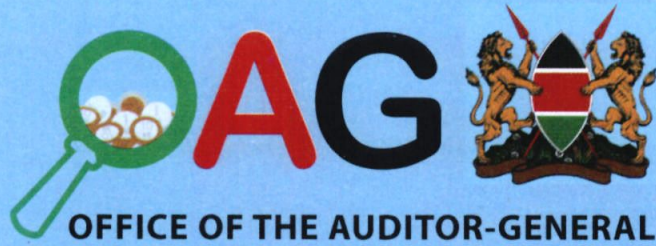


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 30 APR 2025	DAY: 30/4/25
TABLED BY:	Leader of the majority Party
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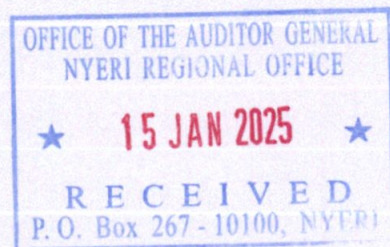
**FOR THE YEAR ENDED
30 JUNE, 2024**



Inspiring Innovation and Leadership

KARATINA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2024



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

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I. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms

ARSA	Academic, Research and Student Affairs
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KRAs	Key Result Areas
P, F&A	Planning, Finance & Administration
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
UNEP	United Nations Environment Programme.
VC	Vice Chancellor

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. KEY UNIVERSITY INFORMATION AND MANAGEMENT

a) Background

Karatina University is a public chartered institution of higher learning as provided for in the Universities Act of 2012, domiciled in Kenya - Nyeri County. It is located 140km North of Nairobi (0039'S37014'E) and 15km from Karatina town, off the Nairobi-Nyeri highway, in an area rich in agricultural soils and endowed with vast natural resources. The serene environment makes it very conducive for scholarly and academic work. The University has established six schools namely: School of Agriculture and Bio-technology, School of Business, School of Education and Social Sciences, School of Natural Resources and Environmental Studies, School of Pure and Applied Sciences and School of Nursing and Health Sciences.

b) Principal Activities

The principal activities of the University are stipulated in its vision, mission statements and core values shown below:



c) Key Management

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

- i) University Council (Governance organ)
- ii) Vice Chancellor’s Office
- iii) Planning, Finance and Administration Division
- iv) Academic, Research and Student Affairs dvision

d) Fiduciary Management

The key management personnel who held office during the financial period ending 30th June 2024 and who had direct fiduciary responsibility were:

S No.	Designation	Name
1	Vice Chancellor	Prof. Linus Muthuri Gitonga
2	Ag. Deputy Vice Chancellor (P,F&A)	Prof. Richard Kiai
3	Ag. Deputy Vice Chancellor (ARSA)	Prof. Hellen Kamiri
4	Ag. Finance Officer	CPA . Bethsy Kaino
5	Procurement Officer	Ms. Agnes Wanjiru

e) Fiduciary Oversight Arrangements

The Council has the overall mandate of ensuring sound management of the University. This includes: Approving statutes and policies; strategic planning; reviewing management implementation of strategies, policies and plans; risk assessment and management, approving budgets and enhancing sound financial management; promoting quality assurance and recommending Instruments of Governance. For effectiveness, the Council governs through clearly mandated council committees, coupled with robust monitoring and reporting systems.

Each standing council committee has specific terms of reference as set out in the corporate governance statement on pages (xxiv) to (xxviii).

University Head quarters

Karatina University
P.O BOX 1957 - 10101,
KARATINA

f) University Contacts

Telephone no: +254-(0)729-721-200 / 020-2176713

Web: www.karu.ac.ke

Email: vc@karu.ac.ke

g) University Bankers

1. Kenya Commercial Bank
P. O. BOX, 192-10101
KARATINA
2. Co-operative Bank of Kenya
P.O. BOX, 931-10101
KARATINA
3. Equity Bank of Kenya
P.O. Box 855 – 10101
KARATINA

h) Independent Auditors

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

i) Principal Legal Adviser

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

3. MEMBERS OF THE UNIVERSITY COUNCIL



Prof. Francis Gichaga

Chairman of Council; Independent & Non-Executive Director

Prof. Francis Gichaga was born in 1942. He has previously served as the Chairman; Board of Governors - Kenya Technical Teachers College (1992-2011); Kenya Polytechnic University College Council (2009-2011); National Irrigation Board (2007-2010); Water Services Regulatory Board (2003-2007); Kenya Agricultural Research Institute Board (2002-2003); Kenya Institute for Public Policy Research and Analysis Board (1998-2004); and National Council for Science and Technology (1992-2003).

Prof. Gichaga has served in Public Universities in various capacities; Chancellor of Jomo Kenyatta University of Agriculture and Technology (2010); Vice-Chancellor of the University of Nairobi (1991-2002) among other senior administrative positions.

Prof. Gichaga holds a First Class Honors degree in Civil Engineering, Masters in Civil Engineering and PhD. in Highway Engineering all from the University of Nairobi. He has a honorary DSc in Human Resource Management from JKUAT. He is a member of Institution of Engineers of Kenya; a Fellow of the Institution of Engineers of Kenya, a Registered Engineer, a member of Institution of Civil Engineers U.K. and a Fellow of the Institution of Civil Engineers. Prof. Gichaga has two presidential awards; Moran of the Order of the Burning Spear (MBS)-1990 and Elder of the Order of the Burning Spear (EBS) -1986.

His term lapsed on 4th of February 2024



Prof. Linus Gitonga

Vice Chancellor & Council Secretary, Executive Director

Prof. Linus Gitonga is the Vice Chancellor of Karatina University. He was appointed to the position on 12th September, 2023. He served as the Deputy Vice Chancellor in charge of Planning, Finance and Administration. Previously, He served as the Deputy Principal in charge of the same portfolio before the institution's transition to University status. In that capacity as head of Planning, Finance and Administration Division, he was responsible for overseeing preparation and implementation of budgets, performance contracting and general infrastructural growth of the university. He also served as a member of the Board at the Kenya Innovation Agency (KENIA) where he was chair of the Finance and HR Committee. Further, he has served in the Board of Mikumbune Secondary School as a member and Chairman.

Prof. Linus Gitonga is a full professor of entomology and holds a PhD from JKUAT and Masters of Science degrees from Kenyatta University. He has long teaching and research experience at JKUAT and held several administrative positions. He served as the Director Academic Programs at both Taita Taveta Campus and Meru University College of Science and Technology. In the course of his work he has supervised many postgraduate students and is well published. He was born in 1964.



Eng. David Opiyo

Independent & Non-Executive Director

Eng. David Opiyo holds an MBA in Financial Management and Investment and a degree in Mechanical Engineering (Hons). He is the Director of Enterprise Management, EMR Consult Ltd in Nairobi. He also chairs the Boards of Space and Style Ltd and Centre for Enterprise Development and Innovation. He is a Lead Consultant in Environmental Impact Assessment and Environmental Audit since 2009. He has been a Lead Expert in Resource profiling and Development of Industrialization policy for Kisii, Nyamira, Meru, Baringo and Uasin Gishu among others. He is a member of Engineers Registration Board, Kenya from 1977. Previously he has worked as Acting Chief Executive Officer of Kenya Industrial Estates Ltd (2002-2003), a position he rose to from a Project Officer then to General Manager Operations. He is the current Chair of Finance, HR and Resource Mobilization Committee of Council. He was born in 1955.



CPA Pauline Kitsao Lujanje

Independent & Non-Executive Director

CPA Pauline Kitsao Lujanje holds Master of Business and Administration in Finance from Kenya Methodist University and Certified Public Accountant of Kenya. She retired from the Civil Service at the position of Chief Finance Officer. She is a member of two professional associations; Institute of Public Accountants of Kenya (ICPAK) and Women Accountants of Kenya (AWAK). She is a registered Member of Kenya Accountants Board. She brings a wealth of experience having served within the Public sector in respect to Strategic leadership, project development, budget formulation and execution, expenditure controls and reporting, procurement processes and corporate governance. She was born in 1961.



Mr. Nicholas Kunga Ngece

Independent & Non-Executive Director

Mr. Nicholas Kunga Ngece holds Master of Science, Bachelor degree in Science and is PhD Candidate in Management Economics. He is the Convener/ Coordinator for the Sustainability Impact Network Africa. He is an Expert in Project Cycle Design, Planning & Management of Finance Grants and Human Resources. He has done consultancies in Programme Design, Management, MEAL. He has previously worked as a Resource Mobilization Specialist at DETRA-Africa Consulting. He has experiences as Programme/Grants Manager in Environment, Natural Resources and Climate Change for Swedish International Development Agency (SIDA)/ Embassy of Sweden. Further, he has served as a Regional Projects Coordinator for Carbon-zero Balance Africa Ltd. Mr. Ngece has also served as a Director at Kenya Trade Remedies Agency in the Ministry of Trade. He was born in 1975.



Dr. Dunstone Ulwodi

Representative of Principal Secretary, National Treasury & Non-Executive Director

Dr. Dunstone Ulwodi has 15 years' experience working in the public sector. He joined the National Treasury as an Economist/Statistician in 2006 and has risen through the ranks to the position of Deputy Director. He holds a PhD in Economics from the University of Nairobi, Master of Arts in Economics, Master of Science in Population Studies and Bachelor of Education, Arts from the same university.

He has been instrumental in the development of the digital bond program in Kenya having spearheaded the issuance of the first ever Mobile-Based bonds. He serves as the Manager of the M-Akiba Bond Project at the National Treasury. He was born in 1977.



Ms. Winnie Mwai

Independent & Non-Executive Director

Ms. Winnie Mwai was born on 8th March 1971. She holds Master's degree in Business Management (MBA) Strategic Management- USIU (2007), Bachelor Degree in International Relations (2004) – USIU and Diploma in Business Administration - Kenya Polytechnic (1992). Has over 20 years' experience serving in various capacities in the public and private sector.

Ms. Mwai has a wealth of experience in the public sector in regards to Governance, Leadership and management.



Mr. James Mwangi Kiburi

Independent & Non-Executive Director

Mr. James Mwangi Kiburi was born in the year 1965. He holds a Master of Philosophy (MPhil.) in Educational Psychology from Moi University as well as a Bachelor of Education (Science) Degree from Kenyatta University as well as Master of Philosophy (MPhil.). He is currently pursuing a PhD in Educational Psychology at Maasai Mara University.

Mr. James is the Director of Education in the Ministry of Education, State Department for Higher Education and Research. He served as the Acting Director of Higher Education for over two (2) years from March 2016 to September, 2018. He has worked with the Ministry of Education in various capacities and duty stations since 1999 to 2024. He previously worked with the City Council of Nairobi as Senior Education Officer and Assistant Director of City Education from 2002 to 2007 and Teachers Service Commission (March 1990 – January 1999) as Secondary School Teacher and Deputy Head Teacher at Simotwo High School and Mukoe Secondary School respectively.

4. KEY MANAGEMENT TEAM



Prof. Linus Gitonga

Vice Chancellor

Academic Qualification

Ph.D. (JKUAT); M. Sc. (Kenyatta); B. Ed(Sc.) (Kenyatta)

Ag. Deputy Vice Chancellor (Planning, Finance & Administration)

Academic Qualification

Ph.D. (KarU); MBA(JKUAT); B.Sc.(Egerton); CPA(K); CIFA; CISA



Prof. Richard Kiai

Ag. Deputy Vice Chancellor (Academic, Research & Student Affairs)

Academic Qualification

Ph.D. (University of Bonn); M.Sc.(Moi);B.Sc. (Moi);



Prof. Hellen Kamiri

Registrar (Academic Affairs)
Academic Qualification
D.Phil (Moi); MBA(Moi); M. Ed (UoN);
B. Ed (Arts)(Moi); MKIM



Dr. Wanjari Gathuthi



Mr. Daniel Murage

**Ag. Registrar
(Planning & Administration)**
Academic Qualification
M.Ed. Science, B.Ed. Science

Ag. Finance Officer
Academic Qualification
BCOM (JKUAT), MBM Finance (KarU), CPA (K)



CPA, Betsy Kaino



Ms. Anne Mumbi

**Legal Officer
(In attendance) Academic
Qualification**
BBM (Moi)

5. COUNCIL CHAIRMAN'S REPORT

I am pleased to present annual report and financial statements for the year that ended on 30th June 2024. This was the eleventh year in operation as a fully-fledged University; and the fourth year that the current council is steering activities of the University. We are pleased with the progress made in the University.

Some of the most outstanding achievements during the year include:

- a) Reviewed and promoted a significant number of teaching and non-teaching staff who had stagnated in one job group for a long period. This has motivated the workforce and is expected to result in improved performance.
- b) Reinitiated the process of recruiting senior management by considering and submitting relevant details to the Public Service Commission.
- c) Supporting the staff in training development both internally and externally. This is expected to increase productivity as well efficiency
- d) Commendable progress in the construction of the University Library. The progress was slowed down by inadequate provision of funds. However, Council has requested the use of AIA and approval granted by relevant authorities to fund the remaining part to enable usage of the facility in the next academic year 2024/2025.
- e) Payment of pending bills and an Up-to date remittance of statutory deductions such as NHIF, NSSF and PAYE. This includes remitting of check-off deductions made by staff members.

The University has also faced several challenges that include:

Overstretched infrastructure due to increase in no of students. However process of construction of tuition and laboratory has been initiated this FY 2023/24 through supplementary budget. This is expected to be completed within two years using the available retained earnings.

As a Council, we continue encouraging academic staff to explore and implement alternative resource mobilization strategies. We will therefore enhance training of staff to build their capacity to write competitive funding proposals.

We are grateful that so far, the Government has supported the University by timely remittance of recurrent grants. We also thank H.E the President of the Republic of Kenya and the Cabinet Secretary for Education for having given us the opportunity to serve Karatina University and indeed the country at large.

I wish to thank members of Council for their immense contributions, ideas and presence in both meetings and other activities they were required to participate in. I also wish to thank the University Management for ensuring that there was prudent use of resources. Finally, I wish to thank members of staff, students and guardians for taking up their roles and supporting the University achieve its mission of conserving, creating and disseminating knowledge


Chairman, Karatina University Council

6. VICE CHANCELLOR'S REPORT

I hereby present the Annual Report and Financial Statements of Karatina University for the year that ended on 30th June 2024 as required by the Universities Act 2012, Karatina University Charter and the Public Financial Management Act 2012.

Economy and Sector Review

GDP is projected to grow 5.6% in 2023 and 6.0% in 2024, driven by services and household consumption. Inflation is projected to rise to 8.6% in 2023 and 5.9% in 2024, driven by food and energy inflation. Monetary policy is expected to remain tight. The fiscal deficit is expected to narrow to 6.1% of GDP in 2023 and 5.4% in 2024, in line with the fiscal consolidation path. The current account deficit is projected to narrow to 5.2% of GDP in 2023 and 5.0% in 2024, attributable to a recovery in global demand. The outlook is subject to considerable risks, including the effects of a prolonged Russia's invasion of Ukraine on commodity prices, tight global financing, drought, and slow global economic recovery. Possible risk mitigation measures include diversifying exports and market destinations, enhancing domestic resource mobilization, deepening financial sector reforms, and accelerating structural reforms.

University enrolment increased marginally by 0.2% from 562,900 in 2022/23 to 2023/2024 academic year. This resulted in slight increase in first year's enrolment in Karatina University from 2,226 to 3,431 students and a total student population of 10,055 during the review period.

Performance Review

During the year under review, the University undertook its principal activities by use of physical and virtual interactions. All academic activities were conducted smoothly. The University continued to invest in ICT infrastructure so as to ensure business continuity during changes in the business environment.

The University had a student population of 10,055 and 402 members of staff at the end of the financial year. A total of 1,096 students were conferred with various degrees and awarded diplomas during the 11th graduation ceremony in December, 2023.

Operations and Management Review

The University had several achievements during the year under review. Key achievements include:

- i. Upgrading of the ERP software from NAV 2017 to NAV 365 which is web based this is expected to increase efficiency and productivity.
- ii. The Tea Institute has been able to get approval for use of KĒBS diamond mark on Tea Products which is a great step towards commercialization of Tea Products. We have also established a solar dryer for low-cost tea processing. Further, we are developing short courses for the tea industry particularly organic tea production and Tea Tasting & Quality

Assurance for the tea sector. The courses will be offered jointly with Tea Board of Kenya. Finally, we are in the process of releasing e-materials for sustainable tea production and farming in Central Kenya which has been done in partnership with KTN and Share screen Africa for outreach purposes.

