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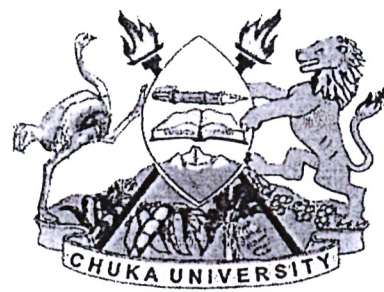
**FOR THE YEAR ENDED
30 JUNE, 2021**

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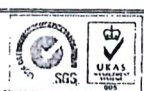
UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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



Chuka University is ISO 9001:2015 Certified... Inspiring Environmental Sustainability for Better Life

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Chuka University is an independent public entity established through a charter 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. Chuka University has a variety of Academic programmes, which are offered under the following six Faculties: Business Studies, Arts and Humanities, Education and Resources Development, Agriculture and Environmental Studies, Science, Engineering and Technology and Faculty of Law.

(b) Principal Activities

The Mandate of the Chuka University as provided by the Chuka University Charter dated 8th January 2013 is to:

- i) Provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya.
- ii) Participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economic, social, cultural, scientific, and technological development of Kenya.
- iii) 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 manpower needs.
- iv) Conduct examinations for such academic awards as may be provided in the statutes pertaining to the University and
- v) Examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, study courses and subjects of study.

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OUR MISSION

To generate, preserve and share knowledge for effective leadership in higher education, training, research and outreach through nurturing an intellectual culture that integrates theory with practice and innovation.

Vision

To be a Premier University for the provision of quality education, training and research for sustainable national and global development

Core Values

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

- i) Customer value and focus
 - ii) Diversity & social fairness
 - iii) Environmental consciousness
 - iv) Fidelity to the law
 - v) Innovation
 - vi) Integrity
 - vii) Passion for Excellence
 - viii) Peaceful Co-existence
 - ix) Professionalism and Confidentiality
-
- x) Prudence utilisation of resources
 - xi) Team work
 - xii) Timeliness and Devotion to duty.

(c) Key Management

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

- i) The Council
- ii) The Management Board



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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and had direct fiduciary responsibility were:

Designation	Name
Prof. Erastus N. Njoka, Ph.D.	Vice – Chancellor/CEO
Prof. Zachary Njogu Waita, Ph.D.	Deputy Vice Chancellor (AFP&D) (Ag)
Prof. Dorcas K. Isutsa, Ph.D.	Deputy Vice Chancellor (ARSA)
Mr. Justin K. Kathuru	Registrar (Administration) (Ag)
Prof. Francis G. Nderitu, Ph.D.	Registrar (Academics)
CPA. John K. Thurania, MBA, CPA (K), CPS(K)	Finance Officer
Mr. Naftal Oenga	Procurement Officer

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight committee of the University for the Financial Year 2020/2021 and their respective functions are outlined below:

1. Finance, Farms, Enterprise Company and General-Purpose Committee

- i) To review and recommend approval of policies and conditions for sound management of the financial processes and operations.
- ii) To review and report to the Board on the annual audited accounts.
- iii) To review and recommend approval of policies and conditions for sound management of financial investments.
- iv) To formulate policies and conditions for sound management of University funds.
- v) To discuss and recommend to the council Annual and Quarterly Financial reports.

2. Audit, Governance and Risk Management Committee

- i) Assist in enhancing internal controls in order to improve efficiency, transparency and accountability in the management of University funds
- ii) Examine internal and external audit reports and recommendations after management response to ensure action is taken
- iii) Follow up to ensure action is taken to resolve Public Accounts Committee recommendations
- iv) Provide oversight on risk management processes
- v) Any other duty as set out in the Audit Committee Charter



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3. Human Resources Management Committee

- i) To provide guidance and direction to compensation and benefits of employees as per the negotiated Collective Bargaining Agreements as well as negotiate for group health care benefits.
- ii) Implementation of employee training and development policy depending on competency needs assessment.
- iii) Carry out the organization employee needs assessment and recommend for recruitment of various categories of staff.
- iv) Handle and recommend to the council staff disciplinary matters and the appropriate action to be taken.

4. Building, Planning and Development Committee

- i) To oversee implementation of development projects in the University.
- ii) To consider and recommend to the Council building projects budget for the University.
- iii) To monitor and appraise development projects for the University.

5. Grievances Handling and Appeals Committee

- i) To hear any appeals related to staff and students discipline and recommend to the council for the necessary action.
- ii) To arbitrate the cases brought to the committee from various organs of the University.

6. Sealing and Honorary Degree Committee

- i) To make recommendations to the council on the award of Honorary Degrees to various personnel.
- ii) To recommend to the Council students due for graduation.
- iii) To propose to the Council, the graduation dates as proposed by the Senate.

f) Entity Headquarters

P.O. Box 109, 60400
Recreation and Business Centre Building
Off Embu-Meru Highway
Chuka, Kenya

g) Entity Contacts

Telephone: (254) 0202310512/
Cell phone 0715505858/0731620266
E-mail: info@chuka.ac.ke



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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. Equity Bank Ltd
P.O. Box 213 – 60400
Chuka
4. Family Bank Ltd
P.O. Box 3092-60200
Meru
5. Barclays bank of Kenya Ltd
P.O. Box 88-60100
Embu
6. Standard Chartered Bank Ltd
P.O. Box 109-60200
Meru




i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box 30084
GPO 00100
Nairobi, Kenya





j) Principal Legal Advisor

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



2. THE UNIVERSITY COUNCIL

Name(s)	Concise Description
<p>Dr. Julius Tangus Rotich University council chairman</p> 	<p>Dr. Julius Rotich is the current Chairman of Chuka University Council. He was born on 18th 1954. He holds a Ph.D. in Operational Research from Lancaster University, MBA (UON) MSc (Sussex University), Bcom (UON). He is also a Certified Public Accountant of Kenya (CPAK). He is the immediate Director and Chief Executive Officer of the Kenya College of Communications Technology and the Secretary to the Board of the same College.</p>
<p>Prof. Erastus N. Njoka - CEO Vice - Chancellor & Council Secretary</p> 	<p>Professor Erastus N. Njoka was born on 31st October, 1959. He is a renowned Scholar and an administrator. He started his career in Egerton University where he served as the Dean, Faculty of Agriculture. He also served as a Director and Principal of Chuka University College before it was elevated to a full-fledged University. He holds PGD, MSc, Ph. D. (Friendship University).</p>
<p>Mr. Boniface Simba Council Member</p> 	<p>Boniface Simba was born in 1972. He holds BA in Public Administration and an MBA in Strategic Management from the University of Nairobi. He served in Provincial Administration and Central Government in various senior capacities before moving to the National Treasury as a senior administrator. He served in the Council as a representative of the PS, National Treasury up to 30th June 2021.</p>




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<p>Dr. George O. Kwedho Council Member</p> 	<p>Dr. George Kwedho was born on 21st March, 1959. He has over 35 years' successful experience in providing fiscal, strategic and operations leadership in public organizations. He holds a Ph.D. in environmental planning (University of Eldoret), and a master of Science degree from the same field. He is currently a managing consultant, FEPAN Global Agencies Company Ltd and is the Chairman of the Finance, Farms, Enterprise & general Purposes Committee of the Council</p>
<p>Josephine Wambui Gitonga Council Member</p> 	<p>Josephine Wambui was born on 12th January, 1971. She serves as a child protection specialist at the "Save The Children International". She also served as the programmer manager at parenting in Africa network. She holds a Bachelor of Arts degree and a Master degree in the same field from the University of Nairobi. She is the current chairperson of the Human Resource Development Committee of Chuka University Council.</p>
<p>Hellen Kiende Mungania Council Member</p> 	<p>Hellen Kiende was born on 5th October, 1972. She is an Advocate of the High Court of Kenya. She holds a Bachelor of Law degree in Corporate Law and a master of Law degree from the University Nairobi. She also holds a diploma in Law and a diploma in Human Resource Management. She is a Certified Corporate & Governance Auditor. She is a member of Human Resources Committee of Chuka University Council.</p>
<p>Andrew Mwitu Mugambi Council Member</p> 	<p>Andrew Mwitu was born on 18th April 1951. He is a full time consultant in Agribusiness and development. He also worked as a Senior Deputy Director in charge of Development Coordination in the Ministry of Agriculture. He holds BSc and MSc degrees in Agricultural Economics from Colorado State University). He is the chairperson of the Risk, Audit & Governance Committee of the Council.</p>




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<p>Kennedy Morara Ontiti Council Member</p> 	<p>Ken Ontiti was born on 4th May, 1981. He holds PS K, Dip. (KSL), LL.M. (UoN), LL.B. Hons (UoN). He is an advocate of the High Court of Kenya. He is currently the Group Company Secretary – ICEA LION Group, First Chartered Securities Limited Group and Mitchell Cotts Group. He is the Chairman of the Building and Development Committee of Chuka University Council.</p>
<p>Archbishop. Titus Ingana Council Member</p> 	<p>Archbishop Titus Ingana was born on 27th September, 1966. He is the Ag. Deputy Director of Research, Ministry of education. He also served in the United Nations as peace Advisor in East Timor, Indonesia. He holds a Ph.D. in Environmental Policy Analysis and a Master of Science in Geology. He also holds a Bachelor of Science (BSc) degree in Geology/Earth Science, General. He represented the PS. Ministry of Education in the Council up to 30th June 2021.</p>

3. MANAGEMENT TEAM

Name of the Staff & Responsibility	Concise Description
<p>Prof. Erastus N. Njoka, Ph.D. Chief Executive Officer/Vice-Chancellor</p> 	<p>Professor Erastus N. Njoka was born on 31st October, 1959. He is a renowned Scholar and an administrator. He started his career in Egerton University where he served as the Dean of the Faculty of Agriculture. He also served as a Director and Principal of Chuka University College before it was elevated to a full-fledged University. He holds PGD, MSc, Ph.D., (Friendship University). He is the current Vice Chancellor/CEO of Chuka University.</p>
<p>Prof. Zachary N Waita Ph.D. Deputy Vice-Chancellor (AFP&D) (Ag)</p> 	<p>Professor Zachary N. Waita was born on 10th June, 1958. He is an associate professor of Literature and Media Studies. He served in Moi and Egerton Universities before joining Chuka University in 2009. He is the Acting Deputy Vice Chancellor in Charge of Administration, Finance, Planning and Development.</p>
<p>Prof. Dorcas K Isutsa, Ph.D. Deputy Vice-Chancellor (ARSA)</p> 	<p>Professor Dorcas Isutsa was born on 8th August 1966. She served as the Deputy Principal of Chuka University College before it was elevated to a full fledged University. She is the Deputy Vice Chancellor in Charge of Academics, Research and Students Affairs. She holds a BSC (Egerton) and Ph.D from Cornell University in USA.</p>

