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| TABLED BY: | Hon Kimani Ichungwaho, Leader, Majority Party |
| CLERK AT THE TABLE: | A. Shubuto |
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THE AUDITOR-GENERAL

ON

THARAKA UNIVERSITY

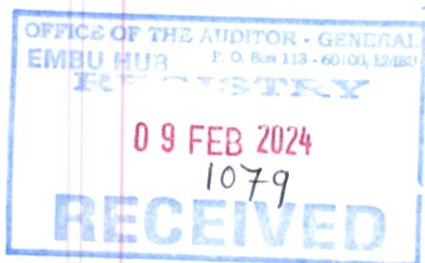
**FOR THE YEAR ENDED
30 JUNE, 2023**





THARAKA

UNIVERSITY



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th JUNE 2023

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

Tharaka University
Annual Reports and Financial Statements
For the Year Ended June 30, 2023

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

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

B: Glossary of Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

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

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

b) Principal Activities

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

The objectives of the University are to:

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

The functions of the University are to:

1. Participate in technological innovation as well as discovery, transmission, preservation and

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enhancement of knowledge;

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

Mission

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

Vision

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

Motto

“Education for Freedom”.

c) Core Values

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

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

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

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

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

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

d) Key Management

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

- i) The Council
- ii) The Senate

e) Fiduciary Management

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

| | |
|----------------------------|---|
| Prof. Peter K. Muriungi | Vice Chancellor /CEO |
| Prof. Veronica Nyaga | Ag. Deputy Vice Chancellor Academic Research and Students Affairs |
| Prof. Levi Musalia | Ag. Deputy Vice chancellor Administration Finance, Planning and Development |
| Mr. Antony Mutegi Njiru | Head of Finance |
| Mr. John Kiplagat | Registrar Academic Affairs |
| Mr. Edward Patrick Kathuni | Registrar Administration and Planning |

f) Fiduciary Oversight Arrangements

The key fiduciary oversight committees of the University for the Financial Year 2022/2023 and their respective functions are outlined below:

FINANCE, FARMS, ENTERPRISE COMPANY AND GENERAL-PURPOSE COMMITTEE

- (i) Representing the University Council in Finance, Farms and Enterprise Company matters, except where the Council may wish to limit the powers of the FFECGPC in any respect;

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

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

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

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- (vi) Recommending to the Council for approval nominees for conferment of honorary degrees of the University; and
- (vii) Overseeing preparations of the convocation roll and recommend it for approval by the Council.

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

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

BUILDING, PLANNING AND DEVELOPMENT COMMITTEE

- (i) Taking charge of all arrangements for construction of new buildings and recommending appointment of consultants and contractors to the Council;
- (ii) Recommending for approval to the Council expenditure of all major estate maintenance works with provision that the Committee will have the authority to delegate minor maintenance works to Management;

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- (iii) Receiving and recommending to the Council for approval the construction plans and designs of new structures of the University;
- (iv) Receiving and recommending to the Council for approval the University Development Plans (Master, Strategic, Operation and Vision 2030 Plans)
- (v) Overseeing the construction of new structures of the University ; and
- (vi) Presenting the progress reports on building, planning and development plans to the University Council.

f) Entity Headquarters

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

g) Entity Contacts

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

h) Entity Bankers

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

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

Family Bank of Kenya Ltd
P.O Box
Chuka

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Equity Bank Ltd

P.O. Box 213 - 60400

Chuka

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

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

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3. The University Council

| Name(s) | Concise Description |
|--|--|
| <p>Dr. Timothy M. Kiruhi, Ph.D. Council Chairman</p>  | <p>Dr. Timothy M. Kiruhi is the Chairman of Tharaka University Council. He was born on 9th February, 1966. He holds a Ph. D degree in Organizational Leadership (Global Leadership focus) Regent University, USA, M.A (Leadership Studies) Azusa Pacific University, BSc (Mechanical Engineering) (UON). He is the current Vice Chancellor International Leadership University.</p> |
| <p>Prof. Peter K. Muriungi, Ph.D. Vice-Chancellor/CEO</p>  | <p>Professor Peter K. Muriungi was born on 21st January 1975. He holds a Ph.D. in Linguistic University of Tromsø, Norway, M.A (Linguistics) University of Witwatersrand SA and B.Ed. (Arts) UoN. He is a renowned Scholar and an administrator. He started his University teaching career at Chuka University in 2009. He served as acting Principal TUC from 2017 to January 2019. He served as the founding Principal of TUC from 18th of January 2019 to 1st of August 2022. He is currently the Vice-Chancellor Tharaka University.</p> |
| <p>Mr. James Kiburi Mwangi Rep. Principal Secretary, Ministry of Education</p>  | <p>Mr. James Kiburi Mwangi was born on 7th October, 1965. He represents the Principal Secretary – State Department for Higher Education and Research, Ministry of Education. He holds Bachelor of Education (Science), Kenyatta University, Master in Educational Psychology, Moi University and currently pursuing a PhD in Educational Psychology at Maasai Mara University. He is the Deputy Director of Education in the Ministry of Education, State Department for Higher Education and Research. He was appointed as the alternate member of Tharaka University Council in April 2022.</p> |

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| <p>Ms. Isabel Joy Ochieng Rep. Cabinet Secretary National Treasury & Economic Planning</p>  | <p>Ms. Isabel Joy Ochieng was born on 2nd June 1987. She represents the Cabinet Secretary, National Treasury and Planning in Tharaka University Council. She is a Senior Economist at the National Treasury and Economic Planning and holds a Msc. Agricultural and Applied Economics and Bsc. Agribusiness Management, UoN. She was appointed as the alternate member of Tharaka University Council in July 2022.</p> |
| <p>Mr. Joshua Kirimi Mungania Council Member</p>  | <p>Mr. James Mungania was born on 7th June 1963. He is an Administrator with over 14 years' experience as a Provisional Administrator in several Districts in Kenya. Currently, he is a businessperson in hospitality industry and real estate. He holds M.A and B.A, UoN</p> |
| <p>Esther N. Michieka Council Member</p>  | <p>Esther N. Michieka was born on 27th September 1957. She is an Educationist. She served in Higher Education Loans Board (HELB) for over 20 years as a lending Manager. She holds M. A, PGDE and B.Ed., UoN. She serves as an independent Council member.</p> |

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

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4. Management Team

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

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|---|--|
| <p>John Kiplangat(Registrar academic Affairs)</p>  | <p>John Kiplangat was born on 17th February 1986.He was employed by Teachers Service Commission (TSC) in 2019 and has been a lecturer at Egerton University and later joined Tharaka University College as a registrar academic affairs in July 2020.He holds a master’s degree in Geography from Egerton University.</p> |
| <p>Antony Mutegi Njiru (Head of Finance)</p>  | <p>Antony Mutegi Njiru was born on 3rd July. 1984 He worked in Chuka University Finance department since 2008 where he rose to become the Deputy Finance Officer before joining Tharaka University College in 2018 as the head of Finance. He holds a bachelor of business Management degree from Egerton University .</p> |
| <p>Dr.Edward Patrick Kathuni(Registrar Administration & Planning)</p>  | <p>Edward Patrick Kathuni was born 17th June 1966.He has over 30 teaching experience with Teachers Service Commission (TSC). He was the Principal Chuka boys high school and Kibirichia boys high school before joining Tharaka University College in July 2019 as the registrar administration and planning. He has a Ph.D in education from Tharaka University.</p> |

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5. Chairman's Statement

It is my pleasure and great honor for me to present the 4th Annual Reports and Financial Statements of Tharaka University for Financial Year ended 30th June 2023. Since its establishment Tharaka University has continued to execute its mandate of creating a strong knowledge base through teaching, research and innovation and to disseminate this knowledge for positive societal transformation in order to achieve its vision of becoming a centre of excellence in teaching, research, innovation and outreach for societal transformation.

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

In 2022/2023 financial year, Tharaka University made tremendous growth in infrastructural development. The government allocated **Kshs.53, 625,681**. (Fifty three million six hundred and twenty five thousand six hundred and eighty one) in this financial year towards the construction of Science Tuition, Administration Block and Ultra-Modern Library. These three buildings have created an additional learning facilities and offices in the University to cope with the increasing student population. The University completed a five storey Media studio building that has also created additional leaning facilities and establishment of modern facilities for media students in the University. The building is complete and in use except the lifts which will be installed when the budget allows. The University developed a new Strategic Plan that will propel the institution in the next five years. The Council held a three days retreat to discuss and approve the new strategic Plan for the University, the 2023/2027 Strategic Plan.

Tharaka University has continued to lead in the community outreach activities and in the 2022/2023 financial year the University trained over 100 farmers in apiculture and aquaculture. This in keeping with its mandate of ensuring the knowledge is shared to the community. The University is located in a semi-arid area and it's leading in the environmental conservation. The University planted trees and also distributed tree seedlings to the surrounding community to increase forest cover in the area.

The University library has also been equipped with new titles and also increased internet access in all the University's buildings and provided for the internet hotspots for the students and staff members.

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Digital library is also available through the increased subscription to Kenya Libraries and Information Services Consortium. (KLISC). The University has also enhanced the E- learning by integrating the modules in the ERP system to enable it automate its operations to cope with the current business trends of going digital.

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



Dr. Timothy M. Kiruhi, Ph.D.