- iii. The university revitalized the Chaplaincy by appointing the second Champlain this is due to increase in no of students. This is expected to make services reach more students.
- iv. Organized an International Conference\Public Lecture on Setting National Priorities for Sustainable Development with support of Copenhagen Consensus Center (CCC)
- v. Undertook a pedagogy reengineering virtual training to equip Academic Staff with diverse teaching methods in preparation for internationalization and to receive CBC learners.
- vi. Undertook training on productivity and development of metrics
- vii. Undertook second international conference spearheaded by School of Business
- viii. Undertook individualized trainings on most of the University personnel both internal and external in order to retool and increase efficiency and productivity this is expected to continue in the next FY.
- ix. Supported students' participation in various co-curricular activities such as sports, drama and music the students performed in different categories up to National level and won several championships. This has helped students showcase and make use of their talents outside of the lecture rooms.
- x. Engaged in various mentorship programmes in secondary schools with the aim of guiding students on career choices, Library information and counselling programs. The Centre for Community Outreach also sensitized primary schools in the neighborhood on environmental conservation.

The challenges experienced by the University include;

- i) Due to high number of students admitted under the new funding model the university experienced infrastructure challenges which is being addressed by construction of new tuition and Laboratory block which is expected to be completed within two years. The Process has already started after the necessary approvals have been granted.

Risk Management

The University has put in place a robust risk management strategy. This involves a quarterly review of the risks the University faces and developing mechanisms to mitigate them. In addition, the University has ensured a strict adherence to statutory requirements.

Future Developments

Karatina University Strategic Plan for the period 2021-2025 focuses on four KRAs; - academic excellence; research; financial sustainability; and institutional capacity.

Some of the specific areas the University will be focusing on include:

- i. Strengthening the School of Nursing and Health Sciences by developing new academic programmes, enhancing the infrastructure and human resources to ensure quality training that meets international standards.
- ii. Enhancing Open and Distance Learning (ODEL) to build capacity so as to recruit more privately sponsored students.
- iii. Adopt a system-wide approach/ framework to inspire and empower students to complete their studies in time.
- iv. Active engagement with leading partner organizations for research projects and for the purpose of generating additional funds.
- v. Emphasis on the Green Entrepreneurial University Concept so as to incorporate environmental sustainability and efficiency in its operations, curriculum development and implementation, physical developments and university lifestyles. In addition, there will be greater effort in building the capacity of its human resource so as to achieve a sustainable future through training, research, innovation and community outreach.

On behalf of Karatina University management and staff, I wish to take this opportunity to thank the government, our development partners and all the stakeholders for their continued support.

Finally, I would like to express my sincere gratitude to the University Council for providing policy and strategic guidelines; the entire University staff and students community who worked conscientiously to ensure smooth and successful operations of the University.

Thank you.



Prof. Linus Gitonga, PhD
Vice Chancellor

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/2024

Karatina University has four key result areas (KRAs) and six objectives within its Strategic Plan for the FY 2021- 2025. The key result areas and their respective strategic objectives are as shown below:

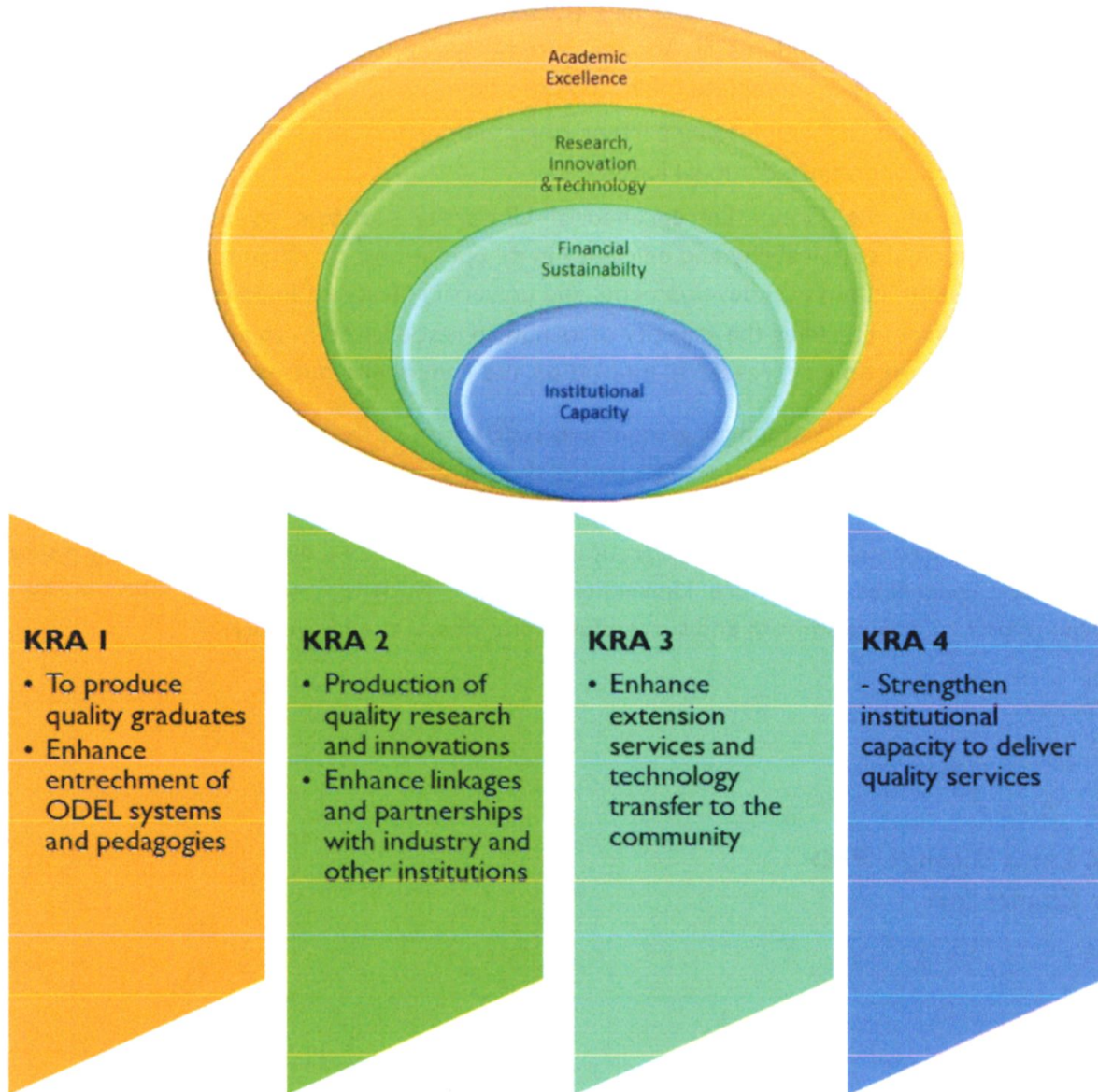


Figure 1: Karatina University Key Result Areas and Strategic objectives

During the year under review, Karatina University pursued strategic intentions within its Strategic Plan. The University included its strategic pillars in the Performance Contract for FY 2023/2024 and developed its annual work plans. 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 2023/2024 period as indicated in the table

Table 1: Review of Karatina University Performance for FY 2023/2024

KRA	Objective(s)	Key performance indicators	Activities	Achievements
1. Academic Excellence	1.To produce quality graduates	Undertake Business Simulation Programme	Procure and Install appropriate simulation licenses	The University has procured and installed licenses to assist in undertaking simulations with the aim of offering practical training for students.
			Recruit, train and undertake simulation practical for 35 students	Training on business simulation have been undertaken for 50 students were trained on business simulation on 17th to 19th November 2023
		Internationalization of Academic Programmes	Undertake co-teaching with International Faculty for two(2) courses	Three international faculty co-taught with academic staff from three: Schools of Pure and Applied Sciences; School of Education and Social Sciences; and School of Business.
2. Research, Innovation and Technology	2. Position the University as a leading research and technology institution	Commercialization of Innovations	Organize one forum for students to interact with innovation champions	This was done during the startup expo on 28th and 29th October 2023. Students exhibited their innovations and interacted with innovation champions from several industries.
	3.Enhance linkages and partnerships with industry and other institutions	To establish collaborative linkages with industries and other academic institutions	Sign one framework for collaboration(MOU)with industry/academic Institution	Signed MoUs with KASNEB and ASSEK. The University is undertaking joint research activities and intends to work closely with KASNEB on being an examination centre.
KRA	Objective(s)	Key performance indicators	Activities	Achievements

3. Community outreach	4. Enhance extension services and technology transfer to the community	Community outreach programmes	Sensitize and assist five (5) primary/secondary schools organize their libraries	Sensitized five secondary schools on management of libraries and supported them in organizing their libraries.
			Undertake one training for small-scale businesspeople and farmers within Nyeri County	Training for business people was held at the University on 22nd September 2023. Another group of Women in businesses was trained on 23rd and 24th May 2024. A farmer's trainings were organized for different groups from Mathira constituency in July 2023, in Jan and Feb 2024
4. Resource mobilization and institutional capacity	5.To mobilize financial resources	Enhanced resources	Obtain KEBS Certification for one tea product	The University obtained a permit for processing of purple tea and yoghurt from KEBS. The University can therefore use the mark of quality for the period 12th April, 2024 to 12th April 2026. Sale of green and purple orthodox tea is ongoing and will be enhanced following the approval by KEBS. Investment in this KRA has resulted to increase in Research grants received by the University during this financial year

8. CORPORATE GOVERNANCE STATEMENT

Karatina University's corporate objective is to create long-term value in the Academic and Research sub-sector through the creation, conservation and dissemination of knowledge. This is realized by using innovation, training and community outreach as prescribed by the mission statement and through the discovery, development and conversion of talent and natural resources, and the provision of innovative customer and market- focused academic programmes.

Corporate Governance Principles

In pursuit of the corporate objective, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary academic excellence within clear ethical standards, personal and corporate integrity and respect for others. The University council's governance role, and conduct of business are guided by the Universities Act no. 42 of 2012; the Karatina University Charter, 2013; Mwongozo Code, 2015; Commission for University Education regulations and standards, 2014 and Karatina University Statutes, 2021.

Size and Composition of Council

The council consists of nine (9) members who possess extensive experience in a variety of disciplines all of which are applied in the overall management of the University as shown on pages (viii) to (xi). In addition, the Inspector General, State Corporations seconded a member to be attending regular meetings of Council.

The Role and Functions of Council

The role and functions of council have been indicated on page (xvix) and is separate from that of management. The collective responsibility of Council has been set out on page (xiii).

Appointment, Removal from Office and Succession Plan

Council members are appointed by the Cabinet Secretary - Ministry of Education through a competitive process advertised to the public. The appointment process takes into consideration the following; development of university education, balanced competencies, gender equity, and the inclusion of stakeholders, persons with disabilities, the marginalized and other minority groups. The terms of three members lapsed within the year, on 3rd November, 2023 and 4th February, 2024. One member, Ms. Winfred Mwai was appointed in January while the representative for the PS, State Department for University Education and Research in June, 2024.

Appointed Council members are required during the first meeting to determine by lot which two of their number shall vacate office after a period of three and four years respectively to ensure continuity in the activities of the Council. It has not been possible to actualize this since appointments and renewals are the prerogative of the Cabinet Secretary. As in the past, it is hoped the Cabinet Secretary will exercise fair judgment when appointing members.

Capacity building for Council members

The University organized an annual training for Council members in October, 2023. The training that took place in Naivasha was facilitated by Mr. Philip Nyingi and Mr. Miano Kariuki. The main focus of the training was productivity mainstreaming.

In addition, another training specific to Audit matters was organized in February, 2024. It was facilitated by the Internal Audit department at the National Treasury. One member, Ms. Winfred Mwai was facilitated to attend a training on corporate governance & risk management training held between 6th -10th May, 2024.

Council Remuneration

Council members are remunerated as per guidelines set out in State Corporations Advisory Committee circulars and National Treasury directives in respect to sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), mileage and accommodation allowance are reimbursed where applicable. Also, the Chairman is paid a monthly honorarium.

Council Charter and Meetings

The Council has a board charter which defines the role, functions and responsibility of the board in governance of the institution. The Council has committees whose roles are clearly defined and reviewed annually. Council meets at least once in a quarter i.e. 4 times in a year, unless there are urgent matters that call for a special meeting. These regular meetings are intended to receive reports from the committees of Council that will have considered the matters in detail. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting.

Council Meetings and Attendance

Council conducted its business under three (3) committees. Membership was however re-organized severally due to expiry of terms of some of the members. The Committees are:

- 1 Academic, Research and Enterprise Development Committee
- 2 Finance, HR and Infrastructure Development Committee
- 3 Audit and Risk Management Committee

Composition of each committee is shown below:

Committee	Members (July-Dec 2023)	January 2024	Feb-June 2024
1. Academic, Research and Enterprise Development Committee	Ms. Susan Gitonga – Chair Vice Chancellor Mr. Felix Okatch Dr. Scholastica Ndambuki CPA Pauline Luganje	Mr. Nicholas Kunga Ngece – Chair Vice Chancellor Eng. David K. Opiyo CPA Pauline Luganje	Mr. Nicholas Kunga Ngece – Chair Vice Chancellor Eng. David K. Opiyo CPA Pauline Luganje Ms. Winfred W. Mwai
2. Finance, HR and Resource Mobilization Committee	Eng. David K. Opiyo – Chair Vice Chancellor Ms. Susan Gitonga Dr. Dunstone Ulwodi CPA Pauline Luganje	Eng. David K. Opiyo – Chair Vice Chancellor Dr. Dunstone Ulwodi	Eng. David K. Opiyo – Chair Vice Chancellor Dr. Dunstone Ulwodi Ms. Winfred W. Mwai
3. Audit and Risk Management Committee	Mr. Felix Okatch – Chair (July-Dec 2023) Mr. Nicholas Kunga Ngece Dr. Dunstone Ulwodi Senior Internal Auditor Dr. Scholastica Ndambuki	CPA Pauline Luganje- Chair Dr. Dunstone Ulwodi Mr. Nicholas Kunga Ngece Senior Internal Auditor	CPA Pauline Luganje- Chair Dr. Dunstone Ulwodi Mr. Nicholas Kunga Ngece Senior Internal Auditor

Mr. James Kiburi participated in the Finance Committee once, on 21st June, 2024

During the year, the full Council held a total of eight (8) regular and special meetings, one interview session, two sessions on self-evaluation and two trainings and one session on Strategic Planning. Members also attended two (2) university functions, the Graduation Ceremony and Public Lecture at the Safari Park Hotel, in Nairobi. Individual attendance is tabulated below: -

S. No	Name	No of meetings attended
1	Prof. Francis J. Gichaga – Chairman	7
2	Vice Chancellor/ Secretary	8
4	Dr. Dunstone Ulwodi – Rep. Cabinet Secretary, The National Treasury and Planning	8
5	Mr. Felix Owaga Okatch	5
6	CPA Pauline Luganje	8
7	Ms. Susan Kanyua Gitonga	5
8	Eng. David K. Opiyo	8
9	Mr. Nicholas Kunga Ngece	8
10	Ms. Winfred Wangui Mwai	2

11	Mr. Edwin Murimi – Rep. Inspector General, State Corporations	7
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Notes:

1. Tabulation includes council self-evaluation engagements and excludes trainings, Strategic Planning retreat, public lecture and interview meeting;
2. Ms. Winfred Wangui Mwai joined Council in January, 2024.
3. The term of Prof. Francis John Gichaga, Chairman of Council lapsed on 4th February, 2024.
4. The term of Mr. Felix Okatch and Ms. Susan Gitonga lapsed on 20th November 2023.
5. Mr. James Kiburi joined Council in June, 2024.

Academic, Research and Enterprise Development Committee

The Committee does the following: Receive and consider reports from the Research and Outreach Committee of Senate and to transmit such reports to the Council; Consider and advise on policy and plans for the exploitation of the University's Intellectual Property and other commercial activities flowing from its research; Advise Council on budgetary allocation of research funds and their effective administration for the support of research and enterprise activities; To receive, consider and make recommendations to Council on matters relating to implementation of academic programmes; To receive and recommend to Council for approval qualified students to be conferred with degrees and awarded diplomas and certificates of the University that the Senate may refer to the Committee; and to review and recommend to the Council various policies to assist in the overall management of the academic and research function of the University.

The committee held five (5) meetings and individual participation is tabulated below:

S. No	Name	No of meetings attended
1	Ms. Susan Gitonga – Former Chair	2
	Mr. Nicholas Ngece – Current Chair	5
2	Vice Chancellor	5
3	CPA. Pauline Luganje	3
5	Eng. David K. Opiyo	5
6	Mr. Felix Okatch	2
7	Ms. Winfred Mwai	1

NB: The attendance varied on account of re-organization of the Committee not on account of apologies.

Finance, HR and Infrastructure Development Committee

The committee critically scrutinizes the budgets and other financial requirements before they are presented to Council. It oversees the University's financial affairs on behalf of Council; develops strategies to mobilize resources and advises the University Council on all human resource

matters, including recruitment, staffing levels, performance contracting and infrastructural developments.