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<p>Prof. Francis G. Nderitu, Ph.D. Registrar (Academics)</p> 	<p>Professor Nderitu was born on 1st January, 1965 and served in Egerton University as a Deputy Registrar (Academic Affairs) and as the Chairman, Department of Physics and Computer Science. He is currently the Registrar (Academic Affairs) in Chuka University. He holds a Ph.D. in Condensed Matter Physics from (Egerton University), M.Sc. in Physics (Egerton University) B.Sc. in Physics, (University of Nairobi).</p>
<p>Mr. Justin K. Kathuru Registrar (Administration) (Ag)</p> 	<p>Mr. Justin K. Kathuru was born on 1st October, 1966. He served with Teachers Service Commission (TSC) as a teacher up to the rank of deputy Principal. He has served as an Assistant Registrar, Senior Assistant Registrar, and Deputy Registrar Examinations in Chuka University. He holds B.ed and M.ed from Kenyatta University. He is currently the Ag. Registrar Administration.</p>
<p>CPA. John K. Thuraira, MBA, CPA (K), CPS (K) Finance Officer</p> 	<p>CPA. John K. Thuraira was born on 31st December, 1974. He served in various Companies and institutions as an Accountant before moving to Constituencies Development Fund (CDF) as a Fund Manager in Kigumo & Tetu Constituencies. He holds BCOM, MBA, (Egerton), CPA (K) and a CPS (K). He is the current Finance Officer, Chuka University.</p>

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4. CHAIRMAN'S STATEMENT

It is my pleasure and great honour for me to present the ninth Annual Report and Financial Statements of Chuka University for Financial Year ended 30th June, 2021. For us to realize our development objectives, the council works closely with the University management and other University governing organs and employs sound economic principles to ensure available resources are utilized in the most prudent manner. I am happy to report that we have made remarkable progress through the strategic partnerships we forged with our key stakeholders in multi-pronged areas of development. In line with the University's strategic plan, Kenya's Vision 2030 and the Big Four Agenda, the council has garnered notable significant milestones. In an effort to make education accessible to more Kenyans, The Council recommended establishment of Tharaka University College which is a constituent College of Chuka University. In addition to Embu, Igembe and Chogoria campuses, plans are underway to launch the Nairobi CBD Campus. We have also expanded our academic programmes to include the faculty of Law.

Among the major infrastructural development that the council has initiated and continue to oversee are the Science and Technology Research Park, Students Male Hostel, Administration/Law Complex and the Model Food Science Technology Complex. The University has also identified various corporate social responsibility activities and has actively engaged the community and other stakeholders. Our collaborative projects include food donations to the elderly and vulnerable persons, water projects and farmers training on the best agricultural practices. Through these projects, we have participated in making Kenya Vision 2030 and Big Four Agenda a reality.

As the Chairman of the council of this great prophetic University, I wish to thank the Government of Kenya and all the collaborating partners 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


Dr. Julius Tangus Rotich, Ph.D.
COUNCIL CHAIRMAN

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5. REPORT OF THE CHIEF EXECUTIVE OFFICER

Chuka University has continued to deliver on its core mandate despite the serious challenges occasioned by the outbreak of COVID-19 pandemic. The university has remained focused on its mission to generate, preserve and share knowledge for effective leadership in higher education, training, research and outreach. The University also remained focused on the vision of being a premier University for the provision of quality education, training and research for sustainable national and global development. I am delighted to highlight the following major achievements accomplished during the year ended 30th June, 2021;

i) Student Enrolment and Teaching

Chuka University continues to grow and carve a niche to attract top scholars. Currently, the University has over 17,000 students, spread over the four campuses in Chuka, Chogoria, Embu and Igembe. The University has been ranked among the top ten in the list of preferred universities by the Kenya Universities Central Placement Service (KUCCPS). The University has graduated over 20,000 graduates since inception and has over 240 academic programmes cutting across certificate, diploma, bachelors, masters and doctoral levels. During the financial year 2020/2021, the University graduated a total of 4,491 students. The increased student population has triggered business opportunities in the local community, thus helping transform the economic outlook of the region.

To enable uninterrupted learning, especially in the COVID 19 era, the university has continued to strengthen online teaching. Chuka University utilizes e-learning management system and kenet web-conferencing platform as teaching and learning modes. The University e-learning mode is not only flexible and accessible but also offers a customized learning experience where students and lecturers often have access to remarkably diverse materials such as digital notes, virtual labs, as well as digital library. Lecturers can also integrate other formats like discussion forums where they can interact with their students for quality learning. In conclusion, with Chuka University e-learning management system, one can study from anywhere, hence enabling the university offer lecturers and student a flexible, cost effective, dynamic teaching and learning modes.



ii) Financial performance

In the Financial Year under review, the University Management has continued with the pursuit for prudent financial utilization in its bid to strengthen the institutional capacity as per the strategic objectives and core values. The financial position has continued to grow as demonstrated by comparatives in the financial statements. The net assets of the University grew to Kshs 7.8 Billion in 2020/2021 financial year compared to the previous year of Kshs.7.7 Billion. To ensure high performance of our business processes, the University has embraced ISO 9001:2015 Quality Management System and Information Security Management System (ISMS). Chuka University also embraced the use Government Investment Management Information System (GIMIS), an online interface that enable sharing of monthly, quarterly, annual reports and budgets with the National treasury and other stakeholders.

iii) Education, Training, Research and outreach

The core business of the University is provision of quality education and research. In an endeavour to build research capacity, the University has acquired state-of-the-art scientific equipment such as the recently competitively won by a team of staff one of its kind, the kshs. 67 Million Gas chromatography –Inductively Coupled Plasma Mass Spectrophotometer (GC-ICP-MS/MS). It is domiciled in the Science and Technology Research Park. In addition, the University researchers won an InnofoodAfrica research grant worth Kshs.14.5 Million to promote food security studies. The University has continued to participate in research projects such as the woody weeds project funded by CABI, Switzerland and AgriFoSE 2030 policy research project funded by SIDA, Sweden. Other upcoming competitive research projects include “H2 ATLAS-AFRICA, Atlas of green hydrogen Generation potentials in Africa: A technological, Environmental and socio-economic Feasibility Assessment “Project by the German Africa partnership for sustainable Energy Solution through Green Hydrogen funded by the federal Ministry of education and Research (BMBF), Energy Division, Bonn, German. The other research grant is the “International Network for Government Science Advice (INGSA), 2021 knowledge Associate Grant Project: Evidence-to-policy pathways in the COVID-19 pandemic fight funded by IDRC, Canada.

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The University has continued to support staff and students to conduct research through the Internal Research Fund (IRF). Consequently, our staff have continued to publish in referred journals. The University staff collaborated with peers to conduct research. The collaborations include: a 10-institution project on covid-19 impacts mitigation, 4 projects short-listed by National Research Fund in 2020 for cancer research. Besides continuing to implement three major collaborations, namely ACADIA, DEPUK and AREC, the University has also entered into new collaborative linkages with Meru Teaching and Referral Hospital, PCEA Chogoria Hospital, Pandya Memorial Hospital, University of Nairobi, Karatina University among others. The University was also accredited on 2nd February 2021 by the UNESCO Selection Committee for establishment of a UNESCO Chair on Conservation of Environment and Water for Sustainable Development (CEWSD). The University also held its 7th International Research Conference in December, 2020.

iv) Infrastructure Development

Chuka University has grown tremendously over the years and the University has continued to invest in projects and programmes that support our students to realize their academic pursuits and dreams. Foremost in our Investments is research and teaching facilities. The University has invested in state of art research and teaching facilities and it offers market oriented and driven courses. This is evidenced by acquisition of Ultra-modern laboratory equipment and on-going construction of a Science and Technology Research Park which is in its second phase of development. In order to support agricultural research and production, we have continued to equip and develop university farms especially the irrigation infrastructure installed at Kairini farm. To support student accommodation, the university completed and commissioned a Modern Student Hostel (Phase 1) with a capacity of 968 Students. The Construction of Student Male Hostel Phase 2, Administration/Law complex and the Food Technology Tuition Complex are all at advanced stages and will be completed soon.



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v) Human Resource

The University continues to invest in recruitment of highly qualified and experienced staff. We are proud of our academic excellence and the pervasive can-do attitude of staff that turns enthusiasm into success and ideas into a cutting edge practice.

In conclusion, may I convey my appreciation and gratitude to the university council, senate, management and the staff for their commitment to work and their timeliness and splendid effort that have seen the University realize its goal of becoming a premier University.

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



Prof. Erastus N. Njoka, Ph.D.
CEO/VICE – CHANCELLOR

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**6. STATEMENT OF ENTITY'S PERFORMANCE AGAINST
 PREDETERMINED OBJECTIVES**

Chuka University has ten strategic pillars and objectives within its Strategic Plan for the FY 2017/2018- 2021/2022. These strategic pillars are Academic Excellence; Research, Science, Technology and Innovation; Environmental Conservation and Renewable Energy; Infrastructure and Facilities Development; Financial Resource Mobilization and Utilization; Information Communication Technology Development; Governance, Leadership and Management; Human Resource Management; Student Welfare Services and Community Outreach and Linkages

Chuka University develops its annual work plans based on the above 10 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Chuka University achieved the performance targets set for the FY 2020/2021 period for its 10 strategic pillars, as indicated below:

Strategic pillar	Objective	Key performance indicator	Activities	Achievements
Expansion of Relevant Market-Driven Programmes	Design, develop, implement and review academic programmes	New programmes	Designed programmes in line with changing technologies, job market and industrial needs	New Programmes developed as follows 6 Ph.D. 5 Masters 3 Bachelors
Provision of Relevant Quality Education and Training	-Appoint and retain qualified academic staff -Modernize learning environments.	New appointments Modernized Environment	Appointed highly qualified and experienced staff. Implemented a virtual teaching and learning environment	10 Professors and Associate Professors a appointed. Trained 230 teaching staff and 50 postgraduate students e Learning.
Research, Science, Technology and Innovation	-Generation and Dissemination of Research Findings	Disseminated Research Findings	Staff Published research findings in peer-reviewed journals Share research Findings Release one journal issues Communicate calls on Big Four Agenda Support and permit staff to participate in the Big Four Agenda activities	75) new refereed articles published Organized one annual Conferences One journal released One call communicated 20 staff proposals received and funded

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Environmental Conservation and Renewable Energy	Enhancement of Environmental Conservation	Programmes /Projects on environmental conservation	Establish tree nurseries and plant trees Established irrigation infrastructure at Kairini Farm by laying pipes for farming activities and completing construction of water dam Install solar energy panels on buildings	500,000 tree seedling planted Dam established to promote drip irrigation 40 solar panels installed in Students Male Hostel
Infrastructure and Facilities Development	Development of Learning Facilities Construct high priority projects identified in the University Master Plan Identify the buildings and develop a schedule Improve access in buildings for PWDs	100% Progress report achieved as per targets set in the year. Projects ongoing 2 buildings maintained by painting and renovations done as scheduled. 2 lifts installed in student male hostel	Construct Main Administration Block Complex / Law School Construction of Food Science and Technology Complex Construct modern Science research park construct Students Male Hostel Wing B The above identified projects ongoing Developed and implemented a maintenance and renovation schedule Purchases and installed 2friendly lifts for PWDs	Over 90% Progress report indicates the achievement of the progress of the building since. construction is ongoing Maintenance and renovation schedule developed and implemented Lifts installed
Financial Resources Mobilization and Utilization	Rationalize budgets for all the budgeted activities. Prudent Management of Financial Resources	Adherence to the budgets Identified projects funded	Prepared all-inclusive annual budgets Implemented identified priority projects	Absorbed over 90% Funds Allocated Utilization of funds optimized
Information, Communication and Technology	Increase the number of services offered to our stakeholders via the website	Increase digitalization	Posted conference proceedings, events, news, advertisements and other documents Populated the University website with content and make it interactive	Website revamped Web ranking moved from position 33 to 29 20. of LCDs and 20 of Computers and 6 smart boards procured



