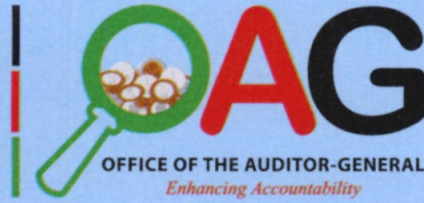


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT 24 FEB 2026	DAY. Tuesday
TABLED BY:	Deputy Leader Majority Party Hon. Owen Baya, MP
OF	Mr. Benson Inzofu

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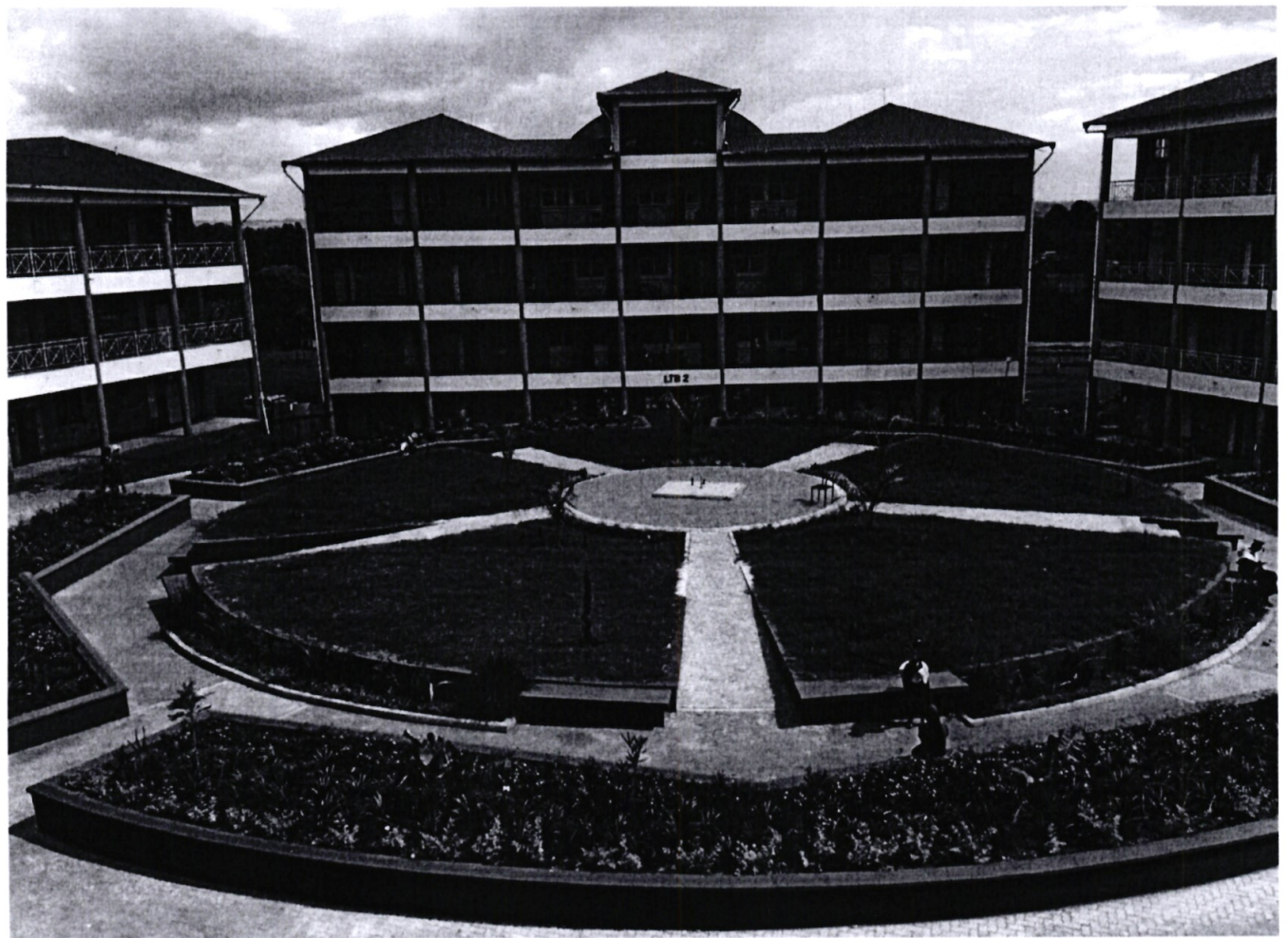
ON