The committee held seven (7) meetings and individual participation is tabulated below:

S. No	Name	No of meetings attended
1	Eng. David Opiyo – Chair	7
2	Vice Chancellor	7
3	Ms. Susan Gitonga	4
4	Dr. Dunstone Ulwodi – Rep. Cabinet Secretary, The National Treasury	7
6	CPA Pauline Lujanje	4
7	Ms. Winfred W. Mwai	2
8	Mr. James Kiburi - Rep. Principal Secretary, Ministry of Education	1

NB: The attendance varied on account of re-organization of the Committee not on account of apologies.

Audit and Risk Management Committee (ARMC)

Karatina University Council aspires to use the public resources at its disposal in an efficient and accountable manner. In line with the Treasury Circular No. 16/2005, an audit committee was established to provide independent advice and assurance on the University's strategy, performance and compliance to the different statutes.

The committee is required to:- review and report to the Council on the comprehensiveness, reliability and integrity of internal controls measures; recommend to the Council quality assurance and standards needed to provide effective monitoring of processes; monitor and recommend to Council action in respect of the University's management of risks; consider, review and recommend to the Council policies in respect to management and control systems on internal business processes, including accounting policies, anti-fraud and whistle-blowing; consider and approve annual audit plans including any audit reviews that the Council may request from time to time; consider and advise the University Council on matters relating to the security of the University, staff and students; and Review and advise the Council on all matters relating to the risk management framework and internal audit function of the University. The committee held four (4) meetings.

The committee members and number of meetings held during the year are tabulated below: -

S. No	Name	No of meetings attended
1	Mr. Felix Owaga Okatch – Former Chair	2
2	CPA Pauline Luganje - Current Chair	4
3	Dr. Dunstone Ulwodi – Rep. Cabinet Secretary, The National Treasury	4
5	Mr. Nicholas Ngece	4

NB: The attendance varied on account of re-organization of the Committee not on account of apologies.

Council evaluation

Council evaluation is essential in assessing performance, efficiency and effectiveness of the board and individual members. The evaluation of council is an annual exercise conducted by the State Corporations Advisory Committee (SCAC). During the financial year, Council conducted self-evaluation on 31st August, 2023 and received the feedback on 6th October, 2023.

Ethics and Conduct

Council has an approved Karatina University Code of Ethics and Conduct which governs the general conduct of Council members, management and staff. The code binds both the Council members and staff as they are required to sign and abide with requirements upon joining the University.

Whistle Blowing Policy

Karatina University has a Whistle Blowing Policy which protects the identity and well-being of employees and stakeholders when they provide information on corruption related matters. The institution has four reporting channels through which anonymous reports in respect to corruption can be made. These channels are; reporting hotlines, corruption reporting boxes, the institution's official website link and email.

Governance and Legal Audit

The Council formed a standing committee on governance to ensure compliance with all statutory requirement during the year. Governance and legal audits are to be performed on an annual basis indicating scope and the person who conducts them. During the year under review, the University was unable to conduct both governance and legal audit.

Risk Management

Risk management is a strategic function monitored under the audit and risk management committee of Council and applied in the day to day functions of the University. The University compiles its risk register on a quarterly basis, in addition to reports on mitigation measures implemented. This is to ensure risks are managed in compliance with the approved policies and principles of good corporate governance. The University conducted its annual risk assessment with guidance from the internal audit department.

Conflict of Interest

Council members and staff are required to make disclosure of any potential or real conflict of interest while conducting matters that pertain to the institution. During meetings, members are expected to declare any conflict of interest in the agenda items under discussion and the same is recorded. In case of conflict, the affected member is excluded from discussions and/or decisions on the matter in question. During the year, no member was recorded as having any conflict of interest in the agenda items.

IT Governance

The University is implementing its approved ICT policy which governs the management of its ICT infrastructure. The ICT Security Framework provides guidance and control over ICT Services, Facilities and Infrastructure and defines the rights and responsibilities of University members in their use of ICT Services and Facilities. This ensures that ICT Security Risks are mitigated and that the Framework remains relevant to the strategic goals of the University.

The process of risk assessment, Audit of ICT controls, and Incident Management and Response provides input into the review of the University's IT governance measures so as to align with the Business Continuity processes.

9. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Karatina University Operational and Financial Performance

The University reported surplus of 572M as at June 2024. This is improved performance when compared to the previous year when it reported a surplus of 12.6M as at 30th June 2023. The performance recorded can be attributed to improved AIA generated from the enhanced enrolment by students by over 1,200 compared to the last intake and implementation of the New Funding Model. Students who had deferred their studies in the last intake resumed their studies. Further, the University's performance was also affected by the increased cost of living as a result of fuel price surge and increased prices of many commodities that the University procured to conduct its mandate.

The University projects improvement in its cash flows during 2024/2025FY. This is due to intake in the second year of the New funding Model.

The improved performance of KCSE candidates may increase enrolment for University education which will result to increased internally generated funds.

SECTION B

Compliance with Statutory Requirements

During the reporting period the University complied with all statutory requirements. The University does not have non-compliance issues that may expose it to potential contingent liabilities. On the other hand, the University has five litigation cases made against it that have financial exposure as shown in Appendix IV.

SECTION C

Key projects and investment decisions the University is planning/implementing

The University has two ongoing projects; Library Phase I during 2023/2023 FY. The construction of the Library is at 89.3% completion rate and is expected to be complete in 2024/25 FY. The figures computed for completion level are based on the amounts of works certified and not funds disbursed by GOK to finance the projects.

The second project is the proposed tuition and Laboratory block that is being implemented after necessary approvals were granted. Designs and Advertisement for the tender have been done. Construction of the Library Phase I is an integral component of teaching, learning and research requirements of the growing Karatina University academic community. It is also a requirement by the Commission for University Education that a Library be established to support learning and research for use by students and lecturers. The Construction of the library will provide reading and research space for use by students and lecturers which will support the government's priority policy agenda.

SECTION D

Major Risks facing the University

The University's activities are exposed to a variety of financial risks including credit and liquidity risks and changes in market prices. The University's overall risk management framework focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The specific details of each risk component have been discussed on pages 18 to 19 of this report.

SECTION E

Material Arrears in Statutory and Financial Obligations

The University has significant amounts outstanding relating to part-time lecturers' payments and loan due to the GoK in respect to acquisition of the Tea Training Institute, the fore runner of Karatina University, by Moi University. Karatina University is processing a subsidiary Loan agreement with National Treasury in order to take up a loan obligation of Kshs 216M. At the end of the reporting period, the University had Kshs 16.2M outstanding in respect to unclaimed part-time lecturers' payment. The balance is expected to be cleared in the 1st quarter of the FY 2024/2025.

SECTION F

Financial Probity and serious Governance issues

During the reporting period, the University underwent internal audit and external auditors' reviews. There were no cases of financial improbity reported. The University Management members had a cordial working relationship and no governance issues were raised.

SECTION G

Trend analysis of the University's Financial Performance

From figure 1, the performance of the University which has been fluctuating over the years, which is brought about by the varying incomes received vis-à-vis the expenditure incurred during the financial year. The analysis shows yearly performance from July 2012 to June 2024. The University reported surplus during 2023/2024FY.

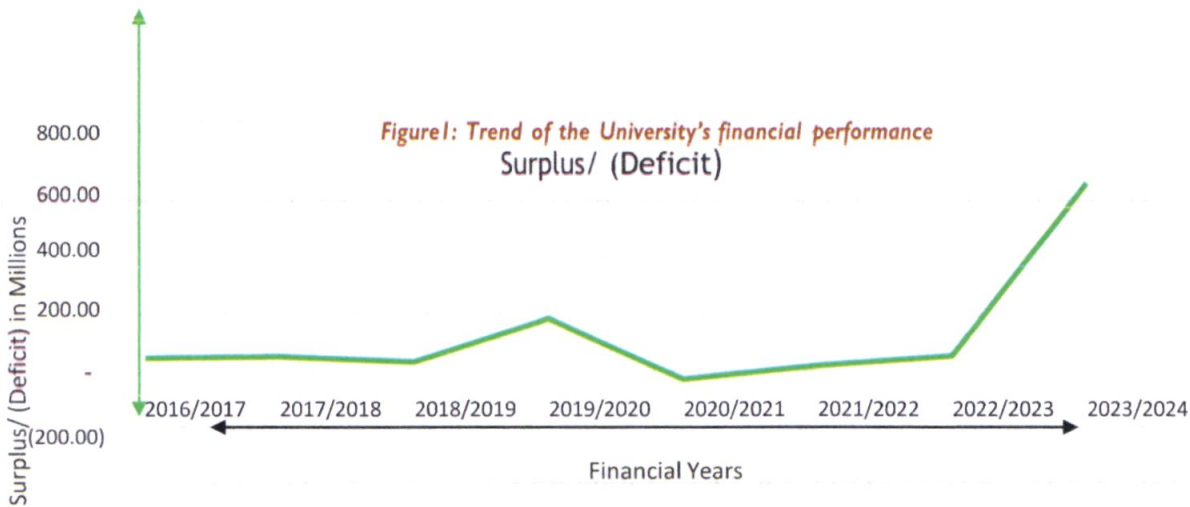


Figure 1: Trend of the University's financial performance

Figure 3 present the trends in income from FY 2012/13 to 2023/24. The total income has an upward trend as a result of slight increase in recurrent grants. The A-I-A has been within the range of Kshs 300M since 2017/2018FY with an exception of FY 2023/2024 where A.I.A stood at 378M and I.I.B respectively This is as a result of improved first year's student enrolment.

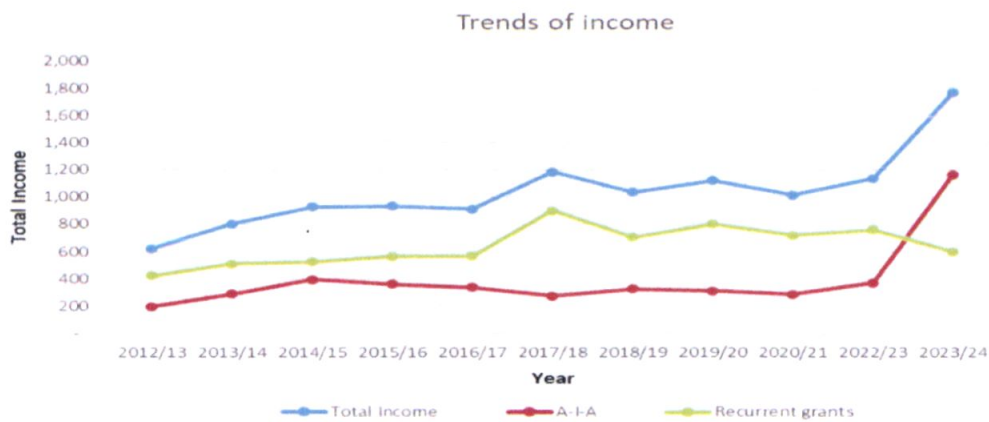


Figure 2: Trend of University's Incomes

Figure 4, shows a distribution of classified expenditure by nature vis-à-vis total expenditure for the FY 2023/2024. Employment expense is significant at 66%. This is because the core mandate of the University is training which requires skilled professionals whose salaries are negotiated through National Collective Bargaining Agreements. The other expenses comprise of administrative expenses at 15% and academic expenses at 11%. Academic expenditure for the period was slightly low because the University has adopted blended learning which reduces costs.

Consequently, employment expense which is a fixed cost appear to be higher when compared to the other expenses which are variable costs.

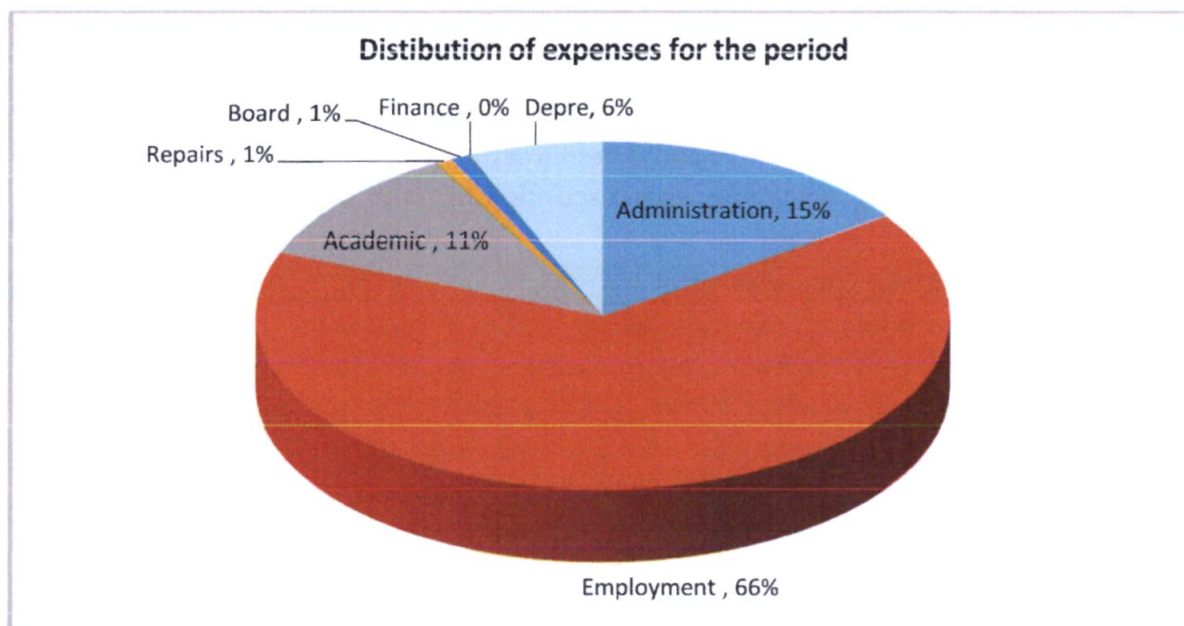


Figure 4: Distribution of recurrent expenses during the FY 2023/2024

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Karatina University has rebranded itself as a Green Entrepreneurial University. In this regard, the University has adopted a pragmatic approach of greening its systems, processes and lifestyles. The aim is to have a friendly environment and sustainability practices. It entails pursuing knowledge and practices that lead to responsible ecological decisions and lifestyles. This will help protect the environment and sustain its natural resources for current and future generations. Outlined below is Karatina University policies and activities that promote sustainability.

i) Sustainability strategy and profile

The University's model of a Green University follows the UNEP style and is categorized into ten thematic areas: Environmental Education; Energy, Carbon, and Climate Change; Water: Water efficiency, Water reuse and recycling; Waste: Green system aims at reducing, re-using and recycling; Biodiversity and Ecosystem Services; Planning, Design and Development; Green Procurement; Green Offices and Green Labs; Green IT; and Green Transport. At the same time, the university initiated other programmes and activities that catapult it towards attaining internationally recognized Green University Standards. The University has adopted all reasonable and practical measures to enhance sustainability as per United Nations Sustainable Development Goals.

ii) Environmental Performance

The University has an Environmental Policy that provide a framework for: Reducing negative environmental impacts such as energy or water consumption, waste production or impacts on natural systems. Karatina University under the Green University initiative has adopted the following: -

- a) Waste segregation bins for ease of disposal and further treatment/processing. This has resulted in an effective and sustainable waste management system and reduced pollution.
- b) Energy conservation by use of "Turn off lights stickers" being mounted on switches all around the university. The stickers were to sensitize the University community on energy saving.
- c) Reforestation through the Presidential directive the University continues to meet that mandate by planting trees and having community engagement the latest being Mount Kenya forest and Igwagi Primary school.
- d) Paperless meeting in Senate, Committee of Deans (CoD), school boards, Directorate boards, Departmental boards and in adhoc committees.
- e) Continuous improvement with solar installation for security lights

Key achievements include: -

- a) Organized an International Conference/Public Lecture on Setting National Priorities for Sustainable Development with support of Copenhagen Consensus Center (CCC) on 28th May at the Safari Park Hotel

- b) Held International Conference spearheaded by school of business.
- c) Planting of 500 trees at Main Campus, Mount Kenya forest and Ihwagi Primary school.

One of the challenges faced is limited funding to undertake the environmental sustainability projects.

iii) Employee Welfare

As at 30th June, 2024 Karatina University workforce was four hundred and two (402). This consisted of one hundred and forty-seven (147) teaching staff comprising of seventy-nine (79) male and sixty-eight (68) female making up 37% of the staff population. The administrative staff were two hundred and fifty-five comprising of one hundred and twenty (120) male and one hundred and thirty-five (135) female making up 63% of the staff population.

