

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

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PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**THARAKA UNIVERSITY**

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

1875





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# THARAKA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>th</sup> JUNE 2025

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

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## 1. Acronyms and Definition of key Terms

### A: Acronyms

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

### B: Definition of Key Terms

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

**Comparative Year-** Means the prior period.

## 2. Key Entity Information and Management

### a) Background information

Tharaka University is an independent public entity established through a charter as per the Universities Act, 2012. The main objective of its establishment was to enhance access to quality and affordable university education for the people of the region and beyond and to train the skilled manpower required for regional and national development. The vision of the University is to be an adaptive Centre of excellence in teaching, research, innovation and outreach for societal transformation.

Tharaka University is under the general guidance of the Cabinet Secretary for Education, who is responsible for the general policy and strategic direction of the University. The University runs academic programmes, which are offered under the following five Faculties; Business Studies (Department of Business Administration), Education (Department of Education) Humanities and Social Sciences (Department of Arts and Humanities) Life Sciences and Natural Resources (Department of Dry Land Agriculture and Natural Resources) and Physical Sciences, Engineering and Technology (Computer Science and ICT and Basic Sciences departments)

### b) Principal Activities

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

The objectives of the University are to:

- a) Provide directly, or in collaboration with other institutions of higher learning, facilities for quality University Education, including technological, scientific and professional education, and the integration of teaching, research, outreach and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
- b) Provide and advance University Education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to realization of sustainable national economic and social development; and
- c) Provide programmes, products, and services in ways that reflect the principles of equity and social justice.

The functions of the University are to:

1. Participate in technological innovation as well as discovery, transmission, preservation and enhancement of knowledge;

2. Stimulate the intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya;
3. Inculcate a culture of lifelong learning, responsible citizenry and innovation in technology, engineering and mathematics within the institution and society;
4. Engage in teaching, training, scholarship, entrepreneurship, research, consultancy, community services, among other educational services, with emphasis on technology and its development, impact and application to society;
5. Facilitate the development and provision of appropriate academic programmes and community services.

### **Mission**

To create a strong knowledge base through teaching, research and innovation and to disseminate this knowledge for positive societal transformation

### **Vision**

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

### **Motto**

“Education for Freedom”.

### **c) Core Values**

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

**Sustainability:** Utilizing resources without wastage and misappropriation by ensuring maximum value for the current and future generations complying with various planned arrangements and maintaining good corporate governance.

**Excellence:** Being outstanding in all services, activities and programs undertaken by the University.

**Integrity:** Upholding honesty, transparency, accountability and strong moral principles and values in all decisions and actions taken.

**Teamwork:** Working together to share ideas, resources, and skills to achieve common goals and objectives.

**Timeliness:** Being punctual and meeting deadlines, respecting others' time and being responsible for meeting one's commitments.

### c) Key Management

The University's day-to-day activities are under the following key organs:

- i) The Council
- ii) The Senate
- iii) Management Board

### d) Fiduciary Management

Tharaka University is led on day-to-day operations by

1.	Prof. Peter K. Muriungi	Vice Chancellor /CEO
2.	Prof. Veronica Karimi Nyaga	Deputy Vice-Chancellor Academic Research and Students Affairs
3.	Prof. Collins Miruka	Deputy Vice Chancellor Administration, Finance, Planning and Development
4.	Mr. Antony Mutegi Njiru	Head of Finance
5.	Dr. Daniel Mwangi Muriithi	Registrar, Academic Affairs
6.	Dr. Edward Patrick Kathuni	Registrar, Administration and Planning

### e) Fiduciary Oversight Arrangements

The key fiduciary oversight committees of the University for the Financial Year 2024/2025 and their respective functions are outlined below:

#### **FINANCE, FARMS, ENTERPRISE COMPANY AND GENERAL-PURPOSE COMMITTEE**

- (i) Representing the University Council in Finance, Farms and Enterprise Company matters, except where the Council may wish to limit the powers of the FFECGPC in any respect;
- (ii) Receiving, considering and recommending to the Council the approval of annual estimates and recurrent and development expenditures of the University;
- (iii) Receiving, considering and recommending to the Council the approval of financial statements and reports of the University;

- (iv) Receiving, considering and recommending to the Council the approval of management policies of the Finance, Farms and Enterprise Company;
- (v) Advising the Council on matters related to the efficient running of the Farms and Enterprise Company;
- (vi) Receiving the progress reports on management and activities of the Farms and Enterprise Company;
- (vii) Reviewing of the Farms and Enterprise Company policies regarding procurement of goods, machinery and services and to approve procedures related thereto;
- (viii) Reviewing of conditions and terms of service for Farm and Enterprise Company employees and recommending to the Human Resources Management Committee;
- (ix) Overseeing of investments and recommending the ways of maximizing profitability; and
- (x) Undertaking any other tasks as may be directed by the University Council.

**THE AUDIT, GOVERNANCE, RISK MANAGEMENT, SEALING, HONORARY DEGREE AND CONVOCATION COMMITTEE**

- (i) Meeting at least four times in each financial year to provide oversight and assurance over the following:
  - a) Management and safeguarding of assets;
  - b) Adequacy of operating systems and internal control processes;
  - c) Preparation of financial reports and statements in compliance with legal and statutory requirements and standards;
  - d) Risk management strategies; and
  - e) Institutional governance;
- (ii) Receiving and discussing internal and external audit reports;
- (iii) Receiving and discussing internal and external appraisal reports
- (iv) Overseeing affixing of the University Seal to appropriate documents;
- (v) Receiving and considering of proposals and nominations for the conferment of honorary degrees of the University;
- (vi) Recommending to the Council for approval nominees for conferment of honorary degrees of the University; and
- (vii) Overseeing preparations of the convocation roll and recommend it for approval by the Council.

## **THE HUMAN RESOURCES MANAGEMENT, ACADEMICS, GRIEVANCES HANDLING AND APPEALS COMMITTEE**

- (i) Receiving and recommending to the Council for approval Tharaka University policies;
- (ii) Receiving and recommending to the Council for approval Tharaka University Terms and Conditions of Appointment and Service for all staff cadres;
- (iii) Overseeing of staff development and training;
- (iv) Overseeing of staff recruitment, review, promotion, retention, performance, appraisal and discipline;
- (v) Taking charge of industrial and labour relations;
- (vi) Receiving and recommending to the Council for approval the Performance Contract reports;
- (vii) Receiving and handling of staff, students' and other stakeholders' grievances;
- (viii) Receiving, considering and recommending to the Council academic reports of Tharaka University.
- (ix) Receiving and considering of staff and student appeals against disciplinary action; and
- (x) Considering of any other pertinent matter referred to it by the Council.

## **BUILDING, PLANNING AND DEVELOPMENT COMMITTEE**

- (i) Taking charge of all arrangements for construction of new buildings and recommending appointment of consultants and contractors to the Council;
- (ii) Recommending for approval to the Council expenditure of all major estate maintenance works with provision that the Committee will have the authority to delegate minor maintenance works to Management;
- (iii) Receiving and recommending to the Council for approval the construction plans and designs of new structures of the University;
- (iv) Receiving and recommending to the Council for approval the University Development Plans (Master, Strategic, Operation and Vision 2030 Plans)
- (v) Overseeing the construction of new structures of the University; and
- (vi) Presenting the progress reports on building, planning and development plans to the University Council.

**f) Entity Headquarters**

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

**g) Entity Contacts**

Telephone: (254) 0202008549/02020076920  
Cell phone 0728229548  
E-mail: info@tharaka.ac.ke  
Website: tharaka.ac.ke

**h) Entity Bankers**

1. Kenya Commercial Bank Ltd,  
P.O. Box 7014 - 60400  
Chuka

2. Cooperative Bank of Kenya  
P.O. Box 101 – 60400  
Chuka

3. Family Bank of Kenya Ltd  
P.O Box 74145 00200  
Nairobi

4. Equity Bank Ltd  
P.O. Box 213 - 60400  
Chuka

**i) Independent Auditors**

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

Nairobi, Kenya

**j) Principal Legal Advisor**

The Attorney General




State Law Office




Harambee Avenue, Sheria House




P.O. Box 40112-00100

Nairobi, Kenya




### 3. The University Council


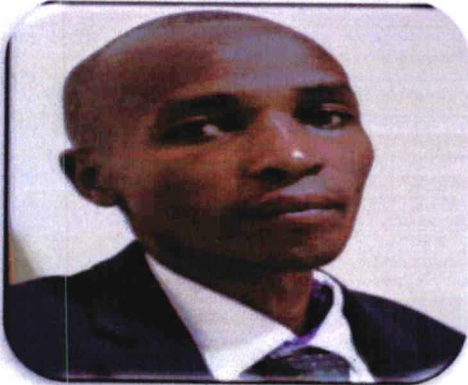

Name(s)	Concise Description
<p><b>Prof. Timothy M. Kiruhi, Ph.D.</b> Council Chairman</p> 	<p>Professor Timothy M. Kiruhi is the Chairman of Tharaka University Council. He was born on 9<sup>th</sup> February, 1966. He holds a Ph. D degree in Organizational Leadership (Global Leadership focus) Regent University, USA, M.A (Leadership Studies) Azusa Pacific University, BSc (Mechanical Engineering) (UON). He is the current Vice Chancellor of International Leadership University.</p>
<p><b>Prof. Peter K. Muriungi, Ph.D.</b> Vice-Chancellor/CEO</p> 	<p>Professor Peter K. Muriungi was born on 21<sup>st</sup> January 1975. He holds a Ph.D. in Linguistic University of Tromsø, Norway, M.A (Linguistics) University of Witwatersrand SA and B.Ed. (Arts) UoN. He is a renowned Scholar and an administrator. He started his University teaching career at Chuka University in 2009. He served as acting Principal TUC from 2017 to January 2019. He served as the founding Principal of TUC from 18<sup>th</sup> of January 2019 to 1<sup>st</sup> of August 2022. He is currently the Vice-Chancellor Tharaka University.</p>
<p><b>Dr. Jemimah Onsare, Ph.D.</b> Rep. Principal Secretary, State Department for Higher Education and Research.</p> 	<p>Dr. Jemimah G. Onsare was born on 12<sup>th</sup> June, 1976. She represents the Principal Secretary – State Department for Higher Education and Research, Ministry of Education. She holds a Ph.D. in Applied Microbiology (Antimicrobials) under the Kenya – India Bilateral Agreement Scholarship from Guru Nanak Dev University, Amritsar – India. She is currently serving as an Assistant Director of Research at the Directorate of Research Science and Technology (DRST), State Department for Higher Education and Research. She previously served as the Ag. Chief Executive Officer at the National Research Fund</p>