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	Utilize ICT in teaching and learning Utilize ICT as a mode of teaching delivery		Purchase teaching and learning ICT equipment: LCD projectors, computers and smart boards Introduce e-library service	procured 230 teaching staff and 50 postgraduate students in Moodle e-Learning Management System and Moodle development
Governance, Leadership and Management	Constitute the Council as per Universities Act, 2012 Adopt best corporate governance practices	Performed Activities	Constitute University Council committees Sensitize staff on Vision, Mission, Core Values, policies, Strategic Plan, Statutes, Service and Accreditation Charter	9 members of council constituted by the CS Education 200 staff sensitized in various forums
Human Resource Management	Review University Policies. Development Programmes. Review, appraise and promote Staff.	Performed Activities	Review and implement University policies Conducted training needs assessment Staff review Conducted Staff appraised as per set targets.	3 new policies developed 2 policies reviewed 1 training needs assessment conducted Qualified staff reviewed 1 performance appraisal & report done
Student Welfare Services	Production of Holistic Graduates	Programmes and projects	Inculcated utilization of peer mentorship services counseling services Strengthened	Offered one online life skills sensitization to students during first year orientation 3 mentorship programmes offered in the year.
Community Outreach and Linkages	Engagement in Priority Areas in Community Outreach	Projects/Programmes on community outreach.	Collaborated with community in outreach programmes The university developed and implemented community outreach programmes Offer improved plant and livestock farming extension and advisory services	Provided 13,564,000 pieces of 100ml sanitizers and 9097 pieces hand washing liquid, 60 hand washing facilities & 10,000 pieces face masks to the elderly and vulnerable person in the community Visited elderly and provided 2000 families with food donations 100 farmers trained on Agricultural Production and Livestock Nutrition



7. CORPORATE GOVERNANCE STATEMENT

Chuka University is committed to exhibiting the best practices in all aspects of corporate governance as guided by the University Charter 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 Charter 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 9 to 11. The council is constituted taking into account requirements of the sector, diversity of skills, age, value addition, gender, academic qualifications and experience necessary to help achieve the Universities goals and objectives. The Council is appointed by the Cabinet Secretary for Education. During the financial year 2020/2021, the council term of office was renewed for the second term due to their outstanding performance. In addition, at the year-end, the council members representing the Cabinet Secretary for The National Treasury Mr. Bornface Simba was retired and replaced by Mr. Hiram Kahiro while Archbishop Titus Ingana who was representing the Principal Secretary State Department for University Education was retired and replaced by Dr. Wahome Rureri.

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 University Council is vested with powers and authority by its Charter and the Universities Act, 2012. In discharging its mandate, the Council is guided by the Charter to effectively fulfil its corporate governance responsibility towards its stakeholders. In addition, it has adopted Guidelines on Corporate Governance developed by the Commission for University Education.

The University also embraces the Public Officers and Ethics Act and the Mwongozo Code for State Corporations. The Council is also the executive governing body responsible for the

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academic policy and strategic direction of the University, including its external relations, and for the Administration of the University. The Council is responsible for the management of the University's finances and assets, in accordance with the Public Financial Management Act, 2012 and Public Financial regulations of 2015.

Meetings of the council

The meetings of the council were held during the financial year has tabulated in the table below:

Council Member Name	Council Meeting Date							Total
	9-11/09/20	16-09-20	24-11-20	09-12-20	27-01-21	15-04-21	21-05-21	
Dr. Julius T. Rotich	✓	✓	✓	✓	✓	✓	✓	7/7
Prof. Erastus N. Njoka	✓	✓	✓	✓	✓	✓	✓	7/7
Mr. Boniface Simba	✓	✓	x	x	x	x	x	2/7
Dr. George O. Kwedho	✓	✓	x	✓	✓	x	✓	5/7
Josephine W. Gitonga	✓	✓	✓	x	x	x	✓	4/7
Hellen K. Mungania	✓	✓	✓	✓	✓	✓	✓	7/7
Andrew M. Mugambi	✓	✓	✓	✓	✓	✓	✓	7/7
Kennedy M. Ontiti	✓	x	✓	✓	✓	✓	✓	6/7
Archbishop. Titus Ingana	✓	✓	✓	✓	✓	✓	✓	7/7
Total	9	8	7	7	7	6	8	

Majority of the Council members attended all the meetings during the year.

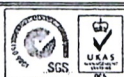
Council Committees

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

These Committees include the following:

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

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



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Conflicts of Interests

The Council members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Council. All transactions with all parties, directors or their related parties are carried out at arm's length. Council members 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 a declaration of any conflict of interest they may have in the business to be discussed. During the financial year 2020/2021, no conflicts of interest arose in conduct of Council business.

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 and the Chancellor receives honoraria as stipulated in their appointment letters by the appointing authority. The committee members do not receive any remuneration apart from the reimbursement of expenses incurred while on the University duties. During the period under review, the University did not have a Chancellor, since no appointment had been made by the appointing authority.

Ethics and Conduct

The Council, Management and staff are required to conduct themselves with Integrity and professionalism in accordance with the Chuka University Code of Conduct and Ethics. The Code defines our ethical standards and holds us accountable for our business conduct This is key in ensuring that we do the right thing and are accountable at all times, while adhering to our standards and principles as we interact with customers, communities and other stakeholders.

During the year under review, Chuka University continued to entrench a strong ethical conduct through training and sensitisation of staff, corruption risk assessments and enforcement of prevention measures. In addition, the Company has put in place various mechanisms for receiving complaints and making follow-ups on allegations and cases of

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unethical conduct. Objective analysis of reported cases is done and appropriate action instituted to control and mitigate the risk.

Governance Audit.

The University has a committee called Audit, Governance and Risk Management Committee. The committee's aim is to ensure the University complies with all relevant areas of corporate governance. The action points identified by the committee are implemented continuously.

ii) The Management Team

Members of the management team are appointed by the Council through a competitive process. The membership consists of the CEO/Vice Chancellor, the Deputy Vice Chancellor (Administration, finance, Planning and Development), Deputy Vice Chancellor (Academics, Research and student Affairs) Finance Officer, Registrar (Academics) and Registrar (Administration and Planning).

iii) The Senate

This is the academic authority of the University. It is composed of the Vice - chancellor, Deputy Vice Chancellors, Principals and Deputy Principal of Constituent Colleges, Deans, Directors, Chairmen of the Academic Departments, two Students' Representatives, Finance Officer, Registrar Academic, Registrar (Administration and Planning) and Faculty Representatives. Its role is to discuss and approve student results as well as students' discipline. The Senate is chaired by the Vice - Chancellor.

The Principal academic and administrative officer of the University is the Vice Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.



8. MANAGEMENT DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides a broad overview of the Chuka University financial condition as at June 30, 2021, comparative information for the year ended June 30, 2020 and the significant changes from the previous years. Management has prepared the financial statements and related note disclosures along with this MD&A. The MD&A should be read in conjunction with the financial statements and related notes of the Chuka University.

The financial statement presentation consists of comparative Statement of Financial performance, statement of financial position, statement of changes in net assets, statements of cash flows, and accompanying notes for the June 30, 2021 and 2020 financial years. These statements provide information on the financial position of Chuka University and the financial activity and results of its operations during the years presented.

i) Operational and Financial Performance

In the statement of financial performance, the University self-generated an amount of **kshs.646 Million** as Appropriation in Aid, which was used to fund purchase of equipment, support construction projects and other University operations. The Government further funded the University operations with **Kshs.1.294 Billion**. During the year, the university incurred an expenditure of **Kshs1.940 Billion** hence realizing a **surplus of Kshs1 Million**.

The current assets of the University stood at **Kshs1.335 Billion** against the current liabilities of **Kshs.422 Million**. This means that the university liquidity is stable and can finance the University obligations as and when they fall due.

In our statement of financial position, the Net worth of the University continued to grow recording a **net worth of Kshs.7.791 Billion** up from **Kshs.7.747 Billion** in the financial year 2019/2020. The performance in the last five years is tabulated below;

Description	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Capital Funds	1,511,126,454	1,606,926,425	1,995,627,819	2,222,883,129	2,273,648,351
Accumulated Surplus	2,145,827,773	2,922,949,886	3,801,863,817	4,224,788,207	4,216,988,348
Revaluation Reserve	258,576,567				

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		258,576,567	1,301,000,044	1,300,211,588	1,300,211,588
Total	3,915,530,794	4,788,452,878	7,098,491,680	7,747,882,924	7,790,848,287

Notably, the University Net Worth as continued to grow from 3.915 Billion to kshs.7.791 Billion 4 years later.

ii) Key projects and investment decisions the entity is planning/implementing

Chuka University's five-year strategic plan sets out the key projects and investment decisions to be made in order to ensure that it meets its mandate. In its Quest to become Premier University for the provision of quality education, training and research for sustainable national and global development the University has embarked on implementation of four key strategic projects as envisaged in the master Plan. The projects are Ultra-Modern Science Research Park, Food Technology, Male hostel and the administration Block/ Law school. The Projects are currently at advanced stages of implementation.

iii) Compliance with statutory requirements

The university has complied with all the statutory rules and has not been penalised in any instance. The University has ensured that all the taxes are paid at the right time and all the statutory deductions deducted from staff salaries are remitted to the relevant offices in good time.

iv) Major Risks

Chuka University was not exposed to any major risk that can affect its operation

v) Varsity and COVID 19 Pandemic

Following the outbreak of Coronavirus pandemic in 2019, business operations were drastically changed by the impact caused by the pandemic all over the world. Chuka University adapted well to the effects of the pandemic by doing business virtually by embracing e-learning, video conferencing, conducting online graduation ceremonies among others. The University has complied with Covid 19 protocols by installing hand washing basins and hand sanitizers to all building exteriors and interiors. Signage with health safety messages have also been erected in all premises.



9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Chuka University is an acknowledged local leader in social responsibility issues. The goal of the university is to use knowledge and resources to make a positive and decisive difference to people, organisations and the community. Below is an Outline of the organisation's policies and activities that promote sustainability;

i) Sustainability Strategy and Profile

Ensuring financial sustainability is one of the key objectives in our Corporate Strategic Plan. Key initiatives to ensure financial sustainability include prudence utilization and management of financial resources. The University has continued introducing market driven courses in its endeavour to expand revenue base and reduce over reliance on government capitation. This is in addition to meeting the economic needs. The recently introduced School of Law is a classical example of such initiatives.

ii) Environmental performance

Chuka University promotes programmes that help conserve the environment in full realization that communities depend on environment in many ways. Programmes that promote environmental conservation include;

Promoting Irrigation in arid communities

The university is constructing a water reservoir and irrigation system on its 500-acre Kairini farm for arid farming demonstrations units and teaching blocks to help people in the largely semi-arid county become food secure.

