June 2025 were as follows:

No	Project	Sources of funds:	Budget	Expenditure
			2024/25	2024/25
1	Construction of Sports fields	GOK	20,000,000	8,989,584
2	Nursing and Health Science	GOK	-	-
3	Engineering Complex	GOK	-	-
4	Mariene Library	GOK	10,000,000	-
5	Mariene Admin	GOK	-	-
6	Mariene Laboratory	GOK	-	-
7	ICT Infrastructure	AIA	10,000,000	-
8	Computers	AIA	15,000,000	2,772,790
9	Other Equipment and Machinery	AIA	10,000,000	9,051,325
10	Small works	AIA	80,000,000	56,199,177
11	Furniture	AIA	10,000,000	9,769,527
12	Gowns	AIA	2,000,000	-

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>13</b>	Soft-wares	AIA	6,000,000	1,490,000
<b>14</b>	Biological Assets	AIA	2,000,000	1,760,000
<b>15</b>	Motor Vehicle	AIA	20,000,000	20,467,179
	<b>Total</b>		<b>185,000,000</b>	<b>110,499,582</b>

During the financial year 2024/2025, Meru University of Science and Technology (MUST) had an approved capital budget of KShs. 185 million, comprising internally generated funds (Appropriations-in-Aid – AIA) of KShs. 155 million and an anticipated allocation of KShs. 30 million from the Government of Kenya (GoK). Despite this budget provision, the GoK did not remit any funds towards capital projects during the year. Consequently, all capital expenditure was financed entirely from AIA. This funding gap significantly affected the pace and scope of project implementation, and the absence of GoK capital funding materially constrained the University’s development agenda.

Total capital expenditure for the year amounted to KShs. 110,499,582, representing an absorption rate of 59.7% of the total budget and 71% of the AIA budget. Key projects undertaken included the construction of sports fields, which received KShs. 8,989,584 and is ongoing, with the swimming pool nearing completion. No expenditure was incurred on the Nursing and Health Science Building, the Engineering Complex, the Mariene Library, the Mariene Administration Block, and the Mariene Laboratory—all of which had been earmarked for GoK funding. The Mariene Library, with a budget of KShs. 10 million, remained stalled due to the lack of funds.

Within AIA-funded projects, notable progress was achieved in several areas. Small works—including the upgrading of the graduation square, construction of pavements, and improvement of student eateries—recorded the highest expenditure at KShs. 56,199,177 against a budget of KShs. 30 million, reflecting significant infrastructure upgrades and maintenance. The procurement of a motor vehicle was completed at a cost of KShs. 20,467,179, slightly exceeding the budget of KShs. 20 million. Other Equipment and Machinery received KShs. 9,051,325 against a budget of KShs. 10 million, while furniture acquisition amounted to KShs. 9,769,527 against a budget of KShs. 10 million. In ICT-related projects, computers were procured for KShs. 1,772,790. Software acquisition amounted to KShs. 1,490,000 against a budget of KShs. 6 million, while biological assets procurement reached KShs. 1,760,000 out of a budgeted KShs. 2 million.

From a financial performance perspective, delays in both the release of cash and the approval of budgets had a direct negative impact on project execution. Projects reliant on GoK funding stalled entirely, limiting the University’s ability to advance key infrastructure priorities, particularly in academic and research facilities. The reliance on AIA for all capital projects also created cash flow pressures, as internally generated funds had to be diverted from other operational priorities to sustain capital investment.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**SECTION D**

**Major Risks Facing the University**

Meru University of Science and Technology continues to strengthen its integrated risk management framework, embedding risk awareness into its operations, governance structures, and institutional culture. Oversight of risk management rests with the University Council, which has delegated specific responsibilities to the Audit Committee and the Finance, Planning and Development Committee. At the operational level, the University has established a Risk Committee supported by a dedicated Risk Officer, ensuring that risks are identified, assessed, and addressed in a structured and timely manner.

- i. **Liquidity Risk** – The University’s liquidity position showed notable improvement during the year, with the current ratio rising to 0.98 as at 30 June 2025, compared to 0.68 in 2024. This improvement reflects better alignment between current assets and liabilities. However, liquidity challenges persist due to the high level of receivables, particularly outstanding student fees, and delayed disbursements from the Higher Education Loans Board (HELB) and the Universities Fund (UF). Although the University actively manages these receivables, some amounts may ultimately prove uncollectible, posing a potential strain on cash flow. The institution continues to implement structured collection strategies, including targeted follow-ups, while advocating for timely disbursement of government capitalization to ease cash flow pressures.
- ii. **Market Risk** – Exposure to market risk remains minimal as the University does not hold bank loans and engages in limited foreign currency transactions. Nevertheless, changes in market conditions—such as inflationary pressures, fluctuations in exchange rates, or volatility in the prices of goods and services—could impact operational costs. To mitigate this, the University maintains a foreign currency account to facilitate any required international transactions and continuously monitors both local and global market developments to inform procurement and expenditure decisions.
- iii. **Operational Risk** – The University faces operational risks arising from process inefficiencies, cybersecurity vulnerabilities, and human resource management challenges. These risks have the potential to disrupt service delivery, affect institutional reputation, or result in financial losses. In response, the University continues to strengthen internal control systems and progressively automate critical processes to enhance efficiency and accuracy. Employee training programs are regularly conducted to build capacity, while staff engagement is promoted through continuous professional development, performance appraisal systems, and employee welfare initiatives. In addition, investments in ICT infrastructure and security systems are ongoing to address the increasing threat of cyberattacks.
- iv. **Compliance and Regulatory Risk** – The higher education sector in Kenya continues to undergo frequent policy and regulatory changes, exposing the University to compliance risks. Non-compliance could result in reputational damage, financial penalties, or disruptions in operations. Meru University mitigates these risks by closely tracking developments in the education policy landscape, engaging regularly with regulators and other stakeholders, and conducting compliance training across departments to ensure that staff remain informed about applicable laws, regulations, and reporting requirements.
- v. **Credit Risk** – Credit risk arises primarily from trade receivables and delays in government funding. As at 30 June 2025, the University’s maximum credit exposure stood at KShs.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

502,541,680, all of which was fully performing. The composition of this exposure is as follows:

Item	Total (KShs)	Fully Performing (KShs)
Cash and Cash Equivalents	382,871,445	382,871,445
Prepayments	20,441,408	20,441,408
Receivables	99,228,827	99,228,827
<b>Total</b>	<b>502,541,680</b>	<b>502,541,680</b>

The University maintains its funds in reputable financial institutions—Equity Bank, Kenya Commercial Bank, Cooperative Bank, and National Bank of Kenya—following rigorous due diligence to safeguard against counterparty risk. Prepayments relate to essential services such as insurance, sourced through transparent and competitive procurement processes. Receivables are actively managed through structured collection mechanisms, periodic reconciliations, and continuous follow-up to minimize default risk and maintain healthy cash flows.

Through these measures, Meru University demonstrates its commitment to proactively identifying, assessing, and mitigating risks in order to safeguard its financial stability, operational efficiency, and long-term sustainability.

**SECTION E**

**Material Arrears in Statutory/Financial Obligations**

The University did not incur any material financial obligations during the period under review. However, basic salary arrears for the period July 2020 to June 2021 remain outstanding. Staff were awarded a basic salary increment effective 1 July 2017, with the implementation taking place in 2021. Arrears for all years covered by the award were paid, except for the financial year 2020/2021. These outstanding arrears will be settled once the Government releases the required funds.

**SECTION F**

**The University's Financial Probity and Serious Governance Issues**

During the year under review, the University maintained a strong record of financial probity. No cases of financial impropriety were reported by the Internal Audit Department, the Audit Committee of the Council, the Office of the Auditor-General, or any other national government oversight agency. Governance standards also remained high, with no reported cases of misconduct involving the University Council, its members, or the top management team. Furthermore, no incidents of conflict of interest were recorded during the period, reflecting the University's continued commitment to integrity, transparency, and good governance.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

During the financial year 2024/2025, MUST strengthened its commitment to environmental stewardship and sustainability, integrating green practices into its operations, academic programs, and community outreach. The University's sustainability strategy focused on five priority areas: energy efficiency, water conservation, waste management, biodiversity restoration, and sustainable procurement.

**Energy and Carbon Footprint:** The University advanced its transition towards clean energy by increasing its renewable energy share to 6% of total consumption, primarily through energy conservation programs—including replacement of fluorescent fixtures with LED technology, and targeted user awareness campaigns—led to a 5% reduction in electricity use compared to the previous year. This directly contributed to lowering the University's carbon footprint and operational costs.

**Water Resource Management:** A comprehensive water conservation plan achieved a 9% reduction in water consumption through installation of low-flow fixtures, and rehabilitation of leaking pipelines. Treated sewage effluent from our sewerage system was safely reused for irrigation, supporting the University's landscaping and agriculture projects while reducing pressure on local water sources.

**Waste Reduction and Recycling:** MUST made significant progress in advancing waste management, recycling, and circular economy practices during the year. Through a structured recycling program targeting human fecal matter, food waste, plastics, metals, paper, and electronic waste, the University successfully diverted 5 tonnes of waste from landfills. Organic waste management efforts, including composting, yielded 10 tonnes of high-quality organic fertilizer, which was applied on the University farm to support sustainable food production.

Paper consumption reduced by 4% following the expansion of digitized administrative processes and the wider adoption of electronic learning resources, thereby cutting operational costs and reducing the environmental footprint.

To address the growing challenge of electronic waste, MUST established a dedicated E-Waste



Centre to promote responsible use, repair, reuse, and recycling of electronic products. This initiative is being implemented in collaboration with GIZ, WEEE Centre, and Pan African E-Waste Solutions Limited, and is co-funded by the European Union and the German Federal Ministry of Economic Cooperation and Development. A collection hub is being set up on campus to serve both the University and the surrounding community.

**Meru University of Science and Technology  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

The University's Institute of Sanitation advanced its innovative sanitation project that processes raw faecal matter into safe, nutrient-rich organic fertilizer. This initiative not only addresses



sanitation challenges but also enhances soil health and agricultural productivity. This is achieved by the use of the Black Soldier Fly. The project also utilizes other organic waste to produce sustainable, protein-



rich animal feeds while generating additional organic fertilizer. These integrated waste-to-resource projects demonstrate MUST's commitment to sustainable resource management, climate change adaptation, and environmental stewardship.

**Biodiversity and Campus Greening:** The University continued its biodiversity restoration



initiative, planting 4,500 indigenous trees across the main campus and satellite facilities. This not only enhanced the campus microclimate but also contributed to Kenya's national tree-planting goals. Dedicated green zones were established to protect bird habitats, and sustainable landscaping practices reduced reliance on chemical fertilizers and pesticides.

**Sustainable Procurement and Community Engagement:** The procurement policy was revised to prioritise eco-friendly and locally sourced products, reducing supply chain emissions and supporting regional economies. The University also collaborated with local communities on environmental education programs, clean-up drives, and sustainable farming demonstrations.

**Forward Outlook:** Looking ahead, MUST aims to achieve a 25% renewable energy share by 2027, expand rainwater harvesting to all academic buildings, and enhance its role as a regional leader in climate-smart research and education.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**11. REPORT OF THE COUNCIL**

The University Council is pleased to present its report, together with the audited financial statements of Meru University of Science and Technology, for the financial year ended 30 June 2025. These statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) on an accrual basis, and they present a true and fair view of the financial position and performance of the University.

**i) Principal Activities**

The University's principal mandate remains the provision, advancement, and dissemination of higher education, training, and research. This includes offering programmes leading to the award of degrees, diplomas, certificates, and other qualifications as determined from time to time by the University Council and Senate. In fulfilling this mandate, the University contributes to national human capital development and addresses the evolving needs of the labour market.

