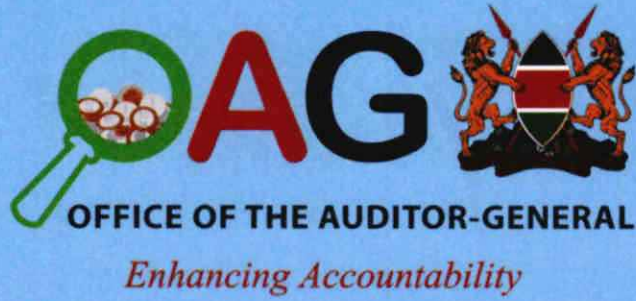


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

THARAKA UNIVERSITY

FOR THE YEAR ENDED
30 JUNE, 2024

DATE: 14 MAR 2025		DAY: FRIDAY
TABLED BY:	DEPUTY MAJORITY LEADER CHON. OWEN BAYA, MP	
CLERK-AT THE-TABLE:	IRENE NDUKU	



THARAKA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th JUNE 2024

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

Tharaka University
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for the year ended June 30,2024

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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.

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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;

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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.

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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	Ag. Deputy Vice-Chancellor Academic Research and Students Affairs
3.	Prof. Levi Mungalavai Musalia	Ag. 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 2023/2024 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;

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- (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;

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- (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

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(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

Chuka

4. Equity Bank Ltd

P.O. Box 213 - 60400

Chuka

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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

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3. The University Council

Name(s)	Concise Description
<p>Prof. Timothy M. Kiruhi, Ph.D. Council Chairman</p> 	<p>Professor Timothy M. Kiruhi is the Chairman of Tharaka University Council. He was born on 9th February, 1966. He holds a Ph. D degree in Organizational Leadership (Global Leadership focus) Regent University, USA, M.A (Leadership Studies) Azusa Pacific University, BSc (Mechanical Engineering) (UON). He is the current Vice Chancellor of International Leadership University.</p>
<p>Prof. Peter K. Muriungi, Ph.D. Vice-Chancellor/CEO</p> 	<p>Professor Peter K. Muriungi was born on 21st 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 18th of January 2019 to 1st of August 2022. He is currently the Vice-Chancellor Tharaka University.</p>
<p>Dr. Jemimah Onsare, Ph.D. Rep. Principal Secretary, State Department for Higher Education and Research.</p> 	<p>Dr. Jemimah G. Onsare was born on 12th 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>

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	<p>for over 6 years. She served as the PS alternate at Jaramogi Oginga Odinga University of Science and Technology.</p>
<p>Ms. Isabel Joy Ochieng Rep. Cabinet Secretary National Treasury & Economic Planning</p> 	<p>Ms. Isabel Joy Ochieng was born on 2nd 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>Mr. Joshua Kirimi Mungania Council Member</p> 	<p>Mr. James Mungania was born on 7th 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>Esther N. Michieka Council Member</p> 	<p>Esther N. Michieka was born on 27th September 1957. She is an Educationist. She served in Higher Education Loans Board (HELB) for over 20 years as a lending Manager. she 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>

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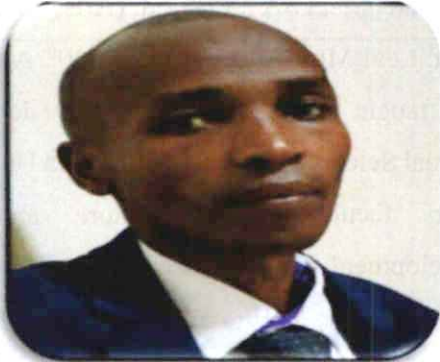

<p>Mr. Elias J. Noor Council Member</p> 	<p>Mr. Elias Noor was born on 12th August 1955. He is an Educationist. He worked with UNICEF for over 16 years' as Programme Officer and 24 years with the Ministry of Education Section. He holds M.A in International Education Management from University of Leeds, 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>Mrs. Grace Anyango Kamasara Council Member</p> 	<p>Mrs. Grace Kamasara was born on 2nd 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>Dr. Solomon O. Muntent 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>

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4. Key Management Team

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

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<p>Dr. Daniel Mwangi Muriithi Ph.D., (Registrar Academic Affairs)</p> 	<p>Dr. Daniel Mwangi Muriithi was born on 9th 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>Antony Mutegi Njiru (Head of Finance)</p> 	<p>Antony Mutegi Njiru was born on 3rd July. 1984 He worked in Chuka University Finance department since 2008 where he rose to become the Deputy Finance Officer before joining Tharaka University College in 2018 as the head of Finance. He holds a bachelor of business Management degree from Egerton University .</p>
<p>Dr.Edward Patrick Kathuni(Registrar Administration & Planning)</p> 	<p>Edward Patrick Kathuni was born 17th June 1966.He has over 30 teaching experience with Teachers Service Commission (TSC). He was the Principal Chuka boys high school and Kibirichia boys high school before joining Tharaka University College in July 2019 as the registrar administration and planning. He has a Ph.D in education from Tharaka University.</p>

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5. Chairman's Statement

It is my pleasure and great honor for me to present the 5th Annual Reports and Financial Statements of Tharaka University for the Financial Year ended 30th June 2024. 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 2023/2024 financial year, Tharaka University made tremendous growth in infrastructural development. The government allocated **Kshs.11, 250,000.** (Eleven million two hundred and fifty thousand) in this financial year towards the construction of Science Tuition, Administration Block and Ultra-Modern Library. These three buildings have created additional learning facilities and offices in the University to cope with the increasing student population. The University completed a five-storey Media studio building that has also created additional learning facilities and established modern facilities for media students in the University. The building is complete and in use except the lifts which will be installed when the budget allows. The University constructed its own water intake from river Kathita and currently has enough water for use by the students and members of staff. This is a great milestone since the University is located in a semi-arid area and water is a scarce resource in the area. In the year under review, the University got a donation of 67 acres of land valued at fifteen million(Kshs.15 million). This land was donated by the members of the community at Kathangacini in Tharaka North Sub County. The land is ideal for miming and rearing of Gala goats which will supplement the University funding from the government.