	<p>for over 6 years. She served as the PS alternate at Jaramogi Oginga Odinga University of Science and Technology.</p>
<p><b>Ms. Isabel Joy Ochieng</b> Rep. Cabinet Secretary National Treasury &amp; Economic Planning</p> 	<p>Ms. Isabel Joy Ochieng was born on 2<sup>nd</sup> June 1987. She represents the Cabinet Secretary, National Treasury and Economic Planning in Tharaka University Council. She is a Senior Economist at the National Treasury and Economic Planning and holds a Msc. Agricultural and Applied Economics and Bsc. Agribusiness Management, UoN. She was appointed as the alternate member of Tharaka University Council in July 2022.</p>
<p><b>Mr. Joshua Kirimi Mungania</b> Council Member</p> 	<p>Mr. James Mungania was born on 7<sup>th</sup> June 1963. He is an Administrator with over 14 years' experience as a Provisional Administrator in several Districts in Kenya. Currently, he is a businessperson in hospitality industry and real estate. He holds M.A and B.A, UoN. He is currently the chairperson of Audit, Governance, Risk Management, Sealing, Honorary degree and Convocation committee of the Council.</p>
<p><b>Esther N. Michieka</b> Council Member</p> 	<p>Esther N. Michieka was born on 27<sup>th</sup> September 1957. She is an Educationist. She served in Higher Education Loans Board (HELB) for over 20 years as a lending Manager. she is also certified counsellor and a professional mediator .She holds M. A, PGDE and B.Ed., UoN. She serves as an independent Council member. And the chairperson of the Human Resources Management, Academics, Grievances Handling And Appeals Committee of the Council.</p>

<p><b>Mr. Elias J. Noor</b> Council Member</p> 	<p>Mr. Elias Noor was born on 12<sup>th</sup> August 1955. He is an Educationist. He worked with UNICEF for over 16 years' as Programme Officer and 24 years with the Ministry of Education Section. He holds M.A in International Education Management from University of Leeds, UK and Bed (Hons) from University of Stirling, UK. He serves as an Independent Council member and the chairperson of Buildings and Development Committee of the Council.</p>
<p><b>Mrs. Grace Anyango Kamasara</b> Council Member</p> 	<p>Mrs. Grace Kamasara was born on 2<sup>nd</sup> of January 1958. She is an administrator and a retired Civil Servant having served as a Senior Chief Finance Officer in Various State Departments and Agencies. She is also a certified counsellor. She holds M.A and B.A in Public Administration from Panjab University (India). She serves as an Independent Council member.</p>
<p><b>Dr. Solomon O. Muntent</b> Council Member</p> 	<p>Dr. Solomon Muntent was born in 1972. He holds a Ph.D., Moi University, MBM, Alagappa University and a B. Com Jabalpur University. He has over 10 years of University teaching experience. He worked with Narok County Government as a Senior Deputy Secretary. He serves as an Independent Council member and the chairperson of Finance, Farms, Enterprise Company and General-Purpose Committee.</p>

#### 4. Key Management Team

<p><b>Prof. Peter K. Muriungi, Ph.D.</b> <b>Vice Chancellor/CEO</b></p> 	<p>Professor Peter K. Muriungi was born on 21<sup>st</sup> January 1975. He is a renowned Scholar and an administrator. He started his University teaching career in Chuka University in 2009. He grew in academia and was later appointed as the Founding Director Quality Assurance and Performance Contracting. He served as acting Principal TUC from 2017 to January 2019. On 17<sup>th</sup> of January, 2019 he was appointed the as the first Principal, TUC. He holds a Ph.D. in Linguistic University of Tromsø, Norway, M.A (Linguistics) University of Witwatersrand SA and B.Ed. (Arts) UoN</p>
<p><b>Prof. Collins Miruka, Ph.D</b> <b>DVC(AFP&amp;D)</b></p> 	<p>Prof..Collins Miruka was born in 1971. He has taught in Technical University of Kenya for many years. He has a Ph.D, and MSc in Development Management from Witwatersrand, South Africa. He also holds a BSc in Engineering from the University of Nairobi. He is a renowned scholar and Administrator with a wide range of experience in Academia Management and Development. He was appointed the Deputy Vice Chancellor Administratio, Finance, Planning and development at Tharaka University on 9<sup>th</sup> June 2025.</p>
<p><b>P</b> <b>D</b></p>  <p><b>D.</b></p>	<p>Prof. Veronica Nyaga was born on 4<sup>th</sup> February 1970. She has worked with Teachers Service Commission (TSC) before joining Egerton University as a lecturer in the department of Education. She joined Tharaka University College on 30<sup>th</sup> January 2019 as the Deputy Principal academic research and student's affairs. She is a full</p>

	<p>professor of Counselling psychology from Chuka University.</p>
<p><b>Dr. Daniel Mwangi Muriithi Ph.D., (Registrar Academic Affairs)</b></p> 	<p>Dr. Daniel Mwangi Muriithi was born on 9<sup>th</sup> December 1982. He worked under Teachers Service Commission (TSC) from 2012 to 2021. He later joined Tharaka University . He was appointed as the Registrar Academic Affairs at Tharaka University in 2024. He holds a Doctorate degree in Applied Statistics from Tharaka University, Msc (Statistics) from Kenyatta University, B.ED. (Science) from Kenyatta University and Diploma in Education Management from KEMI.</p>
<p><b>Antony Mutegi Njiru (Head of Finance)</b></p> 	<p>Antony Mutegi Njiru was born on 3<sup>rd</sup> July. 1984 He worked in Chuka University Finance department since 2008 where he rose to become the Deputy Finance Officer before joining Tharaka University College in 2018 as the head of Finance. He holds a bachelor of business Management degree from Egerton University .</p>
<p><b>Dr.Edward Patrick Kathuni(Registrar Administration &amp; Planning)</b></p> 	<p>Edward Patrick Kathuni was born 17<sup>th</sup> June 1966.He has over 30 teaching experience with Teachers Service Commission (TSC). He was the Principal Chuka boys high school and Kibirichia boys high school before joining Tharaka University College in July 2019 as the registrar administration and planning. He has a Ph.D in education from Tharaka University.</p>

## **5. Chairman's Statement**

It is my pleasure and great honor for me to present the 6th Annual Reports and Financial Statements of Tharaka University for the Financial Year ended 30<sup>th</sup> June 2025. Since its establishment, Tharaka University has continued to execute its mandate of creating a strong knowledge base through teaching, research and innovation and to disseminate this knowledge for positive societal transformation to achieve its vision of becoming a centre of excellence in teaching, research, innovation and outreach for societal transformation.

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

In the 2024/2025 financial year, Tharaka University made tremendous growth in infrastructural development. This was made possible through the University savings and use of Appropriation in Aid (AIA) since the Government did not allocate any development capitation in the 2024/2025 financial year. These savings were used to finance the construction of the Main Library, New class room block and the completion of phase I of the Science Tuition Block. These buildings have created additional learning facilities and offices in the University to cope with the increasing student population. The University completed a fully equipped Tharaka University Tech Center which has large lecture halls to accommodate over 200 students for use during the September 2025 intake. This has also created additional learning facilities and established modern offices for use by the lecturers during consultations with the students. The University was allocated 50 students in Nursing and 100 students in Law. This is a major milestones for the University as training students in these areas will ensure the University students are exposed to health Sciences and internal laws since these programs are very competitive.

Tharaka University has continued to lead in the community outreach activities and in the 2024/2025 financial year the University trained over 30 farmers in conservation Agriculture. This is a high-impact training since the University is located in a semi-arid area and is leading in environmental conservation. This is in keeping with the University's mandate of ensuring that the knowledge is shared with the community as part of its outreach activities. The University donated 18,200 (Eighteen thousand and

two hundred) trees to 33 neighbouring primary and secondary schools. The University also distributed tree seedlings to the surrounding community to increase forest cover in the area.

The University library has also been equipped with new titles and also increased internet access in all the University's buildings and provided internet hotspots for the students and staff members. Digital library is also available through the increased subscription to Kenya Libraries and Information Services Consortium. (KLISC). The University has also enhanced E-learning by integrating the modules in the ERP system to enable it to automate its operations to cope with the current business trends of going digital. The University fees collection is through the Ecitizen as directed by the Government and this has since been integrated to the ERP system to automate the revenue collection.

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



Prof. Timothy M. Kiruhi, Ph.D.

**COUNCIL CHAIRMAN**

## **6. Report of the Vice-Chancellor/Chief Executive Officer**

Tharaka University is a full-fledge public University that was chartered on 2<sup>nd</sup> of August 2022. The University started as a campus of Chuka University in 2015 and a later gazetted as a Constituent College of Chuka University on 27<sup>th</sup> July 2017, through Legal Notice No. 146.

The University has grown rapidly since the reporting of its 1<sup>st</sup> batch of government-sponsored students in September 2018. In the September 2024 intake, the University received over 2500 students and currently, the University has a student population of over 8500. The increase in the number of students has supported the University's objective of creating a strong knowledge base through teaching, research and innovation and disseminating this knowledge for positive societal transformation through embracing technology and carrying out its lectures through online teaching, Google classrooms and provision of e-library services.

It is my pleasure to highlight the following achievements made by the University in the 2024 -2025 financial year.

### **Student Enrolment**

Tharaka University continues to grow in students 'enrolment. The University started its operations as a campus of Chuka University and had only 27 students. This number has grown and currently has over 8500 students. In the current financial year, the University received an additional 2500 students. The students are spread in all its programs. The addition of these students was as a result of vigorous marketing strategies and activities to attract more students carried out by the University in the year under review. The increased student population has triggered business opportunities in the local community, thus helping transform the economic outlook of the area. The allure of the beautiful, serene learning environment with ultramodern learning facilities has attracted people from all over Kenya to Tharaka University. The University has an elaborate way of taking care of student welfare through counselling services given by the Office of the Dean of Students, County, Regional and national sports activities among others. Tharaka University is a fully paid-up member of Kenya University Students Association. The University has participated in sporting activities in the course of the year in both regional and national levels. In the course of the year the University launched new programs in Law, Nursing, Water and Mining. These programs are making the University to be competitive as well as increasing the student population in the University. The University completed the construction of lactating room for use by the young student mothers when they are attending lectures. The University is also a registered member of the Kenya Universities Sports Association (KUSA). The University has

well democratically constituted student leadership comprising of members who are elected annually by the students through the delegate system.