Promoting harvesting of solar energy

The University installed 40 solar panels in Students Male Hostel to harvest solar energy for use in the student hostels.

Soil Conservation

The institution bought soil scanners that measure the soil acidity and diagnose its fertility and project on the expected crop yield.

Environmental Assessments and Compliance

In compliance with environmental regulations, the Company conducts environmental and social impact assessments for all new infrastructure projects. In addition, we conduct

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For the Year Ended June 30, 2021.**

environmental audits and monitoring for existing projects to ensure that they continue to be environmentally sustainable

Promoting environmental conservation and renewable energy through research.

Chuka University held an International Research conference with major emphasis in research on environmental conservation and renewable energy. In addition, the University offers research grants to promote research in environmental conservation and renewable energy.

iii) Employee Welfare

The university offers bursaries to staff and their dependants to support their education in institutions of higher learning. In addition, the University regularly reviews and promotes employees. The University continues to negotiate with staff through respective Union Chapter of UASU, KUSU and KUDHEIHA on practical ways of promoting employee welfare. During the financial year, the management and the unions began negotiations of Internal Collective Bargaining agreement (CBA) for 2017-2021 with aim of promoting employee welfare in and out of work place. The University has also operationalized General personal Accident (GPA) and Work Injury Benefits (WIBA) insurance covers to caution the employees against accidents.

iv) Market Place Practices

Chuka University aligned its procurement policies with the Constitution, the PFMA and Regulations, and the Procurement and Asset Disposal Act, 2015. The University ensures transparency in procurement of goods and services and ensures allocation of 30% of contracts are awarded to AGPO suppliers (Women, people with disabilities and the youth).

v) Community Social Responsibility/Community Engagements

In furtherance of social protection to the vulnerable members of the society, the university donated foodstuff to the elderly citizen aged 85 years and above. More than 1,500 vulnerable elderly beneficiaries benefited from the CSR initiative. The university also trained 100 farmers on Agricultural Production and Livestock Nutrition.

To promote education, Chuka University have continued hosting the KMTC students as they await the completion their proposed site. Chuka University also offers scholarship to best performing student in every faculty.

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To promote water and sanitation, the University successfully implemented the following community water projects; acquisition of water pipes for Ndagani K. K Mwendwa Water Association, Nkuthika water project, Rukindu water project and construction of Kiang'onde Community Public Toilet Project.

To mitigate the devastating effects of environmental degradation and climate change, Chuka University continues to position itself as a centre of excellence in environmental Conservation. Towards this end, the University holds annual tree planting events to neighbouring community. The University launched 3rd annual tree planting around its environs by planting 200,000 tree seedlings. During the same period, the university distributed 500,000 tree seedlings to the community and schools. This tree planting initiative is in line with the Big Four Agenda and vision 2030 which aims at mitigating against climate change and its adverse effects. The University has continued to collaborate with the local community by supporting farmers through trainings.

**Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2021.**

10. REPORT OF THE COUNCIL

The Council submits the report together with the audited financial statements for the year ended June 30, 2021, which indicate the state of the University's affairs.

Principal activities

The principal activities of the University are to provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya.

Results

The results of the entity for the year ended June 30, 2021 are set out on pages 1 to 8 for financial statements and pages 9 to 51 for the notes to the financial statements.

University Council

The members of the Council who served during the year are shown on page 8 to 10 in accordance with the Universities Act, 2012.

Auditors

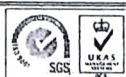
The Auditor General is responsible for the statutory audit of the University in accordance with the Section 38 & 39 of the Public Finance Management (PFM) Act, 2013, which empowers the Auditor General to carry out the audit of the University for the year ended June 30, 2021.

By Order of the University Council



Prof. Erastus N. Njoka, Ph.D.
VICE – CHANCELLOR/CEO

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11. STATEMENT OF COUNCILS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Council to prepare financial statements in respect of that University, which 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 which 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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these 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 accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements 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, 2021, and of the University's financial position as at that date.

**Chuka University
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The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Board on 24th September 2021 and signed on its behalf by:



Prof. Erastus N. Njoka, Ph.D.
Vice – Chancellor/CEO

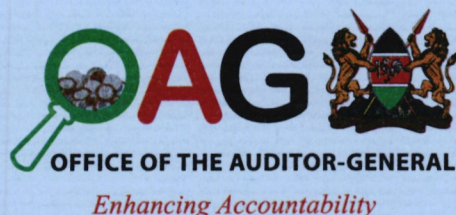


Dr. Julius Tangus Rotich, Ph. D
Council Chairman



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON CHUKA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Chuka University set out on pages 1 to 50, which comprise the statement of financial position as at

Report of the Auditor-General on Chuka University for the year ended 30 June, 2021

30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Chuka University as at 30 June, 2021, 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 Qualified Opinion

Lack of Land Ownership Documents

The statement of financial position reflects Kshs.6,861,474,533 being the net book value for property, plant and equipment as at 30 June, 2021, which as disclosed at Note 29 to the financial statements, included Kshs.1,097,670,205 with respect to land. However, the value included Kshs.25,000,000 relating to a land parcel in Karingani/Ndagani and measuring 1.0 hectares for which, as previously reported, the University Management had not obtained ownership documents. Although the Management explained that the process of securing the documents was at an advanced stage, no documentary evidence was provided to confirm the ownership status.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Report of the Auditor-General on Chuka University for the year ended 30 June, 2021

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

Inadequate Revenue Collection Measures

Section 64(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 provides that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for all national government revenue and other public money and that adequate measures, including legal action where appropriate, are taken to obtain payments. As disclosed at Note 25 to the financial statements, the balance of Kshs.56,969,860 in respect of receivables from exchange transactions included Kshs.20,808,092 (Kshs.14,474,765 in 2019/2020) in respect of rental income receivable. However, no evidence of the measures taken by the Management to ensure full and prompt collection of the outstanding rent was provided for audit review.

In the circumstances, the University was in breach of the law and the recoverability of the outstanding rent amounting to Kshs.20,808,092 was doubtful.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall 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 control, 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 control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements

are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the University's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 July, 2022

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2021.

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021

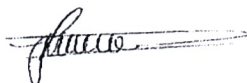
Chuka University
Statement of Financial Performance
For the Year Ended June 30, 2021

	Note	2020-2021 30th June 2021	2019-2020 30th June 2020
Revenue from Non-Exchange Transactions			
Exchequer Recurrent Grants	6	1,294,817,208	1,391,972,718
Other Revenue from Non-Exchange Transactions	7	463,205	438,370
Sub-total		1,295,280,413	1,392,411,088
Revenue from Exchange Transactions			
Tuition and Related Income	8	561,542,607	640,640,003
Income Generating Activities	9	23,979,917	19,306,300
Other Income	10	60,832,160	55,181,058
Sub-Total		646,354,684	715,127,361
Total Revenue (A)		1,941,635,097	2,107,538,449
Expenses			
Employment Expenses	11	1,341,653,283	1,104,861,108
Council Expenses	12	7,825,946	8,958,108
Establishment Expenses	13	137,640	1,377,618
Repairs and Maintenance Expenses	14	22,047,800	17,935,346
Academic Expenses	15	121,837,331	153,469,488
Students and Alumni Expenses	16	8,635,140	13,790,002
Staff Welfare and Development Expenses	17	5,125,908	5,819,395
Finance costs	18	2,189,516	3,243,219
Depreciation and Amortization	19	205,354,061	143,538,248
Audit Fees	20	696,000	696,000
General Operating Expenses	21	225,107,128	231,099,525
Increase/Decrease in Provision for Doubtful Debts	22	24,207	(173,998)
Total Expenditure (B)		1,940,633,960	1,684,614,059
Surplus / Deficit (A-B)		1,001,137	422,924,390

The notes set out on pages 9 to 51 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the council by:



Prof. Erastus N. Njoka, Ph.D.
Vice – Chancellor/CEO



CPA. John K. Thurairira
 ICPAK Member No.15343
Finance Officer



Dr. Julius Tanguis Rotich, Ph.D.
Council Chairman



Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2021.

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Chuka University
Statement of Financial Position
As at June 30, 2021

	Note	30th June 2021 Ksh	30th June 2020 Ksh
Assets:			
Current Assets			
Cash and Cash Equivalents	23	1,259,335,574	1,738,206,870
Receivables from Exchange Transactions	25	56,400,161	54,003,756
Receivables from Non-Exchange Transactions	26	-	110,826,558
Prepayments	27	7,867,078	6,127,428
Inventory	28	11,451,688	24,507,564
Total		1,335,054,501	1,933,672,176
Non-Current Assets			
Tangible Assets -Property, Plant & Equipment	29	6,861,474,533	6,139,792,913
Intangible Assets - Comp Software	30	3,745,532	6,554,680
Biological Assets	31	13,206,050	11,614,399
Total		6,878,426,115	6,157,961,992
Total Assets		8,213,480,616	8,091,634,168
Liabilities:			
Current Liabilities:			
Payables from Exchange Transactions	32	238,171,414	191,726,135
Retention Work in Progress	32	184,460,915	152,025,109
Total Liabilities		422,632,329	343,751,244
Equity Funds & Reserves			
Capital Funds		2,273,648,351	2,222,883,129
Accumulated Surplus		4,216,988,348	4,224,788,207
Revaluation Reserve		1,300,211,588	1,300,211,588
Total Equity and Reserves		7,790,848,287	7,747,882,924
Total Equity and Liabilities		8,213,480,616	8,091,634,168

The Financial Statements set out on pages 1 to 8 were signed on behalf of the council by:

Prof. Erastus N. Njoka, Ph.D.
 Vice – Chancellor/CEO

CPA. John K. Thurania
 ICPAK Member No.15343
 Finance Officer

Dr. Julius Tanguo Rotich, Ph.D.
 Council Chairman

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2021.

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

Chuka University
Statement of Changes in Net Assets/Equity
For the Year Ended June 30, 2021

	Note	Capital Fund Ksh	Revaluation Reserves - PPE Ksh	Accumulated Surplus Ksh	Total Ksh
2019/2020					
Balance as at 01/07/2019		1,995,627,819	1,301,000,044	3,801,863,817	7,098,491,681
Surplus/Deficit for the Year		-	-	422,924,390	422,924,390
Capital Grants		332,700,000	-	-	332,700,000
De-Recognize TUC		(105,444,690)	(788,456)	-	(106,233,146)
Balance as at 30/06/2020		2,222,883,129	1,300,211,588	4,224,788,207	7,747,882,925
2020-2021					
Balance as at 01/07/2020		2,222,883,129	1,300,211,588	4,224,788,207	7,747,882,925
Adj. of Prior Yr. depreciation	33			(8,800,996)	(8,800,996)
Adj. Opening Balances		2,222,883,129	1,300,211,588	4,215,987,211	7,739,081,929
Surplus for the Year		-	-	1,001,137	1,001,137
Capital Grants	34	50,765,222	-	-	50,765,222
Balance as at 30/06/2021		2,273,648,351	1,300,211,588	4,216,988,348	7,790,848,288



Chuka University
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For the Year Ended June 30, 2021.