Tharaka University has continued to lead in the community outreach activities and in the 2023/2024 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.

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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 14,300 (fourteen thousand and three 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

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6. Report of The Vice-Chancellor/Chief Executive Officer

Tharaka University is a full-fledge public University that was chartered on 2nd 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 27th July 2017, through Legal Notice No. 146.

The University has grown rapidly since the reporting of its 1st batch of government-sponsored students in September 2018. In the September 2023 intake, the University received over **2100** students and currently, the University has a student population of over 8000. 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 2023 -2024 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 8000 students. In the current financial year, the University received an additional 2100 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. The University in 2023/2024 got a medical ambulance to take care of the growing student population in cases of medical emergencies. Tharaka University is also a registered member of the Kenya Universities Sports Association (KUSA). The University has well democratically

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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 27th 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. 923 Million** 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 sponsored two members of staff for international research conferences in Japan and Thailand.

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 University in the 2023/24 financial year developed new programmes. Some of the new programs approved by the Commission for University Education include the Bachelor of Technology in Mineral Exploration and Mining which is in the University niche area. The University is also in the

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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 2023-2024 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 got a donation of 67 acres piece of land located in an area which is ideal for mining and rearing of Gala goats. This will be useful in research in the niche areas of the University of Mining and dryland Agriculture. The University has also in the year under review constructed water intake from River Kathita and now has its water for use at the University. The University, in the year under review, constructed pavements 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

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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

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7. Statement of Entity’s Performance Against Predetermined Objectives For The 2023/2024 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 2023/2024 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
Issue/Pillar 1: University Teaching and Learning	To Expand Competitive Programmes	Developed Programs	Develop new programmes	7 new programs were developed and submitted to regulatory bodies and CUE for approval: Bachelor of Science in Nursing, Bachelor of Science in Medical Microbiology, Bachelor of Science in Public Health, Bachelor of Science in Dietetics and Nutrition, Bachelor of Science in Medical Laboratory Services, Bachelor of Science in Medical Biochemistry and Bachelor of Science in Clinical Medicine
		Reviewed Academic Programmes	Review of Academic Programmes	Programmes reviewed and approved by Senate; BCOM, BED Science, BED Arts, Bachelor of Hospitality and Tourism Management, AGED and Bachelor of Science in Chemistry
	To enhance Quality in Education and Training	Staff trained	Train academic staff in Competence Based Curriculum	All academic staff trained
Issue 2: Research, Innovation, and Outreach	To allocate funds to finance research activities	Number of students awarded Internal Research Funds	Award IRF to deserving students	13 postgraduate students awarded IRF funds

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	Develop a fundable research proposal	Developed proposals	Develop proposals	Proposals developed and submitted for consideration
	To organize annual conferences	1 Conference per year	Organize annual conferences	1 conference organized
	To enhance outreach in the ASALs	Training and workshops	Train farmers on conservation Agriculture	30 farmers trained in conservation Agriculture
	To promote the culture of research and Innovation	Career and innovation week	Hold career and innovation week	1 career and Innovation Week held
Issue 3: Information Communication and Technology	To train students and staff on emerging technologies (Artificial Intelligence)	Students and Staff trained	Organize a training for students and staff on emerging technologies	Over 100 students trained 70 members of staff trained
Issue 4: Student Services	To nurture talent and creativity by strengthening and diversifying co-curricular activities	cultural events institutional sports and games	Hold cultural festival	1 cultural festival held at the University Participated in 2 community cultural event at Nkondi and Ura Gate
Issue 5: Resource Mobilization and Management	To increase the proportion of Academic Staff with Ph.D.	The proportion of Academic Staff with Ph.D. increased	Engage Ph.D. holders	13 Ph.D. holders engaged
	To support, develop and train staff as	100% compliance	support, develop, and train staff	Staff development supported through training, sensitizations, and study leaves

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	per HR development policy			
	To undertake staff performance appraisal	100% compliance	All staff to undertake performance appraisal	All members of staff undertook performance appraisal for FY 2023-2024
	To implement measures to protect the environment and mitigate climate change.	Measures implemented	Donate tree seedlings Hold and participate in tree planting events	Donated 14,300 tree seedlings to 33 neighbouring primary and secondary schools Organized and participated in 6 tree planting events
Issue 6: Institutional Transformation	To review the TUN Strategic Plan	Reviewed Strategic Plan	Review TUN Strategic Plan	Strategic plan reviewed and aligned to the 5 th generation guidelines and approved by the State Department for Economic Planning
	To construct Flagships projects	Completion rate	To construct Flagships projects	Science tuition block phase 1 85% complete Modern Library Phase 1 60% complete Administration block phase 1 85% complete
	To Adhere to the 30% procurement rule for preferential groups	% compliance	Adhering to the 30% procurement rule for preferential groups (Youths, women, PWDs)	40% of total procurement was awarded to AGPO
	To Adhere to the 40% procurement rule for local content	% Compliance	% Awarded	100% awarded to Buy Kenya Build Kenya

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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.

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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 meeting attended
		4/08/23	13/09/23	10/11/23	26/01/24	26/04/24	
1.	Prof. Timothy M. Kiruhi	✓	✓	✓	✓	✓	5/5
2.	Prof. Peter K. Muriungi	✓	✓	✓	✓	✓	5/5
3.	Mr. James K. Mwangi	✓	✓	✓	✓	✓	5/5
4.	Ms. Isabel Joy Ochieng	✓	✓	✓	✓	✓	5/5
5.	Mrs. Grace Kamasara	✓	✓	✓	✓	✓	5/5
6.	Dr. Solomon Muntet	✓	✓	✓	✓	✓	5/5
7.	Mrs. Esther N.michieka	✓	✓	✓	✓	✓	5/5
8.	Mr. Joshua K. Mungania		✓	✓	✓	✓	4/5
9.	Mr. Elias J. Noor	✓	✓	✓	✓	✓	5/5
	Total	8	✓ 9	✓ 9	✓ 9	✓ 9	5/5

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.