COUNCIL CHAIRMAN

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

Tharaka University is a full-fledge public University that was chartered on 2nd of August 2022. The University started as a campus of Chuka University in 2015 and a later gazetted as a Constituent College of Chuka University on 27th July 2017, through Legal Notice No. 146. The University inherited the assets and liabilities that were for Chuka University Tharaka Campus.

The University has grown rapidly since the reporting of its 1st batch of the Government sponsored students in September 2018. In the September 2022 intake, the University received over **1700** students. The increase in the number of students has supported the University efforts to operate un interrupted and to keep with its mission of creating a strong knowledge base through teaching, research and innovation and to disseminate this knowledge for positive societal transformation through embracing technology and carrying out its lectures through online teaching, Google classrooms and provision of e-library services.

It is my pleasure to highlight the following achievements made by the University in the 2022 -2023 financial year.

Student Enrolment

Tharaka University continues to grow in students 'enrolment. The University started its operations as a campus of Chuka University and had only 27 students. This number has grown and currently has over 5000 students. In the current financial year, the University received an additional 1700 students. The students are spread in all its programs. The addition of these students was as a result of vigorous marketing strategies and activities to attract more students carried out by the University in the year under review. The increased student population has triggered business opportunities in the local community, thus helping transform the economic outlook of the area. The allure of the beautiful, serene learning environment with ultramodern learning facilities has attracted people from all over Kenya to Tharaka University. The University has an elaborate way of taking care of student welfare including counselling services given by the Office of the Dean of students. Tharaka University is fully paid up member of Kenya University Students Association. The University has participated in sporting activities in the course of the year and this has been enhanced by the purchase of more buses that are being used to transport students on weekends for sporting activities with other Universities in Kenya.

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The University in the 2022/2023 Financial year procured an additional 62 seater bus at a cost of Ksh 12,000,000 to ensure the welfare of the students is taken care of. Tharaka University is also a registered member of Kenya Universities sports association (KUSA). The University has well democratically constituted student leadership comprising of members who are elected annually by the students through the delegate system.

Financial performance

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

In the year under review Tharaka University has grown its net assets to **840 Million** from 106 inherited from Chuka University. The growth of these assets was tremendous bearing in mind that the sources of funding for these assets was from the savings on recurrent grants from the Government and appropriation in aid.

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

Education, Training, Research and Outreach

The University is fully committed to provision of quality education, training and research for sustainable national and global development. In the year under review, the University acquired additional laboratory equipment in order to ensure the student do practical's to acquire more knowledge related to their areas of specialization. The University having been Chartered on 2nd August 2022 held its first graduation on 2nd December 2022.

The University niche area is in dry land farming and mineralogy. The University is located in a mineral rich area and the study of mineralogy will ensure its exploration. To ensure that this is

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achieved, the University in the 2022/23 financial year developed new programs that are awaiting the approval by the Commission for University Education;

- (i) Bachelor of Technology in Water and Irrigation 2
- (ii) Bachelor of Technology in Mineral Exploration and Mining
- (iii) Bachelor of Science in Geology
- (iv) Bachelor of Science in Dry Land Farming

It is during the year under the review that the University was awarded charter and became a fully-fledged University.

Infrastructure

Tharaka University has set up an elaborate master plan in order to have a clear direction on where it is and where it expect to be in future. In 2022-2023 financial year, the University was allocated capital budget by the government of Kenya and continued the construction of its three main buildings namely, the Main Library, Science Tuition Block and the Main Administration Block. These projects will go a long way in ensuring the University will have additional facilities to match the growing demand as a result of growing student population. The construction of the main library was started as part of the recommendation of the Commission for University Education, Science Tuition Block which has science laboratories, lecture halls and offices for the lecturers will ensure the University has additional facilities. The University has continued with the construction of the Administration block Phase 1B. This will host the administrative staff of the University to ensure they have a good working environment. The University constructed a swimming pool and other amenities as part of recreation facilities for the students. The project was undertaken through savings from the University appropriation in aid and was 90% completed in the year under review. All these projects are ongoing and they are progressing on well to ensure the students and members of staff are able to learn and work in a friendly environment. The University , in year under review constructed pavements in order to ease movement of students and staff members around the University especially during rainy season. The University also completed the construction of the 1.5Million Litres water tank to ensure there is sufficient storage facilities for water. This is because the University is located in a semi-arid area and the provision of water storage facilities is critical. The shortage of water is critical concern in the area especially in the months of September and October and therefore its storage will be of utmost importance.

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

Human Resource

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

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

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



Prof. Peter K. Muriungi, Ph.D.

Vice Chancellor/CEO

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7. Statement of Entity’s Performance Against Predetermined Objectives For The 2022/2023 Financial Year

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

These strategic issues are as follows:

- Issue 1: University Teaching and learning
- Issue 2: Research, innovation and outreach
- Issue 3: Information, communication and technology
- Issue 4: Student services
- Issue 5: Resource mobilization and management
- Issue 6: Institutional transformation

The University develops its annual work plans based on the above 6 pillars. Assessment of the Council’s performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2022/2023 period for its 6 strategic pillars, as indicated in the diagram below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--|--|-----------------------------------|---|--|
| Issue 1: University Teaching and Learning | To Expand Competitive Programmes | Develop Programs | Develop new programmes | 4 new programs were developed and submitted to CUE for approval: 1. Bachelor of Technology in Water and Irrigation 2. Bachelor of Technology in Mineral Exploration and Mining 3. Bachelor of Science in Geology 4. Bachelor of Science in Dry Land Farming |
| | To enhance Quality in Education and Training | Staff training | Train academic staff in Competence Based Curriculum | All academic staff trained |
| | To evaluate teaching effectiveness | Teaching evaluations done | Evaluate teaching effectiveness | Teaching evaluations were done for all units and results communicated |
| | To conduct public lecture | Public lectures held | Hold a public | 1 public lecture was held for staff and |

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| | | | | |
|--|--|--|---|---|
| | forums | | lecture forum | students |
| | To expand learners' exponential learning opportunities | In build academic trips | Incorporate academic trips | Academic trips were made according to the approved schedule |
| | | In build field attachment component | Field attachment for all courses | 100% Field attachment for all courses |
| Issue 2: Research, Innovation, and Outreach | To Generate and Disseminate Research Findings | Number of staff and trained | Train staff in fundable proposal writing | 88 members of staff trained in writing fundable proposals |
| | To allocate funds to finance research activities | Number of students and staff awarded Internal Research Funds | Award IRF to deserving students and staff | 1 multidisciplinary, 4 masters students and 4 Ph.D. awarded Internal Research Funds |
| | Develop a fundable research proposal | Developed proposals | Develop proposals | Proposals developed and submitted for consideration |
| | To organize annual conferences | 1 Conference per year | Organize annual conferences | 1 conference conducted |
| | To set up a demonstration unit for drainage and rainwater harvesting systems | 1 demonstration set up | Set up a demonstration unit for drainage and rainwater harvesting systems | Demonstration unit for drainage and rainwater harvesting systems in place |
| | To enhance outreach in the ASALs | Training and workshops | Train farmers on environmental conservation | 50 farmers trained in environmental conservation |
| | | | | |

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| | | | | |
|--|---|-------------------------------|---|---|
| | To promote the culture of research and Innovation | career and innovation week | Hold career and innovation week | 1 career and innovation week held |
| Issue 3: Information Communication and Technology | To expand intranet and internet coverage | % coverage | Extend LAN to all offices Extend WIFI coverage at the University | 100% coverage achieved |
| | To undertake regular website updates | e-repository in place | Populating the University E-repository | E-Repository updated |
| Issue 4: Student Services | To enhance the work-study programme | Number of beneficiaries | Enhance work-study programme | 200 students benefited |
| | To Strengthen the Student Governance Mechanism | Number of students sensitized | Sensitize students on effective and democratic elections and leadership | 60 students sensitized on effective and democratic elections and leadership |
| | To Strengthen Students' Career Services | Career Week | Organize open and career weeks | 5 career events organized |
| | To improve student leadership | Training Democratic election | Train students on effective and democratic | trainings held 1 free, fair, and democratic election |

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| | | | | |
|--|---|---|---|---|
| | | | leadership Conduct a free, fair, and democratic election | |
| | To nurture talent and creativity by strengthening and diversifying co-curricular activities | cultural events institutional sports and games | Hold cultural festival Organize institutional sports and games | 1 cultural festival held at the University Participated in 1 community cultural event at Nkondi Institutional sports and games held |
| Issue 5: Resource Mobilization and Management | To implement cost reduction and savings measures | Regular internal audits | Conduct regular internal audits | Internal audits conducted |
| | To enable fees payments using online platforms to enhance fees collection | Operational Platform in place | Enable fees payments using online platforms | Operational Platform in place with banks |
| | To Recruit and Train Qualified Staff | Skills Gap Analysis Report | Undertake a skills gap analysis | 1 Skills Gap analysis Report in place Training needs assessment report conducted |
| | To support staff Welfare | 100% compliance | Timely submission of staff deductions | 100% compliance achieved |
| | To support, develop and train staff as per HR development policy | 100% compliance | support, develop, and train staff | Staff development supported through training, sensitizations, and study leaves |