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

Chuka University
Cash Flow Statement
For the Period Ended June 30, 2021

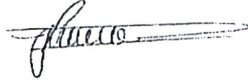
		2020/2021	2019/2020
	Note	Kshs	Kshs
Surplus / (Deficit) from Operations		1,001,137	422,924,390
Adjustments for Non-Cash Items in the Income Statement:			
Depreciation and Amortization Charge for the Year	19	205,354,061	143,538,248
		206,355,198	566,462,638
Working Capital Adjustments			
Increase/Decrease in Receivables -Exchange Transactions	25	(2,396,405)	17,225,786
Increase/decrease in Receivables - Non Exchange Transactions	26	110,826,558	(31,397,089)
Increase/Decrease in prepayments	27	(1,739,650)	(6,127,428)
Increase/Decrease in Inventory	28	13,055,876	(7,807,650)
Increase/Decrease in Payable from Exchange Transactions	32	78,881,085	59,105,905
Net Cash Flows Used in Operating Activities (A)		404,982,662	597,462,162
Cash flows from investing activities			
Acquisition of Land	29	-	(28,457,205)
Acquisition Building	29	-	-
Acquisition Plant & Equipment	29	(50,691,921)	(111,990,266)
Acquisition of Motor Vehicles	29	(14,324,500)	-
Acquisition of Furniture & Fittings	29	(9,870,976)	(19,035,828)
Acquisition of Computer Hardware	29	(6,285,113)	(6,554,816)
Purchase of Library Books	29	(1,696,857)	(4,545,379)
Computer Software Acquired	30	-	(1,699,400)
Biological Assets	31	(1,591,651)	-
Work in Progress Paid	35	(850,158,162)	(665,287,098)
Net Cash Flows Used in Investing Activities (B)		(934,619,180)	(837,569,992)
Cash Flows from Financing Activities			
Capital Fund	34	50,765,222	332,700,000
Net Cash Flows used in Financing Activities (C)		50,765,222	332,700,000
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)		(478,871,296)	92,592,170
Cash and Cash Equivalents Bal B/F	23	1,738,206,870	1,645,614,700
Cash and Cash Equivalents C/F	23	1,259,335,574	1,738,206,870

Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2021.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the council by:



Prof. Erastus N. Njoka, Ph.D.
Vice – Chancellor/CEO



CPA. John K. Thurania
ICPAK Member No.15343
Finance Officer



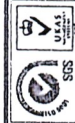
Dr. Julius Tangu Rotich, Ph.D.
Council Chairman



Chuka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2021.

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

Chuka University						
Statement of Comparison of Budget and Actual Amounts						
For the Period Ended June 30, 2021						
	Original Budget	Adjustments	Final Budget	Actual on	Performance	
	2020/2021	2020/2021	2020/2021	Comparable	Difference	
	Kshs	Kshs	Kshs	Basis	Variance	Note
				2020/2021	Kshs	%
INCOME						
GOK Recurrent Capitalation	1,294,817,208	-	1,294,817,208	1,294,817,208	-	100
GOK Development Capitalation	101,530,000	(50,764,778)	50,765,222	50,765,222	-	100
A-1-A / Internally Generated Funds	873,479,142	(223,479,142)	650,000,000	619,644,667	30,355,333	95
Committed Savings	1,222,902,140	(129,831,570)	1,093,070,570	1,057,599,681	35,470,889	97
Interest From Deposits	4,000,000	26,000,000	30,000,000	27,173,222	2,826,778	91
Total Revenue (A)	3,496,728,490	(378,075,490)	3,118,653,000	3,050,000,000	68,653,000	98
Expenses						
Employment Expenses	1,375,000,000	75,000,000	1,450,000,000	1,341,653,283	108,346,717	93
Council Expenses	12,000,000	(3,400,000)	8,600,000	7,825,946	774,054	91
Establishment Expenses	1,000,000	(850,000)	150,000	137,640	12,360	92
Repairs and Maintenance Expenses	25,500,000	(1,500,000)	24,000,000	22,047,800	1,952,200	92
Academic Expenses	123,000,000	9,001,000	132,001,000	121,837,331	10,163,669	92
Students and Alumni Expenses	8,000,000	1,170,000	9,170,000	8,635,140	534,860	94
Staff Welfare and Development	8,500,000	(2,800,000)	5,700,000	5,125,908	574,092	90
Finance Costs	2,000,000	400,000	2,400,000	2,189,516	210,484	91
Depreciation and Amortization	20,000,000	198,000,000	218,000,000	205,354,061	12,645,939	94

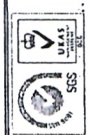


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For the Year Ended June 30, 2021.**

Audit Fees	2,784,000	(1,296,000)	1,488,000	-	1,488,000	0
General Operating Expenses	249,400,000	(2,306,000)	247,094,000	225,107,128	21,986,872	91
Provision for Doubtful Debts	1,200,000.00	(600,000)	600,000	569,699	30,301	95
Purchase of Food Stuff	10,000,000	2,500,000	12,500,000	11,444,381	1,055,619	92
Medical Drugs	2,500,000	(200,000)	2,300,000	2,078,212	221,788	90
Purchase of Plant Property and Equipment	105,844,490	(20,844,490)	85,000,000	82,869,367	2,130,633	97
Capital Projects	1,550,000,000	(630,350,000)	919,650,000	850,158,162	69,491,838	92
Total Expenditure	3,496,728,490	(378,075,490)	3,118,653,000	2,887,033,574	231,619,426	93
Budget Surplus/Deficit	-	-	-	162,966,426	(162,966,426)	

Reconciliation of Budget Surplus and Surplus as Per the Statement of Financial Performance

Surplus as per the Statement of Comparison of Budget and Actual Amounts					162,966,426
Add					
Provision for Doubtful Debts					569,699
Catering Expenses Accounted Separately Under IGU					11,444,381
Purchase of Medical Drugs Accounted Separately Under IGU					2,078,212
Purchase of Property, Plant and Equipment					82,869,367
Payment for Capital Projects					850,158,162
					947,119,821
Less					
Audit Fees					(696,000)
Increase in Provision					(24,207)
Savings Committed					(1,057,599,681)
GOK Development Capitation					(50,765,222)
					(1,109,085,110)
Surplus as per the Statement of Financial Performance					1,001,137



Chuka University
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Budget notes

Note 1: Provision for Audit Fees

The amount covers the previous audit fees arrears of kshs. 792,000 and kshs. 696,000 being Provision for audit fees for 2020/21 financial year.



18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Chuka University is a public university established in 2013, under the Universities Act No. 42 of 2012. The Public Financial Management Act 2012, and the Public Financial Management Regulations 2015, governs the financial management of Chuka University. Chuka University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Chuka 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 judgement 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 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

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ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p>

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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

Chuka University did not early – adopt any new or amended standards in year ended 2020/2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

Chuka 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.

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For the Year Ended June 30, 2021.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 6 of these financial statements.

c) Taxes

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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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.

d) Investment property

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

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

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

e) Property, plant and equipment

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

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

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

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

The annual rates are:

Buildings	2.50%
Machinery and Equipment	20%
Furniture and Fittings	13%
Motor Vehicles	25%
Computer & Computer peripherals	30%
Library Books	20%

Chuka University
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For the Year Ended June 30, 2021.

f) 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.

g) Intangible assets

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

h) 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.

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is

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calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity.

After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

- The debtors or entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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

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

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

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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.

k) 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.

l) 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.

m) 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.

n) 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.

o) Employee benefits

Retirement benefit plans

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

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

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participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

After University inherited the former Eastern Campus of Egerton University, the staff opted to remain in the Egerton University Pension Scheme. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. The University also contributes to the statutory National Social Security Fund (N.S.S.F.). This is a defined contribution scheme registered under N.S.S.F. Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and currently limited to a maximum of Ksh 200.00 per employee per month, while the employer contributes Ksh 200.00 per month.

p) 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.

q) Borrowing costs

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

r) 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.

s) Service concession arrangements

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

t) 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.

u) Comparative figures

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

v) 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, 2021.

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

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

Useful lives and residual values

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

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

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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 22 & 24

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. Chuka university management has provided for a provision for bad debts at the rate of 1% of the Receivables from exchange transactions.

6) Exchequer Recurrent Grants

Description	2020-2021	2019-2020
	Kshs	Kshs
Ministry of Education-Exchequer Recurrent Grants		
July	107,901,434	106,762,180
August	107,901,434	106,762,180
September	107,901,434	106,762,180
October	107,901,434	106,762,180
November	107,901,434	106,762,180
December	107,901,434	106,762,180
January	107,901,434	106,762,180
February	107,901,434	106,762,180
March	107,901,434	106,762,180
April	107,901,434	106,762,180
May	107,901,434	106,762,180
June	107,901,434	217,588,738
Total	1,294,817,208	1,391,972,718

7) Other Revenue from Non-Exchange Transactions

Description	2020-2021	2019-2020
	Kshs	Kshs
Other Revenue from Non-Exchange Transactions		
Surcharges & Fines	233,045	218,360
Fines for Damages	230,160	220,010
Total	463,205	438,370

8) Tuition and Related Income

Description	2020-2021	2019-2020
	Kshs	Kshs
Revenue from Exchange Transactions		
Income from Diploma & Certificates Courses	178,210,737	185,734,952
Income from Government Sponsored Students	293,689,339	320,387,648
Income from Self Sponsored Undergraduate Students	156,796,409	180,354,044
Income from Self Sponsored Postgraduate Students	27,189,151	28,106,625

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May Intake 2020 Apportionment	-	6,659,250
Total Income Earned	655,885,636	721,242,519
Less: Non Tuition Income Included in the Income Earned		
Caution Money	(8,420,000)	(8,272,000)
Medical Fees	(21,592,000)	(20,880,000)
Accommodation Charges	(4,491,500)	(5,214,500)
Application Fees	(1,898,000)	(3,318,050)
Fines for Damages	(230,160)	(220,010)
Student Union	(5,588,100)	(3,687,000)
Alumni Collections	(4,491,000)	4,026,000
Less:		-
Tuition Fees Prepaid	(72,411,444)	(68,863,569)
Tuition Fees Refund	(1,342,300)	(1,725,648)
	(120,464,504)	(108,154,777)
Add:		
Tuition Fees Receivable	26,121,475	27,552,261
Total Tuition & Related Income for the Year	561,542,607	640,640,003

9) Income Generating Activities

Description	2020-2021	2019-2020
Income Generating Activities	Kshs	Kshs
IGU Income Catering	1,043,703	756,949
IGU Income Medical	18,596,383	16,696,048
IGU Income Farm	573,261	26,479
Hillside Hotel	3,766,570	1,826,824
Total	23,979,917	19,306,300