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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 2023-2024, financial year one Council member declared a conflict of interest. The conflict declared by the member of the Council is recorded in the conflict-of-interest register.

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 2023-2024 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 7th Tharaka University Full Council meeting.

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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.381 Million as appropriation in aid and Kshs.268 Million** as recurrent Government capitation. The University received Kshs.11 Million as a capital grant from the Government 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. 52 Million. This surplus was used in the capital projects which were undertaken in the 2023/2024 financial year.**

In the statement of financial position, the net worth of the University continued to grow recording a net worth of **Kshs. 923,127,746** compared to **Kshs. 839,540,866** in the **2022/2023** financial year. The performance is tabulated below for the current and previous four years the University has been operating independently

Description	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Capital Funds	116,541,079	238,461,372	478,461,372	532,087,053	562,837,053
Accumulated Surplus	167,603,554	241,281,280	244,501,881	248,394,581	301,231,461
Revaluation Reserve	59,059,232	59,059,232	59,059,232	59,059,232	59,059,232
Total	343,203,865	538,801,884	782,022,485	839,540,866	923,127,746

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Key projects and investment decisions the entity is planning/implementing

Tharaka University has a five-year strategic plan and this plan has set out the projects that the University 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 and the Administration Block

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, N.H.I.F, Pension for employees and employer, bank and SACCO deductions, and HELB are always paid on time. Payment of taxes such as VAT 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.

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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 trees were planted in the university and also in the neighboring primary and secondary schools. 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

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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 community supported Tharaka University by donating 67 acres of land for its establishment. 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. The University has also planted trees in the surrounding primary schools 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.

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11. Report of The Council

The Council submits the report together with the financial statements for the year ended June 30, 2024, 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, 2024, 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, 2024.

By Order of the University Council



Prof. Peter K. Muriungi, Ph.D.

Vice Chancellor/CEO

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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, 2024. 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, 2024, 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.

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

Approval of the financial statements

The University's financial statements were approved by the Board on 25th September 2024 and signed on its behalf by:

Prof. Peter K. Muriungi, Ph.D.

Vice Chancellor/CEO



Prof. Timothy M. Kiruhi, Ph.D.

Council Chairman

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NAIROBI

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

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Tharaka University set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2024 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, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities 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.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

Review of the progress on follow up on prior year auditor's recommendations reveal that, several issues were raised under Report on the Lawfulness and Effectiveness in Use of Public Resources which remained unresolved as at 30 June, 2024.

Other Information

Management is responsible for the Other Information set out on pages i to xxxiv which comprise of Key Entity Information and Management, the University Council, Key Management Team, Chairman's Statement, Report of the Vice-Chancellor, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council and statement of Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Tharaka University financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. 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 the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Fiscal Responsibility Principle on Wage Bill

The statement of financial performance reflects employment expenses and total revenue amounts of Kshs 348,570,286 and Kshs.678,274,417 respectively. However, the employment expenses amount of Kshs 348,570,286 is 51% of total revenue amount of Kshs.678,274,417. The University therefore exceeded the recommended threshold by 16%. This was contrary to Regulation 26(1)(a) of the 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

The statement of financial position reflects receivable from exchange transactions balance of Kshs.33,771,191 as disclosed in Note 21 to the financial statements. However, review of the customer summary ageing report and student statements provided revealed delay by some students to pay tuition fees. This was contrary to Section 2.1.4 j of Tharaka University College 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 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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

19 December, 2024

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14. Statement of Financial Performance for the year ended 30 June 2024

	Note	2023-2024	2022-2023
		Kshs.	Kshs.
Revenue from Non-Exchange Transactions			
Exchequer Recurrent Grants	6	268,058,105	284,526,439
Other Revenue from Non-Exchange Transactions	7	21,015	0
Sub-total		268,079,120	284,526,439
Revenue from Exchange Transactions			
Tuition and Related Income	8	381,814,170	155,077,035
Other Revenue from Exchange transactions	9	28,381,127	17,200,873
Miscellaneous income from Exchange		0	11,199,677
Sub-Total		410,195,297	183,477,585
Total Revenue (A)		678,274,417	468,004,024
Expenses			
Employment Expenses	10	348,570,286	269,219,348
Council Expenses	11	12,746,602	9,453,915
Repairs and Maintenance Expenses	12	34,571,942	25,821,254
Academic Expenses	13	55,278,555	30,491,779
Students and Alumni Expenses	14	11,474,270	6,190,160
Staff Welfare and Development Expenses	15	579,941	253,100
Finance costs	16	631,699	1,778,628
Depreciation and Amortization	17	38,662,368	30,808,258
Use of goods and services	18	122,765,634	90,026,999
Increase/Decrease in Provision for Doubtful Debts	19	156,240	67,883
Total Expenditure (B)		625,437,537	464,111,324
Surplus / Deficit (A-B)		52,836,879	3,892,700



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



Antony Mutegi Njiru
Accountant
ICPAC NO 1366





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


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15. Statement of Financial Position for the year ended 30 June 2024

	Note	2023-2024	2022-2023
ASSETS:		30th June 2024	30th June 2023
Current Assets		Kshs.	Kshs.
Cash and Cash Equivalents	20	95,498,047	125,794,127
Receivables from Exchange Transactions	21	33,771,191	18,303,403
Prepayments	23	2,152,822	466,141
Receivables from Non-Exchange Transactions	22	22,338,177	43,336,218
Inventory	24	21,306,365	11,572,262
Total		175,066,602	199,472,151
Non-Current Assets			
Tangible Assets -Property, Plant & Equipment	25	807,383,059	693,891,244
Intangible Assets - Comp Software	26	220,020	880,080
Biological Assets	27	12,930,118	12,279,360
Total		820,533,197	707,050,684
Total Assets		995,599,799	906,522,835
Liabilities:			
Current Liabilities:			
Payables from Exchange Transactions	28	23,341,080	16,176,201
Refundable Deposits	29	49,130,973	50,805,768
Total Liabilities		72,472,053	66,981,969
Net Assets			
Revaluation Reserve		59,059,232	532,087,053
Accumulated Surplus		301,231,461	248,394,581
Capital Funds		562,837,053	59,059,232
Total Net Assets		923,127,746	839,540,866
Total Net Assets and Liabilities		995,599,799	906,522,835