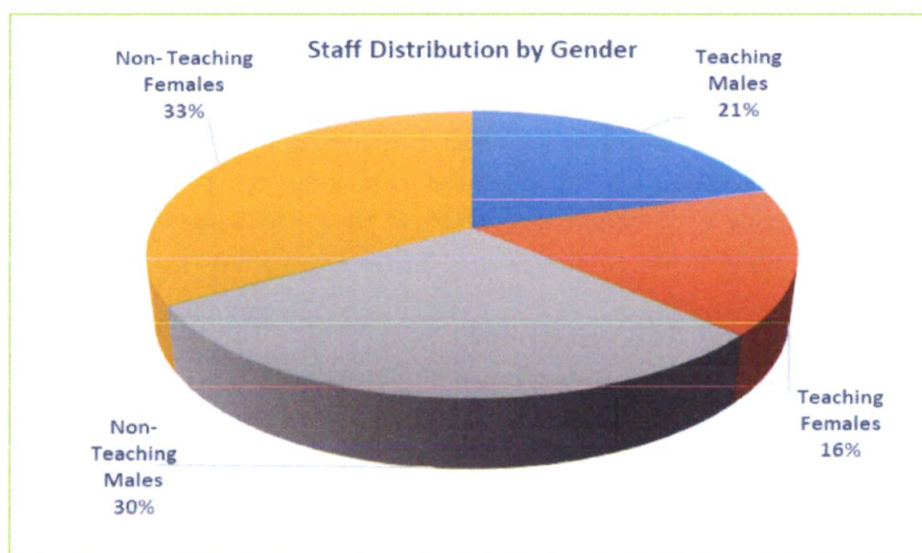


Figure 5: Distribution of Karatina University members of staff

The University has four (4) members of staff on leave of absence and four (4) members of staff on study leave pursuing PhD. Further, the University continues to support thirty-six (36) teaching staff (assistant lecturers and tutorial fellows) who are pursuing PhD programmes. Members of staff have taken part in trainings and seminars sponsored by the University so as to enhance their skills.

Career progression was enhanced by reviewing and appropriately placing twenty-eight (28) academic staff and thirteen (13) administrative staff as per the University's Schemes of Service. In commitment to promote employee well-being at the workplace, the University has a Work Environment, Health and Safety policy which outlines guidelines and standards for the prevention and protection of University staff against accidents and occupational hazards arising at the work place.

The University is committed to continually improve staff welfare. Therefore, the Management organized a one-week training on CBA for University Management Board Members, Human Resource & Finance staff and Unions Representatives. The purpose of the training was to equip staff with knowledge and skills in formulating the CBA document in compliance with the SRC, Labour Laws and other relevant government policies.

iv) Market Place Practices

a) Responsible Competition Practices

Karatina University ensures responsible competition by:

Enforcing strict policies to prevent bribery and corruption, including transparent procurement and financial processes.

Responsible Political Involvement by avoiding undue influence on political decisions and adhering to legal limits on political donations.

Fair Competition in complying with the laws and fostering fair trade by avoiding monopolistic or unethical practices.

Respect for Competitors in promoting healthy competition by refraining from false claims or derogatory remarks about competitors.

b) Responsible Supply Chain and Supplier Relations

Karatina University maintains ethical supply chain practices by:

Fair Contracting and ensuring that contracts are clear, fair, and adhered to without exploitation.

Timely Payments, respecting agreed payment schedules to maintain trust and sustainability for suppliers.

Capacity Building by partnering with suppliers to improve their capabilities, ensuring quality and ethical practices throughout the supply chain.

c) Responsible Marketing and Advertisement

Efforts to uphold ethical marketing by karatina university include:

Transparency, Providing honest, clear, and accurate product information without misleading claims.

Cultural Sensitivity, Ensuring advertisements respect diverse cultures and avoid offensive or discriminatory content.

Compliance with Standards: Adhering to industry and regulatory advertising guidelines.

d) Product Stewardship

Karatina university ensures consumer rights and interests are safeguarded through; **Quality Assurance:** Delivering products and services that meet or exceed safety and performance standards.

Consumer Education by providing clear instructions and warnings to enable informed decision-making.

Feedback Mechanisms in offering accessible channels for customer complaints and using feedback to improve products and services.

Sustainability by way of minimizing environmental impacts through sustainable product design and lifecycle management.

These practices collectively enhance the organization's credibility, accountability, and sustainability in the marketplace.

v) Corporate Social Responsibility / Community Engagements

Corporate Social responsibility (CSR) activities form a critical part of the strategies enshrined in the Karatina University's Medium-Term Strategic plan. The University prioritized its CSR activities as discussed below and implemented them within the approved budgets.

a) School Mentorship Programme

As a way of providing continued mentorship to both primary and secondary school students, Karatina University has made it a duty to undertake academic mentorship programmes that will help improve academic standards in the region. The University planned to assist primary and secondary schools organize their libraries. The schools assisted include Kanjuri High School, Gatondo Girls Secondary School, Kanyama secondary, Giakaibei high school, Ngenia secondary, Wathituga Comprehensive School, Nyariginu complex secondary, Guara comprehensive school and Mlima comprehensive school.

In addition, Schools visiting the University have benefitted from expertise of Karatina University staff through inspirational talks by staff and students. During the period, the University mentored the following schools among others; Weithaga Boys High School, Gititu High School, Iruri Secondary School, Ngurweini Secondary School, Kanjuri High School and Karatina Girls High School. This symbolize the passion and zeal of Karatina University to contribute in development of the society.

b) Free Medical camp

Karatina University, in collaboration with several partners held a free medical camp on Saturday 24th February 2024 at Karatina Stadium. The University is keen in promoting community partnerships and the medical camp is one of the avenues of reaching out to the community to enhance a strong relationship. The event offered medical support to the residents of Karatina and its environs. Notably, over one thousand people with various ailments and conditions were attended. The services included screening for cancer, diabetes, high blood pressure, dental, counselling services and general physician consultations among others. The partners included Aga Khan University Hospital, the Karen Hospital, Jamii Hospital, Puniqaa Pharmaceuticals, Cooperative Bank, Stanbic Bank, and Nyeri County Government. Others were Broadways Bakery, who in conjunction with Aratus Health Limited, strategically brought the free diabetes and blood pressure screening. Ground for Health provided free cervical cancer screening and on-site clinic for those affected. The event was championed by Karatina University School of Nursing.

II. REPORT OF THE COUNCIL MEMBERS

Karatina University Charter provides for the objectives and functions of the Council under section 21 as follows: -

- (1) Subject to this Charter, the Council shall be the governing body of the University through which the University as a body corporate shall act and:
 - a. shall administer the property and funds of the University in a manner and for the purposes which shall promote the best interest of the University; but the Council shall not charge or dispose of immovable property of the University except in accordance with procedures laid down by the Government of Kenya.
 - b. Shall receive, on behalf of the University, donations, endowments, gifts, grants or other moneys and make disbursements there from to the University or other bodies or persons.
 - c. shall approve the appointment criteria and the terms and conditions of service of staff
 - d. Shall provide for the welfare of the staff and students of the University.
 - e. may enter into association with other universities or other institutions of learning, whether within Kenya or otherwise, as the council may deem necessary and appropriate; and
 - f. Shall, after consultation with the Senate, make regulations governing the conduct and discipline of the students of the University.
- (2) All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signified under the hand of the Chairman, the Vice Chancellor or any other members of the Council generally or specifically authorized by the Council in that behalf.
- (3) The Council shall ensure that a proper management structure is in place and make sure that the structure functions to maintain corporate integrity, reputation and responsibility.
- (4) The Council shall monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University.
- (5) The Council shall constantly review the viability and financial sustainability of the University and shall do so once every year
- (6) The Council shall ensure that the University complies with all the relevant laws, regulations, governance practices accounting and auditing standards

Principal Activities

The principal activities of the University as stated in its mandate, are stipulated in the Karatina University Charter 2013, under section 6 include:

- a) Provide and advance university education and training to appropriately qualified graduates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and Senate shall from time to time determine and in so doing contribute to national development and humanity;
- b) Assemble and provide resources for university level education, training and research, scholarship, and for the establishment of facilities, institutes, divisions, departments, centres and such other units as the University Council may deem necessary;
- c) Determine who may teach, what may be taught, to whom it may be taught and how it may be taught in the University;
- d) Establish colleges, schools, institutes, centres, departments and such other institutions as may be deemed necessary by the University Council;
- e) Conduct both applied and basic research geared towards local, national, regional and global development;
- f) Establish and maintain an Information Resource Centre including the collection of literature, films, information data bases and other materials relating to natural resources, agriculture, engineering, entrepreneurship, management, law, medicine, social and applied science theories and practices;
- g) Enter into collaborations, linkages, and consultancy network in promoting excellence, meeting the dynamic needs and development of society;
- h) Provide balanced programmes and experiences including participation in natural and cultural conservation, commercial ventures and other activities to the benefit of the University, the community and stakeholders;
- i) Facilitate student mobility between programmes of study at different technical training institutions, polytechnics and universities;
- j) Foster the general welfare of all staff and students; and
- k) Carry out any other activity as may be permitted and approved by the University Council to further the vision, mission and philosophy of the University.

Results

The results of the University for the year ending 30th June 2024 are set out on page I

Council Members

The members of Council who served during the year are shown on pages (vi) to (viii) in accordance with Karatina University Statutes 2021 and Universities Act 2012.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with Article 229 of the Constitution of Kenya and Public Audit Act (2015). The Auditor General is empowered to nominate other auditors to carry out the audit on his behalf.

Office of the Auditor General staff were nominated by the Auditor General to carry out the audit of the University for the period ending 30th June, 2024.



Prof. Linus Gitonga, PhD

Council Secretary/ Vice Chancellor

Date: 15/01/25.....

12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81(1) of the Public Finance Management Act, 2012 and sections 14 &15(1) of the State Corporations Act, require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial period and the operating results of the University for that period. The Act also requires the Council Members to ensure that the University keeps proper accounting records that disclose with reasonable accuracy, the financial position of the University. They are also responsible for safeguarding the University's assets.

Council is responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of the University as at the end of the financial year ended on 30th June, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that they are effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the University's assets; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable.

The Council accepts the responsibility for the Annual Report and Financial Statements, which have been prepared using appropriate accounting policies and supported by prudent judgments and estimates, in conformity with International Public Sector Accounting Standard (IPSAS) and requirements of the PFM Act (2012) and State Corporations Act (2012). The Council is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the University as at 30th June, 2024 and the University's financial position. Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the internal financial control systems.

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

Approval of the financial statements

Karatina University annual financial statements have been prepared in accordance with Section 83 of the PFM Act 2012 and were approved by the Council on 16th August, 2024 and signed on its behalf by:



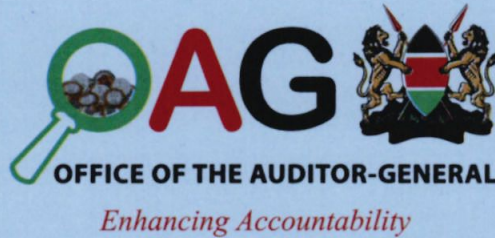
Prof. Linus Gitonga, PhD
Vice Chancellor



Chairman of Council

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

REPORT OF THE AUDITOR-GENERAL ON KARATINA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Karatina University set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2024 and

Report of the Auditor-General on Karatina University for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Karatina University as at 30 June, 2024 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 Qualified Opinion

1. Long Outstanding Receivables.

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.123,938,869 and as disclosed in Note 21 to the financial statements, which includes Kshs.121,063,543 in respect of student debtors, out of which debtors amounting to Kshs 55,137,562 were aged two years and above. These amounts have been deemed doubtful by the University since they belonged to students who were either deceased, deferred, discontinued, expelled, transferred, dropped out, with no registration numbers and students not in the system. Although the accounting officer had initiated efforts to recover the outstanding debts due by appointing a committee with a view of looking at the students' debtors and making recommendations on how to deal with the debts, these amounts are still outstanding.

Further, the Management have made a provision for bad and doubtful debts of Kshs.6,053,177 for the student debt balance, and the provision appears inadequate to cover the amount that is doubtful. In addition, the receivable from exchange balance includes an amount of Kshs. 2,254,446 in respect of fee collected by Moi University on behalf of the Institution but remains unremitted during the financial year under review.

In the circumstances, the validity, accuracy and completeness of the long outstanding receivables amount of Kshs.121,063,543 for student debtors could not be confirmed.

2. Doubtful Recoverability of Staff Prepayments and Debtors

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.123,938,869 and as disclosed in Note 21 to the financial statements, which includes staff prepayment and debtors balance of Kshs. 947,853 in respect to one (1) and three (3) months basic salary in lieu of notice dues from staff who exited the University without requisite notice as per terms and conditions of service of the

outstanding by writing demand letters to the specific debtors in pursuit of recovering the amounts due, the same is still outstanding. In addition, the Management failed to create provisions for these debts in case they are deemed uncollectible.

In the circumstances, the validity, accuracy and completeness of the long outstanding receivables amount of Kshs. 947,853 for staff prepayment and debtors could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Conclusion

The Management is responsible for the Other Information set out on page iv to xxxviii which comprise of Key Entity Information and Management, The University Council Members, University Management Board, Chairman's Statement, Report of the Vice Chancellor, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council Members and Statement of Council Members Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

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 and I am required to report that fact.

Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements

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 THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 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 of 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 for 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 IFPP 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.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 January, 2025

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024

KARATINA UNIVERSITY				
STATEMENT OF FINANCIAL PERFORMANCE				
FOR THE YEAR ENDED 30TH JUNE 2024				
	Notes		2023/2024	2022/2023
			Cummulative	Cummulative
		Kshs.	Kshs.	Kshs.
INCOME				
Revenue from Non Exchange Transaction				
Government Grants	7		592,879,574	750,597,143
Amortization of Granted Assets	8		10,031,605	9,861,389
Donations	9		998,950	703,600
			603,910,129	761,162,132
Revenue from Exchange Transaction				
Tuition and Related Charges	10		1,084,555,756	335,948,777
I.G.A and Other Incomes	11		76,769,866	35,591,673
			1,161,325,621	371,540,450
Total Income			1,765,235,751	1,132,702,582
EXPENDITURE				
Administration Expenses	12		172,279,506	157,464,937
Employment Expenses	13		791,325,758	773,963,333
Academic Expenses	14		133,177,469	95,125,715
Repairs and maintenance	15		9,266,318	6,702,160
Board Expenses	16		10,944,603	14,164,765
Finance Expenses	17		613,064	409,677
Depreciation and amortization expense	18		75,610,184	72,005,467
Total Expenditure			1,193,216,903	1,119,836,054
Surplus /(Deficit)			572,018,848	12,866,528

The notes set out on pages 10 to 30 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 9 were signed on behalf of council by:

.....


Prof. Linus Gitonga, PhD

Vice Chancellor

Date

15/04/25

.....



Bethsy Kaino (CPA (K))

Ag. Finance Officer

ICPAK M/No. 12574

Date

15/04/2025

.....