10) Other Miscellaneous Income from Exchange Transactions

Description	2020-2021	2019-2020
Other Miscellaneous Income from Exchange Transactions	Kshs	Kshs
Wear and Tear	30,150	333,550
Hire of Facilities	421,930	596,840
Disposal of Miscellaneous Items	302,280	-
Accommodation Charges	4,491,500	5,214,500
Application Fees	1,898,000	3,318,050
Charges for A.I. Services	50,430	38,000
Library Subscription	3,000	6,000
Research Funds	14,544,164	516,055
Rental Income	11,174,835	11,513,197
Advertising Income	50,000	-
Interest on Bank Deposit from Equity Fees Collection Account	27,173,222	33,041,569
Remarking	5,000	3,000
Printing and Photocopy	16,291	15,089
Basic Needs	668,708	585,208
Sale of T-shirt	2,650	
Total	60,832,160	55,181,058

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11) Employment Expenses

Description	2020-2021	2019-2020
Employment Expenses	Kshs	Kshs
Personnel Emoluments:		
July	98,953,028	75,064,785
August	170,090,316	79,275,578
September	99,469,318	85,893,414
October	99,164,893	85,285,412
November	98,929,378	84,011,845
December	99,232,699	84,112,704
January	109,539,084	122,069,989
February	99,339,007	87,486,368
March	98,991,879	87,002,738
April	100,254,022	87,410,270
May	101,079,672	86,657,483
June	100,965,270	87,333,007
Total	1,276,008,566	1,051,603,593
Casual Labor Expenses	8,419,558	10,145,972
Gratuity Expense	45,372,951	34,411,543
Hospitalization & Medical Expenses	11,852,208	8,700,000
Total employment Expenses	1,341,653,283	1,104,861,108

12) Council Expenses

Description	2020-2021	2019-2020
Council Expenses	Kshs	Kshs
Sitting Allowance, Lunch Accommodation & Mileage	7,825,946	8,958,108
Total	7,825,946	8,958,108

13) Establishment Expenses

Description	2020-2021	2019-2020
Establishment Expenses	Kshs	Kshs
Teaching Demonstration and Watering Units	137,640	1,377,618
Total	137,640	1,377,618

14) Repairs and Maintenance Expenses

Description	2020-2021	2019-2020
Repairs and Maintenance Expenses	Kshs	Kshs
Vehicle Repairs/Transport Operating Expenses	11,354,300	4,047,796
Fuel & Oils-Generator	1,153,890	1,194,590
Grounds Maintenance	500,139	789,144
Computer/Software Maintenance	1,022,032	2,082,962
Plant & Equipment	1,490,191	2,103,684
Furniture	70,800	894,700
Buildings	6,456,448	6,822,470
Total	22,047,800	17,935,346

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15) Academic Expenses

Description	2020-2021	2019-2020
Academic Expenses	Kshs	Kshs
Part- Time Lect. Expenses	82,360,203	105,833,376
Graduation Expenses	14,420,423	17,504,902
Teaching Practice & Field Attachment All.	11,024,880	11,781,894
Academic Field Trips	1,083,060	3,766,651
Teaching Materials	4,399,339	1,686,787
Exam Supervision	2,176,910	3,743,386
Travelling & Subsistence (Part Time Lecturers)	172,000	1,469,500
Other Research Expenses	6,200,516	7,682,992
Total Academic Expenses	121,837,331	153,469,488

16) Students and Alumni Expenses

Description	2020-2021	2019-2020
Students and Alumni expenses	Kshs	Kshs
Student Welfare Expenses	7,545,585	13,075,207
Student Work Study Expenses	573,295	420,800
Basic Needs Expense	516,260	293,995
Total	8,635,140	13,790,002

17) Staff Welfare & Development Expenses

Description	2020-2021	2019-2020
Staff Welfare & Development expenses	Kshs	Kshs
Staff Development -	186,300	358,250
Staff Welfare Expenses	338,708	2,234,995
Staff Education Fund-Tuition Waiver	4,600,900	3,226,150
Total	5,125,908	5,819,395

18) Finance Costs

Description	2020-2021	2019-2020
Finance Cost	Kshs	Kshs
Bank Charges Interest	2,189,516	3,243,219
Total Finance Cost	2,189,516	3,243,219

19) Depreciation and Amortization

Description	2020-2021	2019-2020
Depreciation and Amortization	Kshs	Kshs
Buildings	56,678,260	37,023,006
Plant & Equipment	68,824,811	34,607,241
Motor Vehicles	39,328,625	35,747,500
Furniture & Fittings	11,503,557	9,284,552
Computer Hardware	21,543,100	19,975,981
Library Books	4,666,560	4,090,820
Amortization of Computer Software	2,809,148	2,809,148
Total Depreciation & Amortization	205,354,061	143,538,248

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20) Audit Fees

Description	2020-2021	2019-2020
Audit Fees	Kshs	Kshs
Audit Fees	696,000	696,000
Total Audit Fees	696,000	696,000

21) General Operating Expenses

Description	2020-2021	2019-2020
General Operating Expenses	Kshs	Kshs
General Insurances	16,846,108	10,483,431
Property Insurances	2,384,923	-
Travelling and Subsistence for staff	13,032,305	12,574,725
External Travelling	658,945	1,617,992
University Committees' Expenses	1,712,520	2,418,350
Animal Breeding Expenses	13,050	26,200
Postage and Telephone	1,469,028	4,732,921
Electricity Expenses	13,273,660	13,576,070
Honorarium	317,660	165,660
Water Supply and Sewerage Expenses	3,069,580	534,525
Staff Uniforms	1,932,550	1,515,798
Newspapers Journals and Videos	948,630	871,500
Office Stationery	11,533,534	12,116,759
Subscriptions to Nursing Council	57,300	-
General Subscription	4,207,224	2,784,753
Campuses Expenses	5,398,243	13,376,882
Professional Services- ISO	400,480	490,460
Hire of Security Services	21,893,250	17,035,700
Hire of Cleaning Services	11,900,766	10,263,280
Internet Expenses	15,046,312	19,101,548
Legal Fees	1,227,966	878,290
Professional Services	316,900	1,171,000
Official Entertainment	2,211,113	2,165,047
Conferences & Seminars	6,922,277	6,279,069
Cleaning Materials	1,968,341	1,723,448
Corporate Social Responsibility	28,559,890	19,308,196
Quality Assurance fees - CUE Subscription	344,000	7,763,600
Farm general expenses	1,671,660	836,872
Advertisement & Publicity	42,665,378	38,142,650
Exhibitions and Local Shows	1,200,000	2,790,385
Property/Land rates	411,500	411,500
KUCCPS Placement fees	5,031,000	4,395,000
Landscaping of University Grounds	712,721	20,027,539
Purchase of Games Equipment	1,871,615	1,392,965
Wildlife Conservancy	-	127,410
Covid 19 Expenses	3,896,699	-
Total	225,107,128	231,099,525

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22) Provision for Doubtful Debts

Description	2020-2021	2019-2020
Provisions for Doubtful Debts	Kshs	Kshs
Bal B/F 1st July 2020	545,492	719,490
Increase/Decrease During the Year Period	24,207	(173,998)
Balance as at 30th June 2021	569,699	545,492

23) Cash and Cash Equivalents

Description	2020-2021	2019-2020
Cash & Cash Equivalents	Kshs	Kshs
KCB - Fees Collection A/C - 1103755439	54,655,115	480,253,346
KCB - Operations A/C 1113791985	83,460,422	74,224,773
Equity IGU a/c 0293981713	20,597,182	12,870,461
Equity - Catering Dept. A/C 0210298189098	9,619,548	9,820,710
Equity fees collection A/C 0210261453469	282,198,687	397,386,309
Equity Research Fund-KEPAP 0210262271525	67,292,462	66,085,876
Equity TOWA A/C 0210298770822	20,198,618	13,751,652
Cooperative Bank -Development A/C 01120058189900	3,442,395	112,370,313
Cooperative- Fees Collection A/C 01129058189900	45,494,885	5,691,721
Family Bank- Fees Collection A/C 054000002641	267,733,352	231,655,387
Barclays Bank A/C 2035727666	43,037,449	37,093,686
Standard Chartered Bank A/C 0102024755200	29,235,019	24,192,807
Equity Operations A/C 0210261453459	24,817,268	16,463,508
Equity Gratuity 0210263739640	75,934,013	41,113,537
Equity Retention 0210263739666	231,619,159	215,232,784
Total	1,259,335,574	1,738,206,870

24) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021	2019-2020
a) Current account		KShs	KShs
KCB - Fees Collection	1103755439	54,655,115	480,253,346
KCB - Operations	1113791985	83,460,422	74,224,773
Equity IGU a/c	0210293981713	20,597,182	12,870,461
Equity - Catering Dept.	0210298189098	9,619,548	9,820,710
Equity fees collection A/C	0210261453469	282,198,687	397,386,309
Equity Research Fund-KEPAP	0210262271525	67,292,462	66,085,876
Equity Hillside A/C	0210298770822	20,198,618	13,751,652
Cooperative Bank -Development A/C	01120058189900	3,442,395	112,370,313
Cooperative- Fees Collection A/C	01129058189900	45,494,885	5,691,721
Family Bank- Fees Collection A/C	054000002641	267,733,352	231,655,387
Barclays Bank	2035727666	43,037,449	37,093,686
Standard Chartered Bank	0102024755200	29,235,019	24,192,807
Equity Operations A/C	0210261453459	24,817,268	16,463,508
Equity Gratuity	0210263739640	75,934,013	41,113,537
Equity Retention	0210263739666	231,619,159	215,232,784



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Sub-total		1,259,335,574	1,738,206,870
b) On - call deposits	n/a	-	-
c) Fixed deposits account	n/a	-	-
d) Staff car loan/ mortgage	n/a	-	-
e) Others(specify)	n/a	-	-
Cash in transit	n/a	-	-
cash in hand	n/a	-	-
Mobile money accounts	n/a	-	-
Sub- total	n/a	-	-
Grand total		1,259,335,574	1,738,206,870

25) Receivable from Exchange Transactions

Description	2020-2021	2019-2020
Receivable from Exchange Transactions	Kshs	Kshs
Students Fees Receivable	34,735,852	36,172,173
IGU: Catering	1,355,230	3,601,230
Farm	-	44,795
Medical	70,686	61,185
Hill Side Hotel	-	195,100
Rental Income Receivable	20,808,092	14,474,765
Total Receivables from Exchange Transactions	56,969,860	54,549,248
Less: Impairment/Provision for Doubtful Debts	(569,699)	(545,492)
Net Receivables from Exchange Transactions	56,400,161	54,003,756

26) Receivable from Non-Exchange Transaction

Description	2020-2021	2019-2020
Receivable from Non-Exchange Transaction	Kshs	Kshs
Exchequer Recurrent Grant	-	110,826,558
Total	-	110,826,558