UNIVERSITY OF KABIANGA

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



UNIVERSITY OF KABIANGA



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

ISO 9001:2015 Certified Institution

University of Kabianga
Annual Report and Financial Statements
For the Year ended 30th June 2025

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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms

APRR&A	Academic, Planning, Research, Human Resource and Administration Committee
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
FRM&ID	Finance, Resource Mobilization and infrastructural development committee
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. KEY UNIVERSITY INFORMATION AND MANAGEMENT

a) BACKGROUND INFORMATION

University of Kabianga is located in Kericho County in the famous scenic tea-growing highlands in the Southern end of the Mau Forest Region of Kenya. It occupies the grounds formerly held by Kabianga Farmers Agricultural Training Centre. In 2007, the Centre was converted to a Campus of Moi University and later elevated to a Constituent College in 2009. The College was then elevated to a fully-fledged University and awarded a Charter in 2013 with the initial five (5) Schools. Currently, the University has three (3) Campuses, newly reconstituted five (5) Schools comprising of 15 Departments and five (5) Directorates that support the achievement of the core mandate of the University.

The Kabianga Complex which included the Kabianga High School & Primary School and Kabianga Farmers Centre has a long history dating to 1925 and has been a centre of excellence in Farmer's Training, Teacher Education, Secondary, Primary Education and the 300 Acre Kipsigis County Council Tea Farm. Indeed, the current Kericho Teachers' Training College was situated at the Kabianga Complex until 1963 when it was moved to the current location in Kericho Town.

The University stands on 100 acres of land and is situated in the famous and lush tea-growing highlands of Kericho County in the Southern end of the Rift Valley Province of Kenya. It is about 21km from Kericho Town and 6km off the main Kericho - Kisii road on the junction called "Premier Dairies"

Since its inception, the University embarked on the expansion of physical facilities. These include library, modern hostels, laboratories, health unit, lecture theatres, water treatment plant, septic tank elevated water tank and Network Infrastructure. Plans are underway to put up more administrative offices to cater for the surging demand.

(b) PRINCIPAL ACTIVITIES OF THE UNIVERSITY

The main activities of the University of Kabianga are as follows:

- i. To provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya.
- ii. To participate in the research, transmission and preservation and enhancement of knowledge and to stimulate the intellect participation of students in the economic, social, cultural, scientific and technological development of Kenya.
- iii. To provide and advance university education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to manpower needs;
- iv. To conduct examinations for such academic awards as may be provided in the statutes pertaining to the University;
- v. To examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, degree courses and subjects of study;
- vi. To play a leading role in the development and expansion of the opportunities for higher education and research;
- vii. To contribute to industrial and technological developments through innovations and technology transfer.
- viii. To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovation, research, and consultancy services;
- ix. To participate in commercial ventures and other activities for the benefit of the institution, the community and stakeholders;

- x. To contribute to agriculture, industrial and technological development of Kenya in collaboration with industrial and other institutions through the transfer of appropriate technology;
- xi. To provide programmes, products and services in ways that reflect the principles of equity and social justice;
- xii. To facilitate student mobility between different programmes at different training institutions, universities and industry; and
- xiii. To foster the general welfare of all staff and students.

VISION:

To be a leading University in scientific innovation for the betterment of humanity

MISSION:

To create, preserve and transfer knowledge and technology through quality and entrepreneurial education, research, extension, and partnership with government, industry and non-state actors whilst ensuring a sustainable environment.

CORE VALUES:

The core values of the University coined as "METIP" reflects the University Culture and is meant to inspire efficient and effective service delivery across the University. These core values take cognizance of the National values and principles of governance as espoused in Articles 10 and 232 of the Constitution. They are:

M- Meritocracy

E- Excellence

T- Teamwork

I- Innovation

P- Professionalism


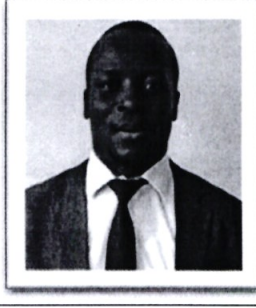

(c) KEY MANAGEMENT






The University's Day to day Management is under the following key organs:

- i. University Council
- ii. University Management Board
- iii. University Senate.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