Chairman of the Board

Date

2025/1/15

15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

KARATINA UNIVERSITY			
STATEMENT OF FINANCIAL POSITION			
AS AT 30TH JUNE 2024			
	Notes	2023/2024	2022/2023
		Cumulative	Audited
		Kshs.	Kshs.
Current Assets			
Cash & Bank Balances	19	690,148,733	196,108,514
Prepayments	20	2,969,532	5,820,701
Receivable from exchange transaction	21	123,938,869	111,430,103
Receivable from non-exchange transaction	22	49,406,631	10,101,454
Inventories	23	13,768,289	14,458,260
Total Current Assets		880,232,054	337,919,032
Non-Current Asset			
Biological Assets	24	4,581,856	4,605,436
Property, Plant & Equipment	25	1,744,212,239	1,771,422,626
Intangible Assets- Computer software	26	7,769,463	2,764,988
Capital Work in Progress	27	438,735,725	394,467,936
Total Non Current Assets		2,195,299,283	2,173,260,986
Total Assets		3,075,531,337	2,511,180,018
Current Liabilities			
Trade & Other Payables	28	141,674,842	94,957,199
Current Deferred Income	8b	10,031,605	9,861,389
Provisions	29	2,397,796	27,065,486
Total Current Liabilities		154,104,244	131,884,074
Non-Current Liabilities			
Deferred Income - Grant	8b	98,612,307	106,734,248
Total Non-Current Liabilities		98,612,307	106,734,248
Capital Funds			
Accumulated Capital Fund	30	1,669,726,365	1,664,726,365
Revenue Reserve	31	661,445,983	109,149,591
Revaluation Reserve	32	491,642,439	498,685,740
Total Capital Fund		2,822,814,787	2,272,561,696
Total Funds & Liabilities		3,075,531,337	2,511,180,018

The notes set out on pages 10 to 30 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 9 were signed on behalf of the council by:

.....
Prof. Linus Gitonga, PhD
Vice Chancellor

Date 15/01/25

.....
Bethsy Kaino (CPA (K))
Ag. Finance Officer
ICPAK M/No. 12574

Date 15/01/2025

.....
Chairman of the Board

Chairman of the Board

Date 2025/1/15

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2024

Karatina University					
Statement of Changes in Net Asset					
FOR THE YEAR ENDED 30TH JUNE 2024					
	Notes	Accumulated Capital Fund	Revenue Reserve	Revaluation Reserve	Total
		Kshs.	Kshs.	Kshs.	Kshs.
Balance as at 30.06.22		1,637,124,911	95,216,153	505,729,041	2,110,443,315
Surplus/Deficit for the period		-	12,866,528	-	12,866,528
Transfer of amortized revalued PPE		-	7,043,301	(7,043,301)	-
Gain in Biological Assets (Cows)		-	(42,140)	-	(42,140)
Adjustment for Caution money			(6,247,140)		
Unrealized Tea farm bonuses		-	312,889	-	312,889
Capital Grants		27,601,454	-	-	27,601,454
Balance as at 30.06.23		1,664,726,365	109,149,591	498,685,740	2,151,182,046
Surplus/Deficit for the period		-	572,018,848	-	572,386,696
Transfer of amortized revalued PPE		-	7,043,301	(7,043,301)	-
Gain in Biological Assets (Cows)		-	23,520	-	23,520
Part-time Claims Reconciliation		-	522,600	-	522,600
Prior year adj of student balances			(35,311,273)		(35,311,273)
Unrealized Tea farm bonuses		-	107,925	-	107,925
Decrease in Provisions for staff leave			7,891,471		7,891,471
Capital Grants		5,000,000		-	5,000,000
Balance as at 30.06.24		1,669,726,365	661,445,983	491,642,439	2,701,802,985

17. STATEMENTS OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2024

KARATINA UNIVERSITY			
STATEMENT OF CASHFLOWS			
FOR THE YEAR ENDED 30TH JUNE 2024			
	Notes	2023/2024	2022/2023
		Cummulative	Cummulative
Cash flow from Operating activities		Kshs.	Kshs.
Surplus		572,018,848	12,866,528
Adjustment For			
Depreciation & Amortization	18	75,610,184	72,005,467
Loss of Biological Asset	12	47,100	38,588
Amortization of Granted Assets	8	(10,031,605)	(9,861,389)
Part-time Claims Reconciliation		522,600	-
Decrease in Provision for Leave		7,891,471	
Adjustment for Caution money		-	(6,247,140)
Prior year adj of student balances		(35,311,273)	
Unrealized Tea farm bonuses		107,925	312,889
Operating Activities		610,855,250	69,114,943
Change in:-			
Inventories	23	689,971	(1,115,918)
Receivable from exchange transaction	21	(11,560,912)	(8,722,936)
Receivable from non-exchange transaction	22	(39,305,177)	(10,101,454)
Prepayments	20	1,903,315	(2,116,200)
Trade & Other Payables	28	46,428,688	(3,136,632)
Provisions	29	(24,667,690)	(6,177,865)
Cash From Operating Activities		(26,222,850)	(31,371,005)
Net Cash from Operating Activities		584,632,400	37,743,938
Investing Activities			
Property, Plant & Equipment	25	(46,215,213)	(22,401,285)
Capital Work-in-Progress	27	(44,267,789)	(20,212,050)
Intangible Assets- Computer software	26	(7,189,060)	(1,629,500)
Granted asset	25	2,079,881	741,673
Net cash from investing activities		(95,592,181)	(43,501,162)
Financing Activities			
Capital Reserve		5,000,000	27,601,454
Net cash flow from financing activities		5,000,000	27,601,454
Net increase/(Decrease) In Cash & Cash Equivalents		494,040,219	21,844,230
Cash & Cash Equivalent at Start of Year	19	196,108,514	174,264,284
Cash & Cash Equivalent at End of the Year	19	690, 148,733	196,108,514
Analysis of Cash & Cash Equivalents			
Cash & Bank Balances		690,148,733	196,108,514

The statement of financial position is to be read in conjunction with notes to and forming part of financial statements set out on pages 10 to 30.

1 **18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR**
 2 **ENDED 30TH JUNE 2024**

KARATINA UNIVERSITY								
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2024 (KSHS)								
S/No	DESCRIPTION	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of Utilization	Explanation of material variances
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	%	
	REVENUE							
1	Exchequer grants	592,879,576		592,879,576	543,472,943	49,406,633	92%	
2	Tuition Fees and related charges	618,975,000	311,543,026	930,518,027	1,084,555,756	(154,037,730)	117%	b
3	Catering Services	18,000,000		18,000,000	14,069,285	3,930,715	78%	c
4	Research and Consultancies Income	25,000,000		25,000,000	12,640,915	12,359,085	51%	d
5	Farm Income	2,500,000		2,500,000	3,204,591	(704,591)	128%	e
6	Other income	3,000,000	45,000,000	48,000,000	47,854,025	145,975	100%	
	Total Income	1,260,354,576	356,543,026	1,616,897,603	1,705,797,514	(88,899,911)	105%	
	EXPENSES							
	Personnel Emoluments							
1	Personnel Emoluments	880,938,610	(47,645,000)	833,293,610	775,507,960	57,785,650	93%	
2	Casual Wages	14,000,000		14,000,000	12,989,820	1,010,180	93%	
3	Gratuity	20,352,418		20,352,418	2,827,978	17,524,439	14%	
	TOTAL P.E	915,291,027	(47,645,000)	867,646,027	791,325,758	76,320,269	91%	
	Board Expenses							
4	Council expenses	16,000,000		16,000,000	10,944,603	5,055,397	68%	g
		16,000,000		16,000,000	10,944,603	5,055,397	68%	
	Operating/ Administrative Expenses							
5	Stationery	3,605,250		3,605,250	3,404,951.43	200,299	94%	
6	Vehicle Repairs & maintenance	2,500,000	800,000	3,300,000	4,941,654.37	(1,641,654)	150%	h
7	Generator fuel & Maintenance	2,500,000	800,000	3,300,000	3,396,691.00	(96,691)	103%	
8	Fuel – Vehicles	6,000,000	2,000,000	8,000,000	9,572,107.32	(1,572,107)	120%	i
9	Office expenses and entertainment	696,000	780,000	1,476,000	913,720.00	562,280	62%	
10	Postal expenses	100,000		100,000	116,191.00	(16,191)	116%	j
11	Publishing & printing	3,050,000		3,050,000	1,594,840.00	1,455,160	52%	k
12	Computer expenses & Maintenance	1,800,000		1,800,000	1,608,628.84	191,371	89%	
13	ISO training & Implementation	1,080,000		1,080,000	990,233.76	89,766	92%	
14	Shows & Exhibition expenses	3,100,000		3,100,000	1,917,187.00	1,182,813	62%	l
15	Performance Contracting	1,380,000	1,200,000	2,580,000	2,483,402.64	96,597	96%	

*Karatina University:
Annual Report and Financial Statements for the Year ended 30th June 2024*

16	Legal expenses	500,000		500,000		89,817.90	410,182	18%	m
17	Strategic Plan Implementation & Monitoring & Review	750,000	2,000,000	2,750,000		1,263,296.00	1,486,704	46%	n
18	Subscription to Professional Bodies	2,000,000		2,000,000		802,010.00	1,197,990	40%	o
19	Professional Services	1,000,000		1,000,000		72,375.00	927,625	7%	p
20	Newspaper & journals	450,000	50,000	500,000		459,604.71	40,395	92%	
21	Cleaning/sanitary materials	1,600,000		1,600,000		1,452,543.46	147,457	91%	
22	Telephone expenses	1,704,000		1,704,000		1,511,500.00	192,500	89%	
23	Insurance Expenses	13,144,297	(2,500,000)	10,644,297		8,768,950.36	1,875,347	82%	q
24	Open Day & cultural celebration	800,000		800,000		336,895.00	463,105	42%	
25	Public celebrations & funerals	2,300,000	(1,400,000)	900,000		898,475.00	1,525	100%	
26	Staff Training expenses	1,500,000	1,500,000	3,000,000		2,852,113.80	147,886	95%	r
27	Security services	9,189,600		9,189,600		7,883,200.00	1,306,400	86%	
28	Water & Sewerage Expenses	1,000,000	400,000	1,400,000		1,389,103.70	10,896	99%	
29	Electricity Expenses	13,000,000	2,500,000	15,500,000		16,087,663.47	(587,663)	104%	s
30	Rent & Rates	8,807,601	1,995,000	10,802,601		10,630,347.32	172,254	98%	t
31	Uniforms	412,500		412,500		589,861.76	(177,362)	143%	
32	Medical expenses	21,000,000	4,000,000	25,000,000		31,467,620.95	(6,467,621)	126%	u
33	Advertising & publicity	2,700,000		2,700,000		833,361.00	1,866,639	31%	v
34	Internet services	17,000,000	(4,000,000)	13,000,000		12,186,419.98	813,580	94%	w
35	Farm expenses	1,500,000		1,500,000		1,836,250.00	(336,250)	122%	
36	Catering expenses	18,000,000	4,400,000	22,400,000		20,141,549.72	2,258,450	90%	x
37	Audit fees	1,200,000		1,200,000		711,200.00	488,800	59%	
38	Travelling & Accommodation	3,126,250	2,500,000	5,626,250		5,684,540.80	(58,291)	101%	y
39	External travelling	1,500,000	700,000	2,200,000		57,258.00	2,142,742	3%	z
40	Resource Mobilization	1,500,000		1,500,000		1,275,056.00	224,944	85%	aa
41	Pension Scheme Administration	2,700,000	1,000,000	3,700,000		2,058,972.80	1,641,027	56%	ab
42	COVID-19 Preventive Measures	800,000	(700,000)	100,000		1,032.50	98,968	1%	
		154,995,498	18,025,000	173,020,498		162,280,627	10,739,781		
	Academic expenses								
42	Student's activities	2,200,000	600,000	2,800,000		2,595,101	204,899	93%	ac
43	Curriculum development/review	1,500,000	3,000,000	4,500,000		3,637,550	862,450	81%	ad
44	External examiners	2,800,000	1,000,000	3,800,000		4,220,506	(420,506)	111%	
45	Graduation Expenses	6,000,000	(100,000)	5,900,000		5,803,184	96,816	98%	ae
46	Industrial Attachment/ Teaching Practice	10,000,000		10,000,000		13,487,770	(3,487,770)	135%	
47	Games & Sports	1,200,000	500,000	1,700,000		1,796,075	(96,075)	106%	af

48	Library Subscription	1,500,000		1,500,000	1,202,420	297,580	80%
49	Senate & Deans committees	500,000	200,000	700,000	229,960	470,040	33%
50	University Committees	500,000	2,500,000	3,000,000	3,454,443	(454,443)	115%
51	Teaching materials	2,500,000		2,500,000	2,758,811	(258,811)	110%
52	Field trip	3,000,000	5,000,000	8,000,000	7,201,965	798,035	90%
53	Research expenses	22,719,006	2,500,000	25,219,006	5,773,013	19,445,993	23%
54	Botanical garden	50,000		50,000		50,000	0%
55	Part-time teaching expenses	40,987,544		40,987,544	53,579,290	(12,591,746)	131%
56	Examination materials	4,000,000	1,500,000	5,500,000	5,890,264	(390,264)	107%
57	Seminars & Conferences	2,000,000	1,500,000	3,500,000	3,231,904	268,096	92%
58	Annual International Conference	500,000		500,000	-	500,000	0%
59	Placement Board charges	3,600,000		3,600,000	5,134,500	(1,534,500)	143%
60	Accreditation for Programmes	1,600,000		1,600,000	20,000	1,580,000	1%
61	CUE Student Accreditation fee	2,400,000		2,400,000	3,472,000	(1,072,000)	145%
62	NCK indexing	1,309,500		1,309,500	372,900	936,600	28%
63	Nursing Skills lab	5,000,000	200,000	5,200,000	4,044,633	1,155,367	78%
64	Tea Institute expense	850,000		850,000	356,000	494,000	42%
65	University linkages- Entrepreneurial concept	2,000,000		2,000,000	1,931,785	68,215	97%
66	Counselling services	200,000	100,000	300,000	228,760	71,240	76%
67	Community Engagement	200,000		200,000	158,614	41,386	79%
68	Green Concept Expenses	2,440,000		2,440,000	426,476	2,013,524	17%
68	ODEL expenses	2,350,000		2,350,000	1,485,819	864,181	63%
69	Liberation movement expenses	250,000		250,000	238,656	11,344	95%
		124,156,050	18,500,000	142,656,050	132,732,399	9,923,651	93%
	Repairs and Maintenance						
71	General Refurbishment	2,960,000	3,500,000	6,460,000	6,400,507	59,493	99%
72	Maintenance of building	3,100,000	1,500,000	4,600,000	1,468,925	3,131,075	32%
73	Maintenance of plant & Equipment	1,650,000		1,650,000	839,619	810,381	51%
74	Maintenance of play grounds	200,000		200,000	75,016	124,984	38%
75	Maintenance of Catering equipment	500,000	320,000	820,000	421,158	398,842	51%
76	Maintenance of Hostel equipment	200,000		200,000	61,093	138,907	31%
77	Water supply equipment	300,000		300,000	-	300,000	0%
	Total	8,910,000	5,320,000	14,230,000	9,266,318	4,963,682	65%
	Purchases	1,219,352,575	(5,800,000)	1,213,552,575	1,106,549,706	107,002,870	
78	Purchase of computer	3,845,000	1,400,000	5,245,000	5,064,640	180,360	97%

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79	Purchase of library books	3,000,000		3,000,000	2,010,802	989,198	67%
80	Purchase of Motor Vehicle	15,000,000		15,000,000	15,960,000	(960,000)	106%
81	Purchase of plant & equipment	3,915,000	400,000	4,315,000	6,813,845	(2,498,845)	158%
82	Purchase of Furniture	4,042,000		4,042,000	3,572,093	469,907	88%
83	Purchase of Medical equipment	400,000		400,000	286,500	113,500	72%
84	Purchase of Sports Equipment	1,000,000		1,000,000	445,070	554,930	45%
85	Purchase of lab equipment	7,150,000		7,150,000	10,553,095	(3,403,095)	148%
86	ICT infrastructure -Networking	3,800,000	4,000,000	7,800,000	8,974,832	(1,174,832)	115%
		42,152,000	5,800,000	47,952,000	53,680,877	(5,728,877)	112%
87	Committed Savings			355,393,028	355,393,028		100%
	Total Expenditure	1,261,504,575		1,616,897,603	1,515,623,610	101,273,993	94%
	Surplus for the period	(1,149,999)			190,173,904	(190,173,904)	
88	Capital Expenditure	20,000,000		20,000,000	5,000,000	15,000,000	25%

The statement of comparison of actual vs actuals is to be read in conjunction with notes to and forming part of financial statements set out on pages 9.