### **Financial performance**

Tharaka University was gazetted as a Constituent College on 27<sup>th</sup> July 2017 but missed Government funding for financial years 2017-2018 and 2018-2019. University has been a campus of Chuka University, Chuka University continued funding its operations until the financial year 2019-2020 when the University received the first Government funding.

In the year under review Tharaka University has grown its net assets to **Kshs. 1.3 billion** from **Kshs. 106 Million** inherited from Chuka University. The growth of these assets was tremendous bearing in mind that the sources of funding for these assets were from the savings on recurrent grants from the Government and Appropriation in Aid.

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

### **Education, Training, Research and Outreach**

The University is fully committed to the provision of quality education, training and research for sustainable national and global development. In the year under review, the University acquired additional laboratory equipment in order to ensure the student do practicals to acquire more knowledge related to their areas of specialization. The University also won over 2.2 million research grants in linguistic.

The University's niche area is in dryland Agriculture and Mineralogy. The University is located in a mineral-rich area and the study of mineralogy will ensure its exploration. To ensure that this is achieved, the developed new programs which were approved by the Commission for University Education which include the Bachelor of Technology in Mineral Exploration and Mining which is in

the University niche area. The University is also in the final stages of acquiring a Mining License in order to assist the local community in large scale mining.

### **Infrastructure**

Tharaka University has set up an elaborate Master Plan to have a clear direction on where it is and where it expects to be in future. In the 2024-2025 financial year, the University was allocated a capital budget by the government of Kenya and continued the construction of its three main buildings namely, the Main Library, Science Tuition Block and the Main Administration Block. These projects will go a long way in ensuring the University will have additional facilities to match the growing demand as a result of the growing student population. The construction of the main library was started as part of the recommendation of the Commission for University Education. The Science Tuition Block which has science laboratories, lecture halls and offices for the lecturers will ensure the University has additional facilities. The University has continued with the construction of the Administration Block Phase 1B. This will host the administrative staff of the University to ensure they have a good working environment. The building will also house the Faculty of Law. The University in the year under review constructed Tharaka University Tech Center. This building has large lecture halls with a capacity of over 200 students and will be used during the September 2025 intake. The University, in the year under review, constructed pavements and access road to ease the movement of students and staff members around the University, especially during the rainy season.

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

### **Human Resource**

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

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

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



Prof. Peter K. Muriungi, Ph.D.

**Vice Chancellor/CEO**

## 7. Statement of Entity's Performance Against Predetermined Objectives For The 2024/2025 Financial Year

Tharaka University has six (6) areas as anchored in its Strategic Plan for the FY 2023/2027.

These strategic issues are as follows:

Issue 1: University Teaching and Learning

Issue 2: Research, innovation and outreach

Issue 3: Information, communication and technology

Issue 4: Student services

Issue 5: Resource mobilization and management

Issue 6: Institutional transformation

The University develops its annual work plans based on the above 6 pillars. Assessment of the Council's performance against its annual work plan is done quarterly. The University achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>Issue 1: Enhance Quality Teaching and Learning for Positive Societal Transformation</b>	To Expand Competitive Programmes	Developed Programs	Develop new programmes	5 new programs were developed and approved by the University Senate: <ol style="list-style-type: none"> <li>1. Bachelor of Insurance and Marketing</li> <li>2. Bachelor of Project Planning and Management</li> <li>3. Bachelor of Science in Animal Health and Livestock Production</li> <li>4. Bachelor of Science in Livestock Production and Range</li> <li>5. Diploma in Environmental Management.</li> </ol>
		Reviewed Academic Programmes	Review of Academic Programmes	Programmes reviewed and approved by the Senate <ol style="list-style-type: none"> <li>1. Bachelor of Accounting and Finance</li> </ol>

				<p>2. Bachelor of Procurement and Logistic Management</p> <p>3. Bachelor of Arts in Government and International Relations.</p>
	To enhance Quality in Education and Training	Staff trained	Train academic staff in Competence-Based Curriculum and Pedagogical methods	All academic staff were trained
	To Increase Student Enrolment	Number of students enrolled	Marketing university programs	Marketing committee in place. Partnership with UTV in place for marketing the University programmes
<b>Issue 2: Foster A Culture of Research and Innovation to Meet the Real-Life Needs for Societal Transformation</b>	To generate high-impact research output that addresses societal needs	Number of research publications disseminated	Publish and upload the research articles in the university e-repository	38 research publications uploaded.
	To promote International Linkages in Research and Innovation	Number of linkages established	Establish international linkages	2 International linkages established. 1 university staff member participated in the Philippines research conference.
	To promote the culture of research and Innovation	Career and Innovation Week	Hold a career and innovation week	1 Career and Innovation Week held
<b>Issue 3: Leverage Modern ICT to Enhance University Operations and Service Delivery</b>	To Enhance Secure, Sustainable, and Effective use of ICT infrastructure	Number of staff members and students trained on Cybersecurity and artificial intelligence	Train staff members and students	<p>78 Staff members trained on the Ethical use of artificial intelligence</p> <p>1200 students sensitized on cybersecurity and the ethical use of artificial intelligence</p>

				15 system administrators trained on the effective use of ERP
	To develop an ICT infrastructure to improve the efficiency of university operations	Expanded internet connectivity and speed	Increasing internet bandwidth. Increase the number of hotspots	15 new Wi-Fi hotspots installed The university's internet bandwidth increased.
<b>Issue 4: Enhance Student Services for the Comfort and Holistic Development of Students at the University</b>	To develop students' support programmes	Number of support programmes	Sensitize the students.	60 students sensitized on life skills and disaster preparedness  The university has established the Accommodation Committee to engage with the private accommodation providers.
	To enhance the work-study programme	Number of beneficiaries	Enhance the work-study programme	200 students benefited
	To strengthen the student governance mechanism	Training Democratic election	Train students on effective and democratic leadership  Conduct a free, fair, and democratic election	trainings held  1 free, fair, and democratic election
	To nurture talent and creativity by strengthening and diversifying co-curricular activities	cultural events institutional sports and games	Hold a cultural festival	1 cultural festival held at the University  Participated in 2 community cultural events at Nkondi and Ura Gate

<b>Issue 5: Establish and Operationalize Solid Partnerships and Collaborations to Leverage New Knowledge and Resources</b>	To Strengthen Collaborations and Partnerships	Establishing the Directorate of Partnerships, Collaboration, and Linkages  Establishing a wildlife conservancy unit	Operational Directorate  Wildlife Conservancy Unit	The Directorate of Partnerships, Collaboration, and Linkages is established and operational.  Wildlife Conservancy Unit in place.
	To Enhance Extension and Outreach Services	Number of extensions and community outreach conducted	Supporting extension and community outreach	Funded three community outreach programmes (Tree seedlings donation, Food donation to neighboring schools, and Tharaka cultural exhibitions)
<b>Issue 6: Strengthening Institutional Capacity to Ensure All Objectives are Fully Met</b>	To comply with the Constitution and Statutory requirements	Compliance certificate	Remit statutory Deductions	100% compliance
	To construct Flagship projects	Completion rate	To construct Flagship projects	University Science Laboratories are fully equipped.
	To adhere to the 30% procurement rule for preferential groups (Youths, women, PWDs)	% compliance	Adhering to the 30% procurement rule for preferential groups (Youths, women, PWDs)	40% of the total procurement was awarded to AGPO
	To adhere to the 40% procurement rule for local content	% Compliance	% Awarded	100% awarded to Buy Kenya Build Kenya
	To expand the University's financial resource base	Established the Directorate of Resource Mobilization.	Establishing and operationalizing the directorate	The Directorate of Resource Mobilization is operational

	To implement cost reduction and savings measures	Regular internal audits	Conduct regular internal audits	Internal audits conducted
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## **8. Corporate Governance Statement**

Tharaka University is committed to exhibiting best practices in all aspects of corporate governance as guided by the Universities Act 2012 and the Mwongozo Code of Governance. The Mwongozo Code was established by the Government to provide guidance on effective leadership, governance and management of public resources. The Act requires the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

### **i) The Council**

This is the governing body of the University. The Council comprises nine members as disclosed in pages xi to xiii. The Council is constituted taking into account requirements of the sector, diversity of skills, age, value addition, gender, academic qualifications and experience necessary to help achieve the university goals and objectives. The Cabinet Secretary, the Ministry of Education, appoints the Council.

As the governing body of the University, the Council has a responsibility of maintaining a sound system of internal controls that support the achievement of policies, aims and objectives, whilst safeguarding the public and other University resources. The Universities Act, 2012, vests the University Council with powers and authority. The Council is guided by the guidelines from the Ministry of Education, State Department for Higher Education and Research and Commission for University Education (CUE) to effectively fulfil its corporate governance responsibility towards its stakeholders.

The University also embraces the Public Officers and Ethics Act and the Mwongozo, Code of Governance for State Corporations. The Council is also the executive governing body responsible for the academic policy and strategic direction of the University, including its external relations, and for the administration of the University. The Council is responsible for the management of the University's finances and assets, in accordance with the Public Financial Management Act, 2012 and Public Financial regulations of 2015.

## Meetings of the Council

The meetings of the Council held during the financial year are as indicated in the table below.

S/ N	Council Member Name	Council Meeting Date						Total				
		16.8. 24	27.9.2 4	14.11. 24	2.12.2 4	30.1.2 5	3.3.2 5		25.4. 25	22.5. 25	5.6.2 5	
1.	Prof. Timothy M. Kiruhi	✓	✓	✓	✓	✓		✓	✓	✓	✓	9/9
2.	Prof. Peter K. Muriungi	✓	*	✓	✓	✓		✓	✓	✓	✓	8/9
3.	Dr. Jemima Onsare		✓	✓	✓	✓		✓	✓		✓	7/9
4.	Ms. Isabel Joy Ochieng	✓	*	✓	✓	✓		✓	✓	✓		7/9
5.	Mrs. Grace Kamasara	✓	✓	✓	✓	✓		✓	✓	✓	✓	9/9
6.	Dr. Solomon Muntet	✓	✓	✓	✓	✓		✓	✓	✓	✓	9/9
7.	Mrs. Esther N. michieka	✓	✓	✓	✓	✓		✓	✓	✓	✓	9/9
8.	Mr. Joshua K. Mungania	✓	✓	✓	✓	✓		✓	✓	✓	✓	9/9
9.	Mr. Elias J. Noor	✓	✓	✓	✓	✓		✓	✓	✓	✓	9/9
	<b>Total</b>	<b>8</b>	<b>7</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>8</b>		

## Council Committees

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

These Committees include the following:

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

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

### **Remuneration of the Council**

The members of the council, other than the Chief Executive Officer, do not receive a salary. They are however paid a sitting allowance for every meeting attended at the rate of Ksh. 20,000 per sitting. The Chairman receives honoraria as stipulated in the Government communique. The committee members do not receive any remuneration apart from the reimbursement of expenses incurred while on University duties.