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


Antony Mutegi Njiru
Accountant
ICPAC NO 1366


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

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16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Note	Capital Fund Kshs.	Revaluation Reserves - PPE Kshs.	Accumulated Surplus Kshs.	Total Kshs.
2022-2023					
Balance as at 01/07/2022		478,461,372	59,059,232	244,501,881	782,022,485
Surplus/Deficit for the Year		-	-	3,892,700	3,892,700
Capital Grants		53,625,681			53,625,681
Balance as at 30/06/2023		532,087,053	59,059,232	248,394,581	839,540,866
2023-2024					
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		11,250,000	-		11,250,000
Land Donations		15,000,000		-	15,000,000
Motor Vehicle Donation		4,500,000		-	4,500,000
Balance as at 30/06/2024		562,837,053	59,059,232	301,231,461	923,127,746

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17. Statement of Cash Flows for the year ended 30 June 2024

		2023-2024	2022-2023
		30th June	30th June
		2024	2023
	Note	Kshs	
Surplus / (Deficit) from Operations		52,836,879	3,892,700
Adjustments for Non-Cash Items in the Income Statement:			
Depreciation and Amortization Charge for the Year	17	38,662,368	30,808,258
Add increase in provision for bad debts	19	156,240	
		91,343,007	34,700,958
Working Capital Adjustments			
(Increase)/Decrease in Receivables -Exchange Transactions	21	(15,311,547)	(6,720,365)
(Increase)/Decrease in Receivables - Non Exchange Transactions		20,998,041	(43,336,218)
(Increase)/Decrease in prepayments	23	(1,686,681)	1,228,852
(Increase)/Decrease in Inventory	24	(9,734,103)	(1,914,677)
Increase/(Decrease) in Payable from Exchange Transactions	28	7,164,879	4,521,494
Increase/Decrease in Refundable deposits	29	(1,674,795)	12,817,366
Net Cash Flows Used in Operating Activities (A)		91,098,801	1,297,410
Cash flows from investing activities			
Acquisition Plant & Equipment	25	(64,000)	(4,138,458)
Acquisition of Motor Vehicles	25	-	(12,271,000)
Acquisition of Furniture & Fittings	25	(55,000)	(6,608,600)
Acquisition of Computer Hardware	25	(150,700)	(2,067,286)
Purchase of Library Books	25	(6,390,890)	(931,177)
Additions to Biological Assets	27	(650,758)	(1,062,948)
Work in Progress Paid	30	(125,333,533)	(72,877,083)
Net Cash Flows Used in Investing Activities (B)		(132,644,881)	(99,956,552)
Cash Flows from Financing Activities			
Capital Fund	31	11,250,000	53,625,681
Net Cash Flows used in Financing Activities (C)		11,250,000	53,625,681
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)		(30,296,080)	(45,033,462)
Cash and Cash Equivalents Bal B/F	20	125,794,127	170,827,589
Cash and Cash Equivalents C/F	20	95,498,047	125,794,127

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18. Statement of comparison of budget and actual amounts for the year ended 30 June 2024

Description	Original Budget	Adjustments	Final allocated Budget	Actual on Comparable Basis	Performance Difference	
	Kshs	Kshs	Kshs	Kshs	Kshs	-
GOK Recurrent Capitation	268,058,105	-	268,058,105	268,058,105	-	100
GOK Capital Grants	45,000,000	-	45,000,000	11,250,000	33,750,000	25
A-I-A / Internally Generated Funds	412,096,000	-	412,096,000	410,216,312	1,879,688	100
Retained Earnings from Previous years Surplus	38,000,000	-	38,000,000	95,498,047	(57,498,047)	
Total	763,154,105	-	763,154,105	785,022,463	(21,868,358)	
Employment Expenses	350,525,000	-	350,525,000	348,570,286	1,954,714	99.44
Council Expenses	13,055,000	-	13,055,000	12,746,602	308,398	97.64
Repairs and Maintenance Expenses	35,780,000	-	35,780,000	34,571,942	1,208,058	96.62
Academic Expenses	56,130,000	-	56,130,000	55,278,555	851,445	98.48
Students and Alumni expenses	11,744,000	-	11,744,000	11,474,270	269,730	97.70
Staff Welfare & Development expenses	600,000	-	600,000	579,941	20,059	96.66
Finance Cost	700,000	-	700,000	631,699	68,301	90.24
Depreciation and Amortization	38,860,060	-	38,860,060	38,662,368	197,692	99.49
Use of Goods and Services	123,759,000	-	123,759,000	122,765,634	993,366	99.20
Plant Property and Equipment	6,660,590	-	6,660,590	6,660,590	-	100
Capital Projects	125,340,455	-	125,340,455	125,333,533	6,922	99.99
Total	763,154,105	-	763,154,105	757,275,420	5,878,685	99.23
Surplus	-			27,747,043		

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Surplus as per the Statement of Comparison of Budget and Actual Amounts	27,747,043
Add	
Purchase of Property, Plant and Equipment	6,660,590
Payment for Capital Projects	125,333,533
Subtotal	131,994,123
Less	
Savings Committed	95,498,047
GOK Development Capitation	11,250,000
Less provision	156,240
Subtotal	106,904,287
Surplus as per the Statement of Financial Performance	52,836,879

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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 2024. 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 2024.

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Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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>Applicable 1st January 2025</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>Applicable 1st January 2025</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>Applicable 1st January 2025</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>

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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>Applicable 1st January 2026</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>Applicable 1st January 2026</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>Applicable 1st January 2026</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>

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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.

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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 24th June 2023. 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 the 2023 2024 budget following the governing body's approval.

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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

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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 re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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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

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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.

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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

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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

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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

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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

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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

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- 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.

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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 define 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.