**ii) Financial Results**

The University's financial performance for the year ended 30 June 2025 is presented on page 1 of these financial statements. The results reflect the continued commitment to prudent financial management, resource optimization, and investment in strategic priorities in line with the University's mission.

**iii) University Council**

A full list of the Council Members who served during the reporting period is disclosed on pages vii to xi. The Council wishes to record its appreciation to all members for their invaluable service and dedication to the University's governance.

**iv) Auditors**

The Auditor-General is mandated under Article 229 of the Constitution of Kenya and the Public Audit Act, 2015, to carry out the statutory audit of the University's financial statements for the year ended 30 June 2025. The Auditor-General will perform this audit in accordance with applicable auditing standards and issue the relevant report thereon.

By Order of the Council.



**Prof. Romanus Odhiambo**

**Vice Chancellor**

**Date: August 22, 2025**

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**12. STATEMENT OF COUNCIL'S RESPONSIBILITIES**

The University Council is responsible for the preparation and fair presentation of the financial statements of Meru University of Science and Technology in accordance with the requirements of Section 81 of the Public Finance Management (PFM) Act, 2012, Section 47 of the Universities Act No. 42 of 2012, and the International Public Sector Accounting Standards (IPSAS) on an accrual basis.

These responsibilities require the Council to ensure that the financial statements provide a true and fair view of the University's financial position as at 30 June 2025 and of its financial performance for the year then ended. The Council is also mandated to ensure that proper accounting records are maintained, disclosing with reasonable accuracy the financial position of the University, and that the assets of the University are safeguarded.

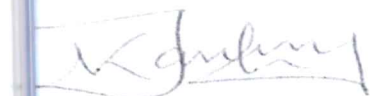
In discharging this mandate, the University Council is responsible for:

1. Maintaining effective financial management arrangements and ensuring these remain robust throughout the reporting period.
2. Maintaining proper accounting records that provide reliable and timely information on the financial position of the University.
3. Designing, implementing, and maintaining sound internal controls to ensure the financial statements are free from material misstatement, whether due to fraud or error.
4. Safeguarding the assets of the University against loss, misuse, or impairment.
5. Selecting and applying appropriate accounting policies consistently in accordance with IPSAS.
6. Making reasonable and prudent accounting estimates and judgements based on the best available information.

The University Council accepts full responsibility for the preparation of these financial statements, which have been prepared using appropriate accounting policies, supported by reasonable and prudent estimates and judgements. The Council confirms that the accounting records maintained by the University are complete, reliable, and form a sound basis for the preparation of the financial statements, and that the internal control systems are adequate to safeguard the University's resources.

The Council is satisfied that the University will continue to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

**Approval of the Financial Statements:** The financial statements for the year ended 30 June 2025 were approved by the University Council on 22<sup>nd</sup> August 2025 and signed on its behalf by:



**Prof James I Kanya, PhD**  
**Chairman of the Council**



**Prof. Romanus Odhiambo PhD**  
**Vice Chancellor**

# REPUBLIC OF KENYA

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HEADQUARTERS  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal 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 is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Meru University of Science and Technology set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2025 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, the financial statements present fairly, in all material respects, the financial position of the Meru University of Science and Technology as at 30 June, 2025 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 Universities Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts and actual revenue budget of Kshs.2,215,208,100 and Kshs.1,885,442,611 respectively resulting to underfunding of Kshs.329,765,489 or 15% of the budget. Similarly, the University spent Kshs.1,803,831,500 out of the actual receipts amount of Kshs.1,885,442,611 leading to under-absorption of Kshs.81,611,111 or 4% of the actual receipts.

The under-funding and under-absorption affected the implementation of the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, an issue on stalled and delayed projects was raised under Lawfulness and Effectiveness in Use of Public Resources. However, the issues remained unresolved as at 30 June, 2025, the issue has been reiterated during the year under review.

### **Other Information**

The Management is responsible for the Other Information set out on page ii to iv which comprise of Key Entity Information and Management, Chairman's Statement, Report of the Vice Chancellor, Governance Statement, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Council Responsibilities and Management Discussion and Analysis. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the University's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **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 effect of 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. Non-Compliance with the Law on Staff Ethnic Composition**

Review of staff records revealed that Meru University of Science and Technology had a total of four hundred forty-one (441) employees on its payroll. However, two hundred and seventy one (271) or 63% of employees were from Meru being the dominant community

contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff.

In the circumstances, Management was in breach of law.

## **2. Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects approved final revenue budget amount of Kshs.2,215,208,100 against an expenditure budget amount of Kshs.2,100,676,731 leading to a variance of Kshs.114,531,369 contrary to Regulation 33 (c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget shall be balanced.

In the circumstances, Management was in breach of law.

## **3. Non – Compliance with the Public Procurement Capacity Building Levy Order, 2023**

Review of records reveals that the University entered into contracts but no documentary evidence has been provided to confirm that the University complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20<sup>th</sup> day of the subsequent month and also file monthly returns.

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

## **4. Delayed and Stalled Construction Projects**

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.5,194,919,612 which includes work-in-progress balance of Kshs.712,162,765 as disclosed in Note 19 to the financial statements. The following observations were made;

### **4.1 Delayed Completion of Sports Fields**

The work-in-progress balance of Kshs.712,162,765 includes additions during the year amount of Kshs.66,228,761. Review of records revealed that the University contracted a construction company on 30 July, 2020 to construct and complete the University's sports field at a contract sum of Kshs.232,742,353. The project duration was twenty-nine (29) weeks with a commencement date of 14 September, 2020. The sports field under construction included soccer pitch (with running track), hockey pitch, basketball pitch, rugby pitch, tennis court, swimming pool, stand-alone washrooms, and pavilion for soccer pitch. The contract completion date was on 2 March, 2021 though was later extended to 30 October, 2023 by Management following the advice from the Project Implementation Committee. Further extension was granted by Management to the contractor to 31

December, 2024 and again to March, 2026 upon recommendation of the project implementation team.

However, as at the time of audit, the contractor had been paid a total amount of Kshs.186,279,119. Physical inspection conducted in October, 2025 revealed that the field was covered with overgrown grass and shrubs and the contractor was not on site. Management did not provide any reasons for the contractor's absence or for the continued delay in completion of the project.

#### **4.2 Stalled Projects**

Work in progress balance of Kshs.712,162,765 further includes a balance of Kshs.481,085,399 paid towards 4 (four) stalled projects as whose contract sum is Kshs.978,989,541 revealed the following;

Review of contract records revealed that Proposed Construction and Equipping of Science Laboratories at Mariene Research Institute (Phase 1) with a contract sum of Kshs.258,780,763 ( WIP - Kshs.101,612,603) had been terminated while the Proposed Construction of Modern Library at Mariene Research Institute (Phase 1) with a contract sum of Kshs.156,099,343 (WIP - Kshs.101,843,976), Proposed Construction of Administration Block and Lecture Rooms at Mariene Research Institute (Phase 1) with contract sum of Kshs.171,820,744 (WIP - Kshs.136,172,902) and the Proposed School of Nursing and Health Sciences Building with a contract sum of Kshs.392,288,691 ( WIP - Kshs.141,455,918) revealed that the contracts had lapsed due to expiry of contract period.

In the circumstances, value for money in the Kshs.667,364,518 paid towards the stalled and delayed projects, could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

#### **Conclusion**

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

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal 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 the Management and the University Council**

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

In preparing the financial statements, Management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

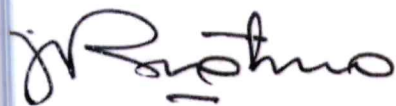
**04 November, 2025**

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025**

		2024-2025	2023-2024
	Note	Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Grants in Aid	6	1,416,880,874	632,169,921
Donations and Gifts	7	725,000	15,000
<b>Total Revenue</b>		<b>1,417,605,874</b>	<b>632,184,921</b>
<b>Revenue from exchange transactions</b>			
Tuition and other Fees	8	407,360,874	900,123,793
Other Income	9	60,475,863	41,685,144
		<b>467,836,737</b>	<b>941,808,937</b>
<b>Total revenue</b>		<b>1,885,442,611</b>	<b>1,573,993,858</b>
<b>Expenses</b>			
Operational Expenses	10	1,518,867,757	1,408,984,931
Academic Costs	11	91,294,267	69,646,718
Administration Costs	12	48,347,308	45,510,845
Student Welfare	13	34,822,586	29,005,442
<b>Total expenses</b>		<b>1,693,331,918</b>	<b>1,553,147,936</b>
<b>Surplus</b>		<b>192,110,693</b>	<b>20,845,922</b>

The notes set out on pages 9 to 35 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the University Council by:



**Prof. Romanus Odhiambo, PhD**  
**Vice Chancellor**  
**Date: August 22, 2025**



**CPA Nephath Njeru**  
**Finance Officer**  
**ICPAK NO:7145**  
**Date: August 22, 2025**



**Prof James Kenya, PhD**  
**Chairman of the Council**  
**Date: August 22, 2025**


**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025**

	Note	2024-2025	2023-2024
<b>Assets</b>			
<b>Current Assets</b>		<b>Kshs</b>	<b>Kshs</b>
Cash and Cash Equivalents	14	382,871,445	173,468,124
Prepayments	15	20,441,408	16,198,944
Receivables from Exchange Transactions	16	99,228,827	162,461,571
Receivables from Non-exchange Transactions	17	-	52,680,827
Inventory	18	7,880,804	9,927,944
		<b>510,422,484</b>	<b>414,737,411</b>
<b>Non-current assets</b>			
Property, Plant and Equipment	19	5,194,919,612	5,169,938,218
Biological Assets	20	3,018,620	425,000
Intangible Asset (ERP)	21	22,809,160	25,204,680
		<b>5,220,747,392</b>	<b>5,195,567,898</b>
		<b>5,731,169,876</b>	<b>5,610,305,308</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other Payables from Exchange Transactions	22	442,686,014	514,286,338
Provisions	23	98,866,868	98,512,670
<b>Total liabilities</b>		<b>541,552,882</b>	<b>612,799,008</b>
<b>Net assets</b>		<b>5,189,616,994</b>	<b>4,997,506,301</b>
Capital	24	3,425,059,174	3,425,059,174
Reserve Fund	25	(675,290,189)	(867,400,882)
Revaluation Reserve	26	2,439,848,009	2,439,848,009
<b>Total Net Assets and Liabilities</b>		<b>5,189,616,994</b>	<b>4,997,506,301</b>

The Financial Statements set out on pages 1 to 8 were signed on behalf of the University Council

by:



**Prof. Romanus Odhiambo, PhD**  
**Vice Chancellor**

**Date: August 22, 2025**



**CPA Nephath Njeru**  
**Finance Officer**

**ICPAK NO:7145**

**Date: August 22, 2025**



**Prof James Kanya, PhD**  
**Chairman of the Council**

**Date: August 22, 2025**

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025**

Details	Capital	Revenue Reserve	Revaluation Reserve	Total
Note	21	22	23	
Balance as at 30 June 2023	3,397,009,603	(888,246,803)	2,439,848,009	4,948,610,809
Development Grants	26,250,000	-	-	26,250,000
Add: Ambulance Donation	1,799,571	-	-	1,799,571
Surplus	-	20,845,922	-	20,845,922
Balance as at 30 June 2024	3,425,059,174	(867,400,882)	2,439,848,009	4,997,506,301
Surplus	-	192,110,693	-	192,110,693
<b>Balance as at 30 June 2025</b>	<b>3,425,059,174</b>	<b>(675,290,189)</b>	<b>2,439,848,009</b>	<b>5,189,616,994</b>

The Statement of Changes in Net Assets reflects the movements in the University's reserves—comprising the Capital Reserve, Revenue Reserve, and Revaluation Reserve—during the reporting period.