### **Conflict of Interest**

Council members have a statutory duty to avoid situations in which they have interests that may conflict with those of the University. Members of the Council are obligated to disclose to the Council any real or potential conflict of interest which may come to their attention whether direct or indirect. During every Council meeting, an agenda item exists which requires members to make declarations of any conflict of interest. In the 2024-2025, financial year none of the Council members had any conflict of interest.

### **Ethics Conduct**

The Council, Management Board and members of staff of Tharaka University are required to conduct themselves with integrity and professionalism per the code of conduct and ethics for the University. During the 2024-2025 financial year, Tharaka University continued to strengthen the ethical conduct of their staff through training and sensitization of staff members on corruption risk assessment and enforcement of preventive measures.

### **Succession Planning**

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

### **Council charter**

The University has a Council Charter that guides its operations. The Council Charter was approved during the 7<sup>th</sup> Tharaka University Full Council meeting.

## 9. Management Discussion and Analysis

Tharaka University niche area is in dry land Agriculture and mineralogy. The University is located in a semi-arid area and dry land farming techniques implemented by the University through the investment in teaching demonstration units will improve food security especially in the areas that receive low rainfall in the republic of Kenya. Dry land Agricultural activities such as bee keeping, goat keeping and drip irrigation to minimize the amount of water used in irrigation of crops will ensure high productivity at minimal cost. This intervention is contributing to the government effort of bottom up economic transformation agenda of uplifting the people at the bottom of the pyramid through poverty reduction.

### Operational and Financial Performance

During the year under review, the University realized a total revenue of **Kshs.736 Million as appropriation in aid and Kshs.453 Million** as recurrent Government capitation. The University in the year under review did not receive any capital grant from the Government but used surplus to support the construction of the ongoing capital projects in the University. In the year under review, the University employed strict austerity measures and stringent internal control systems that resulted in the University realizing a **surplus of Kshs. 385,355,792 Million. This surplus was used in the capital projects which were undertaken in the 2024/2025 financial year since the University was not allocated any development budget.**

In the statement of financial position, the net worth of the University continued to grow recording a net worth of **Kshs. 1,308,483,538** compared to **Kshs. 923,127,746** in the **2023/2024** financial year. The performance is tabulated below for the current and previous four years the University has been operating independently

Description	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Capital Funds	238,461,372	478,461,372	532,087,053	562,837,053	562,837,053
Accumulated Surplus	241,281,280	244,501,881	248,394,581	301,231,461	686,587,253
Revaluation Reserve	59,059,232	59,059,232	59,059,232	59,059,232	59,059,232
<b>Total</b>	<b>538,801,884</b>	<b>782,022,485</b>	<b>839,540,866</b>	<b>923,127,746</b>	<b>1,308,483,538</b>

### **Key projects and investment decisions the entity is planning/implementing**

Tharaka University has a five-year strategic plan and this plan has set out the projects that the University is implementing. These projects are outlined in the performance contract signed by the University for Implementation. The projects being implemented by the University are the Science Tuition Block, the Main Library, the Administration Block, Tharaka University Tech Center and a perimeter wall.

### **Compliance with statutory requirements**

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

### **Major Risks**

Tharaka University was not exposed to any major risk that could affect its operation in the year under review.

## **10. Environmental and Sustainability Reporting**

Tharaka University is located in a semi-arid area. The University has participated in planting trees around its compound to create a conducive microclimate and conducive atmosphere to support its learning activities. The University has participated in several corporate social responsibility activities as highlighted below:

### **i. Sustainability Strategy and Profile**

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

### **ii. Environmental Performance**

The University bought tree seedlings from the community and the students who had tree nurseries and came from poor background to supplement their source of income to be used in the University. The seedlings that were bought were planted in the compound to improve the microclimate. The tree seedlings were also planted in the neighboring primary and secondary schools and public places like the police stations. This is also in an effort to achieve the Government target of planting 15B trees in the next 10 years. The University trained farmers in the various ways of conservation Agriculture.

### **iii. Employee welfare**

The University has supported the creation of strong unions for the members of staff to ensure their needs are appropriately addressed. The University ensures the recruitment of vacant positions is done in a competitive way to give all Kenyans an equal opportunity and also adherence to two third gender rule in the recruitment process. The University has also ensured the remittances of the union's dues are done in a timely manner to support their activities. The University has also sponsored an inter-university staff game to ensure team building for the members of staff.

### **iv. Market place practices**

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

customers fairly. The marketing team places advertisements which are reviewed by the University management in the newspapers and radio stations.

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

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

#### **v. Corporate Social Responsibility/Community Engagements**

The University has graded the access road to the University for use by both the students and members of the community. This has ensured that the members of the community transport their produce to the market during the rainy season without any hitches. The University has also planted trees in the surrounding primary schools and public land to improve the tree cover, especially in the semi-arid area where the University is located.

Tharaka University has also trained farmers on beekeeping and conservation Agriculture in order to ensure the members of the community produce the best honey since the members of the community around the University practice bee keeping on a large scale. The University donated five computers to Tharaka High School to ensure the students are trained in ICT skills.

## **11. Report of The Council**

The Council submits the report together with the financial statements for the year ended June 30, 2025, which indicate the state of the University's affairs.

### **i. Principal activities**

The principal activities of the University are to provide directly, or in collaboration with other institutions a strong knowledge base through teaching, research and innovation and to disseminate this knowledge for positive societal transformation

### **ii. Results**

The results of the entity for the year ended June 30, 2025, are set out on pages 1 to 5 for financial statements and pages 7 to 44 for the notes to the financial statements.

### **iii. University Council**

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

### **iv. Surplus remission**

Tharaka University did not remit surplus to the consolidated fund since it is not a commercial public entity.

### **v. Auditors**

The Auditor General is responsible for the statutory audit of Tharaka University in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 which empowers the Auditor General to carry out the audit of the University for the year ended June 30, 2025.

By Order of the University Council



Prof. Peter K. Muriungi, Ph.D.

**Vice Chancellor/CEO**

## **12. Statement of Councils' Responsibilities**

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

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that this continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the University;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2025, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The University's financial statements were approved by the Board on 29<sup>th</sup> July 2025 and signed on its behalf by:



Prof. Peter K. Muriungi, Ph.D.  
**Vice Chancellor/CEO**



Prof. Timothy M. Kiruhi, Ph.D.  
**Council Chairman**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR- GENERAL ON THARAKA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2025**

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### PREAMBLE

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

- A. Report on 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 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.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report 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

### **Opinion**

I have audited the accompanying financial statements of Tharaka University set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tharaka University as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the University Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

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

The statement of comparison of budgets and actual amounts reflects final revenue budget and actual on comparable basis totalling Kshs.1,240,146,865 and Kshs.1,120,999,448 respectively, resulting into underfunding of Kshs.119,147,417 or 10% of the budget. Similarly, the University spent an amount of Kshs.1,087,941,794 against actual receipts amount of Kshs.1,120,999,448 resulting into under absorption of kshs.33,057,654 or 3% of the actual receipts.

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

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Comply with Fiscal Responsibility Principles on Wages and Benefits**

As previously reported, the statement of financial performance reflects employment expenses and total revenue amounts of Kshs.461,323,868 and Kshs.1,225,033,420 respectively. However, the employment expenses amount of Kshs.461,323,868 is 38% of the total revenue amount of Kshs.1,225,033,420. The university therefore, exceeded the recommended threshold by 3%. This is contrary to Regulations 26 (1)(a) of Public Finance Management (National Government) Regulations, 2015 which states that the National Government's expenditure on the compensation of employees (including

benefits and allowances) shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the national government pursuant to Article 209 (4) of the Constitution.

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

## **2. Delay in Collection of Student Tuition Fees Receivables**

As previously reported, the statement of financial position reflects receivable from exchange transactions balance of Kshs.136,764,824 as disclosed in Note 21 to the financial statements. However, review of the customer summary ageing report and student statements provided for audit revealed delay by some students in paying tuition fees. This was contrary to Section 2.1.4 j of Tharaka University Financial Management Manual which states that that no student with fee balances will be allowed to sit for exams unless approved by relevant authority and follow up done to recover all the outstanding fee balance.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of the Management and the University Council**

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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**

**24 October, 2025**

**14. Statement of Financial Performance for the year ended 30 June 2025**

<i>Tharaka University</i>			
<i>Statement of Financial Performance</i>			
<i>For the Period Ended 30th June , 2025</i>			
	Note	2024-2025 30th June 2025	2023-2024 30th June 2024
<b>Revenue from Non-Exchange Transactions</b>			
Exchequer Recurrent Grants	6	453,658,226	268,058,105
Other Revenue from Non-Exchange Transactions	7	56,810	21,015
<b>Sub-total</b>		<b>453,715,036</b>	<b>268,079,120</b>
<b>Revenue from Exchange Transactions</b>			
Tuition and Related Income	8	736,057,400	381,814,170
Other Revenue from Exchange transactions	9	35,260,984	28,381,127
<b>Sub-Total</b>		<b>771,318,384</b>	<b>410,195,297</b>
<b>Total Revenue (A)</b>		<b>1,225,033,420</b>	<b>678,274,417</b>
<b>Expenses</b>			
Employment Expenses	10	461,323,868	348,570,286
Council Expenses	11	13,948,184	12,746,602
Repairs and Maintenance Expenses	12	36,865,676	34,571,942
Academic Expenses	13	96,016,120	55,278,555
Students and Alumni Expenses	14	9,287,211	11,474,270
Staff Welfare and Development Expenses	15	1,208,738	579,941
Finance costs	16	1,017,354	631,699
Depreciation and Amortization	17	30,103,268	38,662,368
Use of goods and services	18	188,866,868	122,765,634
Increase/Decrease in Provision for Doubtful Debts	19	1,040,340	156,240
<b>Total Expenditure (B)</b>		<b>839,677,627</b>	<b>625,437,537</b>
<b>Surplus / Deficit (A-B)</b>		<b>385,355,792</b>	<b>52,836,879</b>