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| | | | | |
|--|---|----------------------------------|--|---|
| | To undertake staff performance appraisal | 100% compliance | All staff to undertake performance appraisal | All members of staff undertook performance appraisal for FY 2022-2023 |
| | To support staff welfare | University Sacco | Establish University Sacco | University Sacco established an operational |
| | To organize team building activities | team building activities | Organize team-building activities | team building activities held |
| Issue 6: Institutional Transformation | To provide a secure, comfortable teaching, learning, and living environment | Developing University Masterplan | Develop University Masterplan | Masterplan in place |
| | To acquire plants and equipment | 1 Bus 1 Standby Generator | Procure 1 Bus and 1 Standby Generator | Procured 1 Bus |
| | To comply with the Constitution and Statutory requirements | Compliance certificate | Remit statutory Deductions | 100% compliance |
| | To construct Flagships projects | Completion rate | To construct Flagships projects | The studio house is completed and functional University Health Unit complete and functional Science tuition block phase 1 85% complete Modern Library Phase 1 60% complete Administration block phase 1 85% complete The underground |

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| | | | | |
|--|---|--|--|---|
| | | | | water tank is complete |
| | To Adhere to the 30% procurement rule for preferential groups (Youths, women, PWDs) | % compliance | Adhering to the 30% procurement rule for preferential groups (Youths, women, PWDs) | 40% of total procurement was awarded to AGPO |
| | To Adhere to the 40% procurement rule for local content | % compliance | % awarded | 100% awarded to Buy Kenya Build Kenya |
| | Implementing activities towards acquiring ISO 9001:2015 and ISMS 27001:2013 | Consultant hired Committee in place Training reports Certification in place | Hire a consultant Form a Committee Train staff on ISO requirements ISO 90001:2015 Certification | Internal and external audits conducted University became ISO Certified |

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8. Corporate Governance Statement

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

i) The Council

This is the governing body of the University. The Council comprises nine members as disclosed in pages 10 to 12. 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 Cabinet Secretary, Ministry of Education, appoints the Council.

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

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

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Meetings of the Council

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

| S/N | Council Member Name | Council Meeting Date | | | | | | Total meeting attended |
|-----|-------------------------|----------------------|----------|----------|----------|----------|----------|------------------------|
| | | 26/7/22 | 27/7/22 | 26/08/22 | 13/10/22 | 15/11/22 | 27/01/23 | |
| 1. | Dr. Timothy M. Kiruhi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 |
| 2. | Prof. Peter K. Muriung | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 |
| 3. | Mr. James K. Mwangi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 |
| 4. | Ms. Isabel Joy Ochieng | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 |
| 5. | Mrs. Grace Kamasara | x | x | ✓ | ✓ | ✓ | ✓ | 4/6 |
| 6. | Dr. Solomon Muntet | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 |
| 7. | Mrs. Esther N. michieka | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 |
| 8. | Mr. Joshua K. Mungania | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 |
| 9. | Mr. Elias J. Noor | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 |
| | Total | 8 | 8 | 9 | 9 | 9 | 9 | |

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) The Audit, Governance, Risk Management, Sealing, Honorary Degree and Convocation Committee
- iii) The Human Resources Management, Academics, Grievances Handling and Appeals Committee
- iii) Building, Planning and Development Committee.

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

Remuneration of the Council

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

Conflict of Interest

Council members have a statutory duty to avoid situations that they have interests that may conflict with those of the University. Members of the Council are obligated to disclose to the Council any real or potential conflict of interest which may come to their attention whether direct or indirect. During every Council meeting, an agenda item exists which requires members to make declarations of any conflict of interest. In the 2022-2023, financial year the Council's Secretary and one Council member declared conflict of interest on. The conflicts declared by these two members of the Council are recorded in the conflict of interest register.

Ethics Conduct

The Council, Management board and members of staff of Tharaka University are required to conduct themselves with integrity and professionalism in accordance with the code of conduct and ethics for the University.

During the 2022-2023 financial year Tharaka University continued to strengthen ethical conduct of their staff through training and sensitization of staff members on corruption risk assessment and enforcement of preventive measures.

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Succession Planning

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

Council charter

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

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9. Management Discussion and Analysis

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

Operational and Financial Performance

During the year under review the University realized a total revenue of **Kshs.183 Million as appropriation in aid and Kshs.284 Million** as recurrent Government capitation. The University received Kshs.53 Million as capital grant from the Government to support construction of the ongoing capital projects in the University. In the year under review the University employed strict austerity measures and stringent internal control systems that resulted in the University realizing a **surplus of kshs. 3 Million. This surplus was used in the capital projects which were undertaken in the 2022/2023 financial year.**

In the statement of financial position, the net worth of the University continued to grow recording a net worth of **Kshs. 839,540,866** compared to **Kshs. 782,022,485** in the **2021/2022** financial year. The performance is tabulated below for the current and previous three years the University has been operating independently

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

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Key projects and investment decisions the entity is planning/implementing

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

Compliance with statutory requirements

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

Major Risks

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

10.Environmental and Sustainability Reporting

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

Sustainability Strategy and Profile

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

Environmental Conservation

The University bought tree seedlings from the community and the students who had tree nurseries and came from poor background to supplement their source of income to be used in the University. The seedlings that were bought were planted in the compound to improve on the microclimate. This is also in an effort to achieve the Government target of planting 15B trees in the next 10 years. The University trained farmers on the various ways of bee keeping and animal husbandry.

Employee welfare

The University has supported the creation of strong unions for the members of staff to ensure their need are appropriately addressed. The University has also ensured the remittances of the union's dues are done in a timely manner to support their activities. The University has also sponsored inter Universities staff game to ensure the team building for the members of staff.

Market place practices

Tharaka University has ensured that it offers the best marketing practices in order to ensure that it attract the required numbers of students to sustain its operations. The University has a strong marketing team headed by a senior member of staff. This team is regularly trained on the best marketing methods which they employ in the market place in order to attract the required potential customers fairly. The marketing team places advertisement which are reviewed by the University management in the newspapers and radio stations.

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

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

Corporate Social Responsibility/Community Engagements

The community supported Tharaka University by donating 67 acres of land for its establishment. The University has graded the access road to the University for use by the both the students and members of the community. This has ensured that the members of the community transport their produce to the market during the rainy season. The University has also planted trees in the surrounding primary schools to improve the tree cover especially in the semi-arid area where the University is located

Tharaka University has also trained farmers on bee keeping in order to ensure the members of the community produces the best honey since the members of the community around the University practice bee keeping in large scale.

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11. Report of The Council

The Council submits the report together with the financial statements for the year ended June 30, 2023, 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 a strong knowledge base through teaching, research and innovation and to disseminate this knowledge for positive societal transformation

Results

The results of the entity for the year ended June 30, 2023 are set out on pages 39 to 44 for financial statements and pages 45 to 75 for the notes to the financial statements.

University Council

The members of the Council who served during the year are shown on page 10 to 12 in accordance with the Universities Act, 2012.

Dividends/Surplus remission

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

Auditors

The Auditor General is responsible for the statutory audit of the Tharaka University in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 that empowers the Auditor General to carry out the audit of the University for the year ended June 30, 2023.

By Order of the University Council



Prof. Peter K. Muriungi, Ph.D.

Vice chancellor/CEO

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12. Statement of Councils' Responsibilities

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

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes:

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

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2023, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Board on 13th September 2023 and signed on its behalf by:


Prof. Peter K. Muriungi, Ph.D.

Vice Chancellor/CEO


Dr. Timothy M. Kiruhi, Ph.D.

Council Chairman

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THARAKA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An unmodified opinion 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

Opinion

I have audited the accompanying financial statements of Tharaka University set out on pages 39 to 85, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets,

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tharaka University as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Opinion

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

Other Matters

Unresolved Prior Year Audit Matters

In the audit report of the previous year, some issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance which have not been resolved contrary to Section 68(2)(l) of Public Finance Management Act, 2012 which require Accounting Officers designated for National Government entities to take appropriate measures to resolve any issues arising from audit which may remain outstanding.

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 Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Appointing Employees on Acting Appointment for More than Six Months

The statement of financial performance reflects employment expenses of Kshs.269,219,348 and as disclosed in Note 10 to the financial statements. Review of the payroll revealed that two (2) employees had been appointed in acting capacity for different positions for more than six (6) months. This was contrary to Section C14 (1) of the Public Service Commission Human Resource Policies, 2016 which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary and that acting allowance will not be payable to an officer for more than six (6) months.

In the circumstances, the University Council was in breach of the law.

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

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects Kshs.269,219,348 in respect of employment expenses which is 58% of total revenue of Kshs.468,004,024. The University therefore exceeded the recommended threshold by 23%. This was contrary to Section 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that the National Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the National Government pursuant to Article 209(4) of the Constitution.

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

3. Student Tuition Fees Receivable - Delay in Collection of Student Tuition Fees Receivables

The statement of financial position and as disclosed in Note 21 to the financial statements reflects receivable from exchange transactions of Kshs.18,303,403. However, review of the customer summary ageing report and student statements provided revealed delay by some students to pay tuition fees. This was contrary to Section 2.1.4 j of Tharaka University College Financial Management Manual which states that that no student with fee balances will be allowed to sit for exams unless approved by relevant authority and follow up done to recover all the outstanding fee balance.

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

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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the University's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate 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.