The **Capital Reserve**, which represents funds received for capital development projects and donations of capital assets, stood at Kshs. 3,397,009,603 as at 30 June 2023. During the year ended 30 June 2024, the University received development grants of Kshs. 26,250,000 earmarked for specific infrastructure works, and an ambulance donation valued at Kshs. 1,799,571, recognised at fair value upon transfer. These additions brought the closing balance for the year to Kshs. 3,425,059,174. The balance remained unchanged at 30 June 2025, with no further capital injections or asset donations received during the year. The stability of this reserve indicates that capital assets were retained without disposals or impairment losses being recorded in either period.

The **Revenue Reserve**, which accumulates surpluses or deficits from operational activities after necessary transfers, opened the year ended 30 June 2024 with a negative balance of Kshs. (888,246,803), reflecting deficits carried forward from prior years. A surplus of Kshs. 20,845,922 was recorded in that year, reducing the accumulated deficit to Kshs. (867,400,882). In the year ended 30 June 2025, a further operational surplus of Kshs. 192,110,693 reduced the accumulated deficit to Kshs. (675,290,189). The consistent improvement in the Revenue Reserve over the two-year period, amounting to Kshs. 212,956,614, demonstrates stronger revenue performance relative to expenditure and reflects enhanced operational efficiency. Nevertheless, the reserve remains in deficit, underscoring the importance of sustaining fiscal discipline to fully restore this balance to a positive position.

The **Revaluation Reserve**, which captures unrealised gains arising from the periodic revaluation of property, plant, and equipment in line with the University's accounting policy under IPSAS 17, remained constant at Kshs. 2,439,848,009 over both years. No revaluation exercises were conducted during the reporting period, and no transfers or adjustments were made to this reserve.

Overall, total net assets increased from Kshs. 4,948,610,809 at 30 June 2023 to Kshs. 4,997,506,301 at 30 June 2024, and further to Kshs. 5,189,616,994 at 30 June 2025. The increase of Kshs. 241,006,185 over the two-year period was driven primarily by operational surpluses, which not only improved the University's financial stability but also contributed to a steady reduction of the accumulated deficit in the Revenue Reserve.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025**

		2024-2025	2023-2024
<b>Cash flows from/(used in) Operating activities</b>	<b>NOTE</b>	<b>KSHS.</b>	
<b>Receipts</b>			
Transfers from other Governments Entities	27(a)	1,469,561,701	579,489,094
Tuition and Other Fees	27(b)	483,466,034	865,094,885
Donations and Gifts	27(c)	725,000	15,000
Sale of Goods (Other Income)	27(d)	52,094,722	38,040,073
Interest on Deposits	27(e)	2,150,937	653,851
<b>Total Receipts</b>		<b>2,007,998,394</b>	<b>1,483,292,903</b>
<b>Payments</b>			
Use of Goods and Services	27(f)	492,665,824	311,437,370
Employee Costs	27(g)	1,175,268,212	1,068,117,934
Board Expenses	27(h)	20,161,454	15,893,239
<b>Total Payments</b>		<b>1,688,095,491</b>	<b>1,395,448,543</b>
<b>Net cash flows from Operating activities</b>		<b>319,902,903</b>	<b>87,844,361</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Work In Progress	19	(66,228,761)	(47,289,523)
Furniture & Fittings	19	(9,865,311)	(737,356)
Computers	19	(2,772,790)	(2,835,897)
ERP	21	(450,000)	(1,930,000)
Motor Vehicle	19	(20,467,179)	(3,440,000)
Machinery & Equipment	19	(8,955,541)	(9,274,743)
Biological Assets	20	(1,760,000)	607,000
<b>Net cash flows from investing Activities</b>		<b>(110,499,582)</b>	<b>(64,900,519)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
GOK Development Grants	27(i)	-	67,233,041
NRF Equipment Grant		-	-
Donation Ambulance		-	1,799,571
<b>Net cash flows from Financing Activities</b>		<b>-</b>	<b>69,032,612</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>209,403,321</b>	<b>91,976,454</b>
Cash and Cash Equivalents at Beginning of Year		173,468,124	81,491,670
<b>Cash and cash equivalents at end of year</b>	14	<b>382,871,445</b>	<b>173,468,124</b>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation	Remarks
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Grants in Aid	587,536,627	52,860,357	640,396,984	640,396,984	-	100%	a
UFB	616,135,401	-	616,135,401	574,082,760	(42,052,641)	93%	b
HELB	366,026,098	-	366,026,098	202,401,130	(163,624,968)	55%	c
Tuition and other Fees	558,391,525	-	558,391,525	407,360,874	(151,030,651)	73%	d
Other Income	34,258,092	-	34,258,092	61,200,863	26,942,771	179%	e
<b>Total income</b>	<b>2,162,347,743</b>	<b>52,860,357</b>	<b>2,215,208,100</b>	<b>1,885,442,611</b>	<b>(329,765,489)</b>	<b>85%</b>	
<b>Expenses</b>							
Operational Expenses							
a) Personnel Emoluments	1,260,510,093	-	1,260,510,093	1,139,212,773	121,297,320	90%	f
b) Maintenance Costs	47,231,000	-	47,231,000	49,103,451	(1,872,451)	104%	g
c) Council Expenses	20,134,445	-	20,134,445	20,161,454	(27,009)	100%	h
d) Other Operational Expenses	389,292,727	-	389,292,727	310,390,079	78,902,648	80%	i
Academic Costs	126,230,466	-	126,230,466	91,294,267	34,936,199	72%	j
Administration Costs	41,315,000	-	41,315,000	48,347,308	(7,032,308)	117%	k
Student Welfare	30,963,000	-	30,963,000	34,822,586	(3,859,586)	112%	l
<b>Total Recurrent Expenses</b>	<b>1,915,676,731</b>	<b>-</b>	<b>1,915,676,731</b>	<b>1,693,331,918</b>	<b>222,344,813</b>	<b>88%</b>	
<b>Capital Expenditure</b>	<b>185,000,000</b>	<b>-</b>	<b>185,000,000</b>	<b>110,499,582</b>	<b>74,500,418</b>	<b>60%</b>	<b>m</b>
<b>Total expenses</b>	<b>2,100,676,731</b>	<b>-</b>	<b>2,100,676,731</b>	<b>1,803,831,500</b>	<b>296,845,231</b>	<b>88%</b>	
<b>Surplus</b>	<b>61,671,012</b>	<b>52,360,357</b>	<b>114,531,369</b>	<b>81,611,111</b>			<b>n</b>

**Notes to the Statement of Comparison of Budget and Actual Amounts**

The Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025 presents the University's financial performance against the approved budget, prepared on a comparable accrual basis in compliance with IPSAS 24 – Presentation of Budget Information in Financial Statements.

**1. Revenue**

The original budget, approved at the start of the financial year, projected revenues of Kshs. 2.162 billion and expenditures of Kshs. 1.916 billion. Midway through the year, the revenue budget was adjusted upward by Kshs. 52.86 million to accommodate additional Grants-in-Aid for the payment of new basic salaries under the 2021–2025 Collective Bargaining Agreement. This adjustment brought the final approved budget to Kshs. 2,215,208,100 in revenue and Kshs. 1,915,676,731 in expenditure. Actual revenue for the year amounted to Kshs. 1,885,442,611, representing 85 per cent of the final budget and resulting in a shortfall of Kshs. 329.77 million.

- a) While performance varied across the revenue streams, **grants-in-aid** achieved 100 per cent of the final allocation at Kshs. 640,396,984, reflecting complete disbursement under the Differentiated Unit Cost funding model in equal monthly instalments, inclusive of the additional mid-year allocation for CBA implementation.
- b) **Scholarship funds** disbursed by the University Funding totalled Kshs. 574,082,760, equivalent to 93 per cent of the budgeted Kshs. 616,135,401, with the Kshs. 42.05 million

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

---

shortfall arising from delayed and partial releases that mirrored funding challenges across public universities.

- c) **The Higher Education Loans Board** receipts were significantly below target, with Kshs. 202,401,130 received against the Kshs. 366,026,098 budget, representing only 55 per cent achievement and leaving a shortfall of Kshs. 163.62 million due to delays in disbursement.
- d) **Tuition and other fees** generated Kshs. 407,360,874, or 73 per cent of the Kshs. 558,391,525 budget, falling short by Kshs. 151.03 million primarily because of lower-than-anticipated enrolment in higher-fee science and technology programmes such in Bachelor of Technology and Bachelor of Science, and higher enrolment in lower-fee humanities programmes such as Bachelor of Commerce and Bachelor of Education (Arts).
- e) **Other income**, however, significantly exceeded projections, totalling Kshs. 61,200,863 against a budget of Kshs. 34,258,092. This over performance was driven by increased receipts from the cafeteria, the University farm, and graduation-related activities. Notably, a decision to allow TVET students to graduate alongside other students increased the number of graduands by about 800, the Institute of Sanitation produced over 30 postgraduate graduates not initially anticipated, and students who had completed their studies in prior years but had not yet graduated participated in the 12th graduation ceremony in October 2024.

## **2. Expenditure**

On the expenditure side, the University incurred total costs of Kshs. 1,693,331,918, equivalent to 88 per cent budget utilization and resulting in an underspend of Kshs. 222.34 million. This performance reflected prudent cost management, procurement delays on certain capital projects, and reduced spending caused by lower-than-budgeted revenue inflows. A significant factor was the late approval of the budget by the National Treasury, which delayed spending until formal approval was received toward the end of the year. Additionally, uncertainties surrounding the sustainability of the new funding model necessitated a cautious approach to expenditure.

- f) **Personnel emoluments**, the largest single expense, amounted to Kshs. 1,139,212,773, achieving 90 per cent of the budgeted Kshs. 1,260,510,093 and undershooting by Kshs. 121.30 million due to a freeze on hiring as a cash flow control measure.
- g) **Maintenance costs** slightly exceeded budget by Kshs. 1.87 million, or 104 per cent utilization, owing to inflationary increases in materials costs.
- h) **Council expenses** were maintained exactly in line with budget at Kshs. 20,161,454.
- i) **Other operational expenses** amounted to Kshs. 310,390,079, achieving 80 per cent of the Kshs. 389,292,727 budget, with the Kshs. 78.90 million underspend driven by cost optimization in utilities and deferral of administrative expenditures.
- j) **Academic costs** stood at Kshs. 91,294,267 against a budget of Kshs. 126,230,466, or 72 per cent utilization, with the Kshs. 34.94 million variance attributable to delayed commencement of curriculum development projects and research initiatives. Many research activities began late in the year and will carry over into the next financial period, while teaching practice and attachment assessments, initiated in May 2025, are scheduled to conclude in August 2025.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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- k) **Administration costs** exceeded budget by Kshs. 7.03 million, representing 117 per cent utilization, due to inflationary pressure on office consumables and increased official travel.
- l) **Student welfare costs** were also above budget by Kshs. 3.86 million, or 112 per cent utilization, largely as a result of higher food costs and the expansion of co-curricular activities.
- m) The planned **Capital Expenditure** for the year was Kshs 185 million, while the actual expenditure amounted to Kshs 110.5 million, resulting in a variance of Kshs 74.5 million and a utilization rate of 60%. The underutilization was mainly due to the fact that some of the projects allocated funds were stalled. Upon seeking advice from the Attorney General, it was confirmed that these projects were beyond their contract periods and, although incomplete, the contracts had legally expired. Consequently, further expenditure could not be incurred until new procurement and contractual processes are undertaken.
- n) The year closed with a net surplus of Kshs. 192,110,693, falling short of the final budgeted surplus of Kshs. 299,531,369 by Kshs. 107,420,676. This variance was primarily due to revenue underperformance in HELB receipts and tuition fees, partly offset by cost containment measures and the overachievement of other income targets

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**19. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

The University is established by and derives its authority and accountability from University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The university's principal activity is to provide quality university education, training and research in science technology and innovation.