Prof. Peter K. Muriungi, Ph.D.  
Vice Chancellor/CEO


Antony Mutegi  
Accountant  
ICPAK No 1366


Prof. Timothy M. Kiruhi, Ph.D.  
Council Chairman

## 15. Statement of Financial Position for the year ended 30 June 2025

<i>Tharaka University</i>			
<i>Statement of Financial Position</i>			
<i>As at 30th June, 2025</i>			
	Note	2024-2025	2023-2024
		30th June 2025	30th June 2024
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	20	180,752,669	95,498,047
Receivables from Exchange Transactions	21	136,764,824	33,771,191
Prepayments	23	1,583,153	2,152,822
Receivables from Non-Exchange Transactions	22	-	22,338,177
Inventory	24	38,931,298	21,306,365
<b>Total</b>		<b>358,031,944</b>	<b>175,066,602</b>
<b>Non-Current Assets</b>			
Tangible Assets -Property, Plant & Equipment	25	1,019,464,890	807,383,059
Intangible Assets - Comp Software	26	-	220,020
Biological Assets	27	15,516,400	12,930,118
<b>Total</b>		<b>1,034,981,290</b>	<b>820,533,198</b>
<b>Total Assets</b>		<b>1,393,013,233</b>	<b>995,599,799</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Payables from Exchange Transactions	28	33,056,918	23,341,080
Refundable Deposits	29	51,472,778	49,130,973
<b>Total Liabilities</b>		<b>84,529,696</b>	<b>72,472,053</b>
<b>Equity Funds &amp; Reserves</b>			
Capital Funds		562,837,053	562,837,053
Accumulated Surplus		686,587,253	301,231,461
Revaluation Reserve		59,059,232	59,059,232
<b>Total Equity and Reserves</b>		<b>1,308,483,538</b>	<b>923,127,746</b>
<b>Total Equity and Liabilities</b>		<b>1,393,013,234</b>	<b>995,599,799</b>

  
 Prof. Peter K. Muriungi, Ph.D.  
 Vice Chancellor/CEO

  
 Antony Mutegi  
 Accountant  
 ICPAK No 13366

  
 Prof. Timothy M. Kiruhi, Ph.D.  
 Council Chairman

**16. Statement of Changes in Net Assets for the year ended 30 June 2025**

<i>Tharaka University</i>					
<i>Statement of Changes in Net Assets/Equity</i>					
<i>For the Period Ended 30th June , 2025</i>					
	Note	Capital Fund	Revaluation Reserves - PPE	Accumulated Surplus	Total
		Ksh	Ksh	Ksh	Ksh
<b>2023-2024</b>					
Balance as at 01/07/2023		532,087,053	59,059,232	248,394,581	839,540,866
Surplus/Deficit for the Year				52,836,879	52,836,879
Capital Grants	31	11,250,000	-		11,250,000
Land Donations	32	15,000,000		-	15,000,000
Motor Vehicle Donation	33	4,500,000		-	4,500,000
<b>Balance as at 30/06/2024</b>		<b>562,837,053</b>	<b>59,059,232</b>	<b>301,231,461</b>	<b>923,127,746</b>
<b>2024-2025</b>					
Balance as at 01/07/2023		562,837,053	59,059,232	301,231,461	923,127,746
Surplus/Deficit for the Year				385,355,792	385,355,792
Capital Grants		-			-
Revaluation Surplus					-
<b>Balance as at 30/06/2025</b>		<b>562,837,053</b>	<b>59,059,232</b>	<b>686,587,253</b>	<b>1,308,483,538</b>

### 17. Statement of Cash Flows for the year ended 30 June 2025

<b>Tharaka University</b>			
<b>Cash Flow statement</b>			
<b>For the Period Ended 30th June , 2025</b>			
		<b>2024-2025</b>	<b>2023-2024</b>
<b>Cash Flow from Operating Activities</b>	Note	<b>Ksh</b>	<b>Kshs</b>
<b>Receipts</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Exchequer Recurrent Grants		475,996,403	289,056,146
Other Revenue from Non-Exchange Transactions	7	56,810	21,015
<b>Sub-total</b>		<b>476,053,213</b>	<b>289,077,161</b>
<b>Revenue from Exchange Transactions</b>			
Tuition and Related Income		632,023,427	366,346,382
Other Revenue from Exchange transactions	9	35,260,984	28,381,127
<b>Sub-Total</b>		<b>667,284,411</b>	<b>394,727,509</b>
<b>Total Revenue</b>		<b>1,143,337,624</b>	<b>683,804,670</b>
<b>Expenses</b>			
Employment Expenses		449,305,931	340,562,793
Council Expenses	11	13,948,184	12,746,602
Repairs and Maintenance Expenses	12	36,865,676	34,571,942
Academic Expenses		98,318,219	54,729,169
Students and Alumni Expenses	14	9,287,211	11,474,270
Staff Welfare and Development Expenses	15	1,208,738	579,941
Finance costs	16	1,017,354	631,699
Depreciation and Amortization			
Use of goods and services		205,922,132	135,578,418
Refundable deposit		(2,341,805)	1,674,795
Increase/Decrease in Provision for Doubtful Debts		-	156,240
<b>Total Payments</b>		<b>813,531,641</b>	592,705,890
<b>Net Cash flows from/(Used in) operating Activities</b>		<b>329,805,983</b>	<b>91,098,800</b>
<b>Cash flows from investing activities</b>			
Acquisition Plant & Equipment	25	(7,372,970)	(64,000)
Acquisition of Motor Vehicles	25	(22,050,838)	-
Acquisition of Furniture & Fittings	25	(4,407,835)	(55,000)
Acquisition of Computer Hardware	25	(20,781,870)	(150,700)
Purchase of Library Books	25	(4,038,099)	(6,390,890)
Additions to Biological Assets	27	(2,586,282)	(650,758)
Work in Progress Paid	30	(183,313,465)	(125,333,533)
<b>Net Cash Flows Used in Investing Activities</b>		<b>(244,551,361)</b>	<b>(132,644,881)</b>
<b>Cash Flows from Financing Activities</b>			

Capital Fund	31	-	11,250,000
Net Cash Flows used in Financing Activities (C )		-	11,250,000
Net Increase/(Decrease) in Cash and Cash Equivalents		<b>85,254,622</b>	<b>(30,296,080)</b>
<b>Cash and Cash Equivalents Bal B/F</b>	<b>20</b>	<b>95,498,047</b>	<b>125,794,127</b>
<b>Cash and Cash Equivalents C/F</b>	<b>20</b>	<b>180,752,669</b>	<b>95,498,047</b>

18. Statement of comparison of budget and actual amounts for the year ended 30 June 2025

Description	Original Budget	Adj	Final allocated Budget	Actual on Comparable Basis	Performance Difference	
	Kshs	Kshs	Kshs	Kshs	Kshs	-
<b>Receipts</b>						
<b>Revenue from Non-Exchange Transactions</b>						
Exchequer Recurrent Grants	436,298,695	17,359,530	453,658,225	453,658,226	1	100
Other Revenue	56,810	-	56,810	56,810	-	100
<b>Sub-total</b>	<b>436,355,505</b>		<b>453,715,035</b>	<b>453,715,036</b>	1	100
<b>Revenue from Exchange Transactions</b>						
Tuition and Related Income	751,170,846	-	751,170,846	632,023,427	(119,147,419)	84
Other Revenue	35,260,984	-	35,260,984	35,260,984	-	100
<b>Sub-Total</b>	<b>786,431,830</b>		<b>786,431,830</b>	<b>667,284,411</b>		85
<b>Total Revenue (A)</b>	<b>1,222,787,335</b>		<b>1,240,146,865</b>	<b>1,120,999,448</b>		90
<b>Expenses</b>						
Employment Expenses	447,640,470	17,359,530	465,000,000	449,305,931	15,694,069	97
Council Expenses	15,000,000	-	15,000,000	13,948,184	1,051,816	93
Repairs and Maintenance Expenses	58,000,000	-	58,000,000	36,865,676	21,134,324	64
Academic Expenses	118,000,000	-	118,000,000	98,318,219	20,332,539	83
Students and Alumni expenses	10,000,000	-	10,000,000	9,287,211	712,789	93
Staff Welfare & Development expenses	1,400,000	-	1,400,000	1,208,738	191,262	86
Finance Cost	1,200,000	-	1,200,000	1,017,354	182,646	85
Depreciation and Amortization	43,546,865	-	43,546,865	30,103,268	13,443,597	69
Use of Goods and Services	195,000,000	-	195,000,000	205,922,132	(10,922,132)	106
Plant Property and Equipment	79,000,000	-	79,000,000	58,651,613	20,348,387	74
Capital Projects	254,000,000	-	254,000,000	183,313,465	70,686,535	72
<b>Total</b>	<b>1,222,787,335</b>		<b>1,240,146,865</b>	<b>1,087,941,794</b>		
<b>Budget Surplus/Deficit</b>	<b>-</b>			<b>33,057,654</b>		

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	<b>Actual Surplus Amounts as per the statement of Budget</b>	<b>33,057,654</b>
1	Refundable Deposit	2,341,805
2	Exchequer receivable	22,338,177
3	Change in Biological assets	(2,586,282)
4	Opening Cash and Cash Equivalent	95,498,047
5	Depreciation and Amortization	30,103,268
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>180,752,669</b>

## **19. Notes to the Financial Statements**

### **1. General Information**

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

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

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

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

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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025. There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issues but yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right-of-use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <p>Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p>

Standard	Effective date and impact:
	<p>Clarifying transaction costs guidance to enhance consistency across IPSAS; Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to guide entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

**i. Early adoption of standards**

Tharaka University did not early – adopt any new or amended standards in this financial year

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue Recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for the Current FY was approved by the National Assembly 24<sup>th</sup> June 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Tharaka University on 30<sup>th</sup> April 2025 budget following the governing body's approval.

Tharaka University budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

### **C) Taxes**

#### ***Current income tax***

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

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

Tharaka University is a public institution of higher learning, established under Legal Notice 146 of 2017. By the nature of its establishment and operations, The University is a public entity that is not subject to income tax. The University does not engage in any unrelated trade or business. Therefore, no income taxes have been reported in the University's financial statements. Accordingly, no provision for income taxes is required.

#### ***Deferred tax***

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

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

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

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

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

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

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

### ***Sales tax***

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

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

### **a) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

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

### **b) Property, plant and equipment**

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

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

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. University land is freehold property and not subjected to amortization. Depreciation on other property is charged so as to write off the value of the assets during their estimated useful life, using straight line method.