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

Auditor-General's Responsibilities for the Audit

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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 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 controls.
- 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 applicable 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 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 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 controls 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 March, 2024

Tharaka University
Annual Reports and Financial Statements
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14. Statement of Financial Performance

| Tharaka University | | | |
|---|------|-----------------------------|-----------------------------|
| Statement of Financial Performance | | | |
| For the Period Ended 30th June, 2023 | | | |
| | Note | 2022-2023 30th June 2023 | 2021-2022 30th June 2022 |
| Revenue from Non-Exchange Transactions | | | |
| Exchequer Recurrent Grants | 6 | 284,526,439 | 303,363,096 |
| Sub-total | | 284,526,439 | 303,363,096 |
| Revenue from Exchange Transactions | | | |
| Tuition and Related Income | 7 | 155,077,035 | 121,967,792 |
| Miscellaneous from Exchange Transactions | 8 | 11,199,677 | 9,536,473 |
| Other Income | 9 | 17,200,873 | 10,252,644 |
| Sub-Total | | 183,477,585 | 141,756,909 |
| Total Revenue (A) | | 468,004,024 | 445,120,005 |
| Expenses | | | |
| Employment Expenses | 10 | 269,219,348 | 268,135,642 |
| Council Expenses | 11 | 9,453,915 | 4,022,783 |
| Repairs and Maintenance Expenses | 12 | 25,821,254 | 26,028,905 |
| Academic Expenses | 13 | 30,491,779 | 20,690,084 |
| Students and Alumni Expenses | 14 | 6,190,160 | 6,588,982 |
| Staff Welfare and Development Expenses | 15 | 253,100 | 266,300 |
| Finance costs | 16 | 1,778,628 | 1,653,398 |
| Depreciation and Amortization | 17 | 30,808,258 | 27,717,653 |
| Use of goods and services | 18 | 90,026,999 | 86,776,083 |
| Increase/Decrease in Provision for Doubtful Debts | 19 | 67,883 | 19,574 |
| Total Expenditure (B) | | 464,111,324 | 441,899,404 |
| Surplus / Deficit (A-B) | | 3,892,700 | 3,220,601 |



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



Antony Mutegi Njiru
Accountant
ICPAC NO 1366




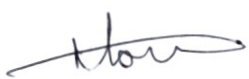
Dr. Timothy M. Kiruhi, Ph.D.
Council Chairman

Tharaka University
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For the Year Ended June 30, 2023

15. Statement of Financial Position

| <i>Tharaka University</i> | | | |
|--|------|--------------------|--------------------|
| <i>Statement of Financial Position</i> | | | |
| <i>As at 30th June, 2023</i> | | | |
| | Note | 2022-2023 | 2021-2022 |
| | | 30th June 2023 | 30th June 2022 |
| ASSETS: | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 20 | 125,794,127 | 170,827,589 |
| Receivables from Exchange Transactions | 21 | 18,303,403 | 11,583,038 |
| Prepayments | 23 | 466,141 | 1,694,993 |
| Receivables from Non-Exchange Transactions | 22 | 43,336,218 | |
| Inventory | 24 | 11,572,262 | 9,657,584 |
| Total | | 199,472,151 | 193,763,204 |
| Non-Current Assets | | | |
| Tangible Assets -Property, Plant & Equipment | 25 | 693,891,244 | 625,145,838 |
| Intangible Assets - Comp Software | 26 | 880,080 | 1,540,140 |
| Biological Assets | 27 | 12,279,360 | 11,216,412 |
| Total | | 707,050,684 | 637,902,390 |
| Total Assets | | 906,522,835 | 831,665,594 |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Payables from Exchange Transactions | 28 | 16,176,201 | 11,654,707 |
| Refundable Deposits | 29 | 50,805,768 | 37,988,402 |
| Total Liabilities | | 66,981,969 | 49,643,109 |
| Equity Funds & Reserves | | | |
| Capital Funds | | 532,087,053 | 478,461,372 |
| Accumulated Surplus | | 248,394,581 | 244,501,881 |
| Revaluation Reserve | | 59,059,232 | 59,059,232 |
| Total Equity and Reserves | | 839,540,866 | 782,022,485 |
| Total Equity and Liabilities | | 906,522,835 | 831,665,594 |


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


Antony Mutegi Njiru
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ICPAC NO 1366


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Council Chairman

Tharaka University
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16. Statement of Changes in Net Assets

| <i>Tharaka University</i> | | | | | |
|--|------|--------------------|----------------------------|---------------------|--------------------|
| <i>Statement of Changes in Net Assets/Equity</i> | | | | | |
| <i>For the Period Ended 30th June , 2023</i> | | | | | |
| | Note | Capital Fund | Revaluation Reserves - PPE | Accumulated Surplus | Total |
| | | Ksh | Ksh | Ksh | Ksh |
| 2021/2022 | | | | | |
| Balance as at 01/07/2021 | | 238,461,372 | 59,059,232 | 241,281,280 | 538,801,884 |
| Surplus/Deficit for the Year | | | - | 3,220,601 | 3,220,601 |
| Capital Grants | | 240,000,000 | - | - | 240,000,000 |
| Balance as at 30/06/2022 | | 478,461,372 | 59,059,232 | 244,501,881 | 782,022,485 |
| 2022-2023 | | | | | |
| Balance as at 01/07/2022 | | 478,461,372 | 59,059,232 | 244,501,881 | 782,022,485 |
| Surplus/Deficit for the Year | | - | - | 3,892,700 | 3,892,700 |
| Capital Grants | 31 | 53,625,681 | | | 53,625,681 |
| Balance as at 30/06/2023 | | 532,087,053 | 59,059,232 | 248,394,581 | 839,540,866 |

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17. Statement of Cash flows

| <i>Tharaka University</i> | | | |
|--|------|-----------------------|-----------------------|
| <i>Cash Flow Statement</i> | | | |
| <i>For the Period Ended 30th June , 2023</i> | | | |
| | | 2022-2023 | 2021-2022 |
| | | 30th June 2023 | 30th June 2022 |
| | Note | | Kshs |
| Surplus / (Deficit) from Operations | | 3,892,700 | 3,220,601 |
| Adjustments for Non-Cash Items in the Income Statement: | | | |
| Depreciation and Amortization Charge for the Year | 17 | 30,808,258 | 27,717,653 |
| Less: Non-Operating Income | | | |
| | | 34,700,958 | 30,938,254 |
| Working Capital Adjustments | | | |
| Increase/Decrease in Receivables -Exchange Transactions | 21 | (6,720,365) | (1,937,912) |
| Increase/Decrease in Receivables - Non Exchange Transactions | 22 | (43,336,218) | - |
| Increase/Decrease in prepayments | 23 | 1,228,852 | (775,843) |
| Increase/Decrease in Inventory | 24 | (1,914,677) | (5,038,156) |
| Increase/Decrease in Payable from Exchange Transactions | 28 | 4,521,494 | (10,602,169) |
| Increase/Decrease in Refundable deposits | 29 | 12,817,366 | 19,978,541 |
| Net Cash Flows Used in Operating Activities (A) | | 1,297,410 | 32,562,715 |
| Cash flows from investing activities | | | |
| Acquisition Plant & Equipment | 25 | (4,138,458) | (7,395,167) |
| Acquisition of Motor Vehicles | 25 | (12,271,000) | - |
| Acquisition of Furniture & Fittings | 25 | (6,608,600) | (6,338,674) |
| Acquisition of Computer Hardware | 25 | (2,067,286) | (8,267,464) |
| Purchase of Library Books | 25 | (931,177) | (4,369,306) |
| Additions to Biological Assets | 27 | (1,062,948) | |
| Work in Progress Paid | 30 | (72,877,083) | (228,035,267) |
| Net Cash Flows Used in Investing Activities (B) | | (99,956,552) | (254,405,878) |
| Cash Flows from Financing Activities | | | |
| Capital Fund | 31 | 53,625,681 | 240,000,000 |
| Net Cash Flows used in Financing Activities (C) | | 53,625,681 | 240,000,000 |
| Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C) | | (45,033,462) | (45,033,462) |
| Cash and Cash Equivalents Bal B/F | 20 | 170,827,589 | 152,670,752 |
| Cash and Cash Equivalents C/F | | 125,794,127 | 170,827,589 |