27) Prepayments

Description	2020-2021	2019-2020
Prepayments	Kshs	Kshs
Prepaid General Insurance	7,867,078	6,127,428
Total	7,867,078	6,127,428

28) Inventory

Description	2020-2021	2019-2020
Inventory	Kshs	Kshs
Main Stores	8,954,326	22,060,163
Medical Supplies	1,233,933	701,090
Farm Supplies & Consumables	266,076	1,059,031
Hill Side Hotel Supplies and Consumables	184,304	48,873
Catering Supplies & Consumables	813,049	638,407
Total	11,451,688	24,507,564

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29) Tangible Assets, Property, Plant and Equipment Schedule

PPE Schedule	Land	Buildings	2.50%	Plant & Equipment	20%	Motor Vehicle	25%	Furniture & Fittings	13%	Comp Hardware	30%	Library Books	20%	Work In Progress	Totals
Particulars 2019/2020															
Cost/Value as at 1.7.19	1,087,500,000	1,480,920,238	173,758,053	142,990,000	64,802,626	62,366,108	17,113,064	2,521,243,053	5,550,693,142						
TUC asset cost adjustment	(32,000,000)	-	(440,800)	-	(4,732,560)	(2,334,320)	-	-	(39,507,680)						
TUC WIP adjustment														(66,534,041)	
Additions	28,457,205	-	111,990,266	-	19,035,828	6,554,816	4,545,379	665,287,098	835,870,592						
W.I.P Capitalized	-	786,210,176	12,085,112	-	-	-	-	(798,295,288)	-						
Cost At 30th June 2020	1,083,957,205	2,267,130,414	297,392,631	142,990,000	79,105,894	66,586,604	21,658,443	2,321,700,822	6,280,522,013						
Depreciation and Impairment															
Acc. Depreciation At 1 July 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	37,023,006	34,607,241	35,747,500	9,284,552	19,975,981	4,090,820	2,321,700,822	140,729,100						
Depreciation as at 30 June 2020	-	37,023,006	34,607,241	35,747,500	9,284,552	19,975,981	4,090,820	2,321,700,822	140,729,100						
Net Book Value as at 30th June 2019	1,087,500,000	1,480,920,238	173,758,053	142,990,000	64,802,626	62,366,108	17,113,064	2,521,243,053	5,550,693,142						
Net Book Value as at 30th June 2020	1,083,957,205	2,230,107,408	262,785,390	107,242,500	69,821,342	46,610,623	17,567,623	2,321,700,822	6,139,792,913						
2020/2021															
Cost/Value as at 1.7.20	1,083,957,205	2,267,130,414	297,392,631	142,990,000	79,105,894	66,586,604	21,658,443	2,321,700,822	6,280,522,013						
Additions	-	-	50,691,921	14,324,500	9,870,976	6,285,113	1,696,857	850,158,162	933,027,529						
W.I.P Capitalized	13,713,000	8,896,875	35,337,571	-	-	-	-	(57,947,446)	-						
Cost At 30th June 2021	1,097,670,205	2,276,027,289	383,422,123	157,314,500	88,976,870	72,871,717	23,355,300	3,113,911,538	7,213,549,542						
Depreciation and Impairment															
Acc. Depreciation At 1 July 2020	-	37,023,006	34,607,241	35,747,500	9,284,552	19,975,981	4,090,820	-	140,729,100						
Prior yr. Adj. on Plant and Equip	-	-	8,800,996	-	-	-	-	-	8,800,996						
Adj. Acc.Dep as at 1st July 2020	-	37,023,006	43,408,237	35,747,500	9,284,552	19,975,981	4,090,820	-	149,530,096						
Depreciation charge for the year	0	56,678,260	68,824,811	39,328,625	11,503,557	21,543,100	4,666,560	-	202,544,913						
Depreciation as at 30 June 2021	-	93,701,266	112,233,048	75,076,125	20,788,109	41,519,081	8,757,380	-	352,075,009						
NBV as at 30th June 2020	1,083,957,205	2,230,107,408	262,785,390	107,242,500	69,821,342	46,610,623	17,567,623	2,321,700,822	6,139,792,913						
NBV as at 30th June 2021	1,097,670,205	2,182,326,023	271,189,075	82,238,375	68,188,761	31,352,636	14,597,920	3,113,911,538	6,861,474,533						



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30) Intangible Assets, Computer Software Schedule

Description	Kshs
Year 2019/2020	
Cost/Value at 1/7/2019	7,664,428
Additions/adjustments	1,699,400
Cost/Value at 30/06/2020	9,363,828
Year 2019/2020	
Accumulated Amortization 1/07/2019	-
Amortization Charge for the Period	2,809,148
Accumulated Amortization 30/06/2020	2,809,148
Carrying amount as at 30 June 2019	7,664,428
Carrying amount as at 30 June 2020	6,554,680
Year 2020/2021	
Cost/Value at 1/7/2020	9,363,828
Additions/adjustments	-
Cost/Value at 30/06/2021	9,363,828
Accumulated Amortization 1/07/2020	2,809,148
Amortization Charge for the Period	2,809,148
Accumulated Amortization 30/06/2021	5,618,296
Carrying amount as at 30 June 2020	6,554,680
Carrying amount as at 30 June 2021	3,745,532



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31) Biological Assets

Item	Unit	Qty	Cost/Unit	2020/2021	Qty	Cost/Unit	2019/2020
CROPS							
Bananas	Bunches	1,800	300	540,000	-	-	-
Trees	Plants	3,300	1,000	3,300,000	-	-	-
Napier grass	Pickups	150	3,000	450,000	-	-	-
Boma Rhodes	Tons	100	12,000	1,200,000	-	-	-
Sudan Grass	Tons	108	3,500	378,000	-	-	-
Green Grams	Kgs	225	130	29,250	-	-	-
Cow Peas	kgs	135	100	13,500	-	-	-
VEGETABLES							
Spinach	Plots	3	2,000	6,000	3	2,000	6,000
Kales	Plots	4	1,000	4,000	4	1,000	4,000
Mito	Plots	-	-	-	3	2,000	6,000
Mreda	Plots	-	-	-	3	2,000	6,000
Saghet	Plots	3	2,000	6,000	3	2,000	6,000
Arrow roots	Wet Beds	2	2,000	4,000	2	2,000	4,000
Tomatoes	Plots	-	-	-	-	-	-
Spider Plants	Plots	3	2,000	6,000			
Amaranth	Plots	4	2,000	8,000			
LIVESTOCK							
Cows(exotic)	Numbers	-	-	-	28	200,000	5,600,000
Calves	Numbers	4	40,000	160,000	3	30,000	90,000
Pedigree heifers	Numbers	5	240,000	1,200,000	2	240,000	480,000
Cows in milk	Numbers	-	-	-	6	70,000	420,000
Mature Dairy cows	Heads	5	250,000	1,250,000	6	75,000	450,000
Bulls	Heads	3	80,000	240,000	2	60,000	120,000
Young heifers	Heads	-	-	-	4	40,000	160,000
Young bulls	Heads	2	30,000	60,000	3	30,000	90,000
Calf heifers	Heads	-	-	-	4	70,000	280,000
INDIGENOUS CATTLE							
Mature Males	Heads	5	80,000	400,000	7	60,000	420,000
Mature Females	Heads	15	60,000	900,000	28	55,000	1,540,000
Young Bulls	Heads	3	15,000	45,000			
Young Heifers	Heads	14	25,000	350,000			
CALVES							
Males	Heads	-	-	-	8	20,000	160,000
Females	Heads	-	-	-	11	25,000	275,000

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GOATS							
Billy (Mature Males)	Heads	60	10,000	600,000	25	5,000	125,000
Nanny (Mature Females)	Heads	73	8,000	584,000	133	4,500	598,500
YOUNG GOATS							
Does (Young females)	Heads	50	2,500	125,000	15	1,200	18,000
Kids Males (Buckling)	Heads	27	2,000	54,000	14	1,500	21,000
Kids Females (Dueling)	Heads	23	1,500	34,500			
Kids	Heads	10	1,000	10,000			
SHEEP							
Males	Heads	1	4,000	4,000	1	3,000	3,000
Females	Heads	5	3,500	17,500	2	3,000	6,000
LAMB							
Males	Heads	1	1,500	1,500	3	1,500	4,500
Females	Heads	1	2,000	2,000	-	-	-
PIGS							
Boars(Males)	Heads	1	35,000	35,000	1	30,000	30,000
Sows (Female)	Heads	2	30,000	60,000	3	28,466	85,399
Piglets	Heads	9	3,200	28,800	30	3,200	96,000
Weaners	Heads	29	10,000	290,000			
LLAMA							
Males	Heads	2	120,000	240,000	1	100,000	100,000
Females	Heads	5	100,000	500,000	2	100,000	200,000
cria	Heads	1	70,000	70,000	3	70,000	210,000
TOTALS	Heads			13,206,050			11,614,399

32) Payables/ Accruals from Exchange Transactions

Description	2020-2021	2019-2020
Payables / Accruals from exchange transactions	Kshs	Kshs
Accruals from General Creditors	13,388,408	24,496,538
Part-Time Lecturers-Wages & Salaries Accrued	9,939,727	1,112,394
Student Caution Money Payable	24,817,268	24,735,508
Audit Fees Payable	1,488,000	3,480,000
Staff Gratuity Payable	74,602,365	41,196,810
Prepaid Tuition Income	112,627,469	96,704,885
Hill side Hotel	1,308,177	-
Sub Total	238,171,414	191,726,135
Add		
Retention for W.I.P Payable	184,460,915	152,025,109
Total	422,632,329	343,751,244

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33) Adjustment of prior Year Accumulated depreciation on Plant and Equipment

Item	Plant and Equipment
Reported Depreciation Charge	34,607,240
Recomputed Depreciation Charge	43,408,236
Depreciation Under charge	8,800,996

34) Exchequer Capital Grants

Description	2020-2021	2019-2020
Exchequer Capital Grants	Kshs	Kshs
Ministry of Education		
1st Disbursement	50,765,222	123,258,046
2nd Disbursement	-	209,441,954
3rd Disbursement	-	-
Total	50,765,222	332,700,000