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

The annual rates are:

Buildings	2.50%
Machinery and Equipment	20%
Furniture and Fittings	12.50%
Motor Vehicles	25%
Computer & Computer peripherals	30%
Library Books	20%

**c) Leases**

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

lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

#### **d) Intangible assets**

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

#### **e) Research and development costs**

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

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

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

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

#### **f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *Tharaka University does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the its financial statements.*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

##### **a) Financial assets**

##### ***Classification of financial assets***

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial

asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent Measurements**

Based on the business model and the cash flow characteristics, Tharaka University classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met

### **Amortised costs**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through net assets/equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in

surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

### ***Loans and receivables***

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

### **Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the end of the year.

### **Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

### ***Impairment***

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

### ***b) Financial liabilities***

### ***Classification***

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

### **g) Inventories**

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

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

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

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

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

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

### **h) Provisions**

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

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

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

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

**i) Contingent liabilities**

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

**j) Contingent Assets**

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

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

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

**l) Employee benefits**

**Retirement benefit plans**

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

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

Thara University is a member of Egerton University Pension Scheme. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. The University also contributes to the statutory National Social Security Fund (N.S.S.F.). The contribution to N.S.S.F is funded by the employees and the employer at Kshs.4,320 each. 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 Ksh 4,320.00 per employee per month, while the employer contributes Ksh 4,320.00 per month.

**m) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**n) Borrowing costs**

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

**o) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**p) Service concession arrangements**

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

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

**s) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

**5) SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

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

**Useful lives and residual values**

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

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

- Changes in the market in relation to the asset

## Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21 & 23

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

6	Description	2024 2025	2023 2024
		30th June 2025	30th June 2024
	<b>Ministry of Education-Exchequer Recurrent Grants</b>		
	July	36,358,225	22,338,175
	August	36,358,225	22,338,175
	September	36,358,225	22,338,175
	October	36,358,225	22,338,175
	November	36,358,225	22,338,175
	December	36,358,223	22,338,175
	January	36,358,225	22,338,175
	February	36,358,225	22,338,175
	March	36,358,225	22,338,175
	April	36,358,225	22,338,177
	May	36,358,225	22,338,176
	June	53,717,753	22,338,177
	<b>Total</b>	<b>453,658,226</b>	<b>268,058,105</b>
		<b>2024 2025</b>	<b>2023 2024</b>
7	<b>Other Revenue from non-exchange</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Fines for Damages	56,810	21,015
	<b>Total</b>	<b>56,810</b>	<b>21,015</b>
8	<b>Description</b>		<b>2023 2024</b>
	<b>Revenue from Exchange Transactions</b>		<b>30th June 2024</b>
	Income from Diploma & Certificates Courses	19,142,900	24,013,500
	Income from Government Sponsored Students	66,300,400	94,747,705
	Income from Self Sponsored Undergraduate Students	19,343,500	13,849,100
	Income from Self Sponsored Postgraduate Students	19,160,000	11,729,750
	Income from New funding model students	629,646,000	254,463,130

<b>Total Income Earned</b>	<b>753,592,800</b>	<b>398,803,185</b>
<b>Less: Non Tuition Income Included in the Income Earned</b>		
Caution Money	(4,494,000)	(3,072,000)
Medical Fees	(10,854,000)	(8,434,000)
Accommodation Charges		(1,578,000)
Application Fees		(469,000)
Fines for Damages		(21,015)
Graduation fees		(1,256,500)
Student Union	(2,187,400)	(2,158,500)
<b>Total Non-tuition income</b>	<b>(17,535,400)</b>	<b>(16,989,015)</b>
<b>Total Tuition &amp; Related Income for the Year</b>	<b>736,057,400</b>	<b>381,814,170</b>

<b>9</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Other Revenue from Exchange transactions</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Hire of Facilities	100,000	
	Disposal of Miscellaneous Items	119,951	90,568
	Accommodation Charges	2,037,500	1,578,000
	Application Fees	514,000	469,000
	Conferences & Seminars	639,698	161,100
	Graduation fees	3,685,500	1,256,500
	Student Union	2,187,400	2,158,500
	Research Funds	2,030,950	805,175
	Medical fees	10,854,000	8,434,000
	Interest on Bank Deposit	252,550	2,167,994
	Income Catering	6,968,532	6,061,547
	Income Medical	91,819	66,401
	Income Farm	5,682,834	4,944,124
	Others -shop & hospitality	96,250	188,218
	<b>Total</b>	<b>35,260,984</b>	<b>28,381,127</b>
<b>10</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Employment Expenses</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	<b>Personnel Emoluments:</b>		
	July	31,919,011	24,130,041
	August	31,466,027	23,479,761
	September	31,661,885	23,270,308
	October	32,513,221	24,484,276
	November	32,272,379	24,706,719
	December	32,813,124	25,203,050
	January	44,198,823	31,480,218

	February	35,588,436	29,899,481
	March	36,144,557	31,504,022
	April	35,865,814	29,556,659
	May	35,634,201	30,872,203
	June	41,870,054	32,831,493
	<b>Total</b>	<b>421,947,530</b>	<b>331,418,232</b>
	Casual Labour Expenses	25,141,561	8,720,715
	Gratuity Expense	<b>12,017,933</b>	8,007,523
	Hospitalization & Medical Expenses	2,216,844	423,816
	<b>Total employment Expenses</b>	<b>461,323,868</b>	<b>348,570,286</b>
<b>11</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Council Expenses</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Sitting Allowance,Lunch Accommodation & Mileage	13,948,184	12,746,602
	<b>Total</b>	<b>13,948,184</b>	<b>12,746,602</b>
<b>12</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Repairs and Maintainace Expenses</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Vehicle Repairs/Transport Operating Expenses	10,571,349	8,197,997
	Fuel & Oils-Generator	2,247,972	4,685,642
	Grounds Maintenance	7,358,882.00	6,731,561
	Computer/Software Maintenance	1,503,324	1,598,396
	Plant & Equipment	2,694,514	554,000
	Furniture	202,000	495,000
	Buildings	12,287,635	12,309,346
	<b>Total</b>	<b>36,865,676</b>	<b>34,571,942</b>
<b>13</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Academic Expenses</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Part- Time Lect. Expenses	44,838,412	28,611,682
	Graduation Expenses	15,383,241	11,455,426
	Teaching Practice & Field Attachment All.	7,052,121	4,264,159
	Academic Field Trips	4,946,977	2,009,898
	Teaching Materials & Lab Reagents	15,293,336	4,605,597
	External Examiners & moderation	3,154,958	1,759,191
	Other Research Expenses	5,347,075	2,572,602
	<b>Total Academic Expenses</b>	<b>96,016,120</b>	<b>55,278,555</b>
<b>14</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Students and Alumni expenses</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Student Welfare Expenses	5,261,165	7,477,797
	Student Work Study Expenses	1,015,800	995,600

	Student Union/TUSA Expense	3,010,246	3,000,873
	<b>Total</b>	<b>9,287,211</b>	<b>11,474,270</b>
<b>15</b>	<b>Description</b>	<b>2024 2025</b>	
	<b>Staff Welfare &amp; Development expenses</b>	<b>30th June 2025</b>	
	Staff Development -		
	Staff Welfare Expenses	1,208,738	579,941
	<b>Total</b>	<b>1,208,738</b>	<b>579,941</b>
<b>16</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Finance Cost</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Bank Charges Interest	1,017,354	631,699
	<b>Total Finance Cost</b>	<b>1,017,354</b>	<b>631,699</b>
<b>17</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Depreciation and Amortization</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Buildings	7,907,920	7,907,920
	Plant & Equipment	5,550,953	6,263,395
	Motor Vehicles	5,081,965	11,287,625
	Furniture & Fittings	4,062,791	3,511,812
	Computer Hardware	4,753,628	5,460,733
	Library Books	2,525,991	3,570,822
	Amortization of Computer Software	220,020	660,060
	<b>Total Dep &amp; Amortization</b>	<b>30,103,268</b>	<b>38,662,368</b>
<b>18</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Use of Goods and Services</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	General Insurances	4,376,965	1,246,414
	Motor vehicle Insurances	1,321,028	1,103,425
	Travelling and Subsistence for staff	18,772,991	11,415,601
	University Committees' Expenses	4,316,188	2,986,368
	Animal Breeding Expenses	7,261,718	9,865,360
	Postage and Telephone	856,770	428,449
	Electricity Expenses	4,777,752	5,148,627
	Honorarium	295,570	
	Water Supply and Sewerage Expenses	2,324,556	2,992,045
	Staff Uniforms	115,725	33,324
	Newspapers Journals and Videos	415,175	339,675
	Printing & Publishing	373,138	72,915
	Office Stationery	10,121,908	6,712,366
	General Subscription	4,625,129	2,897,798
	Campuses Expenses	3,717,360	6,487,822

	Professional Services- ISO	185,600	683,800
	Hire of Security Services	11,232,400	12,178,375
	Hire of Cleaning Services	8,302,140	5,131,620
	Internet Expenses	6,886,288	7,913,090
	Legal Fees/Valuation	599,000	
	Chartering expenses		
	Professional Services	2,700,510	1,996,790
	Official Entertainment	715,100	840,000
	Conferences , Seminars & training	9,878,293	4,427,387
	Cleaning Materials	71811	
	Corporate Social Responsibility	1,966,870	2,725,550
	Quality Assurance fees -CUE Subscription	8,447,000	4,138,400
	Farm general expenses	1,853,650.00	1,737,570
	Advertisement & Publicity	29,400,560	13,297,763
	Exhibitions and Local Shows	146,800	101,500
	KUCCPS Placement fees	5,022,000	1,519,500
	Landscaping of University Grounds/Levelling	4,925,508	
	Purchase of foodstuff & related kitchen expenses	13,403,788	9,306,249
	Medical drugs & related	3,162,468	1,170,236
	Foreign travels	2,117,459	
	Innauguration	7,393,530	
	Strategic Plan	28,500	391,380
	Sports/Games Facilitation	6,059,620	2,780,235
	Wildlife Conservancy		
	Audit Fees	696,000	696,000
	<b>Total</b>	<b>188,866,868</b>	<b>122,765,634</b>
<b>19</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Provisions for Doubtful Debts</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Bal B/F 1st July 2022	341,123	184,883
	Increase/Decrease During the Year Period-	1,040,340	156,240
	<b>Balance as at 30th June 2023</b>	<b>1,381,463</b>	<b>341,123</b>
		<b>2024 2025</b>	<b>2023 2024</b>
<b>20</b>	<b>Description</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	<b>Cash &amp; Cash Equivalents</b>		
	KCB - Fees Collection A/C - 1240985967	413,878	465,207
	Coop Development a/c 01120572400000	243,962	16,937,153
	Coop-Fee Collection A/C 011295724000000	182,966	688,021
	Equity fees collection A/C 0210277753588	157,040,997	71,941,710
	KCB-Retention A/C 1281110027	963,405	92,927
	KCB - Operations A/C 1280946571	15,037,144	1,222,415
	Family bank fee collection 054000009982	4,685,316	3,353,016
	E-citizen	2,185,001	797,598