**2. Statement of Compliance and Basis of Preparation**

The 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. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement and complexity where assumptions and estimates are significant to the financial statements are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

***i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.***

There were no new and amended standards issued in the financial year.

***ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025***

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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 cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>For MUST, this will impact how leases, such as the leases for Meru Town Campus, Nairobi Liaison Office and Marimba Learning Centre, are reported. The university will identify all lease agreements and reclassify them according to the new standard. This could increase the assets and liabilities reported on the balance sheet, providing a more accurate</p>

**Meru University of Science and Technology  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

	<p>representation of financial obligations. The implementation will require updated processes for tracking lease contracts and might affect financial ratios and metrics.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  The Standard requires:  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: 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> <p>If MUST decides to sell non-current assets held for sale, such as our dairy cows, this standard will guide how those assets are reported. Non-current assets held for sale will need to be reclassified on the balance sheet and measured at the lower of carrying amount and fair value less costs to sell. This will provide clearer information regarding the assets the university plans to dispose of and any potential impacts on financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment (PPE)</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>For MUST, this standard will require a reassessment of how PPE is valued, particularly with regard to revaluation models and depreciation methods. The university will need to update its asset registers, perform revaluations of significant PPE, and provide enhanced disclosures regarding asset classes, depreciation policies, and impairment. This will affect the reported value of assets and the depreciation expense in future financial statements.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  The objective of this standard was to improve measurement guidance across IPSAS by:</p>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

	<ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>For Meru University, this standard will standardize how measurement bases are applied across different assets and liabilities, leading to changes in reported figures. The university may need to review the current measurement practices for various assets and liabilities and adjust them to align with the new standard. The impact will depend on the extent of differences between the university's current practices and the new measurement requirements.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>For Meru University, this standard will affect how revenue is recognized, particularly from tuition fees, grants, donations, and other income sources. The university will need to analyse its revenue streams and determine the appropriate timing and amount of revenue recognition under the new standard. This could lead to changes in when and how revenue is reported, affecting the university's financial performance and the comparability of financial statements.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

	IPSAS 48 addresses the recognition and measurement of transfer expenses, which occur when the university provides resources to another party without receiving goods or services in return. This standard will be relevant if Meru University engages in activities such as grants, scholarships, or other financial support to students or external entities. The university will need to ensure that these transfer expenses are recognized in accordance with the new standard, which might involve reclassifying certain expenditures and providing additional disclosures.
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>Adoption is not necessary since Meru University does not operate or control the pension scheme. IPSAS 49 is not directly relevant, and the university is not required to adopt it for its financial reporting. Adopting IPSAS 49 would be inappropriate as it could lead to the misrepresentation of the university's financial position by incorrectly including pension plan assets and liabilities. While the university does not need to adopt IPSAS 49, it should still provide clear disclosures in its financial statements about the nature of the pension scheme, including the autonomous nature of the pension scheme, the role of the university as a sponsor, including its contribution obligations. These disclosures help ensure transparency regarding the university's involvement with the pension scheme without applying the full requirements of IPSAS 49.</p>

**Early adoption of standards**

The University did not early – adopt any new or amended standards in year ended 30 June, 2025.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**Revenue from non-exchange transactions**

*Transfers from other government entities*

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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*Government Grants and Assistance*

Financial assistance provided by the Government is recognised in the year it was received or when the entitlement for the revenue is established. Most of the government grants and assistance received are considered to be contributions. A contribution occurs when the University receives an asset without having to give equal value to the other party / parties of the transfer. If the consideration received is in the form of a contribution, the income is to be recognised as revenue when all of the following conditions have been satisfied:

- The University obtains control of the contribution or the right to receive the contribution.
- It is probable that the contribution will flow to the University and the amount of the contribution can be reliably measured.

Income is therefore, only recognised when the University has control over the contribution, which is usually achieved through receipt or when entitlement for the revenue is established. If the government contributions are received with conditions attached and contributions have to be refunded if the conditions are not met, then revenue should not be recognised until all of those conditions are met and treated as income in advance or monies held from the government.

**ii) Revenue from exchange transactions**

The University recognises revenue arising from the following transactions and events:

- Student fees and charges.
- The rendering of services.
- Other revenue.

*Measurement of Revenue*

Revenue is measured at the fair value of the consideration received or receivable, where in most cases the consideration is in the form of cash or cash equivalents.

*Recognition of Revenue*

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the University and specific criteria have been met for each of the following activities as described below.

*Student Fees and Charges*

Student fees and charges are recognised as revenue in the year which the service is provided to students. Student fees and charges received that relate to the service to be rendered in the future period are treated as income in advance.

*Rendering of Services*

Revenue recognition based on contracts to provide services require income to be recognised in stages of completion often as a percentage of services performed to the total of services to be provided as stipulated in the contract. Revenue associated with the sale of services is

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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recognised by reference to the stage of completion of the transaction at the reporting date when the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- i. The amount of revenue can be measured reliably.
- ii. It is probable that the economic benefits associated with the transaction will flow to the University.
- iii. The stage of completion of the transaction at the reporting date can be measured reliably.
- iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the University. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense rather than as an adjustment of the amount of revenue originally recognised.

*Other Revenue*

Other revenue represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

**b) Budget information**

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

**c) Property, plant and equipment**

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

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**d) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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

***Impairment of financial assets***

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

- The debtors are experiencing significant financial difficulty.
- 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).

**e) Inventories**

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

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

**f) Provisions**

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

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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

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

***Contingent liabilities***

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

**g) Nature and purpose of reserves**

The University creates and maintains reserves in terms of specific requirements. The University has three reserves namely: Revenue Reserve, Capital Reserve and Revaluation Reserve. Reserves are recorded as liabilities because reserves are counted as part of the University's net worth.

Revenue Reserve is composed of accumulated surplus or deficits.

Capital is composed of the following:

- Value of non-current assets as at 30 June 2009.
- Development grants received from the government from July 2009 to date.
- Transfers from Revenue Reserve. Capital expenditure over and above the development grants from the Government is financed by the Revenue Reserve.

Revaluation Reserve is a non-cash reserve created to reflect the true value of the assets when the market values of the various categories of assets are more or less than the value of such assets at which they are recorded in the books of account.

**h) Changes in accounting policies and estimates**

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

**i) Employee benefits**

**Retirement benefit plans:** The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate University Pension Scheme (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.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**j) Related parties**

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Members of key management are regarded as related parties and comprise the Chancellor, the Council members, the Vice Chancellor, the Deputy Vice Chancellors and senior managers.

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank and also call accounts.

**l) Comparative figures**

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

**m) Subsequent events**

The University adjusts the financial statement for events after the reporting date together with the appropriate disclosures. The University adjusts the amount recognised in its financial statement to reflect the adjusting events after reporting date. Some examples of adjusting events include:

- i) Settlement after the reporting date of a court case.
- ii) The receipt of information after reporting date indicating that an asset was impaired at the reporting date.
- iii) Determination after reporting date of the cost of an asset purchased before reporting date.
- iv) Discovery of fraud or errors that show that the financial statements were incorrect.

**n) Biological Asset**

The university biological assets are measured on initial recognition and at each reporting date at their fair value less costs to sell, except for the case where the fair value cannot be measured reliably.

The University recognises a biological asset or agricultural produce when and only when:

- The University controls the asset as a result of past events.
- It is probable that future economic benefits associated with the asset will flow to the University.
- The fair value or cost of the asset can be measured reliably.

In agricultural activity, control may be evidenced by legal ownership of cattle and the branding or otherwise marking of the cattle on acquisition, birth or weaning. The future benefits are normally assessed by measuring the significant physical attributes. A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Cost may sometimes approximate fair value, particularly when:

- Little biological transformation has taken place since initial cost incurrence.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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- The impact of the biological transformation on price is not expected to be material.

If an active market does not exist, the University uses one or more of the following when available in determining fair value:

- The most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period.
- Market prices for similar assets with adjustment to reflect differences.
- Sector benchmarks such as the value of an orchard expressed per export tray, bushel or hectare and the value of cattle expressed per kilogram of meat.

#### **5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the University'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.

##### ***Estimates and assumptions***

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

##### ***Useful lives and residual values***

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

- The condition of the asset based on the assessment of experts employed by the University.
- The nature of the asset, its susceptibility, 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.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

The following are the estimated useful lives of the various assets:

Details	Rate of depreciation	Life
Buildings	2%	50 years
Furniture & Fittings	12.5%	8 years
Computers	20%	5 years
Motor Vehicles	12.5%	8 years
Machinery & Equipment	10%	10 years
Biological Asset	Not depreciated	
Work in Progress	Not depreciated	
Land	Not depreciated	

It is the policy of the University to charge full year's depreciation on the year of purchase and nil depreciation on the year of disposal. Depreciation is done on Reducing Balance Method. When revaluation is done at the end of the financial year, no depreciation is charged for the year.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. 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

**6. Transfers from GOK**

**a) Grants in Aid:**

	2024/25	2023/24
	<b>KShs</b>	<b>KShs</b>
Monthly Recurrent Grant	640,396,984	632,169,921
University Fund	574,082,760	
HELB	202,401,130	
	<b>1,416,880,874</b>	<b>632,169,921</b>

**b) Transfers from Ministries, Departments and Agencies**

Name of entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund	Total grant income during the year 2024/25	Total grant income during the financial year 2023/24
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Ministry of Education	1,416,880,874	-	-	1,416,880,874	658,419,921

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>NOTES TO THE FINANCIAL STATEMENTS CONTINUED...</b>			
<b>NOTE</b>	<b>DETAILS</b>	<b>2024/25</b>	<b>2023/24</b>
		<b><u>KSHS</u></b>	<b><u>KSHS</u></b>
<b>7</b>	<b>Donations and Gifts</b>		
	Donations and Gifts	725,000	15,000
<b>8</b>	<b>TUITION AND OTHER FEES</b>		
	Tuition Fees	264,009,251	696,449,575
	ID/Registration Fees	4,556,400	6,580,251
	Examination Fees	38,940,631	53,634,366
	Material Development Fees	7,413,000	9,528,000
	Laboratory Workshop Materials Fees	7,328,250	10,686,500
	Medical Fees	20,671,000	30,251,500
	Computer Fees	10,064,000	14,840,000
	Library Fees	8,345,000	11,362,000
	Activity Fees	8,354,300	11,328,000
	Field Trips/Attachment Fees	23,659,250	37,639,900
	Clinical Transport-Field	2,112,000	1,874,000
	Medical Clerkship	841,000	650,000
	Examinations Remarketing	3,000	-
	Application Fees	502,319	704,401
	Accommodation fee	9,450,100	9,371,800
	Student Medical Examination Fee	1,111,373	5,223,500
	<b>SUB-TOTAL</b>	<b>407,360,874</b>	<b>900,123,793</b>
<b>9</b>	<b>OTHER INCOMES</b>		
	<b>a) Other incomes</b>		
	Surcharges and Fines	1,141,420	976,033
	Printing and Photocopy	127,169	176,723
	Transport Charges	1,121,727	926,226
	Miscellaneous Income	1,101,460	3,179,040
	Hospital Income	442,917	50,000
	Chemistry sale of Detergent Income	-	500
	Gain on revaluation:	833,620	-
	Farm Sales -Dairy Farm	199,184	386,820
	Farm Sales-Beef	-	2,307
	Farm Sales -Food Crops	4,866,647	2,522,477
	Farm Sales -Grass	270,590	110,450
	Agriculture Dept Income-Demo farm	73,685	51,875
	Graduation Fees	14,428,773	7,376,200
	Hire of Academic Attire	211,200	101,600
	Students P.A.Y.E Sales	19,788,732	4,176,105
	Staff Cafeteria Sales	8,314,990	13,912,804
	Conference Facilities	2,211,593	519,450