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After University inherited the former Eastern Campus of Egerton University, the staff opted to remain in the Egerton University Pension Scheme. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. The University also contributes to the statutory National Social Security Fund (N.S.S.F.). The contribution to N.S.S.F is funded by the employees and the employer at Kss.2,160 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 2,160.00 per employee per month, while the employer contributes Ksh 2,160.00 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

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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, 2024.

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

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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.

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6		2023 2024	2022-2023
	Ministry of Education-Exchequer Recurrent Grants	Kshs.	Kshs.
	July	22,338,175	23,710,537
	August	22,338,175	23,710,537
	September	22,338,175	23,710,535
	October	22,338,175	23,710,537
	November	22,338,175	23,710,537
	December	22,338,175	23,710,536
	January	22,338,175	23,710,537
	February	22,338,175	23,710,537
	March	22,338,175	23,710,535
	April	22,338,177	23,710,537
	May	22,338,176	23,710,537
	June	22,338,177	23,710,537
	Total	268,058,105	284,526,439
		2023 -2024	2022-2023
	Other Revenue from non-exchange	Kshs.	Kshs.
7	Fines for Damages	21,015	16,915
	Total	21,015	16,915
		2023- 2024	2022-2023
8	Revenue from Exchange Transactions	Kshs.	Kshs.
	Income from Diploma & Certificates Courses	24,013,500	39,127,500
	Income from Government Sponsored Students	94,747,705	107,860,300
	Income from Self Sponsored Undergraduate Students	13,849,100	9,425,500
	Income from Self Sponsored Postgraduate Students	11,729,750	11,313,750
	Income from New funding model students	254,463,130	-
	Total Income Earned	398,803,185	167,727,050
	Less: Non Tuition Income Included in the Income Earned		
	Caution Money	(3,072,000)	(2,634,000)
	Medical Fees	(8,434,000)	(6,250,000)
	Accommodation Charges	(1,578,000)	(1,482,000)
	Application Fees	(469,000)	(447,000)
	Fines for Damages	(21,015)	(16,915)

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	Graduation fees	(1,256,500)	(1,820,100)
	Student Union	(2,158,500)	
	Total Non-tuition income	(16,989,015)	(12,650,015)
	Total Tuition & Related Income for the Year	381,814,170	155,077,035
		2023 2024	2022-2023
9	Other Revenue from Exchange transactions	Kshs.	Kshs.
	Hire of Facilities		218,000
	Disposal of Miscellaneous Items	90,568	153,116
	Accommodation Charges	1,578,000	1,482,000
	Application Fees	469,000	447,000
	Conferences & Seminars	161,100	201,010
	Graduation fees & student union	1,256,500	2,326,100
	Student Union	2,158,500	
	Research Funds	805,175	
	Medical fees	8,434,000	6,250,000
	Interest on Bank Deposit	2,167,994	6,106,732
	Income Catering	6,061,547	8,021,885
	Income Medical	66,401	12,470
	Income Farm	4,944,124	3,021,007
	Others -shop & hospitality	188,218	144,315
	Total	28,381,127	28,383,635
		2023- 2024	2022-2023
10	Employment Expenses	Kshs.	Kshs.
	Personnel Emoluments:		
	July	24,130,041	20,742,744
	August	23,479,761	21,059,608
	September	23,270,308	21,161,608
	October	24,484,276	21,244,706
	November	24,706,719	21,151,561
	December	25,203,050	21,148,561
	January	31,480,218	21,427,475
	February	29,899,481	21,205,800
	March	31,504,022	21,205,800
	April	29,556,659	21,258,347
	May	30,872,203	20,995,627
	June	32,831,493	21,060,686
	Total	331,418,232	253,662,523

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	Casual Labour Expenses	8,720,715	8,010,874
	Gratuity Expense	8,007,523	7,289,201
	Hospitalization & Medical Expenses	423,816	256,750
	Total employment Expenses	348,570,286	269,219,348
		2023- 2024	2022-2023
11	Council Expenses	Kshs.	Kshs.
	Sitting Allowance, Lunch Accommodation & Mileage	12,746,602	9,453,915
	Total	12,746,602	9,453,915
		2023- 2024	2022-2023
12	Repairs and Maintenance Expenses	Kshs.	Kshs.
	Vehicle Repairs/Transport Operating Expenses	8,197,997	5,388,311
	Fuel & Oils-Generator	4,685,642	4,009,011
	Grounds Maintenance	6,731,561	5,599,687
	Computer/Software Maintenance	1,598,396	919,500
	Plant & Equipment	554,000	1,223,744
	Furniture	495,000	
	Buildings	12,309,346	8,681,001
	Total	34,571,942	25,821,254
		2023- 2024	2022-2023
13	Academic Expenses	Kshs.	Kshs.
	Part- Time Lect. Expenses	28,611,682	13,505,856
	Graduation Expenses	11,455,426	8,925,106
	Teaching Practice & Field Attachment All.	4,264,159	2,987,409
	Academic Field Trips	2,009,898	1,298,400
	Teaching Materials & Lab Reagents	4,605,597	896,035
	External Examiners & moderation	1,759,191	1,631,539
	Other Research Expenses	2,572,602	1,247,434
	Total Academic Expenses	55,278,555	30,491,779
		2023 -2024	2022-2023
14	Students and Alumni expenses	Kshs.	Kshs.
	Student Welfare Expenses	7,477,797	3,213,780
	Student Work Study Expenses	995,600	864,500
	Student Union	3,000,873	2,111,880
	Total	11,474,270	6,190,160
		2023-2024	2022-2023
15	Staff Welfare & Development expenses		30th June 2023