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Notes to the Statement of comparison of budget and actual amounts

a) Changes between the original and final budget

There is a change between original and final budget which was occasioned by supplementary II where there was a change in AIA from Kshs 667M to 1.024B as a result of increase in number of 1st year student enrolment and implementation of the new funding model.

b) Tuition and related charges

The University reported a favorable variance of Kshs 154M on tuition and related charges due to improved students' enrolment. However, some of the students are yet to fully settle the fees payable resulting to an increase in receivables from exchange transactions.

c) Catering Services

During the reporting period, incomes from catering services had an unfavorable variance of Kshs 3.9M. This was because of implementation of the new payment mode that experienced challenges at the implementation stages.

d) Research and Consultancies Income

The University expected to receive Kshs.25M from research and consultancies activities during the reporting period. Members of staff wrote several proposals for research and consultancies which are yet to attract funding from various sponsors leading to unfavorable variance of Kshs. 12.3M.

e) Farm income

The farm income had a favourable variance of Kshs 704,591 as a result of disposal of bulls that had matured for sale.

f) Capital funds

During the reporting period, the University has received Ksh.5M out of the total allocation of Ksh.20M funding that supports capital projects.

g) Council Expense

During the year the University spent 68 % of the total budget on council expenses. This is because there was no payment of Chairman's honoraria since February 2024 since the term of the chairman came to an end.

h) Vehicle repairs and maintenance

During the reporting period the University has spent 150 % of the total budget on vehicle repairs and maintenance. This is because the market cost of repairs have gone up

i) Vehicle fuels

During the reporting period the University has Spent 120 % of the total budget on vehicle fuels. This is because there was an increase in fuel prices during the year.

j) Postal expenses

During the year the University spent 116 % of the total budget on postal expenses. This is because there was an increase in the number of acknowledgement letters sent for the CDFs for the funds received

k) Publishing & printing

During the reporting period the University has spent 52 % of the total budget on publishing and printing. This is because some of the activities budgeted was not undertaken i.e. printing of student cards

l) Shows and exhibition

During the reporting period the University has Spent 62 % of the total budget on Shows and exhibition. This is because most of the exhibition activities were not undertaken

m) Legal expenses

During the reporting period the University has spent 18 % of the total budget on Legal expenses. This is because there were little expenses incurred on pending cases and one activity which was budgeted for did not take place i.e search of University land

n) Strategic plan and implementation

During the reporting period the University has spent 46 % of the total budget on strategic plan and implementation. This is because by the end of the reporting period the process of review, publication and launch of the strategic plan has not been concluded

o) Subscription to professional bodies

During the reporting period the University had spent 40 % of the total allocation. This is because subscription to professional bodies like RUFORUM and clubs were not undertaken

p) Professional services

During the reporting period the University has spent 7% of the total budget on professional services. This is because most of the activities which were budget for was not undertaken e.g. Digitization Baseline Survey and Competency needs Assessment

q) Open day and cultural celebration

During the reporting period the University has spent 42 % of the total budget. This is because some of the activities were not undertaken e.g. sports day

r) Security services

During the reporting period the University spent 86% of the total budget on security services. This is because the cost of the outsourced security service provider was slightly lower than the budgeted amount.

s) Electricity Expenses

During the year the University overspent electricity expenses by 103% of the total budget. This is because of the slight increase in electricity rates.

t) Uniform Expenses

During the year the University spent 143% of the total budget on staff uniforms. This is because of the stock for previous financial year issued in the current year.

u) Medical Expenses

During the reporting period the University overspent on medical expenses with 126% of the total budget. This is because reimbursement of medical expenses to staff and payments of hospital bills for staff and their dependents were higher than anticipated.

v) Advertising & Publicity

During the reporting period the University has spent 31 % of the total allocation This is because most of the activities were not undertaken e.g. TV advert

w) Farm Expense

During the reporting period the University overspent on farm expenses with 122% of the total budget. This is because there was an increase in the cost of tea plucking from sh.13 to sh.15 per kg and weeding cost from sh.275 to sh.350 per day.

x) Audit Fees

During the reporting period there was an underspend on audit by 56% of the total budget.

y) External Travelling

During the reporting period the University used 3% on external travel. This is because there was no foreign travel that took. However, an amount of Ksh.57,258 was used in processing Visa's.

z) Resource mobilization

During the reporting period the University spent 85% of the total budget on resource mobilization. This is because some of the activities were not done as anticipated.

aa) Pension Scheme Administration

During the reporting period the University used 56% of the total budget. This is because some of the activities were anticipated to be done but did not take place.

ab) Covid- 19 Preventive measure

During the year the University had spent 1% of the total allocation. This is because the activities relating to covid-19 mitigation measures were not undertaken.

ac) Curriculum development/review

During the year the University had spent 81% of the total allocation on curriculum review. This is because some of the programs were not due for review.

ad) External examiners

During the reporting period the University had spent 111% of the total allocation on external examiners. This is because of imprest relating to previous financial year surrendered in the current year.

ae) Industrial attachment/teaching practice

During the reporting period the University had spent 135% of the total allocation on industrial attachment and teaching practice. This is because of the overflow of expenditure relating to the previous financial year.

af) Games & sports

During the reporting period the University had spent 106% of the total allocation on Games and sports. This is because of stock for previous financial year issued in the current year.

ag) University Committees

During the reporting period the University had spent 115% of the total allocation on University Committees. This is because of imprest relating to previous financial year surrendered in the current year.

ah) Teaching Materials

During the reporting period the University had spent 110% of the total allocation on teaching materials. This is because of stock for previous financial year issued in the current year.

ai) Research expenses

During the reporting period the University had spent 23% of the total allocation on research expenses. This is because most of the research activities were not undertaken as anticipated.

aj) External Travelling

During the reporting period the University spent 3% on external travel. This is because there was no foreign travel that took. However an amount of Ksh.57, 258 was used in processing Visa's

ak) Accreditation of Programs

During the reporting period the University has spent 1% of the total budget. This is because an invoice of Ksh.1.6M has not been received from the Commission for University Education

al) Placement Board Charges

During the reporting period the University has spent 143% of the total budget due to increase number of first year students who reported for the Academic year 2023/2024 academic year

am) CUE Student Accreditation Fees

During the reporting period the University has spent 145% of the total budget due to increase number of first-year students who reported for the Academic year 2023/2024 academic year.

an) Purchase of Lab equipment

The purchase of lab equipment is recorded at 148% of the total budget. This is because the actual amount spent include purchases of lab equipment that were acquired in the reporting period that were budget in the FY 2023/24

ao) Purchases of plant and Equipment

Purchases of plant and equipment is recorded at 158% of the total budget. This is because the actual amount spent include purchases of plant and equipment that were received in the current year of reporting

ap) Budget Surplus

The overall budget surplus reported in the statement of comparison of budget vs actuals is a result of recognition of NFM fees payable during the period which some of it was yet to be paid in full above the initial projection. The University received more students above the initial projection and trends.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Karatina University is established by and derives its authority and accountability from Universities Act of 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. It operates within the mandate of the Ministry of Education which provides the general policy and strategic direction on Kenya's higher education.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the PFM Act 2012, the Universities Act 2012 and International Public Sector Accounting Standards (IPSAS). The preparation of financial statements is in conformity with IPSAS which allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies. Areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements have been disclosed in the respective notes to the financial statements. The financial statements have been prepared on a historical cost basis except for property, plant and equipment measured at re-valued amounts, financial instruments at fair value and impaired assets at their estimated recoverable amounts.

The financial statements are prepared on accrual basis and presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest whole number. The accounting policies have been consistently applied to all the years presented. The cash flow statement is prepared using the indirect method.

3. Adoption of New and Revised Standards

a) New and amendments standards and interpretations in issue effective in the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 41: Financial instruments	Applicable: 1st January 2023: The standard establishes principles for financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard will guide the University to apply a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and indicate the objective for which the asset is held.

NB/ This standard was applied to the University's operations in 2023

Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of information that a reporting entity provides in its financial statements about social benefits. Social benefits are cash transfers paid to specific individual to mitigate the effect of social risk.

NB/ This standard was not applicable to the University's operations

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023 a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

NB/ This standard was not applicable to the University's operations.

Standard	Effective date and impact:
Other improvements to IPSAS	Applicable: 1st January 2023 a) Amendments to IPSAS 22, be made in reference to the latest System of National accounts (SNA 2008). b) Amendments to IPSAS 39, deletes the term composite social security benefits as it is no longer defined in IPSAS c) Amendments to IPSAS 29, the standard is no longer included in 2023 IPSAS handbook and has been superseded by IPSAS 41 which was applicable from 1 st January 2023

NB/ The improvements to IPSAS 22 and 39 were not applicable to the University Operations. However, improvement on IPSAS 29 to IPSAS 41 were applicable to the University operations in 2023.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 43	Applicable: 1st January 2025
Leases	The new standard requires entities to recognize, measure and present information on right of use of assets and lease liabilities. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The information will give the basis for which users of financial statements assess the effect the leases have on the financial position, financial performance and cash flows of an Entity.

NB/ This standard will be applicable to the University's operations in 2025

Standard	Effective date and impact:
IPSAS 44	Applicable: 1st January 2025
Non- Current Assets Held for Sale and Discontinued Operations	The new standard requires entities with Assets that meet the criteria of being Assets Held for sale; to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: <p style="text-align: center;">Assets that meet the criteria of being 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>

NB/ This standard will not be applicable to the University's operations.

c) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Government grants

Government grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis (IPSAS 23)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Donations

Donations have been recognized as income over the period they have been received to match with the related cost or assets intended to compensate for.

Deferred income

Deferred income recognized in the books is as a result of amortization of granted assets and the asset recognition criteria are met. Grants received for the purchase of fixed assets or donated assets are recognized as deferred income and transferred to the surplus or deficit over the expected useful lives of the respective assets.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The University has recognized incomes to include student tuition fees and related charges for the period in which it is earned.

Sale of goods

Revenue is recognized when there is transfer of significant risks and rewards of ownership to the buyer. Usually, this happens when delivery is made or the buyer takes control. The revenue is recognized when it can be reliably measured and that probable economic benefit will flow to the entity

Interest income

b) Budget information – IPSAS 24

The original budget for FY 2023/2024 was approved by the University Council on 27th July 2023. Subsequent revisions or additional appropriations was made to the approved budget in accordance with approvals from Council. The additional appropriations are added to the original budget by the University upon receiving approval of National Treasury in order to conclude the final budget. 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. The institution will provide an explanation of differences between actual and budgeted amounts under or above 10%.

c) Taxes

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) Property, Plant and Equipment - IPSAS 17

Property, plant and equipment are stated at cost and subsequently shown at market value based on valuations by external independent valuer less subsequent depreciation and impairment losses. Increases in the carrying amounts arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve, all other decreases are charged to the statement of comprehensive income. University land is freehold property and not subjected to amortization. Depreciation on other property is charged so as to write off the value of the assets during their estimated useful life, using straight line method. Assets are subjected to a full year's depreciation except those acquired within the last three months of the year. The annual rates are:

Buildings	2.5%
Furniture, Plant and Equipment	12.5%
Library Books	12.5%
Motor Vehicles	25%
Computers and peripheral devices	30%

In the event of disposal of revalued assets, any revaluation surplus will be transferred directly to retained earnings.

e) Leases

Leases are categorized into finance leases and operating leases. The University has operating leases in respect to rented premises. Under operating leases the lessor effectively retains the risks and rewards of ownership. Obligations incurred under operating leases are charged as an operating expense in surplus or deficit on a straight line basis over the lease period.

f) Intangible assets – IPSAS 31

Computer Software has been recognized at cost as intangible assets. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed finite for a period of three years. The assets are subjected to a full year's depreciation except those acquired within the last three months of the year at a rate of 30%.

g) Work in progress

Work in progress represents properties (buildings) under construction. It is carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use on the same basis as other buildings.

h) Inventories –IPSAS 12

Inventories are stated at lower of cost and net realizable value. Costs include direct material and where applicable direct labour and those overheads that have been incurred to bring the inventories to their present location and condition. Costs of issues are calculated using 'First In First Out' (FIFO) method. Net realizable value represents the estimated selling prices less all estimated costs of disposal

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Biological assets

Biological assets are measured on initial recognition at balance sheet date at its fair value less estimated point of sale costs as per IPSAS (27). A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in surplus or deficit for the period in which it arises. Biological assets for the University comprise of tea bushes and cows refer to note 24 for details.

j) Receivables

Receivables are recognized when commitments are effected at their nominal value.

k) Cash and cash equivalents

Cash and cash equivalent are defined as Cash balances, Bank balances and short-term investments (Fixed deposits). Bank balances entails amounts held at various banks at the end of the financial year. For the purposes of cash flow statement, cash and cash equivalent consist of cash and bank balances.

l) Retirement benefits obligations (IPSAS 25)

Karatina University is operating under Karatina University Pension Scheme because it was nurtured by Moi University before being chartered to fully fledged University. A majority of its members of staff during inception had transferred their services to Karatina University and they opted to remain in Moi University Pension Scheme. The Scheme is funded by defined contribution scheme based on the basic salary from both employees and employer at a rate of 7.5% and 15 % respectively.

The Pension scheme is awaiting transfer from Moi University to enable it absorb its expenditure.

The University also contributes to the statutory National Social Security Fund (N.S.S.F.). This is a defined contribution scheme registered under N.S.S.F. Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and currently limited to a maximum of Kshs 1,080.00 per employee per month, while the employer contributes Kshs 1,080.00 per month. The University's obligation to staff retirement benefit schemes are charged to income statement in the year to which they relate.

m) Changes in accounting policies and estimates – IPSAS 3

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.

n) Related Party Disclosures – IPSAS 20

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. The National Government, Members of Council and Members of Management are regarded as related parties in preparation of these financial statements.

Related party transactions during the year as tabulated below:

Related party transactions		Kshs
Members of Council	Note 16 - Board expenses	10,944,603
Members of Management	Note 13 - Incorporated in the employment expenses	35,369,616
National Government	Note 7 - Recurrent grants	592,879,574
	Note 30 – Capital grants	5,000,000
TOTAL		644,193,793

o) Comparative figures

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

p) Provisions – IPSAS 19

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the managements best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to the present value where the effect is material. Where the University expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement Refer to note 29.

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

In the process of applying the University's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the University's accounting policies are dealt with below:

Impairment losses

At each year end, the University reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the University estimates the recoverable amount of the cash generating unit to which the asset belongs.

Property and equipment

Critical estimates are made by the University council in determining depreciation rates for property and equipment.

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

Provisions bad and doubtful debt

The University provided for bad and doubtful debts at a rate of 5% of the debtors from exchange transactions. Where there is no certainty of a receivable, the amounts will be expensed after clear analysis of the account receivable and recorded as expenses. Additional disclosure of these estimates of provisions is included in Note 21. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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. The contingent liabilities for the year are tabulated below: -

Contingent liabilities	2023/2024	2022/2023 Prior year
Description	Kshs	Kshs
Part-time teaching claims	16,200,900	37,345,660
Court case against the University	3,372,196	111,605
Moi University - GoK Loan	216,389,088	216,389,088
Total	235,962,184.00	253,846,353

The University has disclosed Kshs 6M being amounts owed to part-time lecturers who have claimed for payment. However, there's an additional Kshs 16.2M owing to unclaimed PSSP part-time payments. Also, the University took up a loan of Kshs 216M that was used to acquire granted assets from Moi University once the subsidiary loan agreement is duly signed. Lastly, the details for the courts have been indicated on page 37.

Contingent assets

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

6. Financial Risk Management

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

The university's financial risk management objectives and policies are detailed below:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings.

Receivables	Total amount	Fully performing	Past due	Impaired
At 30th June 2024	Kshs	Kshs	Kshs	Kshs
KTDA Bonus Payment	0	0		-
Student Balances	121,063,543	96,850,835	24,212,709	-
Moi University	2,254,226	2,254,226		-
Total	123,317,769	99,105,061	24,212,709	-
Receivables	Total amount	Fully performing	Past due	Impaired
At 30th June 2023	Kshs	Kshs	Kshs	Kshs
KTDA Bonus Payment	139,313	139,313		-
Student Balances	103,264,603	76,631,005	28,680,187	-
Moi University	2,254,226	2,254,226		-
Total	127,704,731	79,024,544	28,680,187	-

(ii) Liquidity risk management

The University's financial liabilities are categorized as general creditors, part time payments, contractors' fees and retention amounts. The amounts disclosed in the financial position are the contractual undiscounted carrying amounts due within 12 months and the impact of discounting is not significant.

Payables	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30th June 2024	Kshs	Kshs	Kshs	Kshs
Trade Creditors	2,601,211	206,163	1,478,940	4,282,314
Part time lecturers	1,314,495	47,378	4,694,183	6,056,055
Contractors balance			0	0
Contractors' Retention			22,013,056	22,013,056
Total	3,915,706	253,541	28,186,178	32,355,425
Payables	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30th June 2023	Kshs	Kshs	Kshs	Kshs
Trade Creditors	6,565,960	676,451	1,627,896	8,870,307
Part time lecturers		13,975,320	7,726,800	21,702,120
Contractors balance			19,456,331	19,456,331
Contractors' Retention			22,331,014	22,331,014
Total	6,565,960	14,651,771	51,142,041	72,359,772

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk

Council has put in place an internal audit function to assist in assessing the risks faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risks in respect to interest rates and foreign exchange rates will affect the University's income or value held by the financial instruments. The overall responsibility for managing market risk rests with the Audit and Risk Management Committee. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

iv) Foreign Exchange risk

The University is exposed to foreign exchange risk because it has revenues earned and expenses incurred denominated in foreign currency, primarily the US dollar. It also arises from exchange rate differences between when the currency is received from sponsors and when it is recognized in the books of accounts. The University bank accounts are denominated in Kenya Shillings and transaction will be reflected depending on the transaction day spot rate.

v) Interest rate risk

The University is exposed to interest rate risk arising from bank deposits. This exposes the institution to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on deposits. To manage the interest rate risk, the University management usually negotiates for favorable interest rates with the bank.