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>NOTES TO THE FINANCIAL STATEMENTS CONTINUED...</b>			
<b>NOTE</b>	<b>DETAILS</b>	<b>2024/25</b>	<b>2023/24</b>
		<b><u>KSHS</u></b>	<b><u>KSHS</u></b>
	Pay in Lieu of Notice	-	168,350
	IGU Driving School	1,366,070	1,785,713
	Liaison Office Income	1,247,650	4,589,620
	MIRERC Charges	577,500	19,000
	<b>SUB-TOTAL</b>	<b>58,324,926</b>	<b>41,031,293</b>
	<b>b) Income for Deposits and Call Accounts</b>		
	Interest on Deposits	2,150,937	653,851
	<b>TOTAL OTHER INCOMES</b>	<b>60,475,863</b>	<b>41,685,144</b>
<b>10</b>	<b>OPERATIONAL EXPENSES</b>		
	<b>a) Personnel Emoluments</b>		
	Basic Salary	481,232,419	432,591,412
	House Allowance	177,343,877	177,589,275
	Bus fare Allowance	12,952,296	14,420,765
	Use of own Car Allowance	48,787,089	46,646,697
	Non Practice Allowance	863,000	900,000
	Entertainment Allowance	11,023,526	10,392,009
	Responsibility Allowance	15,198,681	15,586,566
	Extraneous Allowance	10,030,158	6,715,298
	Leave Allowance	2,688,900	2,802,607
	Passage and Baggage	115,888	229,646
	Risk Allowance	114,000	143,000
	Domestic Work Allowance	1,050,000	1,320,000
	Book Allowance	-	630,000
	Water and Electricity Allowance	300,000	385,000
	Telephone Allowance	4,757,978	4,692,677
	VC Commuter Allowance	-	64,000
	Security Allowance	960,000	1,080,000
	Acting Allowance	3,481,984	2,389,820
	Health Risk Allowance	375,363	-
	Casual Wages	67,905,286	53,540,733
	Part-Time Teaching	180,546,139	182,595,522
	Students' Work Study Programme	375,680	293,440
	Gratuity	15,993,180	22,216,265
	Pension -Employer's Contribution	87,456,335	81,718,444
	Other Personnel Allowance	-	140,000
	Housing Levy Employer's Contribution	15,243,937	13,549,041
	Duty House Allowance	417,059	151,410

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED...**

NOTE	DETAILS	2024/25	2023/24
		KSHS	KSHS
	Research Allowance	-	66,492
	<b>SUB-TOTAL</b>	<b>1,139,212,773</b>	<b>1,072,850,120</b>
	<b>b) Maintenance Costs</b>		
	Mariene Centre Maintenance	-	160,300
	Maintenance of Plant and Machinery	5,335,895	1,503,936
	Maintenance of Furniture and Fittings	2,559,500	452,813
	Maintenance of Buildings	12,686,000	12,619,422
	Maintenance of Water and Sewerage	766,130	1,018,397
	Maintenance of Roads	5,391,066	441,940
	Maintenance of Grounds	8,919,185	6,044,603
	Motor Vehicle Repair and Maintenance	6,624,537	7,124,981
	Maintenance of Computers	3,332,479	2,947,472
	Computer Software Maintenance	3,488,660	1,897,704
	<b>SUB-TOTAL</b>	<b>49,103,451</b>	<b>34,211,567</b>
	<b>c) Council Expenses</b>		
	Council Sitting Allowance	7,900,000	5,680,000
	Council Subsistence	6,780,200	4,826,000
	Council Monthly Honoraria	960,000	957,419
	Council Fare	339,000	48,000
	Council Mileage	2,879,937	2,262,834
	Council Chairman Telephone	66,000	59,839
	Council Air Travel	337,370	41,515
	Council Lunch	110,000	4,000
	Other Council Expenses	788,947	2,013,632
	<b>SUB-TOTAL</b>	<b>20,161,454</b>	<b>15,893,239</b>
	<b>d) Other Operational Expenses</b>		
	Advertising & Publicity	5,417,423	5,490,333
	Audit Fees	870,000	870,000
	Bank Charges -O.D. Interest, Ledger Fee	1,308,797	1,219,864
	Chancellor Expenses	1,200,000	800,000
	Conferences and Seminars	8,702,727	6,946,067
	Contracted Professional Charges	401,200	1,816,600
	Electricity	14,675,838	15,458,359
	Security Services	21,528,252	19,311,000
	Foreign Travel	46,030	70,900
	Funeral Expenses	246,853	532,000

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>NOTES TO THE FINANCIAL STATEMENTS CONTINUED...</b>			
<b>NOTE</b>	<b>DETAILS</b>	<b>2024/25</b>	<b>2023/24</b>
		<b><u>KSHS</u></b>	<b><u>KSHS</u></b>
	Generator Expenses	1,976,910	2,021,712
	Hire of Equipment & Machinery	148,000	150,000
	HIV AIDS Prevention	100,400	60,200
	Insurance	41,764,394	45,909,547
	Internet	7,883,300	8,038,934
	ISO Expenses	1,905,023	1,350,838
	Legal Fee	9,365,638	6,051,444
	Library Expenses	5,782,917	3,260,580
	Medical Expenses -In Patient	377,593	73,519
	Medical Expenses -Out Patient	26,776,135	8,727,487
	Medical Supplies	5,949,099	6,878,608
	Motor Vehicle Fuel	11,428,658	11,678,762
	Performance Contracting	20,050	-
	Postal and Telegram	44,930	68,030
	Public Celebrations	169,300	143,869
	Publishing, Printing and Photography	139,895	681,400
	Rent and Rates	19,923,693	23,057,225
	Sanitation	15,231,012	13,748,863
	Show Expenses	894,682	992,801
	Uniform and Clothing	841,091	627,322
	Dental Optical Expenses	5,599,601	4,604,315
	Subscription Expenses	4,138,010	1,321,950
	Loss on disposal	-	69,000
	Industrial Training Fee	557,860	462,800
	Dairy Production Expenses	3,673,899	3,296,416
	Farm Crops Inputs	937,640	394,490
	Farming/Production Costs	2,851,313	3,205,839
	Covid-19 Expenses	9,975	-
	Bad and Doubtful Debt	-	2,421,169
	Corporation Tax	154,307	496,968
	Liason Expenses	587,517	2,155,981
	Loss on Foreign exchange	606,408	697,779
	<b>SUB-TOTAL</b>	<b>224,236,370</b>	<b>205,162,970</b>
<b>e</b>	<b>DEPRECIATION and AMORTIZATION</b>		
	<b>DEPRECIATION</b>		
	Buildings	35,428,392	35,428,392
	Furniture & Fittings	8,942,408	7,709,245
	Motor Vehicles	9,894,647	7,336,250
	Computers	13,682,379	13,127,821
	Machinery	15,360,361	14,464,807

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>NOTES TO THE FINANCIAL STATEMENTS CONTINUED...</b>			
<b>NOTE</b>	<b>DETAILS</b>	<b>2024/25</b>	<b>2023/24</b>
		<b><u>KSHS</u></b>	<b><u>KSHS</u></b>
	<b>SUB-TOTAL</b>	<b>83,308,188</b>	<b>78,066,515</b>
	<b>AMORTIZATION</b>		
	ERP	2,845,520	2,800,520
	<b>SUB-TOTAL</b>	<b>86,153,708</b>	<b>80,867,035</b>
	<b>TOTAL OPERATIONAL EXPENSES</b>	<b>1,518,867,757</b>	<b>1,408,984,931</b>
<b>11</b>	<b>ACADEMIC COSTS</b>		
	External Training - Students	511,900	1,711,329
	Student Admission Expenses	262,725	209,960
	Quality Assurances CUE Expenses	30,800	150,000
	Programme Inspection Expenses	655,375	-
	Travel and Accommodation Academic	10,732,007	6,151,801
	Field Trips	981,469	289,550
	Graduation Expenses	11,547,489	11,109,985
	Industrial Attachment	12,420,040	10,698,560
	University Research Expenses	21,022,985	7,732,203
	Stationery Academic	368,086	874,945
	Student Examinations	8,433,662	11,752,138
	Teaching Materials	8,543,671	9,811,443
	Telephone Academic	198,696	322,994
	Training -Academic Staff	1,012,631	3,785,050
	Entertainment Academic	5,625,510	4,039,414
	Curriculum Development Expenses	3,130,000	637,100
	TVET Expenses	5,342,003	370,247
	Town Campus Expenses	174,558	-
	Marimba L.C Expenses	300,659	-
	<b>SUB-TOTAL</b>	<b>91,294,267</b>	<b>69,646,718</b>
<b>12</b>	<b>ADMINISTRATION COSTS</b>		
	Travelling and Accommodation Admin	23,357,995	21,464,110
	Telephone Admin	34,667	54,140
	Entertainment Admin	4,762,297	4,104,907
	Stationery Admin	15,987,708	13,234,644
	Computer Expenses Admin	1,081,542	1,552,234
	Training -Non-Teaching Staff	3,123,099	5,100,810
	<b>SUB-TOTAL</b>	<b>48,347,308</b>	<b>45,510,845</b>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>NOTES TO THE FINANCIAL STATEMENTS CONTINUED...</b>			
<b>NOTE</b>	<b>DETAILS</b>	<b>2024/25</b>	<b>2023/24</b>
		<b><u>KSHS</u></b>	<b><u>KSHS</u></b>
<b>13</b>	<b>STUDENT WELFARE</b>		
	Student Hostels Expenses	-	13,800
	Cooking Fuel	991,700	777,180
	Student Recreation Activities	10,764,845	8,236,008
	Foodstuffs	21,487,489	19,612,914
	Crockery & Kitchen Equipment	1,235,000	81,090
	Entertainment Student Welfare	343,552	284,450
		<b>34,822,586</b>	<b>29,005,442</b>
<b>14</b>	<b>CASH AND BANK BALANCES</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Financial institution</b>	<b>KSHS</b>	<b>KSHS</b>
	<b>a) Bank deposits</b>		
	NBK Main-A\c No.7700102295	28,918,893	17,323,663
	NBK Farm - A\c No.7701722718	31,497,474	20,606,527
	NBK Project-A\c No.7700102880	91,568,477	54,935,667
	KCB Fees Collection- A\c No.1117775917	4,087,233	3,387,350
	KCB Operations-A\c No.1121458165	20,765,280	12,859,888
	Equity Fee collection-A\c No.1040297858661	19,040,397	9,772,163
	Equity Operations-A\c No.1040282073813	14,524,712	19,775,743
	Equity-US Dollar-A\c No.1040282073787	30,605,912	27,092,554
	CO-OP Fee Collection-A\c No.01129378440000	141,863,067	7,714,569
	<b>SUB TOTAL</b>	<b>382,871,445</b>	<b>173,468,124</b>
	<b>CASH AND BANK BALANCES Per Bank</b>		
	Equity	64,171,021	56,640,460
	Co-op	141,863,067	7,714,569
	NBK	151,984,844	92,865,857
	KCB	24,852,514	16,247,238
	<b>SUB TOTAL</b>	<b>382,871,445</b>	<b>173,468,124</b>
<b>15</b>	<b>PREPAYMENTS</b>		
	Rent Deposits	2,791,250	2,791,250
	Electricity Deposits	716,000	716,000
	Prepaid Insurance	15,220,158	10,977,694
	Security on motor vehicle fuel	1,714,000	1,714,000
	<b>SUB TOTAL</b>	<b>20,441,408</b>	<b>16,198,944</b>
<b>16</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	Staff Debtors	1,247,605	983,470
	Students Debtors	95,068,409	159,455,274
	Imprest	397,400	394,200

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED...**

NOTE	DETAILS	2024/25	2023/24
		KSHS	KSHS
	Ecitizen Control Account	2,515,412	1,628,627
	<b>SUB TOTAL</b>	<b>99,228,827</b>	<b>162,461,571</b>
<b>17</b>	<b>RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	GoK Receivable	-	52,680,827
	<b>SUB TOTAL</b>	<b>-</b>	<b>52,680,827</b>
<b>18</b>	<b>INVENTORY</b>		
	Estate Hardware Store	4,398,706	4,724,498
	Central Store	1,876,640	2,525,250
	Health Drug Store	1,275,617	2,281,108
	Kitchen Store	329,841	397,088
	<b>SUB TOTAL</b>	<b>7,880,804</b>	<b>9,927,944</b>
	The inventory is valued at cost and issued on first in first out basis. Although there were regular stock takes during the year, an annual stock take was done on 30 June 2025 to determine the closing stock.		