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	Staff Development -		
	Staff Welfare Expenses	579,941	253,100
	Total	579,941	253,100
		2023- 2024	2022-2023
16	Finance Cost	Kshs.	Kshs.
	Bank Charges Interest	631,699	1,778,628
	Total Finance Cost	631,699	1,778,628
		2023- 2024	2022-2023
17	Depreciation and Amortization	Kshs.	Kshs.
	Buildings	7,907,920	3,525,000
	Plant & Equipment	6,263,395	4,998,113
	Motor Vehicles	11,287,625	8,219,875
	Furniture & Fittings	3,511,812	3,267,437
	Computer Hardware	5,460,733	7,846,360
	Library Books	3,570,822	2,291,413
	Amortization of Computer Software	660,060	660,060
	Total Dep & Amortization	38,662,368	30,808,258
		2023- 2024	2022-2023
18	Use of Goods and Services	Kshs.	Kshs.
	General Insurances	1,246,414	1,482,714
	Motor vehicle Insurances	1,103,425	800,822
	Travelling and Subsistence for staff	11,415,601	8,943,888
	University Committees' Expenses	2,986,368	884,975
	Animal Breeding Expenses	9,865,360	7,843,120
	Postage and Telephone	428,449	130,650
	Electricity Expenses	5,148,627	4,894,975
	Honorarium		54,700
	Water Supply and Sewerage Expenses	2,992,045	3,513,455
	Staff Uniforms	33,324	9,000
	Newspapers Journals and Videos	339,675	314,160
	Printing & Publishing	72,915	64,640
	Office Stationery	6,712,366	3,613,275
	General Subscription	2,897,798	1,543,597
	Campuses Expenses	6,487,822	1,132,673
	Professional Services- ISO	683,800	89,000
	Hire of Security Services	12,178,375	8,983,441
	Hire of Cleaning Services	5,131,620	4,125,414
	Internet Expenses	7,913,090	3,650,520
	Chartering expenses		1,962,272

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	Professional Services	1,996,790	932,075
	Official Entertainment	840,000	483,900
	Conferences , Seminars & training	4,427,387	4,271,799
	Cleaning Materials		391,140
	Corporate Social Responsibility	2,725,550	502,440
	Quality Assurance fees -CUE Subscription	4,138,400	1,402,841
	Farm general expenses	1,737,570	1,100,985
	Advertisement & Publicity	13,297,763	10,084,864
	Exhibitions and Local Shows	101,500	156,000
	KUCCPS Placement fees	1,519,500	70,000
	Purchase of foodstuff	9,306,249	11,298,822
	Medical drugs & related	1,170,236	751,646
	Strategic Plan	391,380	2,069,390
	Sports/Games Facilitation	2,780,235	1,562,510
	Wildlife Conservancy		215,296
	Audit Fees	696,000	696,000
	Total	122,765,634	90,026,999
		2023- 2024	2022-2023
19	Provisions for Doubtful Debts	Kshs.	Kshs.
	Bal B/F 1st July 2023	184,883	117,000
	Increase/Decrease During the Year Period-	156,240	67,883
	Balance as at 30th June 2024	341,123	184,883
		2023-2024	2022-2023
20	Cash & Cash Equivalents	Kshs.	Kshs.
	KCB - Fees Collection A/C - 1240985967	465,207	2,654,142
	Coop Development a/c 01120572400000	16,937,153	99,739,302
	Coop-Fee Collection A/C 011295724000000	688,021	2,762,503
	Equity fees collection A/C 0210277753588	71,941,710	16,676,624
	KCB-Retention A/C 1281110027	92,927	738,588
	KCB - Operations A/C 1280946571	1,222,415	585,433
	Family bank fee collection 054000009982	3,353,016	2,637,535
	E-citizen	797,598	
	Total	95,498,047	125,794,127
		2023 2024	2022-2023
21	Receivable from Exchange Transactions	Kshs.	Kshs.
	Students Fees Receivable	34,112,314	18,488,286
	Total Receivables from Exchange Transactions	34,112,314	18,488,286

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	Less: Impairment/Provision for Doubtful Debts	(341,123)	(184,883)
	Net Receivables from Exchange Transactions	33,771,191	18,303,403
	Receivables from Non-Exchange Transactions		
22	GOK Recurrent Grants	22,338,177	23,710,537
	GOK Capital Grants		19,625,681
		22,338,177	43,336,218
		2023- 2024	2022-2023
23	Prepayments	Kshs.	Kshs.
	Prepaid General Insurance	1,563,454	129,661
	Prepaid Property Insurance	589,368	336,480
	Total	2,152,822	466,141
		2023-2024	2022-2023
24	Inventory	Kshs.	Kshs.
	Main Stores	15,798,087	3,008,253
	Medical Supplies	695,401	387,363
	Farm Supplies & Consumables	630,680	709,905
	laboratory	3,968,437	4,093,899
	Catering Supplies & Consumables	213,760	318,308
	Total	21,306,365	11,572,262

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25) Property, Plant and Equipment

PPE Schedule	Land	Buildings	Plant & Equip	Motor Vehicle	Furniture & Fittings	Comp Hardware	Library Books	Work In Progress	Totals
		0.025	0.200	0.25	0.1250	0.3	0.2		
2022-2023									
cost as at 1.07.2022	47,000,000	141,000,000	20,813,809	32,879,500	21,430,893	24,087,246	10,525,886	384,181,639	681,918,973
Additions	-	-	4,138,458	12,271,000	6,608,600	2,067,286	931,177	72,877,083	98,893,604
W.I.P Capitalized	5,600,000	175,316,807	6,250,710	-	-	-	-	-187,167,517	-
Cost At 30th June 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
Depreciation and impairment									
Acc. Dep At 1 July 2022	-	7,050,000	8,606,461	18,658,375	5,382,100	12,662,778	4,413,421	-	56,773,135
Depreciation charge for the year	-	3,525,000.00	4,998,113.00	8,219,875	3,267,437	7,846,360	2,291,413	-	27,147,573
Depreciation as at 30 June 2023		10,575,000	13,604,574	26,878,250	8,649,537	20,509,138	6,704,834	-	86,921,333
NBV as at 30th June 2022	47,000,000	133,950,000	12,207,348	14,221,125	16,048,793	11,424,468	6,112,465	384,181,639	625,145,838
NBV as at 30th June 2023	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
2023-2024									
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	-	-	-	-	-	-	-	-	-
Cost At 30th June 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
Depreciation and impairment									
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	-	38,002,308
Dep as at 30 June 2023		18,482,920	19,867,969	38,165,875	12,161,349	25,969,871	10,275,656	-	124,923,641
NBV as at 30th June 2023	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
NBV as at 30th June 2024	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