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18. Statement of Comparison of Budget and Actual Amounts for The Period Ended June 30, 2023

| Tharaka University | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------------|------------------------|------------|
| Statement of Comparison of Budget and Actual Amounts | | | | | | |
| For the Period Ended June 30, 2023 | | | | | | |
| | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Performance Difference | |
| | 2022-2023 | 2022-2023 | 2022-2023 | 2022-2023 | Variance | |
| | Kshs | Kshs | Kshs | Kshs | Kshs | % |
| INCOME | | | | | | |
| GOK Recurrent Capitation | 284,526,438 | 1 | 284,526,439 | 284,526,439 | - | 100 |
| A-I-A / Internally Generated Funds | 155,000,000 | 29,874,083 | 184,874,083 | 183,477,585 | (1,396,498) | 99 |
| GOK Capital Grants | 136,000,000 | (82,374,319) | 53,625,681 | 53,625,681 | - | 100 |
| Committed Savings | 150,625,923 | (96,251,604) | 54,374,319 | 54,374,319 | - | 100 |
| Total Revenue (A) | 726,152,361 | (148,751,839) | 577,400,522 | 576,004,024 | (1,396,498) | 100 |
| | | | | | | |
| Expenses | | | | | | |
| Employment Expenses | 265,000,000 | 6,150,000 | 271,150,000 | 269,219,348 | (1,930,652) | 99 |
| Council Expenses | 8,000,000 | 2,000,000 | 10,000,000 | 9,453,915 | (546,085) | 95 |
| Repairs and Maintenance Expenses | 11,400,000 | 15,200,000 | 26,600,000 | 25,821,254 | (778,746) | 97 |
| Academic Expenses | 36,000,000 | (4,800,000) | 31,200,000 | 30,491,779 | (708,221) | 98 |
| Students and Alumni Expenses | 3,500,000 | 2,880,000 | 6,380,000 | 6,190,160 | (189,840) | 97 |
| Staff Welfare and Development Expenses | 1,000,000 | (740,000) | 260,000 | 253,100 | (6,900) | 97 |
| Finance Costs | 2,000,000 | (200,000) | 1,800,000 | 1,778,628 | (21,372) | 99 |
| Depreciation and Amortization | 5,716,361 | 26,283,639 | 32,000,000 | 30,808,258 | (1,191,742) | 96 |
| Use of goods and services | 78,736,000 | 13,108,841 | 91,844,841 | 90,026,999 | (1,817,842) | 98 |
| Provision for Doubtful Debts | 500,000.00 | (310,000) | 190,000 | 184,883 | (5,117) | 97 |
| Purchase of Plant Property and Equipment | 45,300,000 | (18,600,000) | 26,700,000 | 26,016,521 | (683,479) | 97 |
| Capital Projects | 269,000,000 | (189,724,319) | 79,275,681 | 72,877,083 | (6,398,598) | 92 |
| Total Expenditure | 726,152,361 | (148,751,839) | 577,400,522 | 563,121,928 | (14,278,594) | 98 |
| Budget Surplus/Deficit | - | - | - | 12,882,096 | | |

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Statement of Reconciliation of Surplus as per the statement of financial performance and Statement of Comparison of Budget and Actual Amounts

| | |
|--|-------------------|
| Surplus as per the Statement of Comparison of Budget and Actual Amounts | 12,882,096 |
| Add | |
| Purchase of Property, Plant and Equipment | 26,016,521 |
| Payment for Capital Projects | 72,877,083 |
| Provision for Bad debt | 184,883 |
| Less | |
| GOK Capital Grants | 53,625,681 |
| Committed Savings | 54,374,319 |
| Provision for Bad debt | 67,883 |
| Surplus as per the Statement of Financial Performance | 3,892,700 |

The adjustment between the Original Budget and Final Budget was due supplementary 1 which revised the estimates for Appropriations in Aid due to increase in enrolment and the reduction in Development funding by the Ministry of Education which affected the capital budget.

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19. Notes to The Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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3. Adoption of New and Revised Standards.

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

| | |
|---|--|
| <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> |
| <p>Other improvements to IPSAS</p> | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. |

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| 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.</p> <p>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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. |

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ii. **New and amended standard and interpretations in issues but yet effective in the year ended 30 June 2023.**

| | |
|--|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |

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iii. Early adoption of standards

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

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

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stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly 24th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The

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additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Tharaka University on the 2022 2023 budget following the governing body's approval.

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 43 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.

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

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

Deferred tax

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

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

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

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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.

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

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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.

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

The annual rates are:

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

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

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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.

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i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *Tharaka University does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the its financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

a) Financial assets

Classification of financial assets

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

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Subsequent Measurements

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

Amortised costs

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

Fair value through net assets/equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such

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financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

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

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.

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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

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contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

After University inherited the former Eastern Campus of Egerton University, the staff opted to remain in the Egerton University Pension Scheme. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. The University also contributes to the statutory National Social Security Fund (N.S.S.F.). The contribution to N.S.S.F is funded by the employees and the employer at Ksh.1080 each. This is a defined contribution scheme registered under N.S.S.F. Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and currently Ksh 1,080.00 per employee per month, while the employer contributes Ksh 1,080.00 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.

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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

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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, 2023.

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

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

Provisions

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

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

| 6 | Exchequer Recurrent Grants | | |
|---|---|----------------|----------------|
| | Description | 2022-2023 | 2021-2022 |
| | | 30th June 2023 | 30th June 2022 |
| | Ministry of Education-Exchequer Recurrent Grants | | |
| | July | 23,710,537 | 25,280,258 |
| | August | 23,710,537 | 25,280,258 |
| | September | 23,710,535 | 25,280,258 |
| | October | 23,710,537 | 25,280,258 |
| | November | 23,710,537 | 25,280,258 |
| | December | 23,710,536 | 25,280,258 |
| | January | 23,710,537 | 25,280,258 |
| | February | 23,710,537 | 25,280,258 |
| | March | 23,710,535 | 25,280,258 |
| | April | 23,710,537 | 25,280,258 |

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| | | | |
|----------|---|-----------------------|-----------------------|
| | May | 23,710,537 | 25,280,258 |
| | June | 23,710,537 | 25,280,258 |
| | Total | 284,526,439 | 303,363,096 |
| | | | |
| | | | |
| 7 | Description | 2022-2023 | 2021-2022 |
| | Revenue from Exchange Transactions | 30th June 2023 | 30th June 2022 |
| | Income from Diploma & Certificates Courses | 39,127,500 | 31,000,726 |
| | Income from Government Sponsored Students | 107,860,300 | 82,833,947 |
| | Income from Self Sponsored Undergraduate Students | 9,425,500 | 10,278,845 |
| | Income from Self Sponsored Postgraduate Students | 11,313,750 | 10,996,377 |
| | Total Income Earned | 167,727,050 | 135,109,895 |
| | | | |
| | Less: Non Tuition Income Included in the Income Earned | | |
| | Caution Money | (2,634,000) | (3,152,000) |
| | Medical Fees | (6,250,000) | (4,988,000) |
| | Accommodation Charges | (1,482,000) | (702,000) |
| | Application Fees | (447,000) | (471,200) |
| | Fines for Damages | (16,915) | (6,305) |
| | Student Union | (1,820,100) | (1,912,900) |
| | Graduation fees | | |
| | Less: | | |
| | Tuition Fees Prepaid | | (13,382,736) |
| | Tuition Fees Refund | | (227,000) |
| | Total | (12,650,015) | (24,842,141) |
| | Add: | | |
| | Tuition Fees Receivable | | 11,700,038 |
| | Total Tuition & Related Income for the Year | 155,077,035 | 121,967,792 |
| | | | |
| 8 | Description | 2022-2023 | 2021-2022 |
| | Other miscellaneous income from exchange transactions | 30th June 2023 | 30th June 2022 |
| | Income Catering | 8,021,885 | 8,059,308 |
| | Income Medical | 12,470 | 33,620 |
| | Income Farm | 3,021,007 | 1,386,570 |
| | Others -shop & hospitality | 144,315 | 56,975 |
| | Total | 11,199,677 | 9,536,473 |
| | | | |
| | | | |
| 9 | Description | 2022-2023 | 2021-2022 |

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| Other Miscellaneous Income from Exchange Transactions | | 30th June 2023 | 30th June 2022 |
|--|---|-----------------------|-----------------------|
| Hire of Facilities | | 218,000 | 61,800 |
| Disposal of Miscellaneous Items | | 153,116 | 152,650 |
| Accommodation Charges | | 1,482,000 | 702,000 |
| Application Fees | | 447,000 | 471,200 |
| Fines for Damages | | 16,915 | 6,305 |
| Conferences & Seminars | | 201,010 | 198,515 |
| Graduation fees & student union | | 2,326,100 | |
| Research Funds | | | |
| Medical fees | | 6,250,000 | 4,988,000 |
| Interest on Bank Deposit | | 6,106,732 | 3,672,174 |
| Total | | 17,200,873 | 10,252,644 |
| | | | |
| 10 | Description | 2022-2023 | 2021-2022 |
| | Employment Expenses | 30th June 2023 | 30th June 2022 |
| | Personnel Emoluments: | | |
| | July | 20,742,744 | 14,921,151.00 |
| | August | 21,059,608 | 15,652,259.00 |
| | September | 21,161,608 | 19,639,851.00 |
| | October | 21,244,706 | 21,236,312.00 |
| | November | 21,151,561 | 21,499,119.00 |
| | December | 21,148,561 | 22,072,456.00 |
| | January | 21,427,475 | 25,012,192.00 |
| | February | 21,205,800 | 22,746,220.00 |
| | March | 21,205,800 | 22,698,720.00 |
| | April | 21,258,347 | 21,493,411.00 |
| | May | 20,995,627 | 22,516,112.00 |
| | June | 21,060,686 | 22,810,852.00 |
| | Total | 253,662,523 | 252,298,655.00 |
| | Casual Labour Expenses | 8,010,874 | 7,983,968.00 |
| | Gratuity Expense | 7,289,201 | 6,192,529.00 |
| | Hospitalization & Medical Expenses | 256,750 | 1,660,490.00 |
| | Total employment Expenses | 269,219,348 | 268,135,642.00 |
| | | | |
| 11 | Description | 2022-2023 | 2021-2022 |
| | Council Expenses | 30th June 2023 | 30th June 2022 |
| | Sitting Allowance,Lunch Accommodation & Mileage | 9,453,915 | 4,022,783 |