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**Notes to the Financial Statements Continued...**

**19. Property, Plant and Equipment**

	LAND	BUILDINGS	WORK IN PROGRESS	FURNITURE & FITTINGS	COMPUTERS	MOTOR VEHICLES	MACHINERY & EQUIPMENT	TOTAL
<b>RATE</b>	<b>0%</b>	<b>2.00%</b>	<b>0.00%</b>	<b>12.50%</b>	<b>20.00%</b>	<b>12.50%</b>	<b>10.00%</b>	<b>Kshs</b>
<b>Cost/Valuation 30.6.2023</b>	2,500,000,000	1,771,419,593	598,644,481	60,936,600	62,803,210	55,250,000	135,373,330	5,184,427,214
<b>Additions</b>	-	-	47,289,523	737,356	2,835,897	3,440,000	9,274,743	63,577,519
<b>Transfer of W-I-P</b>		-	-					
<b>Cost/Valuation 30.6.2024</b>	2,500,000,000	1,771,419,593	645,934,004	61,673,956	65,639,107	58,690,000	144,648,073	5,248,004,733
<b>Additions</b>	-	-	66,228,761	9,865,311	2,772,790	20,467,179	8,955,541	108,289,582
<b>Transfer of W-I-P</b>		-	-					
<b>Cost/Valuation 30.6.2025</b>	2,500,000,000	1,771,419,593	712,162,765	71,539,267	68,411,897	79,157,179	153,603,614	5,356,294,315
<b>Provision for Deprec. (30.6.23)</b>	-	-	-	-	-	-	-	-
<b>Depreciation</b>	-	35,428,392	-	7,709,245	13,127,821	7,336,250	14,464,807	78,066,515
<b>Provision for Deprec. (30.6.24)</b>	-	35,428,392	-	7,709,245	13,127,821	7,336,250	14,464,807	78,066,515
<b>Depreciation</b>	-	35,428,392	-	8,942,408	13,682,379	9,894,647	15,360,361	83,308,188
<b>Provision for Deprec. (30.6.25)</b>	-	70,856,784	-	16,651,653	26,810,201	17,230,897	29,825,169	161,374,703
<b>Net Book Value</b>								
<b>NBV As at 30.06.2023</b>	2,500,000,000	1,771,419,593	598,644,481	60,936,600	62,803,210	55,250,000	135,373,330	5,184,427,214
<b>NBV As at 30.06.2024</b>	2,500,000,000	1,735,991,201	645,934,004	53,964,712	52,511,285	51,353,750	130,183,266	5,169,938,218
<b>NBV As at 30.06.2025</b>	2,500,000,000	1,700,562,809	712,162,765	54,887,614	41,601,696	61,926,282	123,778,445	5,194,919,612

\* Motor Vehicle: The University received a donation of an ambulance. The University incurred KShs. 1,640,429 (Cashflow statement) attributable cost which included clearing and forwarding costs. It was valued at KShs. 3,440,000. An amount of KShs. 1,799,571 (Note 24) being difference between the ambulance fair value and the attributable cost was capitalized as part of the asset's carrying amount.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED...**

20	BIOLOGICAL ASSETS			
		Dairy Cattle	Beef Cattle	Total
	COST	KShs	KShs	KShs
	Net Book Value as at 30.06.2023	674,000	427,000	1,101,000
	Additions			-
		674,000	427,000	1,101,000
	Disposal		(607,000)	(607,000)
	Changes in fair value	(249,000)	180,000	(69,000)
	Net Book Value as at 30.06.2024	425,000	-	425,000
	Additions	1,760,000	-	1,760,000
		2,185,000	-	2,185,000
	Disposal	(220,000)	-	(220,000)
		1,965,000	-	1,965,000
	Additional Calves	-	67,800	67,800
	Changes in fair value	985,820	-	985,820
	<b>Net Book Value as at 30.06.2025</b>	<b>2,950,820</b>	<b>67,800</b>	<b>3,018,620</b>

21	INTANGIBLE ASSET	
		ERP
	RATE	10%
	Revalued Value as at 30.6.2023	26,075,200
	Additions	1,930,000
	Cost as at/Revalued Value as at 30.6.2024	28,005,200
	Additions	450,000
	<b>Cost as at/Revalued Value as at 30.6.2025</b>	<b>28,455,200</b>
	Provision for Deprec. (30.6.23)	-
	Depreciation Expense	2,800,520
	Provision for Deprec. (30.6.24)	2,800,520
	Depreciation Expense	2,845,520
	<b>Provision for Deprec. (30.6.25)</b>	<b>5,646,040</b>
	<b>Net Book Value</b>	
	NBV As at 30.06.2023	26,075,200
	NBV As at 30.06.2024	25,204,680
	<b>NBV As at 30.06.2025</b>	<b>22,809,160</b>

Intangible asset is Enterprise Resource Planning system known as Microsoft Navision. The system was commissioned in the Financial Year 2014/15. It is occasionally upgraded by adding new features to accommodate future changes. The software was revalued on 30<sup>th</sup> June 2023.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

NOTES TO FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2024/25	2023/24
		KSHS	KSHS
<b>22</b>	<b>TRADE AND OTHER PAYABLES</b>		
	CDF Account	11,927,798	8,273,223
	Cystic Echinococcosis Project-Prof Magambo -	4,918,971	6,418,600
	Dr. Eunice Marete -Research Project	-	458,650
	Dr. Joshua Arimi NACOSTI	-	2,500
	HELB Control Account	49,500	1,208,220
	Insurance Claim Refunds	2,130,001	130,001
	MUST Alumni Association	13,027,774	13,404,187
	MUST Pension Scheme	251,291	251,291
	P.A.Y. E	-	36,047,797
	Quality Assurance (QUE) Fees	-	855,500
	Quality Audit Fees	30,101,464	34,221,564
	Accreditation (Regulating Body) Fees	1,968,300	4,004,450
	Students Indexing by Regulator Fees	252,950	96,150
	Teaching Practice fees	22,675,370	21,619,900
	Research Administration Fund	16,391,965	4,881,999
	Retention Money for Projects	22,500,733	22,500,733
	Sundry Creditors	118,607,075	131,673,576
	NBK Recurrent Unidentified deposits	43,172	43,172
	NBK Fees Collection A/c Unidentified Deposits	423,870	463,150
	NBK Project A/C Unidentified Deposits	2,217,397	1,408,452
	Equity Fees A/c Unidentified Deposits	1,779,428	1,730,401
	KCB Fees Coll Unidentified Deposits	2,266,214	2,013,973
	Co-op Fees Coll Unidentified Deposits	3,143,152	3,402,678
	NBK Main Unidentified Deposits	315,126	315,126
	Equity Operations A/c Unidentified Deposits	88,077	95,077
	KCB Operational Unidentified	1,350,506	890,479
	VAT on Purchases	544,755	1,076,976
	Withholding Tax	1,591,571	1,359,096
	MEIWA Project	-	848,580
	CNEAT Research Project	796,032	1,419,832
	Research Funds	8,166,340	22,062,533
	Payroll Payables	5,139,989	5,501,830
	Crowd/Participatory Sensing Project	544,595	554,595
	Gratuity Owing	34,570,819	34,570,819
	EA WHO Research Centre	146,740	146,740
	International Found. For Sci-Cecilia Wanjau	1,045,979	215,240
	Kenya National Inov. Agency - Dr Mwiti	-	800,000
	Miraa Research Centre	2,166,802	2,166,802
	Students Fees Prepayment	103,041,992	114,518,957
	NRF Camel Milk- Dr Arimi	2,864,983	2,712,637
	Prof Mworio-University of Exeter Project	18,000	343,176
	ASHESI-Employability Grant-Dr Eunice Marete	146,115	146,115
	LC3 - TRC Africa Project	-	14,172,055
	GOVT SCHOLARSHIP CONTROL A/C	7,602,260	5,683,980
	GTO Project-Dr Joy Riungu	1,618,109	2,310,025

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**NOTES TO FINANCIAL STATEMENTS CONTINUED...**

NOTE	DETAILS	2024/25	2023/24
		KSHS	KSHS
	Royal Academy of Engineering-Prof Amos Omamo	-	2,786,700
	Compassion International (x-form 4)	59,590	4,478,800
	PEFCoM (GIZ) Project	891,659	-
	Dark Aspen International	996,000	-
	POLKA -Benson Mutuma	2,585,253	-
	Deferred Tuition Fee	11,718,295	-
	<b>SUB TOTAL</b>	<b>442,686,014</b>	<b>514,286,338</b>
<b>23</b>	<b>PROVISIONS</b>		
	Provision for Part-time	88,109,748	87,755,550
	Provision For Bad & Doubtful Debts	10,757,120	10,757,120
	<b>SUB TOTAL</b>	<b>98,866,868</b>	<b>98,512,670</b>
<b>24</b>	<b>CAPITAL</b>		
	Capital B/F	3,425,059,174	3,397,009,603
	Additional Capital during the year	-	26,250,000
		<b>3,425,059,174</b>	<b>3,423,259,603</b>
	Add: Donation-Ambulance	-	1,799,571
	<b>Capital C/F</b>	<b>3,425,059,174</b>	<b>3,425,059,174</b>
<b>25</b>	<b>REVENUE RESERVE</b>		
	Revenue Reserve B/F	(367,400,882)	(888,246,804)
	Surplus for the Year	192,110,693	20,845,922
	<b>Revenue Reserves C/F</b>	<b>(675,290,189)</b>	<b>(867,400,882)</b>
<b>26</b>	<b>Revaluation Surplus</b>		
	Revaluation-Computers B/F	47,431,661	47,431,661
	Revaluation-Motor Vehicles B/F	47,754,970	47,754,970
	Revaluation Surplus-Equipment B/F	(126,181,552)	(126,181,552)
	Revaluation Surplus- Furniture B/F	(34,591,210)	(34,591,210)
	Revaluation Surplus-Building B/F	94,481,317	94,481,317
	Revaluation Surplus-Land B/F	2,391,708,000	2,391,708,000
	Revaluation Surplus-ERP Software B/F	19,244,823	19,244,823
	<b>Revaluation Surplus C/F</b>	<b>2,439,848,009</b>	<b>2,439,848,009</b>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>27. Note to Cashflow Statement</b>			
	<b>Details</b>	<b>2024/25</b>	<b>2023/24</b>
		<b>KSHS.</b>	<b>KSHS.</b>
	<b>Receipts</b>		
<b>a</b>	<b>Transfers from other governments entities</b>		
	Grant in Aid	1,416,880,874	632,169,921
	Add Opening Receivable from Non exchange Transaction	52,680,827	
	Less Closing Receivable from Non exchange Transaction	-	(52,680,827)
	Cash Received as Grant in Aid	1,469,561,701	579,489,094
<b>b</b>	<b>Cash received as Tuition and other Fees</b>		
	Tuition and other Fees	407,360,874	900,123,793
	Add Opening Student Debtors	159,455,274	124,426,367
	Less Closing Student Debtors	(95,068,409)	(159,455,274)
	Add Closing Deferred Income	11,718,295	-
		<b>483,466,034</b>	<b>865,094,885</b>
<b>c</b>	<b>Cash received as Donations and Gifts</b>	725,000	15,000
<b>d</b>	<b>Cash received as Sale of goods</b>		
	Other income	58,324,926	41,031,293
	Add Opening Sundry Debtors (Note 13 less student debtors)	3,006,297	1,309,615
	Less Closing Sundry Debtors (Note 13 less student debtors)	(4,160,417)	(3,006,297)
	Add Opening Prepayments	16,198,944	14,904,406
	Less Closing Prepayments	(20,441,408)	(16,198,944)
	Less Gain on revaluation of Biological Asset	(833,620)	-
		<b>52,094,722</b>	<b>38,040,073</b>
<b>e</b>	<b>Cash received as Interest on Deposits</b>	2,150,937	653,851
<b>f</b>	<b>Cash paid for Use of goods and services</b>		
	Expenses (Total expenses less Personnel emolument, loss on disposal and Depreciation)	447,803,983	383,468,542
	Add Opening Trade and other payables from exchange transactions (Note 19 less gratuity and other payroll payables)	438,165,892	371,999,539
	Less Closing Trade and other payables from exchange transactions (Note 19 less gratuity and other payroll payables)	(391,256,911)	(438,165,892)