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26	Intangible Assets, Computer Software Schedule		
		Kshs	Kshs
		2023-2024	2024-2023
	Cost		
	At beginning of the year	2,200,200	2,200,200
	Additions	-	
	At end of the year	2,200,200	2,200,200
	Additions internal development	-	
	At end of the year	2,200,200	2,200,200
	Amortization and impairment		
	At beginning of the year	1,320,120	660,060
	Amortization	660,060	660,060
	At end of the year	1,980,060	1,320,120
	Impairment loss	-	-
	At end of the year	1,980,060	1,320,120
	NBV	220,020	880,080

27) Biological Assets

Item	Unit	2022/23			2023/24		
		Qty	Cost/Unit	Total	Qty	Cost/Unit	Total
Pixie Orange	numbers	120	1,000	120,000	606	1,000	606,000
Pixie Orange	numbers	229	1000	229,000	0	-	-
Pixie Orange	numbers	257	1000	257,000	226	300	67,800
He goats	Heads	23	7,000	161,000	22	7,000	154,000
She goats	Heads	81	6,500	526,500	64	7,000	448,000
He goat-kid	Heads	21	4,000	84,000	37	4,000	148,000
She goat-kid	Heads	18	4000	72,000	33	2,500	82,500
Indigenous bull	Heads	2	50,000	100,000	2	50,000	100,000
Indigenous cow	Heads	5	40,000	200,000	4	40,000	160,000
Indigenous young bull	Heads	1	29,290	29,290	2	30,000	60,000
Indigenous heifers	Heads	3	22000	66,000	2	25,000	50,000
Local male calf	Heads	1	15,000	15,000	2	30,000	60,000
Local female calf	Heads	1	10,000	10,000	2	30,000	60,000
Jersey heifer	Heads	1	150,000	150,000	1	150,000	150,000
Ankole Bull	Heads	3	270,000	810,000	1	150,000	150,000
Ankole heifer/calf female	Heads	6	150,000	900,000	7	150,000	1,050,000

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Ankole Male Calf	Heads	2	180,000	360,000	6	100,000	600,000
Ankole cow	Heads	9	270,000	2,430,000	10	270,000	2,700,000
Ankole female calf	Heads	2	100,000	200,000	1	100,000	100,000
Boars	Heads	2	25,000	50,000	2	25,000	50,000
Sows	Heads	34	22,000	748,000	23	22,000	506,000
Piglets Six Months	Heads	41	10,000	410,000	62	10,000	620,000
Piglets three months	Heads	81	3,500	283,500	84	3,500	294,000
Piglets new born	Heads	47	1,500	70,500	35	1,500	52,500
Neem Tree	Numbers	1,195	500	597,500	1,195	500	597,500
Ashoka Trees	Numbers	1,309	1,530	2,002,770	1,309	1,530	2,002,770
Saluting Cyprus	Numbers	306	500	153,000	306	500	153,000
Indigenous Trees	Numbers	405	1,500	607,500	405	1,500	607,500
Palm Tree	Numbers	56	300	16,800	54	300	16,200
Layers Chicken	Heads	828	500	414,000	828	500	414,000
Improved Kienyeji	Heads	0		0	1100	140	154,000
Catfish	Heads	0		0	2064	107	220,848
Jersey Cow	Heads	1	175,000	175,000	1	175,000	175,000
Anturium	Numbers	7	2000	14,000	7	2000	14,000
Elephant ears	Numbers	2	2500	5,000	2	2500	5,000
Aglaonema	Numbers	8	1500	12,000	8	1500	12,000
Goose					3	2,500	7,500
Duck					40	1,500	60,000
Llama					2	100,000	200,000
Tortoise					11	2,000	22,000
Total				12,279,360			12,930,118

28		2023 2024	2022-2023
	Payables / Accruals from exchange transactions	Kshs.	Kshs.
	Part-Time Lecturers-Accrued	5,993,999	5,444,613
	Audit Fees Payable	696,000	2,088,000
	Staff Gratuity Payable	16,651,081	8,643,588
	Sub Total	23,341,080	16,176,201
	Add		
	Refundable Deposits		
	Student Caution Money Payable	9,516,000	7,322,000
	Prepaid Tuition Income	29,128,968	18,795,424
	Retention for W.I.P Payable	10,486,005	24,688,344
	Total	49,130,973	50,805,768

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29	2023 2024	2022-2023
Work in Progress	Kshs.	Kshs.
Science Tution Block	19,710,208	29,870,464
Library Block	41,191,095	-
Media House		4,637,840
Administation Block		13,411,643
Swimming Pool		11,327,056
Underground tank		4,665,196
Water in take	42,544,692	
Health Unit		
Sewerage/Septic tank		1,650,299
Cabro Paving	10,879,350	
Fish Pond		
Gazebo	3,627,083	952,386
Great Tana upgrade	2,304,076	
Abolution		2,966,101
Acquisition Neighbouring Land		1,600,000
Mukothima land improvement		
Central Stores Expansion		1,796,098
Lactating Room	3,305,053	
Ambulance WIP	1,771,976	
Total	125,333,533	72,877,083
30	2023 2024	2022-2023
Exchequer Capital Grants	Kshs.	Kshs.
Ministry of Education		
1st Disbursement	11,250,000	34,000,000
2nd Disbursement	-	19,625,681
Total	11,250,000	53,625,681

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32) 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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
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		

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Total	151,607,415	151,607,415		
At 30 June 2023				
Receivables from exchange transactions	18,303,403	18,303,403		
Receivables from non-exchange transactions	43,336,218	43,336,218		
Bank balances	125,794,127	170,827,589		
Total	187,433,748	187,433,748		

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
At 30 June 2024				
Payables	49,130,973			49,130,973

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Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	49,130,973			49,130,973
At 30 June 2023				
Trade payables	66,981,969			66,981,969
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	66,981,969			66,981,969

(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.

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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.