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| | | | |
|-----------|---|-----------------------|-----------------------|
| | Total | 9,453,915 | 4,022,783 |
| 12 | Description | 2022-2023 | 2021-2022 |
| | Repairs and Maintainace Expenses | 30th June 2023 | 30th June 2022 |
| | Vehicle Repairs/Transport Operating Expenses | 5,388,311 | 3,860,665 |
| | Fuel & Oils-Generator | 4,009,011 | 4,460,814 |
| | Grounds Maintenance | 5,599,687 | 11,563,414 |
| | Computer/Software Maintenance | 919,500 | 846,000 |
| | Plant & Equipment | 1,223,744 | |
| | Furniture | | |
| | Buildings | 8,681,001 | 5,298,012 |
| | Total | 25,821,254 | 26,028,905 |
| 13 | Description | 2022-2023 | 2021-2022 |
| | Academic Expenses | 30th June 2023 | 30th June 2022 |
| | Part- Time Lect. Expenses | 13,505,856 | 12,149,850 |
| | Graduation Expenses | 8,925,106 | 1,527,720 |
| | Teaching Practice & Field Attachment All. | 2,987,409 | 877,153 |
| | Academic Field Trips | 1,298,400 | 679,002 |
| | Teaching Materials & Lab Reagents | 896,035 | 3,683,812 |
| | External Examiners & moderation | 1,631,539 | 1,060,387 |
| | Other Research Expenses | 1,247,434 | 712,160 |
| | Total Academic Expenses | 30,491,779 | 20,690,084 |
| 14 | Description | 2022-2023 | 2021-2022 |
| | Students and Alumni expenses | 30th June 2023 | 30th June 2022 |
| | Student Welfare Expenses | 3,213,780 | 3,979,370 |
| | Student Work Study Expenses | 864,500 | 690,500 |
| | Basic Needs Expense/Student Union | 2,111,880 | 1,919,112 |
| | Total | 6,190,160 | 6,588,982 |
| 15 | Description | 2022-2023 | 2021-2022 |
| | Staff Welfare & Development expenses | 30th June 2023 | 30th June 2022 |
| | Staff Development - | | 266,300 |

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| | | | |
|-----------|--------------------------------------|-----------------------|-----------------------|
| | Staff Welfare Expenses | 253,100 | - |
| | Total | 253,100 | 266,300 |
| 16 | Description | 2022-2023 | 2021-2022 |
| | Finance Cost | 30th June 2023 | 30th June 2022 |
| | Bank Charges Interest | 1,778,628 | 1,653,398 |
| | Total Finance Cost | 1,778,628 | 1,653,398 |
| 17 | Description | 2022-2023 | 2021-2022 |
| | Depreciation and Amortization | 30th June 2023 | 30th June 2022 |
| | Buildings | 3,525,000 | 3,525,000 |
| | Plant & Equipment | 4,998,113 | 4,003,961 |
| | Motor Vehicles | 8,219,875 | 8,219,875 |
| | Furniture & Fittings | 3,267,437 | 2,460,079 |
| | Computer Hardware | 7,846,360 | 6,897,888 |
| | Library Books | 2,291,413 | 1,950,790 |
| | Amortization of Computer Software | 660,060 | 660,060 |
| | Total Dep & Amortization | 30,808,258 | 27,717,653 |
| 18 | Description/19 | 2022-2023 | 2021-2022 |
| | Use of goods and services | 30th June 2023 | 30th June 2022 |
| | General Insurances | 1,482,714 | 1,978,232 |
| | Property Insurances Motor Vehicle | 800,822 | 380,175 |
| | Travelling and Subsistence for staff | 8,943,888 | 8,302,538 |
| | University Committees' Expenses | 884,975 | 935,275 |
| | Animal Breeding Expenses | 7,843,120 | 640,100 |
| | Postage and Telephone | 130,650 | 267,050 |
| | Electricity Expenses | 4,894,975 | 1,845,139 |
| | Honorarium | 54,700 | - |
| | Water Supply and Sewerage Expenses | 3,513,455 | 551,894 |
| | Staff Uniforms | 9,000 | - |
| | Newspapers Journals and Videos | 314,160 | 328,754 |
| | Printing & Publishing | 64,640 | - |
| | Office Stationery | 3,613,275 | 3,190,430 |
| | General Subscription | 1,543,597 | 940,000 |
| | Campuses Expenses | 1,132,673 | 3,228,321 |
| | Professional Services- ISO | 89,000 | 561,250 |

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| | | |
|--|-----------------------|-----------------------|
| Hire of Security Services | 8,983,441 | 7,704,566 |
| Hire of Cleaning Services | 4,125,414 | 4,422,000 |
| Internet Expenses | 3,650,520 | 6,084,281 |
| Legal Fees/Valuation | | 30,880 |
| Chartering expenses | 1,962,272 | |
| Professional Services | 932,075 | 1,510,322 |
| Official Entertainment | 483,900 | 378,210 |
| Conferences , Seminars & training | 4,271,799 | 7,471,541 |
| Cleaning Materials | 391,140 | 198,070 |
| Corporate Social Responsibility | 502,440 | 253,585 |
| Quality Assurance fees -CUE Subscription | 1,402,841 | 1,889,801 |
| Farm general expenses | 1,100,985 | 4,758,980 |
| Advertisement & Publicity | 10,084,864 | 9,094,199 |
| Exhibitions and Local Shows | 156,000 | 1,095,500 |
| KUCCPS Placement fees | 70,000 | 1,548,000 |
| Landscaping of University Grounds | | - |
| Purchase of foodstuff | 11,298,822 | 10,465,652 |
| Medical drugs & related | 751,646 | 1,514,387 |
| Covid 19 | - | 2,073,411 |
| Signage | - | - |
| Strategic Plan | 2,069,390 | - |
| Sports/Games Facilitation | 1,562,510 | 2,437,540 |
| Wildlife Conservancy | 215,296 | |
| Audit Fees | 696,000 | 696,000 |
| Total | 90,026,999 | 86,776,083 |
| | | |
| 19 Description | 2022-2023 | 2021-2022 |
| Provisions for Doubtful Debts | 30th June 2023 | 30th June 2022 |
| Bal B/F 1st July 2022 | 117,000 | 97,426 |
| Increase/Decrease During the Year Period | 67,883 | 19,574 |
| Balance as at 30th June 2022 | 184,883 | 117,000 |
| | 2022-2023 | 2021-2022 |
| 20 Description | 30th June 2023 | 30th June 2022 |
| Cash & Cash Equivalent | | |
| KCB - Fees Collection A/C - 1240985967 | 2,654,142 | 1,338,657 |
| Coop Development a/c 01120572400000 | 99,739,302 | 140,030,909 |
| Coop-Fee Collection A/C 011295724000000 | 2,762,503 | 1,328,964 |
| Equity fees collection A/C 0210277753588 | 16,676,624 | 1,237,915 |
| KCB-Retention A/C 1281110027 | 738,588 | 25,316,159 |

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| | | | |
|-----------|---|-----------------------|-----------------------|
| | KCB - Operations A/C 1280946571 | 585,433 | 981,259 |
| | Family bank fee collection | 2,637,535 | 593,726 |
| | Total | 125,794,127 | 170,827,589 |
| | | | |
| | | | |
| 21 | Description | 2022-2023 | 2021-2022 |
| | Receivable from Exchange Transactions | 30th June 2023 | 30th June 2022 |
| | Students Fees Receivable | 18,488,286 | 11,700,038.00 |
| | Total Receivables from Exchange Transactions | 18,488,286 | 11,700,038.00 |
| | Less: Impairment/Provision for Doubtful Debts | (184,883) | (117,000.00) |
| | Net Receivables from Exchange Transactions | 18,303,403 | 11,583,038.00 |
| | | | |
| | | 2022-2023 | 2021-2022 |
| | | 30th June 2023 | 30th June 2022 |
| 22 | Receivables from Non-Exchange Transactions | | |
| | GOK Recurrent Grants | 23,710,537 | |
| | GOK Capital Grants | 19,625,681 | |
| | Total | 43,336,218 | |
| | | | |
| | | | |
| 23 | Description | 2022-2023 | 2021-2022 |
| | Prepayments | 30th June 2023 | 30th June 2022 |
| | Prepaid General Insurance | 129,661 | 1,482,714 |
| | Prepaid Property Insurance | 336,480 | 212,279 |
| | Total | 466,141 | 1,694,993 |
| | | | |
| 24 | Description | 2022-2023 | 2021-2022 |
| | Inventory | 30th June 2023 | 30th June 2022 |
| | Main Stores | 6,062,787 | 7,814,535 |
| | Medical Supplies | 387,363 | 535,638 |
| | Farm Supplies & Consumables | 709,905 | 465,180 |
| | laboratory | 4,093,899 | 392,464 |
| | Catering Supplies & Consumables | 318,308 | 449,768 |
| | Total | 11,572,262 | 9,657,585 |