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>27. Note to Cashflow Statement</b>			
	<b>Details</b>	<b>2024/25</b>	<b>2023/24</b>
		<b>KSHS.</b>	<b>KSHS.</b>
	Less Opening Inventory	(9,927,944)	(13,371,596)
	Add Closing Inventory	7,880,804	9,927,944
	Add Opening Provision for bad and doubtful debt	10,757,120	8,335,951
	Less Closing Provision for bad and doubtful debt	(10,757,120)	(10,757,120)
		<b>492,665,824</b>	<b>311,437,369</b>
<b>g(i)</b>	<b>Cash paid to Employee</b>		
	Personnel Emolument	1,139,212,773	1,072,850,120
	Add Opening Payroll payables	76,120,446	65,830,156
	Less Closing Payroll payables	(39,710,809)	(76,120,446)
	Add Opening Provision for Parttime	87,755,550	93,313,655
	Less Closing Provision for Parttime	(88,109,748)	(87,755,550)
		<b>1,175,268,212</b>	<b>1,068,117,934</b>
<b>g(ii)</b>	<b>Details on the Payroll payable</b>		
	P.A.Y. E	-	36,047,797
	Payroll Payables	5,139,989	5,501,830
	Gratuity Owing	34,570,819	34,570,819
		<b>39,710,809</b>	<b>76,120,446</b>
<b>h</b>	<b>Board Expenses</b>	<b>20,161,454</b>	<b>15,893,239</b>
	<b>Grants allocated to Finance Capital Fund GOK</b>		
	GoK Development Grant as recognised during the period	-	26,250,000
	Add Opening Receivable from Non exchange Transaction	-	40,983,041
	Less Closing Receivable from Non exchange Transaction	-	-
	Cash Received as Gok Development Grant	-	<b>67,233,041</b>

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**28. Cash Generated from Operations**

		2024-25	2023-24
	NOTE	KSHS.	KSHS.
Surplus for the year		192,110,693	20,845,922
<b>Adjustment for :</b>			
(Gain)/ Loss on Revaluation of biological asset	17	(833,621)	69,000
Depreciation Charge		86,153,708	80,867,035
Operating surplus before working capital changes		<b>277,430,781</b>	<b>101,781,957</b>
Decrease(increase) in Debtors		111,671,108	(90,700,955)
Decrease(increase) in Stocks		2,047,140	3,443,652
Increase(Decrease) in Creditors		(71,246,125)	73,319,707
		<b>42,472,122</b>	<b>(13,937,596)</b>
<b>Net cash generated from Operating Activities</b>		<b>319,902,903</b>	<b>87,844,361</b>

**29. Financial Risk Management**

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

**i) Credit risk**

MUST has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. 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 MUST's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables: exchange transactions	99,228,827	99,228,827	-	-
Receivables: non-exchange transactions	-	-	-	-
Bank balances	382,871,445	382,871,445	-	-
<b>Total</b>	<b>482,100,272</b>	<b>482,100,272</b>	<b>-</b>	<b>-</b>
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	162,461,571	162,461,571	-	-
Receivables: non-exchange transactions	52,680,827	52,680,827	-	-
Bank balances	173,468,124	173,468,124	-	-
<b>Total</b>	<b>388,610,523</b>	<b>388,610,523</b>	<b>-</b>	<b>-</b>

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 MUST has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. MUST has significant concentration of credit risk on amounts due from students' debtors. The Council sets the MUST's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**i) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the University Council, which has established an appropriate framework for the management of the University's short, medium, and long-term funding and liquidity requirements. Meru University of Science and Technology manages liquidity risk through continuous monitoring of forecasts and actual cash flows and by maintaining adequate cash and bank balances to meet its operational obligations as they fall due.

The table below summarizes the University's financial liabilities based on their remaining contractual maturities at the reporting date. The amounts represent undiscounted cash flows. Balances due within 12 months approximate their carrying values, as the effect of discounting is not significant.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

Description	Less than 1 month (Kshs)	Between 1-3 months (Kshs)	Over 5 months (Kshs)	Total (Kshs)
<b>As at 30 June 2025</b>				
Trade payables	211,712,086	175,780,000	55,193,928	<b>442,686,014</b>
Current portion of borrowings	-	-	-	-
Provisions	-	40,000,000	58,866,868	<b>98,866,868</b>
Deferred income	-	-	-	-
Employee benefit obligations	-	-	-	-
<b>Total (2025)</b>	<b>211,712,086</b>	<b>215,780,000</b>	<b>114,060,796</b>	<b>541,552,882</b>
<b>As at 30 June 2024</b>				
Trade payables	259,769,587	205,107,480	49,409,271	<b>514,286,338</b>
Current portion of borrowings	-	-	-	-
Provisions	-	40,000,000	58,512,670	<b>98,512,670</b>
Deferred income	-	-	-	-
Employee benefit obligations	-	-	-	-
<b>Total (2024)</b>	<b>259,769,587</b>	<b>245,107,480</b>	<b>107,921,941</b>	<b>612,799,008</b>

The University's liquidity position remained strong during the year, supported by cash and cash equivalents of Kshs 382.9 million (2024: Kshs 173.5 million). Management monitors cash flow forecasts on a monthly basis to ensure sufficient funds are available to meet operational commitments. No liquidity constraints were experienced during the reporting period.

**iii) Market risk**

MUST has put in place an internal audit function to assist it in assessing the risk faced by MUST 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 MUST'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 Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

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

The carrying amount of MUST's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>			
<b>Financial Assets</b>			
Investments	-	-	-
Cash	-	30,605,912	30,605,912
Debtors	-	-	-
<b>Total Financial Assets</b>	-	30,605,912	30,605,912
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	30,605,912	30,605,912

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>			
<b>Financial Assets</b>			
Investments	-	-	-
Cash	-	27,092,554	27,092,554
Debtors	-	-	-
<b>Total Financial Assets</b>	-	27,092,554	27,092,554

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	<b>27,092,554</b>	<b>27,092,554</b>

**Financial Risk Management: Foreign currency sensitivity analysis**

The table below demonstrates the effect on the University's surplus and equity resulting from a 10% weakening of the Kenya Shilling against major foreign currencies, with all other variables held constant. A strengthening of the Kenya Shilling by the same margin would have an equal and opposite effect.

Description	Change in currency rate	Effect on Surplus	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>Current FY-2024/25</b>			
Euro	10%	-	-
USD	10%	3,060,591	3,060,591
<b>Previous FY-2023/24</b>			
Euro	10%	-	-
USD	10%	2,709,255	2,709,255

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

Meru University of Science and Technology analyses its exposure to interest rate risk on a dynamic basis through periodic sensitivity analysis. The analysis determines the potential impact on the statement of comprehensive income of defined shifts in market interest rates, assuming all other variables, in particular foreign exchange rates, remain

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

constant. The analysis has been performed on the same basis as the prior year and uses year-end balances.

**Key Assumptions**

- a) Only interest-bearing financial assets and liabilities are considered.
- b) The University did not have any interest-bearing borrowings as at 30 June 2025 (2024: Nil).
- c) The exposure arises solely from interest earned on cash and cash equivalents held in local banks.
- d) A positive rate change increases interest income and the surplus; a negative rate change decreases them.

**End of Year Balance**

Description	2024/2025 (Kshs)	2023/2024 (Kshs)
Cash and Cash Equivalents	382,871,445	173,468,124
Interest-bearing Borrowings	-	-

**Sensitivity Analysis – Impact on Surplus**

Scenario	2024/2025 (Kshs)	2023/2024 (Kshs)
Increase in floating interest rates by 1%	Increase of 3,828,714	Increase of 1,734,681
Decrease in floating interest rates by 1%	Decrease of 3,828,714	Decrease of 1,734,681
Increase in floating interest rates by 5%	Increase of 19,143,572	Increase of 8,673,406
Decrease in floating interest rates by 5%	Decrease of 19,143,572	Decrease of 8,673,406

The sensitivity analysis indicates that Meru University's exposure to interest rate risk is low and primarily arises from interest earned on cash deposits. As the University has no outstanding interest-bearing borrowings, fluctuations in market interest rates would affect only investment income. A 1% increase in interest rates would raise profit before tax by approximately Kshs 3.83 million, while a 1% decrease would reduce it by the same amount.

Management continues to monitor market interest rates and optimises deposit placements to maximise returns while maintaining adequate liquidity for operational needs.

**Fair value of financial assets and liabilities**

- a) **Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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

**Notes to the Financial Statements (Continued)**

*The University* market assumptions. These two types of inputs have created the following fair value hierarchy:

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

**Fair Value Hierarchy**

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

Description	Level 1 (Kshs)	Level 2 (Kshs)	Level 3 (Kshs)	Total (Kshs)
<b>As at 30 June 2025</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	–	–	–	–
<b>Non-Financial Assets</b>				
Investment Property	–	–	–	–
Land and Buildings	–	–	4,271,419,593	4,271,419,593
<b>Total</b>	–	–	4,271,419,593	4,271,419,593
<b>As at 30 June 2024</b>				
<b>Notes to the Financial Statements (Continued)</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	–	–	–	–
<b>Non-Financial Assets</b>				

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

Investment Property	-	-	-	-
Land and Buildings	-	-	4,271,419,593	4,271,419,593
<b>Total</b>	-	-	<b>4,271,419,593</b>	<b>4,271,419,593</b>

The University did not hold any quoted equity investments, or investment property that were measured or disclosed at fair value as at 30 June 2024 and 30 June 2025. Accordingly, no amounts are reported under Levels 1, 2, or 3 of the fair value hierarchy.

The University's land and buildings were revalued in the financial year ended 30 June 2023 by an independent professional valuer using the market comparable and cost replacement approaches. These valuations are classified as Level 3 in the fair value hierarchy because they rely on unobservable inputs derived from professional judgment and market evidence.

There were no transfers between Levels 1, 2, and 3 during the year. No change in valuation methodology or significant assumptions occurred during the year, and no impairment indicators were identified for land and buildings as at 30 June 2025.