35) Work In progress

Description	2020-2021	2019-2020
Work in Progress	Kshs	Kshs
Male Hostel	6,153,428	36,072,704
Students' Recreation Centre	-	8,434,798
Television and Radio Broadcasting Studio	-	1,000,000
Professional Fees Administration Block	33,853,667	68,282,133
Professional Fees Science Research Park	74,266,726	20,207,844
Administration Block	111,754,529	185,415,561
Food Technology Block	48,084,618	24,333,600
Science Research Park	191,758,447	137,699,860
Perimeter Fence Phase IV- Sec IV	1,260,344	1,558,413
Construction of Water Tank Kairini	-	6,467,910
Installation of Lifts	500,981	4,891,613
Jacuzzi & Steam Bath-Recreation Centre	996,500	-
Perimeter Fence Phase V and Road Leveling	1,043,759	12,538,889
Proposed 3000cm Reinforced Concrete Water Reservoir	8,169,522	28,199,305
Proposed High Mast Flood Lights Contract	-	5,777,376
Proposed Installation of Swimming Pool Equipment in Recreation Center	-	360,000
Professional Services for Water Reservoir	-	2,037,511
Completion of Research Office at Kairini Farm	-	5,624,144
Proposed Male Hostel (Wing B)	81,142,629	48,888,109
Proposed Remodeling and Renovations of Classrooms at Old Ndagani Primary	-	4,183,204
Acquisition of University Neighboring Land	12,363,000	1,350,000
Proposed Access Road at Kairini Farm	-	9,918,000
Completion of Fencing Works (Perimeter Fence Phase 4 Section 1)	-	782,397
Electric Fence at Kairini Farm	-	10,212,493
Consultancy Services for Proposed Ultra-Modern Library Block	113,454,234	9,975,000
Civil Works at Kairini Farm	15,337,571	20,000,000
Proposed Aluminium Partitioning Chancellor's Office	-	647,732
Chogoria Campus	24,107,802	10,428,502

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Electric fence at Kairini(Phase 1& 2)	3,137,703	-
Professional service Kairini Irrigation Project	970,000	-
Proposed perimeter wall Phase 6 section 1	2,585,106	-
Proposed perimeter wall Phase 6 section 2	6,537,611	-
Proposed University Monument	2,948,083	-
Proposed Upgrading of University Access road	80,261,613	-
Proposed Mechanical Workshop	4,693,961	-
Refurbishment of Elimu Plaza	2,707,851	-
Proposed 200KVA Generator at Igembe Campus	3,110,000	-
Proposed Bulky water and irrigation system at Kairini Farm	18,958,477	-
Total	850,158,162	665,287,098.00



36) FINANCIAL RISK MANAGEMENT

Chuka 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 minimise 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 counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the 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 account of the value of any collateral obtained is made up as follows:

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	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Receivables from exchange transactions	56,400,161	32,724,009	23,676,152	Nil
Receivables from non-exchange transactions	Nil	Nil	Nil	Nil
Bank balances	1,259,335,574	1,259,335,574	Nil	Nil
Total	1,315,735,735	1,315,735,735	Nil	
At 30 June 2020				
Receivables from exchange transactions	54,549,248	54,549,248	Nil	Nil
Receivables from non-exchange transactions	110,826,558	110,826,558	Nil	Nil
Bank balances	1,738,206,870	1,738,206,870	Nil	Nil
Total	1,903,582,676	1,903,582,676	Nil	Nil

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised 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.

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(ii) Liquidity risk management

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 2021				
Trade payables	422,632,329	Nil	Nil	422,632,329
Current portion of borrowings	Nil	Nil	Nil	Nil
Provisions	Nil	Nil	Nil	Nil
Deferred income	Nil	Nil	Nil	Nil
Employee benefit obligation	Nil	Nil	Nil	Nil
Total	422,632,329	Nil	Nil	422,632,329
At 30 June 2020				
Trade payables	343,751,244	Nil	Nil	343,751,244
Current portion of borrowings	Nil	Nil	Nil	xxx
Provisions	Nil	Nil	Nil	xxx
Deferred income	Nil	Nil	Nil	xxx
Employee benefit obligation	Nil	Nil	Nil	xxx
Total	343,751,244	Nil	Nil	343,751,244

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

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

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 interest rate risk

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

Sensitivity analysis

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources;

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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 2021				
Financial Assets				
Quoted equity investments	Nil	Nil	Nil	Nil
Non- financial Assets				
Investment property	Nil	Nil	Nil	Nil
Land and buildings	3,279,996,228		Nil	
Total	3,279,996,228		Nil	3,279,996,228
At 30 June 2020				
Financial Assets				
Quoted equity investments	Nil	Nil	Nil	Nil

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Non- financial Assets				
Investment property	Nil	Nil	Nil	Nil
Land and buildings	3,314,064,613			3,314,064,613
Total	Nil		Nil	

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

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

iv) Capital Risk Management.

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	1,300,211,588	1,300,211,588
Retained earnings	4,216,988,348	4,224,779,018
Capital reserve	2,273,648,351	2,222,883,129
Total funds	7,790,848,288	7,747,882,925
Total borrowings	Nil	Nil
Less: cash and bank balances	1,259,335,574	1,738,206,870
Net debt/(excess cash and cash equivalents)	Nil	Nil
Gearing	N/A	N/A

37) RELATED PARTY DISCLOSURES

a) Nature of related party relationships

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

The entity is related to;

i) Government of Kenya

Chuka University gets funding from the national government through the national treasury of Kenya. The funding is separated in to two: Recurrent grant and capital grant which is used to finance part of the university budget.

ii) The Principal Secretary, Ministry of Education;

Chuka University is an independent public entity established through a charter 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 University 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 decision

iv) The Council Members;

As the governing body of the University, the Council, have a responsibility of maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other university resources. The University Council is vested with powers and authority by its Charter and the Universities Act, 2012.

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

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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v) The University Senate;

This is the academic authority of the University. It is composed of the Vice - chancellor, Deputy Vice Chancellors, Principals and Deputy Principal of Constituent Colleges, Deans, Directors, Chairmen of the Academic Departments, two Students' Representatives, Finance Officer, Registrar Academic, Registrar (Administration and Planning) and Faculty Representatives. Its role is to discuss and approve student results as well as students' discipline. The Senate is chaired by the Vice - Chancellor.

b) Related party transactions

	2020/2021	2019/2020
Transfers from related parties'		
Recurrent	1,294,817,208	1,391,972,718
Capital	50,765,222	332,700,000
Transfers to related parties	-	-
Totals	1,345,582,430	1,724,672,718

c) Key management remuneration

	2020/2021	2019/2020
University Council	7,825,946	8,958,108
Key management compensation	42,238,834	39,913,140
Totals	50,064,780	48,871,248

38) Events after the reporting period

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

39) Ultimate and Holding Entity

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

40) Currency

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

19. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The University his waiting for the release final audit report for 2019/2020 financial year.

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolve d / Not Resolve d</i>)	Timeframe : (<i>Put a date when you expect the issue to be resolved</i>)
1.1	Absence of title deed for Karingani/Ndagani/7 41	The title deed is being processed through the ministry of lands	Head of Estates, Chuka University	Partly resolved	March, 2022



Prof. Erastus N. Njoka, Ph.D.
CEO/VICE – CHANCELLOR

25th September 2021

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II. APPENDIX II: Projects implemented by the entity

STATUS REPORT 20-21 AS AT 30/06/2021							
Capital projects	TOTAL PROJECT COST	TOTAL EXPENDED TO DATE	COMPLETION %	Budget 2020/2021	Actual 2020/2021	Source of Funds	
Male hostel Phase 1 and II	1,259,250,000	803,239,765	64	96,000,000	87,296,057	GOK	
Professional Fees Administration Block	195,459,127	191,413,515	98	37,000,000	33,853,667	AIA	
Professional fees Science Research Park	79,712,643	74,730,600	94	78,000,000	74,266,726	AIA	
Administration Block	1,410,808,347	688,411,082	49	120,000,000	111,754,529	AIA	
Food Technology Block	292,164,909	192,078,367	66	50,000,000	48,084,618	AIA	
Science Research Park phase 1	664,272,029	534,108,602	80	210,000,000	191,758,447	AIA	
Perimeter Fence Phase IV & V	8,896,875	8,896,875	100	1,300,000	1,260,344	AIA	
installation Of Lifts	41,831,226	39,076,825	93	550,000	500,981	AIA	
Jacuzzi & Steam Bath-Recreation Centre	3,672,120	3,672,120	100	1,000,000	996,500	AIA	
Perimeter Fence Phase V and road leveling	16,067,752	16,067,751	100	1,100,000	1,043,759	AIA	
Reinforced concrete water reservoir	42,498,342	40,723,003	96	9,000,000	8,169,522	AIA	
Refurbishment of Campus(Chogoria)	40,000,000	34,536,304	86	25,000,000	24,107,802	AIA	
Electric fence at Kairini	21,259,032	13,350,196	63	3,200,000	3,137,703	AIA	
Consultancy for proposed Modern Library	218,675,294	123,429,234	56	125,000,000	113,454,234	AIA	
Civil works at kairini Farm	35,337,571	35,337,571	100	17,000,000	15,337,571	AIA	
Professional service Kairini Irrigation Project	970,000	970,000	100	1,000,000	970,000	AIA	
Proposed perimeter wall Phase 6 section 1	3,745,918	2,585,106	69	2,700,000	2,585,106	AIA	
Proposed perimeter wall Phase 6 section 2	8,503,090	6,537,611	77	6,600,000	6,537,611	AIA	
Proposed University Monument	2,999,804	2,948,083	98	3,000,000	2,948,083	AIA	
Proposed Upgrading of University Access road	91,418,310	80,261,613	88	89,000,000	80,261,613	AIA	
Proposed Mechanical Workshop	8,990,592	4,693,961	52	5,000,000	4,693,961	AIA	
Refurbishments of Elimu Plaza	8,453,969	2,707,851	32	3,000,000	2,707,851	AIA	
Proposed Bulky water and irrigation system	23,014,411	18,958,477	82	19,000,000	18,958,477	AIA	
Proposed 200KVA Generator	5,389,550	3,110,000	58	3,200,000	3,110,000	AIA	
Acquisition of University Neighbouring Land	13,713,000	13,713,000	100	13,000,000	12,363,000	AIA	
Total	4,497,103,911	2,935,557,512		919,650,000	850,158,162		



Chuka University
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Appendix III: Inter-entity transfers

Chuka University, Break down of Transfers from the State Department of University Education for FY 2020/2021					
a	Recurrent Grants				
			Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
			07-08-2020	107,901,434	2020/2021
			31-08-2020	107,901,434	2020/2021
			01-10-2020	107,901,434	2020/2021
			30-10-2020	107,901,434	2020/2021
			07-12-2020	107,901,434	2020/2021
			04-01-2021	107,901,434	2020/2021
			04-02-2021	107,901,434	2020/2021
			10-03-2021	107,901,434	2020/2021
			09-04-2021	107,901,434	2020/2021
			10-05-2021	107,901,434	2020/2021
			16-06-2021	107,901,434	2020/2021
			25-06-2021	107,901,434	2020/2021
			Total	1,294,817,208	
b	Development Grants				
			Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
			14-09-2020	50,765,222	2020/2021
			Total	50,765,222	

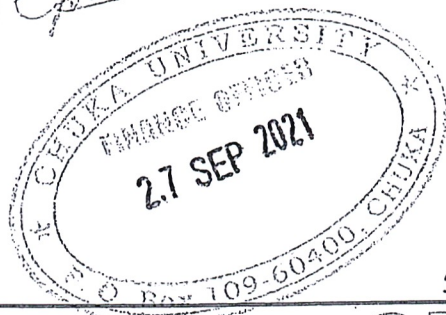
The above amounts have been communicated to and reconciled with the parent Ministry

Finance Officer
Chuka University

Sign

Head of Accounting Unit
Ministry of Education

Sign



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Recurrent/Development/Others	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				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