Sensitivity analysis

The University conducts its interest rate exposure by conducting a sensitivity analysis. Using the end year figure on fixed deposit in respect to bank guarantee for fuel of Kshs. 2,240,000, in case the current floating interest rates increase/ decrease by 5%, interest income reported in the statement of comprehensive income will increase or decrease by Kshs 112,000. The net effect will either increase the surplus to Kshs. 112,000 or decrease to Kshs. 112,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

KARATINA UNIVERSITY			
		2023/2024	2022/2023
Note 7: Government Grants		Cumulative	Cumulative
		Kshs.	Kshs.
July		49,406,631	62,549,762
August		49,406,631	62,549,762
September		49,406,631	62,549,761
October		49,406,631	62,549,762
November		49,406,631	62,549,762
December		49,406,631	62,549,762
January		49,406,631	62,549,762
February		49,406,631	62,549,762
March		49,406,631	62,549,762
April		49,406,632	62,549,762
May		49,406,632	62,549,762
June		49,406,631	62,549,762
		592,879,574	750,597,143
Note 8(a): Deferred Income- Granted Assets		Kshs	Kshs
Deferred Income B/Forward		116,595,637	125,715,353
Additional Granted Assets		2,079,881	741,673
Amortization of Granted Assets		(10,031,605)	(9,861,389)
Deferred Income C/Forward		108,643,912	116,595,637
Note 8(b): Deferred liability-Granted Assets		Kshs	Kshs
Current Deferred income		10,031,605	9,861,389
Longterm deferred income		98,612,307	106,734,248
		108,643,912	116,595,637
The deferred income of Kshs 108,643,912 has been divided into two; Current deferred income of Kshs.10,031,605 which relates to the current year's amortization on granted assets and long term deferred income of Kshs 98,612,307 is in respect to capitalization of granted assets			
Note 9: Donations		Kshs	Kshs
Needy & Vulnerable Student Fund		998,950	703,600
		998,950	703,600
Note 10: Tuition and Related Charges		Kshs	Kshs
Tuition fee KUCCPS		13,007,174	166,246,252
Tuition fee PSSP		14,231,029	-
Tuition fee NFM		808,326,038	
Accommodation		15,301,000	16,302,000
Graduation fee		6,870,500	7,241,500
KUCCPS Placement Fee		10,602,500	10,925,500
Registration Fees		4,750,000	46,650,625
Internet and Activity		48,400,600	40,598,900

Field Attachment/Trips/ practicals		41,517,750	47,880,500
Quality Assurance Fee		3,646,000	
Examination/supplementary/Retake		37,182,500	
Library fee		36,506,000	
KUSA/KUPSA Fee		4,083,200	
Amenity Fee		11,035,500	
Student Identity Card		5,329,500	
Medical Fee		18,556,000	
NCK indexing fees		180,550	
Transport fee		2,169,000	
Supervisory fee		2,045,000	
Surcharges and fines		595,915	
Student Application Fees		220,000	103,500
Total		1,084,555,756	335,948,777
Note 11: I.G.A and Other Incomes		-	Kshs
Kitchen Food Sales		14,069,285	12,736,732
Tea Farm		2,285,305	1,568,172
Farm & Milk Sales		919,287	1,033,305
Laundry		51,635	34,390
Conference Facilities		4,155,591	3,861,676
Hire of Facilities		1,365,460	882,332
Fines		815,548	410,859
Interest from deposits		40,466,841	33,320
Insurance & Deposit refund		-	10,618,068
Research funds		11,998,155	978,977
Consultancy & Survey works		642,760	1,373,842
Gain/Disposal of assets		-	2,060,000
		76,769,866	35,591,673
EXPENDITURE		2023/2024	2022/2023
Note 12: Administration expenses		Kshs	Kshs
Stationery		3,404,951	3,347,152
Motor vehicle repairs		4,941,654	2,430,134
Generator fuel		3,396,691	2,683,328
Motor vehicle Fuel		9,572,107	5,563,896
Office expenses		913,720	717,255
Postage		116,191	71,907
Printing and Publishing		1,594,840	2,303,918
Computer & accessories exp and maintenance		1,608,629	2,006,331
ISO		990,234	46,800
Shows and Exhibitions		1,917,187	459,939
Performance contracting		2,483,403	404,041

Legal expenses		89,818	4,477
Strategic Plan		1,263,296	-
Annual subscription and membership fee		802,010	1,304,822
Professional Services		72,375	-
News papers and Journals		459,605	390,297
Cleaning materials		1,452,543	883,593
Telephone		1,511,500	1,606,501
Insurance		8,768,950	19,102,046
Open & Cultural Celebrations		336,895	247,521
Public celebrations and funerals		898,475	1,670,656
Training expenses		2,852,114	726,844
Security		7,883,200	8,228,312
Water & Sewer		1,389,104	3,512,347
Electricity		16,087,663	13,498,798
Rent & Rates		10,630,347	11,050,984
Staff Uniforms		589,862	1,285,617
Medical Expenses		31,467,621	26,979,724
Advertising		833,361	487,118
Internet Charges		12,186,420	16,840,903
ICT infrastructure		8,974,832	
Farm Expenses		1,836,250	1,355,063
Catering Expenses		20,141,550	13,851,804
Audit Fees Expense		711,200	1,392,000
Loss of Tea bushes		21,060	3,588
Loss on Disposal of assets-(cows)		26,040	35,000
Disposal of assets(Bid deposit)		87,000	261,000
Traveling & Accommodation		5,684,541	4,629,212
External Travel & Accommodation		57,258	2,062,833
Provisions for bad and doubtful debts		889,947	3,312,931
Resource Mobilization		1,275,056	5,500
Pension administration		2,058,973	2,571,475
COVID -19 Preventive measure		1,033	129,270
		172,279,506	157,464,937
Note 13: Employment expenses		Kshs	Kshs
Payroll expenses		693,190,407	691,154,365
Passage and Baggage		23,410	-
Pension Employer costs		82,294,142	64,124,701
Gratuity		2,827,978	6,144,046
Staff leave days provisions		-	762,810
Contract Staff expenses		12,989,820	11,777,411
		791,325,758	773,963,333
Employment expense relates to short-term employee benefits recognized during the period in which the employee renders the related service.			
Note 14: Academic Expenses		Kshs	Kshs

Students activities		2,595,101	1,976,743
Curriculum development/review		3,637,550	665,162
External Examiners		4,220,506	2,340,129
Graduation		5,803,184	4,574,110
Industrial Attachments/ Teaching Practice		13,487,770	9,483,092
Games & Sports		2,241,145	1,606,249
Subscription to E-library		1,202,420	531,000
Senate & Deans expenses		229,960	258,095
University Committees		3,454,443	1,021,694
Teaching materials		2,758,811	2,845,452
Field trips		7,201,965	2,187,382
Research Program		5,773,013	9,661,737
Part-time teaching expenses		53,579,290	39,204,320
Examination material		5,890,264	3,341,091
Seminars & Conferences		3,231,904	842,523
Annual International Conference		0	893,023
Placement Board charges		5,134,500	3,141,000
Accreditation for Programmes		20,000	900,000
CUE accreditation fees		3,472,000	2,163,625
NCK indexing		372,900	852,500
Nursing Skills Lab expenses		4,044,633	2,193,104
Tea Institute Expenses		356,000	40,000
Entrepreneurial Concept		1,931,785	332,868
Counselling services		228,760	194,907
Community Outreach		158,614	165,903
Liberations movement		238,656	-
Green Concept Expenses		426,476	1,565,818
ODEL expenses		1,485,819	2,144,188
		133,177,469	95,125,715
Note 15: Repairs & maintenance costs		Kshs	Kshs
General Refurbishment		6,400,507	3,384,679
Maintenance of buildings		1,468,925	2,010,350
Maintenance of Catering / Hostel equipment		482,251	100,250
Maintenance of plant & Equipment		839,619	936,565
Maintenance of playground		75,016	37,256
Water Supply Expenses		-	233,060
		9,266,318	6,702,160
Note 16: Board Expenses		Kshs	Kshs
Sitting Allowance		4,641,105	5,924,000
Travelling & Subsistence		2,337,620	3,231,104
Accommodation		3,142,896	4,171,500
Other expenses		822,983	838,161
		10,944,603	14,164,765

Other expenses refer to costs incurred in respect to stationery and meals served in lieu of lunch allowance during board meetings			
Note 17: Finance Expenses		Kshs	Kshs
Bank Charges		613,064	409,677
		613,064	409,677
Note 18: Depreciation and amortization expense		Kshs	Kshs
Depreciation Buildings		36,444,584	36,444,584
Depreciation Computer & Accessories		4,673,590	4,246,861
Depreciation Library books		8,458,759	8,132,179
Depreciation Motor Vehicle		6,906,075	5,519,875
Depreciation Equipment & Furniture		16,942,592	15,469,759
Amortization of intangible assets-Computer Software		2,184,584	2,192,209
		75,610,184	72,005,467

		2023/2024	2022/2023
		Cumulative	Cumulative
Note 19: Cash & Bank Balances		Kshs.	Kshs.
Co-operative Bank Of Kenya- Cash at bank		490,809,369.00	77,241,290
Kenya Commercial Bank - 1138274968		1,750,737.47	8,860,309
KCB - Cash at hand		-	-
Petty cash		-	-
Kenya Commercial Bank-1106185382		101,545.66	35,576,709
Equity Bank- Cash at Bank		194,754,201.07	72,190,206
Fixed Deposit (Bank Guarantee- Fuel)		2,732,880.00	2,240,000
Total Cash & Bank Balances		690,148,733	196,108,514
Cash and cash equivalent comprise of cash at bank, cash at hand and fixed deposits in respect to a bank guarantee for fuel Being provided by VIVO Energy Ltd and Rubis Energy. The fixed deposit at 5.25% has a maturity period of one year and it earns interest			
Note 20: Prepayments		Kshs.	Kshs.
Deposits : Rent (Nairobi Campus)		-	1,670,296
Prepayment : Insurance		2,969,532.39	3,676,691
Total Prepayments		2,969,532	5,820,701
The University has one active lease arrangements for providing teaching facilities i.e. Telkom Building at Karatina town - hosting School of Business. The lease payments terms require the University to pay a one off three months' deposit at the beginning of the lease and a standard amount of rent in advance. The quarterly leases payments were accounted as expenses under rent and rates in the administration expenses while the deposits are accounted as current assets			
Note 21: Receivables from exchange transactions		Kshs.	Kshs.
KTDA Bonus Payment For year 2023/24 &			
Tea Farm sales for the month of June 2024		1,316,965.50	963,683
Student Balances		121,063,543.46	103,264,603
Moi University		2,254,226.00	2,254,226
Imprest Debtors		956,871.41	2,245,446
Staff prepayments and debtors		947,853.32	473,714
Staff Bond		3,452,586.00	7,865,375

		129,992,046	116,593,333
Provisions for bad and doubtful debts		6,053,177	5,163,230
		123,938,869	111,430,103
Staff prepayments relate to funds in lieu of notice by members of staff on exit.			
Note 21 (b) Receivables from exchange transactions		Kshs.	Kshs.
Student Balances		121,063,543.46	103,264,603
Provisions for bad and doubtful debts		(6,053,177.17)	(5,163,230)
Net Student Balances		115,010,366	98,101,373
Note 22: Receivables from non-exchange transactions			
MoE- Capitation June		49,406,631.00	10,101,454
		49,406,631	10,101,454
Note 23: Inventories		Kshs.	Kshs.
Central stores		3,008,917.10	3,213,311
Medical		2,530,425.00	2,269,539
Laboratory reagents		6,030,464.00	6,563,483
Catering		1,311,268.00	945,337
Games & Sports		887,215.00	1,466,590
		13,768,289	14,458,260
Note 24: Biological Assets		Kshs.	Kshs.
Tea Bushes		3,766,776.00	3,787,836
Cows		815,080.00	817,600
		4,581,856	4,605,436

NOTES TO THE FINANCIAL STATEMENTS (Continued)

KARATINA UNIVERSITY									
Note (25a)	FIXED ASSET SCHEDULE								
	LAND	BUILDINGS	COMPUTER & ACCESSORIES	LIBRARY BOOKS	MOTOR VEHICLES	EQUIP & FURNITURE	TOTAL		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		
BAL AS AT 30.06.21	359,000,000	1,505,336,233	89,860,901	78,212,470	102,023,146	147,120,878	2,281,553,628		
ADDITIONS		5,994,754	3,341,415			14,312,154	23,648,323		
GRANTED ASSETS				537,260		9,596,779	10,134,039		
BAL AS AT 30.06.22	59,000,000	1,511,330,987	93,202,316	78,749,730	102,023,146	171,029,811	2,315,335,990		
ADDITIONS			4,110,561	2,007,523	5,544,800	9,996,728	21,659,612		
GRANTED ASSETS				741,673			741,673		
BAL AS AT 30.06.23	359,000,000	1,511,330,987	97,312,877	81,498,926	107,567,946	181,026,539	2,337,737,275		
ADDITIONS			5,064,640	2,010,802	15,960,000	21,099,890	44,135,332		
GRANTED ASSETS				2,079,881			2,079,881		
BAL AS AT 30.06.24	359,000,000	1,511,330,987	102,377,517	85,589,608	123,527,946	202,126,429	2,383,952,488		
DEPRECIATION							-		
ACCUMULATED DEPRECIATION 30.06.21		139,100,028	81,993,207	38,000,278	77,647,477	86,776,018	423,517,009		
AMORTISATION FOR THE YEAR		3,788,913	31,272	4,307,191	459,375	888,977	9,475,728		
DEPRECIATION FOR THE YEAR		28,927,268	3,862,553	3,593,750	6,258,287	9,165,540	51,807,398		
AMORTIZATION OF REVALUED AMOUNTS:		3,653,468	69,729	125	4,588,226	3,389,708	11,701,256		
ACCUM DEPRE 30.06.22	0	36,369,649	3,963,554	7,901,066	11,305,888	13,444,225	72,984,382		
ACCUMULATED DEPRECIATION 30.06.22	0	175,469,677	85,956,761	45,901,344	88,953,365	100,220,243	496,501,391		
AMORTISATION FOR THE PERIOD		3,788,913	31,272	4,382,232	459,375	1,199,597	9,861,389		
DEPRECIATION FOR THE PERIOD		29,002,203	4,215,589	3,749,822	5,060,500	10,880,454	52,908,568		
AMORTIZATION OF REVALUED AMOUNTS:		3,653,468		125		3,389,708	7,043,301		
ACCUM DEPRE 30.06.23	0	36,444,584	4,246,861	8,132,179	5,519,875	15,469,759	69,813,258		
ACCUMULATED DEPRECIATION 30.06.23	0	211,914,261	90,203,622	54,033,523	94,473,240	115,690,002	566,314,649		
AMORTISATION FOR THE PERIOD		3,788,913	31,272	4,552,448	459,375	1,199,597	10,031,605		
DEPRECIATION FOR THE PERIOD		29,002,203	4,642,318	3,906,186	6,446,700	12,353,287	56,350,693		
AMORTIZATION OF REVALUED AMOUNTS:		3,653,468		125		3,389,708	7,043,301		
ACCUM DEPRE 30.06.24	0	36,444,584	4,673,590	8,458,759	6,906,075	16,942,592	73,425,600		
ACCUMULATED DEPRECIATION 30.06.24	0	248,358,845	94,877,212	62,492,282	101,379,315	132,632,594	639,740,249		
Net Book Value 30.06.24	359,000,000	1,262,972,142	7,500,306	23,097,326	22,148,631	69,493,835	1,744,212,239		
Net Book Value 30.06.23	359,000,000	1,299,416,726	7,109,255	27,465,403	13,094,706	65,336,537	1,771,422,626		
Net Book Value 30.06.22	359,000,000	1,335,861,310	7,245,555	32,848,386	13,069,781	70,809,568	1,818,834,599		

SUMMARY OF GRANTED ASSETS AS AT 30.06.2024									
Note (25b)	Land	Buildings	Computer & Accessories	Library Books	Motor Vehicle	Equip & Furniture	Total		
Balance as at 30.06.2022	10,796,000	151,556,510	104,240	39,203,106	18,255,205	13,847,831	233,762,892		
Additions				741,673			741,673		
Balance as at 30.06.2023	10,796,000	151,556,510	104,240	39,944,779	18,255,205	13,847,831	234,504,565		
Additions				2,079,881			2,079,881		
Balance as at 30.06.2024	10,796,000	151,556,510	104,240	42,024,660	18,255,205	13,847,831	236,584,445		
Depreciation									
Acc amortization 30.06.2022		64,217,266	39,090	21,659,232	16,991,924	5,140,029	108,047,540		
Amortization for the period		3,788,913	31,272	4,382,232	459,375	1,199,597	9,861,389		
Acc amortization 30.06.2023		68,006,179	70,362	26,041,464	17,451,299	6,339,626	117,908,929		
Amortization for the period		3,653,468		125		3,389,708	7,043,301		
Acc amortization 30.06.2024		71,659,647	70,362	26,041,589	17,451,299	9,729,334	124,952,230		
NBV AS AT 30.06.2024	10,796,000	79,896,863	33,878	15,983,071	803,906	4,118,497	111,632,215		
NBV AS AT 30.06.2023	10,796,000	83,550,331	33,878	13,903,315	803,906	7,508,205	116,595,635		
NBV AS AT 30.06.2022	10,796,000	87,339,244	65,150	17,543,874	1,263,281	8,707,802	125,715,351		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 26 :Intangible Assets- Computer Soft ware	
COST	Kshs.
BAL AS AT 30.06.2021	23,525,611
ADDITIONS	1,988,045
BAL AS AT 30.06.2022	25,513,656
ADDITIONS	1,629,500
BAL AS AT 30.06.2023	27,143,156
ADDITIONS	7,189,060
BAL AS AT 30.06.2024	34,332,216
ACCUMULATED AMORTIZATION 30.06.21	19,784,743
AMORIZATION FOR THE PERIOD	2,401,216
ACCUMULATED AMORTIZATION 30.06.22	22,185,959
AMORIZATION FOR THE PERIOD	2,192,209
ACCUMULATED AMORTIZATION 30.06.23	24,378,168
AMORIZATION FOR THE PERIOD	2,184,584
ACCUMULATED AMORTIZATION 30.06.24	26,562,752
Net Book Value 30.06.2024	7,769,463
Net Book Value 30.06.2023	2,764,988
Net Book Value 30.06.2022	3,327,697
Net Book Value 30.06.2021	3,740,868

	2023/2024	2022/2023
Note 27: Capital Work-In-Progress	Kshs.	Kshs.
Library Phase I	438,735,725.09	394,467,936
	438,735,725	394,467,936
Capital work in progress relates to amounts incurred and paid for construction of the Library.		
Note 28: Trade & Other Payables	Kshs.	Kshs.
Trade Creditors	4,282,313	4,035,183
Part time Lecturers	6,051,960	4,549,160
Creditors- PESAFLOW	471,436	
Creditors- Staff medical	107,645	-
Interest Income Paid in excess	292,403	-
Contractors' Retention Fees	22,013,055	22,331,014

Student prepayments	89,100,338	52,447,702
Unutilized HELB	8,075,689	631,000
Accumulated Caution For previous years	10,735,000	6,247,140
Current caution fee	541,000	4,716,000
	141,674,842	94,957,199
Note 29: Provision	Kshs.	Kshs.
Provisions for Staff leave days	-	7,891,471
Provision for Audit Fees	696,000.00	696,000
Provisions for Gratuity	1,701,796.40	18,478,015
	2,397,796	27,065,486
Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate or reversed if it no longer probable that an outflow of resources embodying economic benefit will be required to settle the obligation. Employees' entitlement to annual leave is recognized when it accrues		
Note 30: Accumulated Capital Fund	Kshs.	Kshs.
Balance B/F	1,664,726,365	1,637,124,911
Capital Grants for the year	5,000,000	27,601,454
Balance as at 30.6.24	1,669,726,365	1,664,726,365
Accumulated Capital Fund comprise of Capital grants released by the Government for the financial years 2011/12- 2023/24 and granted Assets relating to current asset and liabilities with an exception of Biological assets which is non-current asset from the period the institutions existed under Moi University		

Granted Assets relating to current asset and liabilities with an exception of Biological assets which is non-current asset from the period the institutions existed under Moi University.