	<b>Total</b>	<b>180,752,669</b>	<b>95,498,047</b>
<b>21</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Receivable from Exchange Transactions</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Students Fees Receivable	138,146,287	34,112,314
	<b>Total Receivables from Exchange Transactions</b>	138,146,287	34,112,314
	Less: Impairment/Provision for Doubtful Debts	(1,381,463)	(341,123)
	<b>Net Receivables from Exchange Transactions</b>	<b>136,764,824</b>	<b>33,771,191</b>
<b>22</b>	Receivables from Non-Exchange Transactions		
	GOK Recurrent Grants	-	22,338,177
	GOK Capital Grants	-	
		-	<b>22,338,177</b>
<b>23</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Prepayments</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Prepaid General Insurance	1,338,668	1,563,454
	Prepaid Property Insurance	244,485	589,368
	<b>Total</b>	<b>1,583,153</b>	<b>2,152,822</b>
<b>24</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Inventory</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Main Stores	26,896,458	15,798,087
	Medical Supplies	1,343,832	695,401
	Farm Supplies & Consumables	722,598	630,680
	laboratory	9,619,905	3,968,437
	Catering Supplies & Consumables	348,505	213,760
	<b>Total</b>	<b>38,931,298</b>	<b>21,306,365</b>

## 25) Property, Plant and Equipment

PPE Schedule	0	0.025	0.200	0.25	0.1250	0.3	0.2		
Particulars	Land	Buildings	Plant& Equip	Motor Vehicle	Furniture & Fittings	Comp Hardware	Library Books	Work In Progress	Totals
<b>2023-2024</b>						7,846,360			
cost as at 1.07.2023	52,600,000	316,316,807	31,202,977	45,150,500	28,039,493	26,154,532	11,457,063	269,891,205	780,812,577
Additions	15,000,000		64,000	4,500,000	55,000	150,700	6,390,890	125,333,533	151,494,123
W.I.P Capitalized	-	-	-	-	-	-	-	-	-
<b>Cost At 30th June 2024</b>	67,600,000	316,316,807	31,266,977	49,650,500	28,094,493	26,305,232	17,847,953	395,224,738	932,306,700
<b>Depreciation and impairment</b>									
Acc. Depreciation At 1 July 2023	-	10,575,000	13,604,574	26,878,250	8,649,537	20,509,138	6,704,834	-	86,921,333
Depreciation charge for the year	-	7,907,920	6,263,395	11,287,625	3,511,812	5,460,733	3,570,822	-	38,002,307
<b>Dep as at 30 June 2023</b>	-	18,482,920	19,867,969	38,165,875	12,161,349	25,969,871	10,275,656	-	124,923,640
<b>NBV as at 30th June 2023</b>	52,600,000	305,741,807	17,598,403	18,272,250	19,389,956	5,645,394	4,752,229	269,891,205	693,891,244
<b>NBV as at 30th June 2024</b>	67,600,000	297,833,887	11,399,008	11,484,625	15,933,144	335,361	7,572,297	395,224,738	807,383,060
<b>2024-2025</b>									
cost as at 1.07.2024	67,600,000	316,316,807	31,266,977	49,650,500	28,094,493	26,305,232	17,847,953	395,224,738	932,306,700
Additions			7,372,970	22,050,838	4,407,835	20,781,870	4,038,100	183,313,465	241,965,078
W.I.P Capitalized				3,556,858				(3,556,858)	-
<b>Cost At 30th June 2025</b>	67,600,000	316,316,807	38,639,947	75,258,196	32,502,328	47,087,102	21,886,053	574,981,345	1,174,271,778
<b>Depreciation and impairment</b>									
Acc. Depreciation At 1 July 2024	-	18,482,920	19,867,969	38,165,875	12,161,349	25,969,871	10,275,656	-	124,923,640
Depreciation charge for the year	-	7,907,920	5,550,953	5,081,965	4,062,791	4,753,628	2,525,991		29,883,248
<b>Dep as at 30 June 2025</b>	-	26,390,840	25,418,922	43,247,840	16,224,140	30,723,499	12,801,647		154,806,888
<b>NBV as at 30th June 2024</b>	67,600,000	297,833,887	11,399,008	11,484,625	15,933,144	335,361	7,572,297	395,224,738	807,383,059
<b>NBV as at 30th June 2025</b>	67,600,000	289,925,967	13,221,025	32,010,357	16,278,188	16,363,603	9,084,406	574,981,345	1,019,464,890

## 26. Intangible Assets, Computer Software Schedule

Description	Kshs
<b>2023-2024</b>	
<b>Cost/Value at 30/06/2023</b>	2,200,200
Accumulated Amortization 1/07/2022	660,060
Amortization Charge for the Period	660,060
Accumulated Amortization 30/06/2023	1,320,120
Carrying amount as at 30 June 2021	2,200,200
Carrying amount as at 30 June 2023	880,080
<b>Cost/Value at 1/7/2023</b>	2,200,200
Additions/adjustments	-
<b>Cost/Value at 30/06/2024</b>	2,200,200
Accumulated Amortization 1/07/2023	1,320,120
Amortization Charge for the Period	660,060
Accumulated Amortization 30/06/2024	1,980,180
<b>Carrying amount as at 30 June 2023</b>	880,080
<b>Carrying amount as at 30 June 2024</b>	220,020
<b>2024-2025</b>	
<b>Cost/Value at 1/7/2024</b>	2,200,200
Additions/adjustments	-
<b>Cost/Value at 30/06/2025</b>	2,200,200
Accumulated Amortization 1/07/2024	1,980,180
Amortization Charge for the Period	220,020
Accumulated Amortization 30/06/2024	2,200,200
<b>Carrying amount as at 30 June 2024</b>	220,020
<b>Carrying amount as at 30 June 2025</b>	-

## 27) Biological Assets

Description	2024-2025	2023-2024
Biological Assets	15,516,400	12,930,118
<b>Total</b>	<b>15,516,400</b>	<b>12,930,118</b>

<b>28</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Payables / Accruals from exchange transactions</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Part-Time Lecturers-Accrued	3,691,900	5,993,999
	Audit Fees Payable	696,000	696,000
	Staff Gratuity Payable	28,669,018	16,651,081
	<b>Total</b>	<b>33,056,918</b>	<b>23,341,080</b>
<b>29</b>	<b>Refundable Deposits</b>		
	Student Caution Money Payable	12,417,000	9,516,000
	Prepaid Tuition Income	38,287,774	29,128,968
	Retention for W.I.P Payable	768,004	10,486,005
	<b>Total</b>	<b>51,472,778</b>	<b>49,130,973</b>
<b>30</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Work in Progress</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	Science Tuition Block	44,741,532	19,710,208
	Library Block	32,601,047	41,191,095
	Underground tank	6,558,467	
	Water in take		42,544,692
	Sewerage/Septic tank	3,845,000	
	Cabro Paving		10,879,350
	New science block/lecture halls	89,481,651	
	Gazebo		3,627,083
	Great Tana upgrade		2,304,076
	swimming Pool Amenities	2,856,781	
	Lactating Room	1,444,105	3,305,053
	Ambulance WIP	1,784,882	1,771,976
	<b>Total</b>	<b>183,313,465</b>	<b>125,333,533</b>
<b>31</b>	<b>Description</b>		<b>2023 2024</b>
	<b>Exchequer Capital Grants</b>		<b>30th June 2024</b>
	<b>Ministry of Education</b>		
	1st Disbursement		11,250,000
	2nd Disbursement		-
	<b>Total</b>	<b>-</b>	<b>11,250,000</b>
<b>32</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>

	Land Donation	30th June 2025	30th June 2024
	THARAKA NORTH/KATHANGACINI/10457		15,000,000
	<b>Total</b>	-	<b>15,000,000</b>

33	Description	2024 2025	2023 2024
	<b>Motor Vehicle Donation</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	KBG 132C		4,500,000
	<b>Total</b>	-	<b>4,500,000</b>

34	Cash Generated From Operations		
	Description	2024-2025	2023-2024
	Surplus / (Deficit) from Operations	385,355,792	52,836,879
	Adjustments for Non-Cash Items in the Income Statement:		
	Depreciation and Amortization Charge for the Year	30,103,268	38,662,368
	Less: Non-Operating Income	-	-
		415,459,060	91,499,247
	<b>Working Capital Adjustments</b>		
	(Increase)/Decrease in Receivables -Exchange Transactions	(102,993,633)	(15,467,788)
	(Increase)/Decrease in Receivables - Non Exchange Transactions	22,338,177	20,998,041
	(Increase)/Decrease in prepayments	569,669	(1,686,681)
	(Increase)/Decrease in Inventory	(17,624,933)	(9,734,103)
	Increase/(Decrease) in Payable from Exchange Transactions	9,715,838	7,164,879
	Increase/Decrease in Refundable deposits	2,341,805	(1,674,795)
	<b>Net Cash Flows Used in Operating Activities (A)</b>	<b>329,805,983</b>	<b>91,098,800</b>

### 35) FINANCIAL RISK MANAGEMENT

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

The University financial risk management objectives and policies are detailed below

(i) **Credit risk**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2025</b>				
Receivables from exchange transactions	136,764,824	136,764,824		
Receivables from non-exchange transactions				
Bank balances	180,752,669	180,752,669		
<b>Total</b>	<b>317,517,493</b>	<b>317,517,493</b>		
<b>At 30 June 2024</b>				
Receivables from exchange transactions	33,771,191	33,771,191		
Receivables from non-exchange transactions	22,338,177	22,338,177		
Bank balances	95,498,047	95,498,047		
<b>Total</b>	<b>151,607,415</b>	<b>151,607,415</b>		

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

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

## ii) Liquidity risk

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Payables	51,472,778			51,472,778
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>	<b>51,472,778</b>			<b>51,472,778</b>
<b>At 30 June 2024</b>				
Trade payables	49,130,973			49,130,973
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>	<b>49,130,973</b>			<b>49,130,973</b>

## (iii) Market risk

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

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

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

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

**a) Foreign currency risk**

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

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

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

**b) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected because of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits. Management of Tharaka University has continued to bank with commercial banks that offer favorable interest rates in order to manage interest rate risk.