**v) Capital Risk Management**

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

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Revaluation Reserve	2,439,848,009	2,439,848,009
Retained Earnings	(675,290,189)	(867,400,882)
Capital Reserve	3,425,059,174	3,425,059,174
<b>Total Funds</b>	<b>5,189,616,994</b>	<b>4,997,506,301</b>
<b>Total Borrowings</b>	<b>-</b>	<b>-</b>
Less: Cash and Bank Balances	382,871,445	173,468,124
<b>Net Debt/(Excess Cash and Cash Equivalents)</b>	<b>-</b>	<b>-</b>
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

The gearing ratio measures the proportion of total borrowings to total equity. As at 30 June 2025, the University had no interest-bearing borrowings, resulting in a gearing ratio of 0% (2024: 0%). This reflects that the University's operations and development activities were fully financed through Government grants, internally generated revenue, and accumulated reserves, with no reliance on external debt financing.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**30. Related Party Disclosures**

**Nature of related party relationships**

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

**a) Government**

The Government of Kenya is the largest single sponsor of the University. During the year, the University received KShs. 1,416,880,874 from the Government for Recurrent and Capital expenditure. The Government is responsible for the appointment of the Council Members.

Description	2024/25	2023/24
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Interest on Bank Deposit	N/A	N/A
<b>Total</b>	N/A	N/A
<b>Purchases from related parties</b>	N/A	N/A
Purchases of electricity from KPLC	N/A	N/A
Purchase of water from govt service providers	N/A	N/A
Rent expenses paid to govt agencies	N/A	N/A
Training and conference fees paid to govt. Agencies	N/A	N/A
Others (specify)	N/A	N/A
<b>Total</b>	N/A	N/A
<b>b) Grants /transfers from the government</b>		
Grants from national govt	1,416,880,874	632,169,921
Grants from county government	-	-
Donations in kind	-	-
<b>Total</b>	<b>1,416,880,874</b>	<b>632,169,921</b>
<b>c) Expenses incurred on behalf of related party</b>	N/A	N/A
<b>Total</b>		
<b>d) Key management compensation</b>		
University Council	20,161,454	15,893,239
University Management Board Members	51,000,000	46,000,000
<b>Total</b>	<b>71,161,454</b>	<b>61,893,239</b>

**Related Party Disclosure**

**a) Council**

The Council members, except the Vice Chancellor, were paid sitting allowances, per diem, mileage, and air fare, and for Chairman- Director's fee and telephone allowance. The University also paid for their medical insurance cover. The University paid the Council members a total of KShs 20,161,454 in form of allowances. None of the Council members was advanced a loan by the University during the Financial Year. None of the Council members had other dealings with the University other than as a Council member.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**b) University Management Board Members**

The total amount paid to the University Management Board members in terms of salaries and allowances was KShs. 51 million. None of the University Board members was advanced a loan by the University during the Financial Year. None of the University Management Board members had other dealings with the University other than as an employee of the University.

**31. Contingent Liabilities**

There was no contingent liability worth reporting during the year.

**32. Operating Leases**

The University had two operating leases:

**i. Hart Towers**

Meru Town Campus is housed in Hart Towers. Hart Towers is a five storeyed building located in Meru Town centre. The University occupies 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> floors of the building. The lease is for six years with effect from 1 January 2024.

The Nairobi Liaison Office is housed on the 12<sup>th</sup> floor, University of Nairobi Ambank House, University way.

**33. Events after the reporting period**

No event, either adjusting or non-adjusting has been reported after the balance sheet date.

**4. Ultimate and Holding Entity**

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

**5. Currency**

The financial statements are presented in Kenya Shillings (KShs). The figures are rounded up to the nearest shilling. For the Bank Account denominated in USA Dollar, the balance was converted into Kenyan Shilling as at 30<sup>th</sup> June 2025.

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

**APPENDIX I: Progress on Follow up of Auditor Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person	Status	Time-frame
	<b>PART A: Emphasis of Matter</b>				
Unresolved Prior Year Matters	In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved	The University Management presented the issues raised in the audit reports for the the previous financial years up to 2023/2024 to Public Investment Committee on Governance and Education in the Month of March 2025.	Vice Chancellor	Resolved	
Delayed Completion of Projects	<p><b>i. Delayed Completion of Sports field</b>  Meru University of Science and Technology contracted a construction company on 30<sup>th</sup> July, 2020 to construct and complete the University's sports field vide contract No. MUST/ONT/SPORTS-A/14/2019-2020 at a contract sum of KShs. 232,742,353. The project duration was twenty-nine (29) weeks with a commencement date of 14 September, 2020. The sports field under construction included soccer pitch (with running track), hockey pitch, basketball pitch, rugby pitch, tennis court, swimming pool, stand-alone washrooms, and pavilion for soccer pitch. The contract completion date was on 2 March, 2021 though was later extended to 30 October, 2023 by Management following the advice from the project implementation committee. Further extension was granted by Management to the contractor to 31 December, 2024 upon recommendation of the project implementation team</p> <p>However, as at the time of audit in September, 2024, the contractor had been paid a total of KShs. 178,102,450.40 or 77% of the contract sum with the overall completion of the project at 74%. Further, the project had stalled since 2022. Physical inspection of the sports field revealed a ground with overgrown grass and shrubs and the contractor was not on site. The Management did not provide any reasons for the contractor's absence and further delays in the completion of the project</p> <p><b>ii. Stalled Projects</b></p>	The continued delay in completion of works was occasioned by lack of disbursement of funds by the Exchequer. Nevertheless, the University is looking for alternative sources of funds to finance the projects. The University has also written to the Attorney General for further advisory on the projects.	Finance Officer	Not Resolved	-

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

	<p><i>Work in progress balance of KShs. 645,934,004 further includes KShs. 472,467,637 paid towards 4 (four) staled projects as detailed below;</i></p> <p>Physical inspection of the projects conducted in September 2024 revealed that the contractors were not on site, there was no construction activity that was going on and the contracts had stalled. Review of records provided revealed that the contract for the Proposed Construction and Equipping of Science Laboratories at Marine Research Institute (Phase 1) had been terminated but had not been retendered at the time of audit. Records further show that the University has sought authority from the office of the Attorney-General to terminate contracts for proposed school of nursing and health sciences building, proposed construction of administration block and lecture rooms at marine research institute (phase 1) and proposed construction of modern library at marine research institute (phase 1).</p>				
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**Vice Chancellor**  
**Date: August 22, 2025**



**Chairperson of the Council**  
**Date: August 22, 2025**

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**APPENDIX II: Projects Implemented by MUST**

Projects implemented by Meru University funded by development partners:

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting	Consolidated in these financial statements
Engineering Complex		GOK	June 11-July 24	-	No	Yes
Construction of Sports fields		GOK	Jul-20 - June 26	-	No	Yes
Nursing and Health Science Building		GOK	Jul-20 - June 26	-	No	Yes
Mariene Institute: Modern Library		GOK	Jul-20 - June 26	-	No	Yes
Mariene Institute: Administration and lecture theatre		GOK	Jul-20 - June 26	-	No	Yes
Mariene Institute: Science Laboratories		GOK	Jul-20 - June 26	-	No	Yes
<b>TOTAL</b>				-		

**Status of Projects Completion**

	Project	Total project Cost Kshs M	Total expended to date	Completion % to date	Budget Kshs M	Actual Kshs M	Sources of funds
1	Engineering Complex	683	673,131,871	99%	-	-	GOK
2	Construction of Sports Fields	600	182,455,951	30%	20	8	GOK/AIA
3	Nursing and Health Science Building	500	141,455,918	28%	-	-	GOK
4	Mariene Institute: Administration and Lecture Theatre	230	127,555,140	55%	-	-	GOK
5	Mariene Institute: Science Laboratories	150	101,612,603	68%	-	-	GOK
6	Mariene Institute: Modern Library	150	101,843,976	68%	10,000,000	-	GOK
	<b>TOTAL</b>	<b>2,313,</b>	<b>1,328,055,459</b>		<b>30,000,000</b>	<b>8</b>	

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**APPENDIX III: Inter-Entity Transfers**

Reference Number	Date Received as Per Bank Statement	Recurrent(A)	Development	Total Amount(A+B) KES	Financial Year
1	8/13/2024	48,961,386		48,961,386	2024/2025
2	09/11/2024	48,961,386		48,961,386	2024/2025
3	10/08/2024	48,961,386		48,961,386	2024/2025
4	11/08/2024	48,961,386		48,961,386	2024/2025
5	12/05/2024	48,961,386		48,961,386	2024/2025
6	01/06/2025	48,961,384		48,961,384	2024/2025
7	01/07/2025	48,961,386		48,961,386	2024/2025
8	02/10/2025	48,961,386		48,961,386	2024/2025
9	3/13/2025	48,961,386		48,961,386	2024/2025
10	04/10/2025	48,961,386		48,961,386	2024/2025
11	05/02/2025	48,961,386		48,961,386	2024/2025
12	06/12/2025	48,961,384		48,961,384	2024/2025
13	6/27/2025	52,860,357		52,860,357	2024/2025
		<b>640,396,985</b>		<b>640,396,985</b>	

**Confirmation Section**

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**

Name Lucas M. Kaundy Sign [Signature] Date 21/10/2025



**Head of Accounts Department - Beneficiary Entity:**

Name Franco Mutua Sign [Signature] Date 21/10/25

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**APPENDIX IV: Recording of Transfers from other Government Entities**

The University did not receive funds from any other Government entity other than State Department of University Education and Research (Ministry of Education).

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**APPENDIX V: Reporting of Climate Relevant Expenditures**

Meru University of Science and Technology

Telephone Number: +254704508454

Email: [vc@must.ac.ke](mailto:vc@must.ac.ke)

Vice Chancellor: Prof. Romanus Odhiambo

Contact person: Franco Mutua email: [fmutua@must.ac.ke](mailto:fmutua@must.ac.ke)

Project Name	Project Description	Project Objectives	Project Activities				Source Of Funds	Implementing Partners
Low-cost Cement	clay-based cement, to address climate change and lower the cost of housing.	<ul style="list-style-type: none"> <li>The innovation aims at offering alternative climate-friendly and cheaper cement to address the rising demand for affordable housing.</li> <li>The uptake of Limestone Calcined Clay Cement (LC3) will go a long way in mitigating effects of climate change.</li> </ul>	Research on Calcined Clay Cement			6,655,255	External Donors. The lead person is Dr Mwiti Joseph	N/A
Sanitation Project	Building of customized toilets and construction of a laboratory to enable conversion of human faeces into organic fertilizer using insects. Insects are used as high nutritional animal feeds	<ul style="list-style-type: none"> <li>Provide solution to disposal of human faecal matter</li> <li>Turn the faeces from waste to a resource</li> </ul>	<ul style="list-style-type: none"> <li>Construction of a laboratory</li> <li>Building of customized toilets</li> <li>Training of sanitation experts</li> <li>Collection of faecal matters and converting them into manure</li> </ul>	-	-	8,946,503	External Donors. Research Funds Solicited by Dr. Joy Riungu.	Meru University dons and local schools

**Meru University of Science and Technology**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**APPENDIX VI: Disaster Expenditure Report**

**Date:** 30 June 2025

**Entity:** Meru University of Science and Technology

<b>Period to which this report refers (FY)</b>	<b>Year</b> 2024/25					
<b>Name of Reporting Officer</b>	Franco Mutua					
<b>Contact details of the reporting officer:</b>	<i>Email</i> fmutua@must.ac.ke/finance@must.ac.ke				<b>Telephone</b> +254704508454	
<b>Column I</b> Programme	<b>Column II</b> Sub-programme	<b>Column III</b> Disaster Type	<b>Column IV</b> Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	<b>Column V</b> Expenditure item	<b>Column VI</b> Amount (KShs.)	<b>Column VII</b> Comments
Meru University of Science and Technology	N/A	Flooding	Recovery & Mitigation	Repair of damage at the Engineering complex. Improvement of drainage system Engineering complex.	3,212,486	The University had to mitigate against flooding.