Capital Grants for FY 2011/2012	157,120,452
Granted Assets from Moi University*	86,322,861
Capital Grants for FY 2012/2013	239,703,675
Prior year Adjustment- tea bushes	2,053,896
Capital Grants for FY 2013/2014	201,583,999
Capital Grants for FY 2014/2015	218,226,667
Capital Grants for FY 2015/2016	143,337,425
Capital Grants for FY 2016/2017	100,475,662
Capital Grants for FY 2017/2018	28,961,458
Capital Grants for FY 2018/2019	267,437,987
Capital Grants for FY 2019/2020	112,676,474
Capital Grants for FY 2020/2021	29,224,355
Capital Grants for FY 2021/2022	50,000,000
Capital Grants for FY 2022/2023	27,601,454
Capital Grants for FY 2023/2024	5,000,000
Balance as at 30.6.22	1,637,124,911

Note: These Granted Assets relate to opening balances B/f from operations carried out at Moi University as indicated below:

*Granted Assets from Moi University	
Cash & Bank balances	36,484,155
Biological Assets	9,364,000
Library Books	4,196,039
Tea Farm sales and bonuses for the month of June 2011	2,683,012
Student Balances	19,119,863
Moi University	19,116,170
Sub-total	90,963,239
Trade Creditors	(4,640,378)
Total Granted Assets	86,322,861

Additional disclosures

The University is in the process of taking up a loan of Kshs 216M that was used to acquire granted assets from Moi University once the loan agreement is duly signed.

	2023/2024	2022/2023
Note 31: Revenue reserve	Kshs.	Kshs.
Surplus/Deficit B/F	109,149,591.00	95,216,153
Surplus/Deficit for the period	572,018,847.75	12,866,528
Transfer of amortized revalued PPE	7,043,301.00	7,043,301
Valuation of Biological Assets	23,520.00	(42,140)
Unrealized Tea farm bonuses	107,925.00	312,889

Adjustment for Caution money	-	(6,247,140)
Prior year adj of student balances	(35,311,273.00)	-
Adjustments in Provisions for staff leave	7,891,471.00	
Prio year Part-time Claims Reconciliation	522,600.00	-
	661,445,983	109,149,591
Note 32: Revaluation reserve		Kshs.
Balance B/F	498,685,740.00	505,729,041
Revaluation During the year		-
Transfer of amortized revalued PPE	(7,043,301.00)	(7,043,301)
Impairment Loss on Revalued assets	-	-
Balance as at 30/06/24	491,642,439	498,685,740
Revaluation reserve represents the increase in the value of property, plant and equipment arising from revaluation of the University assets. The valuation was carried out in May 2018 by Amazon Valuer Ltd.		

20. APPENDICES


PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. The University has nominated focal persons to resolve the various issues as shown below with the associated time frame within which it is expected that the issues will be resolved.

Ref No.	Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
1.	Long Outstanding receivables of Kshs. 98,296,641. Student balances relating to previous years	Debt policy was developed and approved in 2023/24 FY. Management has continued to communicate to students on timelines for fee payment as per the approved fee payment policy.	Vice Chancellor	Partly resolved	
2.	Long outstanding part-time lecturers' dues of Kshs 4,276,160	The complete claims that were pending have been settled.	"	Resolved	
3.	An outstanding training bonds amounting to Kshs. 4,162,798 relating to a member staff.	The member has since transferred the bond to County Government of Lamu (another public entity) in accordance with Clause 2.8 of the Public Service Commission Guidelines on the Bond for Training Public Servants, 2018.		Resolved	
5.	Unrecovered rent deposit of Kshs 1,670,296	The amount was recovered in full in October 2023	"	Resolved	
6.	Doubtful staff prepayments & debtors of Kshs. 442,994. In respect to basic salary in lieu of notice due from staff who exited the university without requisite notices	Demand letters for payment were sent in 1st February 2022. A reminder was made on 27 th June 2024.	"	Ongoing	

Prof. Lirus Gitonga, IPhD
Vice Chancellor




Chairman of Council

PROJECTS IMPLEMENTED BY THE UNIVERSITY

Project Title	Donor	Period/ Duration	Donor Commitment	Separate Donor reporting required as per donor agreement	Consolidated in these financial statements
Library Phase I	GoK	3 years	Yes	No	Yes

STATUS OF PROJECTS COMPLETION						
Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual for the year	Sources
Library Phase I	491,331,404	438,735,725	89.30%	20,000,000	5,000,000	GOK
	491,331,404	438,735,725	89.30%	20,000,000	5,000,000	

INTER-ENTITY TRANSFERS

(a) Transfers from Ministry of Education

Name of the KARATINA UNIVERSITY	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year 2023/2024	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	592,879,574	-	15,000,000	595,879,574	778,198,597
Total	592,879,574	-	15,000,000	595,879,574	778,198,597

LITIGATION STATUS

The University has one ongoing court cases with financial exposure as follows: -

TABLE B: DETAILS OF THE ONGOING LITIGATIONS INVOLVING THE UNIVERSITY - (QUARTERLY REPORT AS AT 30th JUNE 2024

s/no	Suit: number and details	Subject Matter	Out Come of the matter, Lesson Learnt & Current status if not finalized	Financial Implication /contingency & Recommendations
1.	Nyeri Court of Appeal no. 52 of 2014. Oindi Zaipe line –vs- Karatina University and Moi University Arising from Nyeri HC/CC no. 13 of 2013	The Appellant was a student admitted at the then Central Kenya Campus of Moi University. This institution was elevated to Karatina University College and is now Karatina University. The student contests being conferred with a Karatina University degree founded on doctrine of legitimate expectation. He filed by way of civil case in Nyeri High Court Civil Case no. 13 of 2013. At the High Court level the suit was dismissed. He then lodged the current appeal that saw the mandatory order being granted against Moi University.	Outcome Mandatory order issued against Moi University to graduate the Student. The Appellant was awarded costs. The judgment was delivered in 14 th April 2015. The Court of Appeal judgment was affirmed in the Supreme Court Petition no. 43 of 2018. Current Status. There is a pending bill of cost which is yet to be disposed of. It is scheduled for hearing on 5 th April 2023 after the disposal of the preliminary objection filed by Moi University which had sought to stop the taxation process. The preliminary objection did not succeed. An appeal is lodged before a 3 judge bench. A date is yet to be given	Bill of costs drawn by the Plaintiff's Advocates is at 1,016,993/- in respect to the High Court Matter Civil Suit no. 13 of 2013. Amount on account of the bill of costs: taxed at Kshs. 167,757/- Bill of Cost in respect to the Court of Appeal matter drawn at Kshs. 479,073/- . Estimated amount allowable by the Court is estimated Kshs. 200,000/- using the Advocates Remuneration Order.
s/no	Suit: number and details	Subject Matter	Out Come of the matter, Lesson Learnt & Current status if not finalized	Financial Implication /contingency & Recommendations

2.	<p>Nyeri Court of Appeal SUP no. 1 of 2015</p> <p>Moi University –vs- Oindi Zai peline & Karatina University. Arising from the Court of Appeal Decision in no. 52 of 2014</p>	<p>Moi University being dissatisfied with the judgement of the Court of Appeal in Nyeri Court of Appeal no. 52 of 2014 lodged an application in the Nyeri Court of Appeal.</p> <p>The application was for certification that the matter is of public importance and for leave to appeal to the Supreme Court against the judgement in the Court of Appeal. The application is dated 27th April 2015.</p>	<p>Outcome: Application was canvassed before Justice P. Kihara Kariuki, Nambuye and Kiage J.JA.</p> <p>Ruling was delivered on 14th October 2015 where the application was dismissed. The 1st Respondent was awarded costs.</p> <p>Current Status: The 1st Respondent did not take any step to pursue the costs that were awarded. The matter is pending with no action taken in the last one year.</p>	<p>The 1st Respondent has not pursued costs for this application. The same would be pursued against Moi University as the applicants.</p> <p>Matter was handled internally and the costs for handling the matter was at bear minimum of not more than Kshs. 3,000/- for court filing fees. Matter was based at the Nyeri Court of Appeal.</p>
3.	<p>Eldoret Employment and Labour Relations Petition no. 15 of 2020 by George Bala versus – Karatina University</p>	<p>The petitioner sues on behalf of over 321 lecturers as a public interest litigator. Nine universities are cited as Respondents where Karatina University is cited as the 4th Respondent. 35 lecturers aver to be aggrieved by the University</p> <p>The allegations are that the lecturers developed modules for the Universities and that they also taught part-time courses. None of the listed lecturers that relate to Karatina University has been engaged on any terms.</p> <p>In the petition, they are seeking access to information which is not particularized.</p>	<p>Current Status In the last court attendance on 9th June 2021. The Petitioner indicated intention to withdraw the suit against all the Respondents. They requested for more time. The matter was slated for a mention on 15th July 2021.</p> <p>The Petitioner did not withdraw the suits as indicated.</p> <p>The matter is pending with no action taken in the last 26 months.</p>	<p>Being a constitutional petition, the likely award would be nominal damages for each lecturer cited in the matter.</p> <p>It is estimated at nominal sums not exceeding Kshs. 10,000/- for each cited lecturer translating to Kshs. 350,000/ based on worst case scenario. However, this scenario is unlikely as there are moves to have the petition dismissed for lack of sufficient particulars. The Party and Party Costs of Kshs. 135,0000/- to be provided.</p>

s/no	Suit number and details	Subject Matter	Out Come of the matter, Lesson Learnt & Current status if not finalized	Financial Implication /contingency & Recommendations
44.	Nyeri Court of Appeal no. E032 of 2021 by Christopher Oyuech vs Karatina University	The initial claim in the High Court arose from termination of a contract of employment in which the Claimant seeks to be reinstated and in alternative seeks damages for unfair termination amongst other claims totaling Kshs. 2,725,323. Kshs. 982,800/- of the claim comprises part-time claims.	The Claimant seeks to appeal against the order of dismissal of the suit. If the appeal succeeds, it means that he will succeed in his claim for damages for unfair dismissal including other terminal dues that he claims amounting to 1,742,523/-. Current Status The matter does not have a hearing date yet. There was no step taken during the quarter. Awaiting the Court to give directions on the date.	If the appeal succeeds based on a worst case scenario: Principal sum – 1,742,523 Costs for both High Court and Court of Appeal 456,300/-. Interest is likely to be from the date of court of appeal award if he succeeds.
55.	Nairobi Employment and Labour Relations Cause no. E011 of 2022 – Universities Academic Staff Union v Karatina University	The suit is on account of the branch chapter where they are contesting the change of academic work load policy from three to four courses for a full time academic staff that has been implemented since 2018. They are also contesting the change of part-time payment rates from the 1,700/ hourly rate that was previously offered in respect to Government Sponsored Students to the consolidated sum of Kshs. 54,600/-. This change has been in effect since September 2016.	UASU approached Court by way of a certificate of urgency seeking for conservatory orders to stop the implementation of the current academic work load and part-time rates by way of an application. The application was canvassed by way of documents and written submissions. The ruling was delivered on 27 th October 2022 in favour of the University. There was no step taken towards progressing the suit during the period.	Based on a worst-case scenario the computation of the added one course of workload to be remunerated as part time and the difference in part – time rates of about Kshs. 18,000/- accumulated since 2016 is estimated at about Kshs. 100 million.

6.	Mavoko Traffic Case -- Republic vs Joseph Kaburi	Charges levelled are: Driving the Bus KBQ050D without a valid inspection certificate and a defective speed governor.	<p>The Driver pleaded guilty and gave explanation how it came into about. The inspection certificate was taken out in the old TIMS System where the data got lost upon migration into the new NTSA System in the E-Citizen Platform. In respect to the speed governor, the same had been checked on the week before the travel and was found to be transmitting but not so at the time it was impounded on 29th April 2024. The Magistrate chose to record a plea of no guilty.</p> <p>The driver has appeared for mention twice on 22nd May and June 2024. It is coming up for hearing on 14th July 2024.</p>	<p>Cash Bail deposited Kshs. 10,000</p> <p>Prescribed fine under Traffic Act, Up to Kshs. 200,000/-.</p>
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	Suit details	Principal claim at stake to be met if suit succeeds against the University	Estimated Party and party costs if claim succeeds	Interest if awarded. NB; court rate 12%	Contingency provision based on a worst-case scenario
1	Nyeri Court of Appeal no. 42 of 2014 - Oindi Zaipline Vs. Karatina University Pending party and party bill of cost	-	479,073.00	-	479,073.00
2.	Eldoret Employment and Labour Relations Cause no. 15 of 2020 - George Biala vs Karatina University and others	350,000.00	135,000.00	0.00	485,000.00
3.	Nyeri Court of Appeal E032 of 2021 Christopher Oyuech -vs Karatina University	1,742,523.00	465,600.00	0.00	2,208,123.00
4.	Mavoko Traffic Case:R- vs Joseph Kaburi	200,000	0	0	200,000.00
TOTAL CONTINGENT LIABILITY					3,372,196.00

INTER-ENTITY CONFIRMATION

KARATINA UNIVERSITY				
Break down of Transfers from the State Department of University				
FY 2023/2024				
a. Recurrent Grants				
	Bank Statement Date	Amount (Kshs)	FY	
	8/10/2023	49,406,631	2023/2024	
	8/30/2023	49,406,631	2023/2024	
	9/12/2023	49,406,631	2023/2024	
	1/11/2023	49,406,631	2023/2024	
	12/13/2023	49,406,631	2023/2024	
	8/1/2024	49,406,631	2023/2024	
	12/2/2024	49,406,631	2023/2024	
	3/13/2024	49,406,631	2023/2024	
	12/4/2024	49,406,631	2023/2024	
	17/05/2024	49,406,632	2023/2024	
	13/06/2024	49,406,632	2023/2024	
	1/7/2024	49,406,632	2023/2024	
	Total	592,879,575		
b. Development Grants				
	Bank Statement Date	Amount (Kshs)	FY	
			2023/2024	
	29/02/2024	5,000,000		
	Total	5,000,000		

The above amounts have been communicated to and reconciled with the parent Ministry

CPA Patrick Nguringa
Ag. Finance Officer
Karatina University

Sign 

Mr. Maina Chira
Head of Finance Unit
Ministry of Education

Sign 



REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Kshs				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Green Concept	Green Initiatives	Environmental sustainability	Solar lighting for security; Green cycling; Green competition; Waste segregation;				1,565,818	GoK	Karatina University community (staff & students)
Solar Lights	Installation of security solar light	Conserve energy	servicing the borehole pump				233,060	GoK	Outsourced service provider- Supplier

DISASTER EXPENDITURE REPORTING

Period to which this report refers (FY)	Year: 2023/2024					
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub programme	Disaster Type:	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
						N/A