**Sensitivity analysis**

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The

sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

**Fair value of financial assets and liabilities**

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

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

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

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

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

	<b>Level 1 Kshs</b>	<b>Level 2 Kshs</b>	<b>Level 3 Kshs</b>	<b>Total Kshs</b>
<b>At 30 June 2025</b>				
<b>Financial Assets</b>				
Quoted equity investments				
<b>Non-financial Assets</b>				

Investment property			
Land and buildings		357,525,967	357,525,967
<b>Total</b>		<b>357,525,967</b>	<b>357,525,967</b>
<b>At 30 June 2024</b>			
<b>Financial Assets</b>			
Quoted equity investments			
<b>Non- financial Assets</b>			
Investment property			
Land and buildings		365,433,887	365,433,887
<b>Total</b>		<b>365,433,887</b>	<b>365,433,887</b>

There were no transfers between levels 1, 2 and 3 during the year.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

#### iv) Capital Risk Management

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

	2024-2025	2023-2024
		<b>Kshs</b>
Revaluation reserve	59,059,232	59,059,232
Retained earnings	686,587,253	301,231,461
Capital reserve	562,837,053	562,837,053
<b>Total funds</b>	<b>1,308,483,538</b>	<b>923,127,746</b>
Total borrowings		

Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		

### 36) RELATED PARTY BALANCES

#### a) Nature of related party relationships

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

The entity is related to;

#### i) The National Government;

Tharaka University gets funding from the National Government through the National Treasury of Kenya. The funding is separated into two: Recurrent grants and capital grants which is used to finance part of the University budget.

#### ii) The Principal Secretary, Ministry of Education;

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

#### iii) The key management;

The University management is mandated to make the day-to-day decisions on behalf of the University. They have a significant influence over the operating and financial decisions. They include the Vice Chancellor, Deputy Vice Chancellors, Head of Finance and the University registrars.

#### iv) The Council Members;

As the governing body of the University, the Council, has a responsibility to maintain a sound system of internal control that supports the achievement of policies, aims and objectives,

Whilst safeguarding the public and other University resources. The University Council is vested with powers and authority by its Charter and the Universities Act, 2012.

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

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

**v) Senate**

This is the academic authority of the University. It is composed of the Vice Chancellor, Deputy Vice Chancellors, Deans, Directors Heads and Chairmen of the academic Departments, two students' representatives and Faculty representatives. Its role is to discuss and approve student results as well as students' disciplinary matters. Senate is chaired by the Vice-Chancellor.

**b) Related party transactions**

**i) Related Party Transfers**

	2024-2025	2023/2024
<b>Transfers from related parties</b>		
Recurrent	453,658,226	268,058,105
Capital		11,250,000
<b>Transfers to related parties</b>	-	-
Totals	<b>453,658,226</b>	<b>279,308,105</b>

<b>Key Management Remuneration</b>		
	2024-2025	2023-2024
University Council	13,865,676	12,746,602
Key Management Compensation	26,855,558	23,861,234
<b>Total</b>	<b>40,721,234</b>	<b>36,607,836</b>

**37) Events after the reporting period**

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

**38) Ultimate and Holding Entity**

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

**39) Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**Appendices**

**APPENDIX 1: Progress on follow-up of Auditor General Recommendations**

Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Focal Point person to resolve the issue ( <i>Name and designation</i> )	Status: ( <i>Resolved / Not Resolved</i> )	Timeframe: ( <i>Put a date when you expect the issue to be resolved</i> )
1.1	Non Compliance with Fiscal Responsibility Principle	This relates to non adherence to 35% payroll principle. The ratio has reduced to 37% this financial year	Vice Chancellor	Partly resolved Resolved	June 2026
1.2	Reducing Fees receivable	New fees policy in place	Vice Chancellor	Partly Resolved	June 2026



Prof. Peter K. Muriungi, Ph.D.

**Vice Chancellor/CEO**

<b>Land Donation</b>		<b>30th June 2025</b>	<b>30th June 2024</b>
<b>THARAKA NORTH/KATHANGACINI/10457</b>			15,000,000
<b>Total</b>		-	<b>15,000,000</b>

<b>33</b>	<b>Description</b>	<b>2024 2025</b>	<b>2023 2024</b>
	<b>Motor Vehicle Donation</b>	<b>30th June 2025</b>	<b>30th June 2024</b>
	KBG 132C		4,500,000
	<b>Total</b>	-	<b>4,500,000</b>

<b>34</b>	<b>Cash Generated From Operations</b>		
	<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	Surplus / (Deficit) from Operations	385,355,792	52,836,879
	Adjustments for Non-Cash Items in the Income Statement:		
	Depreciation and Amortization Charge for the Year	30,103,268	38,662,368
	Less: Non-Operating Income	-	-
		415,459,060	91,499,247
	<b>Working Capital Adjustments</b>		
	(Increase)/Decrease in Receivables -Exchange Transactions	(102,993,633)	(15,467,788)
	(Increase)/Decrease in Receivables - Non Exchange Transactions	22,338,177	20,998,041
	(Increase)/Decrease in prepayments	569,669	(1,686,681)
	(Increase)/Decrease in Inventory	(17,624,933)	(9,734,103)
	Increase/(Decrease) in Payable from Exchange Transactions	9,715,838	7,164,879
	Increase/Decrease in Refundable deposits	2,341,805	(1,674,795)
	<b>Net Cash Flows Used in Operating Activities (A)</b>	<b>329,805,983</b>	<b>91,098,800</b>

### 35) FINANCIAL RISK MANAGEMENT

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

The University financial risk management objectives and policies are detailed below

(i) **Credit risk**

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2025</b>				
Receivables from exchange transactions	136,764,824	136,764,824		
Receivables from non-exchange transactions				
Bank balances	180,752,669	180,752,669		
<b>Total</b>	<b>317,517,493</b>	<b>317,517,493</b>		
<b>At 30 June 2024</b>				
Receivables from exchange transactions	33,771,191	33,771,191		
Receivables from non-exchange transactions	22,338,177	22,338,177		
Bank balances	95,498,047	95,498,047		
<b>Total</b>	<b>151,607,415</b>	<b>151,607,415</b>		

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

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

## ii) Liquidity risk

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Payables	51,472,778			51,472,778
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>	<b>51,472,778</b>			<b>51,472,778</b>
<b>At 30 June 2024</b>				
Trade payables	49,130,973			49,130,973
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>	<b>49,130,973</b>			<b>49,130,973</b>

## (iii) Market risk

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

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

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

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

**a) Foreign currency risk**

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

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

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

**b) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected because of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits. Management of Tharaka University has continued to bank with commercial banks that offer favorable interest rates in order to manage interest rate risk.

**Sensitivity analysis**

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The

sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

**Fair value of financial assets and liabilities**

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

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

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

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

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

	<b>Level 1 Kshs</b>	<b>Level 2 Kshs</b>	<b>Level 3 Kshs</b>	<b>Total Kshs</b>
<b>At 30 June 2025</b>				
<b>Financial Assets</b>				
Quoted equity investments				
<b>Non-financial Assets</b>				

Investment property				
Land and buildings		357,525,967		357,525,967
<b>Total</b>		<b>357,525,967</b>		<b>357,525,967</b>
<b>At 30 June 2024</b>				
<b>Financial Assets</b>				
Quoted equity investments				
<b>Non- financial Assets</b>				
Investment property				
Land and buildings		365,433,887		365,433,887
<b>Total</b>		<b>365,433,887</b>		<b>365,433,887</b>

There were no transfers between levels 1, 2 and 3 during the year.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

#### iv) Capital Risk Management

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

	2024-2025	2023-2024
		Kshs
Revaluation reserve	59,059,232	59,059,232
Retained earnings	686,587,253	301,231,461
Capital reserve	562,837,053	562,837,053
<b>Total funds</b>	<b>1,308,483,538</b>	<b>923,127,746</b>
Total borrowings		

Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		

### 36) RELATED PARTY BALANCES

#### a) Nature of related party relationships

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

The entity is related to;

#### i) The National Government;

Tharaka University gets funding from the National Government through the National Treasury of Kenya. The funding is separated into two: Recurrent grants and capital grants which is used to finance part of the University budget.

#### ii) The Principal Secretary, Ministry of Education;

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

#### iii) The key management;

The University management is mandated to make the day-to-day decisions on behalf of the University. They have a significant influence over the operating and financial decisions. They include the Vice Chancellor, Deputy Vice Chancellors, Head of Finance and the University registrars.

#### iv) The Council Members;

As the governing body of the University, the Council, has a responsibility to maintain a sound system of internal control that supports the achievement of policies, aims and objectives,

Whilst safeguarding the public and other University resources. The University Council is vested with powers and authority by its Charter and the Universities Act, 2012.

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

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

**v) Senate**

This is the academic authority of the University. It is composed of the Vice Chancellor, Deputy Vice Chancellors, Deans, Directors Heads and Chairmen of the academic Departments, two students' representatives and Faculty representatives. Its role is to discuss and approve student results as well as students' disciplinary matters. Senate is chaired by the Vice-Chancellor.

**b) Related party transactions**

**i) Related Party Transfers**

	2024-2025	2023/2024
<b>Transfers from related parties</b>		
<b>Recurrent</b>	453,658,226	268,058,105
<b>Capital</b>		11,250,000
<b>Transfers to related parties</b>	-	-
<b>Totals</b>	<b>453,658,226</b>	<b>279,308,105</b>

<b>Key Management Remuneration</b>		
	2024-2025	2023-2024
University Council	13,865,676	12,746,602
Key Management Compensation	26,855,558	23,861,234
<b>Total</b>	<b>40,721,234</b>	<b>36,607,836</b>

**37) Events after the reporting period**

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

**38) Ultimate and Holding Entity**

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

**39) Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**Appendices**  
**APPENDIX 1: Progress on follow-up of Auditor General Recommendations**

Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Focal Point person to resolve the issue ( <i>Name and designation</i> )	Status: ( <i>Resolved / Not Resolved</i> )	Timeframe: ( <i>Put a date when you expect the issue to be resolved</i> )
1.1	Non Compliance with Fiscal Responsibility Principle	This relates to non adherence to 35% payroll principle. The ratio has reduced to 37% this financial year	Vice Chancellor	Partly resolved Resolved	June 2026
1.2	Reducing Fees receivable	New fees policy in place	Vice Chancellor	Partly Resolved	June 2026



Prof. Peter K. Muriungi, Ph.D.

**Vice Chancellor/CEO**