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25) Property, Plant and Equipment

| PPE Schedule | - | 0.03 | 0.20 | 0.25 | 0.13 | 0.30 | 0.20 | | |
|--|-------------------|--------------------|-------------------|-------------------|----------------------|---------------------|-------------------|--------------------|--------------------|
| Particulars | Land | Buildings | Plant& equip | Motor Vehicle | Furniture & Fittings | Comp Hardware & ICT | Library Books | Work In Progress | Totals |
| Cost/Value as at 1.7.21 | 47,000,000 | 141,000,000 | 13,418,642 | 32,879,500 | 15,092,219 | 15,819,782 | 6,156,580 | 156,146,372 | 427,513,095 |
| Additions | - | - | 7,395,167 | - | 6,338,674 | 8,267,464 | 4,369,306 | 228,035,267 | 254,405,878 |
| Cost At 30th June 2022 | 47,000,000 | 141,000,000 | 20,813,809 | 32,879,500 | 21,430,893 | 24,087,246 | 10,525,886 | 384,181,639 | 681,918,973 |
| Additions | - | - | 4,138,458 | 12,271,000 | 6,608,600 | 2,067,286 | 931,177 | 72,877,083 | 98,893,604 |
| W.I.P Capitalized | 5,600,000 | 175,316,807 | 6,250,710 | - | - | - | - | (187,167,517) | - |
| Cost At 30th June 2023 | 52,600,000 | 316,316,807 | 31,202,977 | 45,150,500 | 28,039,493 | 26,154,532 | 11,457,063 | 269,891,205 | 780,812,577 |
| | | | | | | | | | |
| Depreciation and impairment | | | | | | | | | - |
| Acc. depr as at 01.07.2021 | - | 3,525,000 | 4,602,500 | 10,438,500 | 2,922,020 | 5,764,890 | 2,462,632 | - | 29,715,542 |
| Depr charge for the year 21/22 | | 3,525,000 | 4,003,961 | 8,219,875 | 2,460,080 | 6,897,888 | 1,950,789 | - | 27,057,593 |
| Depr as at 30 June 2022 | | 7,050,000 | 8,606,461 | 18,658,375 | 5,382,100 | 12,662,778 | 4,413,421 | - | 56,773,135 |
| Depreciation charge for the year 22/2023 | - | 3,525,000 | 4,998,113 | 8,219,875 | 3,267,437 | 7,846,360 | 2,291,413 | - | 30,148,198 |
| Depr as at 30 June 2023 | - | 10,575,000 | 13,604,574 | 26,878,250 | 8,649,537 | 20,509,138 | 6,704,834 | - | 86,921,333 |
| | | | | | | | | | |
| Net book values | | | | | | | | | |
| NBV as at 30th June 2022 | 47,000,000 | 133,950,000 | 12,207,348 | 14,221,125 | 16,048,793 | 11,424,468 | 6,112,465 | 384,181,639 | 625,145,838 |
| NBV as at 30th June 2023 | 52,600,000 | 305,741,807 | 17,598,403 | 18,272,250 | 19,389,956 | 5,645,394 | 4,752,229 | 269,891,205 | 693,891,244 |

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| | | | |
|----|--|-----------------------|-----------------------|
| 26 | Intangible Assets, Computer Software Schedule | | |
| | Description | Kshs | Kshs |
| | | 2022-2023 | 2021-2022 |
| | | 30th June 2023 | 30th June 2022 |
| | Cost | | |
| | At beginning of the year | 2,200,200 | 2,200,200 |
| | Additions | | - |
| | At end of the year | 2,200,200 | 2,200,200 |
| | Additions internal development | | - |
| | At end of the year | 2,200,200 | 2,200,200 |
| | Amortization and impairment | | |
| | At beginning of the year | 660,060 | - |
| | Amortization | 660,060 | 660,060 |
| | At end of the year | 1,320,120 | 660,060 |
| | Impairment loss | - | - |
| | At end of the year | 1320120 | 660,060 |
| | NBV | 880,080 | 1,540,140 |

27) Biological Assets

| Item | Unit | 2021/2022 | | | 2022/23 | | |
|-----------------------|---------|-----------|-----------|---------|---------|-----------|---------|
| | | Qty | Cost/Unit | Total | Qty | Cost/Unit | Total |
| Pixie Orange | numbers | 120 | 1,000 | 120,000 | 120 | 1,000 | 120,000 |
| Pixie Orange | numbers | 229 | 350 | 80,150 | 229 | 1000 | 229,000 |
| Pixie Orange | numbers | 257 | 350 | 89,950 | 257 | 1000 | 257,000 |
| He goats | Heads | 21 | 7,000 | 147,000 | 23 | 7,000 | 161,000 |
| She goats | Heads | 48 | 6,500 | 312,000 | 81 | 6,500 | 526,500 |
| He goat-kid | Heads | 34 | 4,000 | 136,000 | 21 | 4,000 | 84,000 |
| She goat-kid | Heads | | | - | 18 | 4000 | 72,000 |
| Indigenous bull | Heads | 3 | 50,000 | 150,000 | 2 | 50,000 | 100,000 |
| Indigenous cow | Heads | 5 | 40,000 | 200,000 | 5 | 40,000 | 200,000 |
| Indigenous young bull | Heads | 2 | 20,000 | 40,000 | 1 | 29,290 | 29,290 |
| Indigenous heifers | Heads | | | - | 3 | 22000 | 66,000 |
| Local male calf | Heads | 2 | 25,000 | 50,000 | 1 | 15,000 | 15,000 |
| Local female calf | Heads | 6 | 10,000 | 60,000 | 1 | 10,000 | 10,000 |
| Jersey heifer | Heads | 1 | 50,000 | 50,000 | 1 | 150,000 | 150,000 |

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| | | | | | | | |
|----------------------|---------|-------|---------|-------------------|-------|---------|-------------------|
| Ankole Bull | Heads | 1 | 250,052 | 250,052 | 3 | 270,000 | 810,000 |
| Ankole heifer female | Heads | 6 | 200,000 | 1,200,000 | 6 | 150,000 | 900,000 |
| Ankole Male Calf | Heads | 2 | 150,000 | 300,000 | 2 | 180,000 | 360,000 |
| Ankole cow | Heads | - | - | - | 9 | 270,000 | 2,430,000 |
| Ankole female calf | Heads | 7 | 150,000 | 1,050,000 | 2 | 100,000 | 200,000 |
| Boars | Heads | 26 | 25,000 | 650,000 | 2 | 25,000 | 50,000 |
| Sows | Heads | 19 | 22,000 | 418,000 | 34 | 22,000 | 748,000 |
| Piglets Six Months | Heads | 35 | 10,000 | 350,000 | 41 | 10,000 | 410,000 |
| Piglets three months | Heads | 33 | 3,500 | 115,500 | 81 | 3,500 | 283,500 |
| Piglets new born | Heads | 22 | 1,500 | 33,000 | 47 | 1,500 | 70,500 |
| Neem Tree | Numbers | 1,195 | 500 | 597,500 | 1,195 | 500 | 597,500 |
| Ashoka Trees | Numbers | 2,951 | 1,200 | 3,541,200 | 1,309 | 1,530 | 2,002,770 |
| Saluting Cyprus | Numbers | 306 | 500 | 153,000 | 306 | 500 | 153,000 |
| Indigenous Trees | Numbers | 405 | 1,500 | 607,500 | 405 | 1,500 | 607,500 |
| Palm Tree | Numbers | 56 | 300 | 16,800 | 56 | 300 | 16,800 |
| Layers Chicken | Heads | 566 | 500 | 283,000 | 828 | 500 | 414,000 |
| Improved Kienyeji | Heads | 5 | 400 | 2,000 | - | | - |
| Catfish | Heads | 1938 | 20 | 38,760 | - | | - |
| Jersey Cow | Heads | 1 | 175,000 | 175,000 | 1 | 175,000 | 175,000 |
| Anturium | Numbers | | | | 7 | 2000 | 14,000 |
| Elephant ears | Numbers | | | | 2 | 2500 | 5,000 |
| Aglaonema | Numbers | | | | 8 | 1500 | 12,000 |
| Total | | | | 11,216,412 | | | 12,279,360 |

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| | | | |
|-----------|---|-----------------------|-----------------------|
| 28 | Description | 2022-2023 | 2021-2022 |
| | Payables / Accruals from exchange transactions | 30th June 2023 | 30th June 2022 |
| | Part-Time Lecturers-Accrued | 5,444,613 | 4,070,178 |
| | Audit Fees Payable | 2,088,000 | 1,392,000 |
| | Staff Gratuity Payable | 8,643,588 | 6,192,529 |
| | Total | 16,176,201 | 11,654,707 |
| 29 | Refundable Deposits | | |
| | Student Caution Money Payable | 7,322,000 | 5,100,000 |
| | Prepaid Tuition Income | 18,795,424 | 13,382,736 |
| | Retention for W.I.P Payable | 24,688,344 | 19,505,666 |
| | Total | 50,805,768 | 37,988,402 |
| 30 | Description | 2022-2023 | 2021-2022 |
| | Work in Progress | 30th June 2023 | 30th June 2022 |
| | Science Tuition Block | 29,870,464 | 49,588,241 |
| | Library Block | - | 24,857,744 |
| | Media House | 4,637,840 | 39,663,630 |
| | Administration Block | 13,411,643 | 74,837,563 |
| | Swimming Pool | 11,327,056 | 5,561,077 |
| | Underground tank | 4,665,196 | 19,334,816 |
| | Sewerage/Septic tank | 1,650,299 | - |
| | Gazebo | 952,386 | 3,159,446 |
| | Ablution Block | 2,966,101 | 7,032,750 |
| | Acquisition of Neighboring Land | 1,600,000 | 4,000,000 |
| | Central Stores Gatunga | 1,796,098 | |
| | Total | 72,877,083.2 | 228,035,267 |
| 31 | Description | 2022-2023 | 2021-2022 |
| | Exchequer Capital Grants | 30th June 2023 | 30th June 2022 |
| | Ministry of Education | | |
| | 1st Disbursement | 34,000,000 | 120,000,000 |
| | 2nd Disbursement | 19,625,681 | 120,000,000 |
| | Total | 53,625,681 | 240,000,000 |