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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:

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
At 30 June 2024				
Financial Assets				
Quoted equity investments				

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Non-financial Assets			
Investment property			
Land and buildings		365,433,887	365,433,887
Total		365,433,887	365,433,887
At 30 June 2023			
Financial Assets			
Quoted equity investments			
Non- financial Assets			
Investment property			
Land and buildings		362,137,532	362,137,532
Total		362,137,532	362,137,532

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:

	2023-2024	2022-2023
		Kshs
Revaluation reserve	59,059,232	59,059,232
Retained earnings	298,818,306	248,394,581
Capital reserve	562,837,053	532,087,053
Total funds	920,714,591	839,540,866

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Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

33) 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.

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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

	2023-2024	2022/2023
Transfers from related parties		
Recurrent	268,058,105	284,526,439
Capital	11,250,000	53,625,681

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Transfers to related parties	-	-
Totals	279,308,105	338,152,120

Key Management Remuneration		
	2023-2024	2022-2023
University Council	12,746,602	9,453,915
Key Management Compensation	23,861,234	21,148,207
Total	36,607,836	30,602,122

34) Events after the reporting period

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

35) Ultimate and Holding Entity

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

36) Currency

The financial statements are presented in Kenya Shillings (Kshs)

20. 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	Appointment of two DVCS in acting capacity	The appointment was done by the Public Service	CEO Public Service Commission	Resolved	June 2024

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Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	for more than six months	Commission and the issue was escalated			
1.2	Appointment of Council Member with Finance Background	The vice chancellor communicated to the CS Ministry of Education for the appointment	Vice Chancellor	Partly resolved	February 2024
1,3	Reducing Fees receivable	New fees policy in place	Vice Chancellor	Partly Resolved	June 2025



Prof. Peter K. Muriungi, Ph.D.

Vice Chancellor/CEO

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APPENDIX II: Projects Implemented by the Entity

PROJECT'S NAME	Total Project Cost	Total Expended to date	Completion % to date	Budget 2023-2024	Actual 2023-2024	Variance	%	Source of funds
Science Tuition Block	500,000,000	127,921,191	25.58	19,717,130	19,710,208	289,792	1.47	GOK
Library Block	500,000,000	79,654,339	15.93	42,000,000	41,191,095	808,905	1.96	GOK
Lactating Room	4,500,000	3,305,053	73.45	3,500,000	3,305,053	194,947	5.90	AIA
Cabro Paving	11,000,000	10,879,350	98.90	11,000,000	10,879,350	120,650	1.11	AIA
Gazebo	15,000,000	12,353,841	82.36	4,000,000	3,627,083	372,917	10.28	AIA
Acquisition of ambulance	2,300,000	1,771,000	77.00	1,800,000	1,771,976	28,024	1.58	AIA
Great Tana	3,000,000	2,304,076	76.80	2,500,000	2,304,076	195,924	8.50	AIA
Water intake	45,000,000	42,544,692	94.54	43,000,000	42,544,692	455,308	1.07	AIA
Total	1,080,800,000	280,733,542	25.97	127,800,000	125,333,533	2,466,467	1.97	

Appendix III: Transfers from Other Government Entities

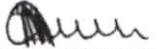
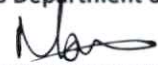
Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific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

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Appendix III: Transfers from Other Government Entities

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

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Confirmation of amounts received by Tharaka University as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by State Department for Higher Education and Research (KShs) as at 30th June 2024				Amount Received by Tharaka	Differences (KShs) (F)=(D-E)
		Recurrent	Development	Inter-Ministerial	Total	University (KShs) as at 30 th June 2023	
		(A)	(B)	(C)	(D)=(A+B+C)	(E)	
RCT-06089	10.08.23	22,338,175	-	-	22,338,175	22,338,175	-
RCT-06190	30.08.23	22,338,175	-	-	22,338,175	22,338,175	-
RCT-06278	12.09.23	22,338,175	-	-	22,338,175	22,338,175	-
RCT-06290	01.11.23	22,338,175	-	-	22,338,175	22,338,175	-
RCT-06299	13.12.23	22,338,175	-	-	22,338,175	22,338,175	-
RCT-06456	09.12.22	22,338,175	-	-	22,338,175	22,338,175	-
RCT-06597	08.01.24	22,338,175	-	-	22,338,175	22,338,175	-
RCT-06602	13.02.24	22,338,175	-	-	22,338,175	22,338,175	-
RCT-06735	29.02.24		11,250,000				
RCT-06800	13.03.24	22,338,175		-	22,338,175	22,338,175	-
RCT-06811	18.05.24	22,338,177	-	-	22,338,177	22,338,177	-
RCT-06944	12-06-24	22,338,176	-	-	22,338,176	22,338,176	-
RCT-07898	01-07-24	22,338,177	-	-	22,338,177	22,338,177	-
	Total	268,058,105	11,250,000	-	268,058,105	268,058,105	-
Head of Accounts Department of Disbursing Entity:				Head of Accounts Department of beneficiary Entity:			
SIGN 				SIGN 			

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Appendix VI: Reporting of Climate Relevant Expenditures

Name of the Organization: Tharaka University

Telephone Number: +254745838353

Email Address: vc@tharaka.ac.ke

Name of CEO/MD/Head: Prof. Peter K. Muriungi, Ph.D. Vice Chancellor

Name and contact details of contact person (in case of any clarifications): Prof. Peter K. Muriungi, Ph.D. Vice Chancellor

Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source of Funds	Implementing Partners
Tree Planting	Planting of trees in the neighbouring community	To ensure 10% forest cover as per the government Agenda	Planting trees in the Neighbouring community	64,800	252,680	28,750	18,000	AIA	Community, Njuri Ncheke Elders and Neighbouring Institutions

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Appendix IV: Disaster Expenditure Reporting Template

Date: 2023/2024						
Entity: Tharaka University						
Period to which this report refers (FY)	Year: 2023/2024			Quarter: Q1, Q2, Q3 & Q4		
Name of Reporting Officer	Prof. Peter K. Muriungi, Ph.D. Vice Chancellor					
Contact details of the reporting officer:	Email:vc@tharaka.ac.ke			Telephone: +254 745838353		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A