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32) FINANCIAL RISK MANAGEMENT

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

The University financial risk management objectives and policies are detailed below

(i) Credit risk

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

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

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

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------------------|--------------------------------------|------------------------------|--------------------------|
| At 30 June 2023 | | | | |
| Receivables from exchange transactions | 18,303,403 | 18,303,403 | Nil | Nil |
| Receivables from non-exchange transactions | 43,336,218 | 43,336,218 | Nil | Nil |
| Bank balances | 125,794,127 | 125,794,218 | Nil | Nil |
| Total | 187,433,748 | 187,433,748 | Nil | NIL |
| At 30 June 2022 | | | | |
| Receivables from exchange transactions | 11,583,038 | 11,583,038 | Nil | Nil |

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| | | | | |
|--|--------------------|--------------------|-----|-----|
| Receivables from non-exchange transactions | Nil | Nil | Nil | Nil |
| Bank balances | 170,827,589 | 170,827,589 | Nil | Nil |
| Total | 182,410,627 | 182,410,627 | 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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

ii) Liquidity risk

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

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

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|--------------------------|---------------------------|----------------------|--------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2023 | | | | |
| Payables | 66,981,969 | Nil | Nil | 66,981,969 |
| 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 |

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| | | | | |
|-------------------------------|-------------------|------------|------------|-------------------|
| Total | 66,981,969 | Nil | Nil | 66,981,969 |
| At 30 June 2022 | | | | |
| Trade payables | 49,643,109 | Nil | Nil | 49,643,109 |
| 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 | 49,643,109 | Nil | Nil | 49,643,109 |

(iii) Market risk

The University Council has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, 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 management board 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.

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

The entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting 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 Tharaka University has continued to bank with commercial banks that offer favorable interest rate in order to manage interest rate risk.

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

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

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- 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 2023 | | | | |
| Financial Assets | | | | |
| Quoted equity investments | Nil | Nil | Nil | Nil |
| Non- financial Assets | | | | |
| Investment property | Nil | Nil | Nil | Nil |
| Land and buildings | Nil | 362,137,532 | Nil | 362,137,532 |
| Total | Nil | 362,137,532 | Nil | 362,137,532 |
| At 30 June 2022 | | | | |
| Financial Assets | | | | |
| Quoted equity investments | Nil | Nil | Nil | Nil |
| Non- financial Assets | | | | |
| Investment property | Nil | Nil | Nil | Nil |
| Land and buildings | | 180,950,000 | | 180,950,000 |
| Total | Nil | 180,950,000 | Nil | 180,950,000 |

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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:

| | 2022-2023 | 2021-2022 |
|---|--------------------|--------------------|
| | | Kshs |
| Revaluation reserve | 59,059,232 | 59,059,232 |
| Retained earnings | 248,394,581 | 244,501,881 |
| Capital reserve | 532,087,053 | 478,461,372 |
| | | |
| Total funds | 839,540,866 | 782,022,485 |
| | | |
| | | |
| Total borrowings | Nil | Nil |
| Less: cash and bank balances | Nil | Nil |
| Net debt/(excess cash and cash equivalents) | Nil | Nil |
| Gearing | Nil | N/A |

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33) RELATED PARTY BALANCES

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) The National Government;

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

ii) The Principal Secretary, Ministry of Education;

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

iii) The key management;

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

iv) The Council Members;

As the governing body of the University, the Council, 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.

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

v) Senate

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

b) Related party transactions

i) Related Party Transfers

| | 2022-2023 | 2021/2022 |
|--|--------------------|--------------------|
| Transfers from related parties' | | |
| Recurrent | 284,526,439 | 303,363,096 |
| Capital | 53,625,681 | 240,000,000 |
| Transfers to related parties | - | - |
| Totals | 338,152,120 | 543,363,096 |

Key Management Remuneration

| | 2022-2023 | 2021-2022 |
|-----------------------------|-------------------|-------------------|
| University Council | 9,453,915 | 4,022,783 |
| Key Management Compensation | 21,148,207 | 20,117,156 |
| Total | 30,602,122 | 24,139,939 |

34) Events after the reporting period

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

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35) Ultimate and Holding Entity

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

36) Currency

The financial statements are presented in Kenya Shillings (Kshs)

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20. Appendices

APPENDIX 1: Progress on follow up of Auditor General Recommendations

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--|-----------------------------------|--|
| 1.1 | Invoicing of Students on accrual basis | The invoicing was resolved in the system on accrual basis as recommended by the Auditor General | Vice Chancellor | Resolved | June, 2023 |
| 1.2 | Lapse of Tenure for Council Members | Members of the Council appointed in July 2022 | CS Ministry of Education | Resolved | July 2022 |
| 1.3 | Comparative opening balance of financial position. | The opening balances were rectified | Vice Chancellor | Resolved | June 2023 |
| 1.4 | Appointment of Council Member with Finance Back ground | The vice chancellor communicated to the CS Ministry of education for appointment | Vice Chancellor | Partly resolved | June 2024 |
| 1.5 | Delay in collection of fees receivable | The new university funding model has reduced receivable | Vice chancellor | Partly resolved | June 2024 |
| 1.6 | Accounting for tuition income | Tuition income adjusted in ERP | Vice chancellor | resolved | June 2023 |
| 1.7 | Budgetary Performance | Budget Under expenditure | Vice chancellor | Partly resolved | June 2024 |



Prof. Peter K. Muriungi, Ph.D.

Vice Chancellor/CEO

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APPENDIX II: Projects Implemented by the Entity

| PROJECT'S NAME | Total Project Cost | Total Expended to date | Completion % to date | Budget 2022-2023 | Actual 2022-2023 | Variance | % | Source of funds |
|-------------------------------|---------------------------|-------------------------------|-----------------------------|-------------------------|-------------------------|-------------------|----------|------------------------|
| Science Tuition Block | 500,000,000 | 108,210,983 | 21.64 | 29,967,293 | 29,870,464 | 96,829 | 0.32 | GOK |
| Library Block | 500,000,000 | 38,463,244 | 7.69 | 9,658,388 | | 9,658,388 | 100 | GOK |
| Media House | 95,000,000 | 92,213,555 | 98.42 | 5,000,000 | 4,637,840 | 362,160 | 7.24 | AIA |
| Administration Block | 500,000,000 | 112,844,419 | 22.57 | 14,500,000 | 13,411,643 | 1,088,357 | 7.51 | GOK |
| Swimming Pool | 20,000,000 | 18,727,876 | 93.64 | 11,500,000 | 11,327,056 | 172,944 | 1.50 | AIA |
| Underground Tank | 30,000,000 | 26,337,386 | 87.79 | 5,000,000 | 4,665,196 | 344,804 | 6.90 | AIA |
| Gazebo | 10,000,000 | 8,726,758 | 87.27 | 1,000,000 | 952,386 | 47,614 | 4.80 | AIA |
| Ablution | 10,000,000 | 9,998,851 | 99.98 | 3,000,000 | 2,966,101 | 33,899 | 1.13 | AIA |
| Acquisition Neighbouring Land | 5,600,000 | 5,600,000 | 100 | 1,600,000 | 1,600,000 | - | - | AIA |
| Septic Tank | 1,700,000 | 1,650,299 | 97.08 | 1,700,000 | 1,650,299 | 49,701 | 2.92 | AIA |
| Central Stores Gatunga | 1,800,000 | 1,796,098 | 99.78 | 1,850,000 | 1,796,098 | 53,902 | 2.91 | AIA |
| Total | 1,674,100,000 | 424,569,469 | | 84,775,681 | 72,877,083 | 11,898,598 | | |

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APPENDIX III: Inter-entity transfers

| Tharaka University, Breakdown of Transfers from the State Department of Higher Education and Research for FY 2022/2023 | | |
|--|---------------------|--------------------|
| Recurrent Grants | Bank Statement Date | Amount (KShs) |
| FY to which the amounts relate | Bank Statement Date | Amount (KShs) |
| 2022/2023 | 03-08-2022 | 23,710,537 |
| 2022/2023 | 01-09-2022 | 23,710,537 |
| 2022/2023 | 29-09-2022 | 23,710,535 |
| 2022/2023 | 07-10-2022 | 23,710,537 |
| 2022/2023 | 02-11-2022 | 23,710,537 |
| 2022/2023 | 03-12-2022 | 23,710,536 |
| 2022/2023 | 28-12-2022 | 23,710,537 |
| 2022/2023 | 01-02-2023 | 23,710,537 |
| 2022/2023 | 02-03-2023 | 23,710,535 |
| 2022/2023 | 28-04-2023 | 23,710,537 |
| 2022/2023 | 06-06-2023 | 23,710,537 |
| 2022/2023 | 05-07-2023 | 23,710,537 |
| Total | | 284,526,439 |
| Development Grants | Bank Statement Date | Amount (KShs) |
| FY to which the amounts relate | Bank Statement Date | Amount (KShs) |
| 2022/2023 | 13-08-2022 | 34,000,000 |
| 2022/2023 | 04-07-2023 | 19,625,681 |
| Total | | 53,625,681 |

Head of Accounting Unit
 State Department for Higher Education & Research
 Sign-----


Accountant
 Tharaka University
 Sign-----


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Faint vertical text on the right margin, possibly a page number or reference.

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