S/N	Designation	Name
1.	Vice- Chancellor	 <p>Prof. Eric Koech, MBS B.Sc (UoN), M.Sc (Mc Gill), PhD (North Wales, UK)</p>
2.	Deputy Vice- Chancellor (Planning, Research and Development)	 <p>Prof. Maurice O. Oduor B.Ed (Maseno University), M.Sc (Pure Mathematics)-Maseno University, PhD (Pure Mathematics)-Maseno University</p>
3.	Acting Deputy Vice-Chancellor (Academics and Student Affairs)	 <p>Prof. Paul Onsare. B.Ed. (Moi University), M.Phil (Moi University) Ph.D. (Moi University)</p>

4.	Deputy Vice- Chancellor (Administration and Finance)		CPA Prof. Isaac K. Naibei BBA(Accounting)- (Maseno University), MBA (Maseno), PhD (Accounting- (Maseno University), CPA (K)
5.	Finance Officer		CPA. Willy K. Koech BBM Accounting(Moi University), CPA (K), MBA (UoK),
6.	Registrar (Administration)		Mr. Peter K. Kimalel BA(Moi University), EMBA (UoK), PG Dip HRM (Moi University)
7.	Registrar (Academic Affairs)		Dr. Cecilia C. Sang BEd. Home Economics (KU), M.Ed. (Egerton University), Ph.D.(Egerton University)
8.	Registrar (Planning, Research & Development)		Rev. Dr. Edwin Too BTh. (KHEU) M.Ed (University of Manchester) M.Div. (AIU), PhD (Kabarak University),

(e) Fiduciary Oversight Arrangements

The Council Committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority, however delegation of authority to the committees does not in any way mitigate or dissipate the discharge by the Council of its duties and responsibilities. Council Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Council. In the financial year ended 30th June 2025 the University had the following Committees of Council:

(1) AUDIT COMMITTEE

- | | |
|-------------------------|----------------------------------|
| 1. Ms. Tabitha Nyandiek | Chairman |
| 2. Mr. Peter Gathirwa | Member |
| 3. Mr. Muleli Mutuku | Member /Rep NT |
| 4. CPA. Peter Sang | Chief Internal Auditor/Secretary |

(2) FINANCE RESOURCE MOBILIZATION AND INFRASTRUCTURAL DEVELOPMENT COMMITTEE

- | | |
|-------------------------|---------------------------|
| 1. Mr. James Bett | Chairman |
| 2. Dr. Edinah Kangwana | Member |
| 3. Mr. Muleli Mutuku | Member /Rep NT |
| 4. Vainadu Titus Ingana | Member/Rep MOE |
| 5. Prof. Eric Koech | Vice-Chancellor/Secretary |

(3) ACADEMIC, RESEARCH, PLANNING, HUMAN RESOURCE AND ADMINISTRATION COMMITTEE

- | | |
|-------------------------|---------------------------|
| 1. Dr. Edinah Kangwana | Chairman |
| 2. Amb. Aggrey Shitsama | Member |
| 3. Vainadu Titus Ingana | Member/Rep MOE |
| 4. Prof. Eric Koech | Vice-Chancellor/Secretary |

(f) Entity Headquarters

University of Kabianga
Off Kericho- Kisii Road
P.O Box 2030 - 20200,
Kericho.

(g) Entity Contacts

Telephone: 020-2172665
E-mail: vc@kabianga.ac.ke
Website: www.kabianga.ac.ke

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Co-operative Bank,
Kericho Branch.
3. Kenya Commercial Bank
Kericho Branch.
4. Equity Bank,
Litein Branch.


(i) Independent Auditor



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

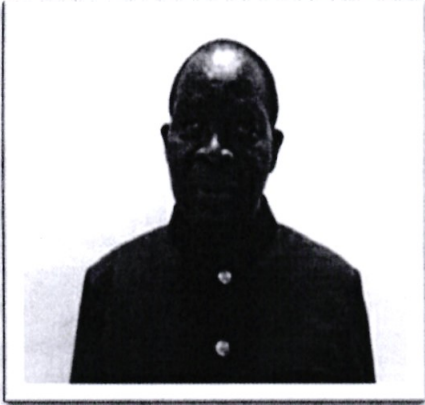

(j) Principal Legal Adviser

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



3. MEMBERS OF COUNCIL


Ref	Directors/Council Members	Details
1.	<p>Chairman of Council</p>  <p>Prof. Bosire Monari Mwebi Chairman of Council Ph.D, Education; M.Ed. Education (University of Alberta, Edmonton, Canada); BEd. (UoN)</p>	<p>Prof. Bosire Monari Mwebi was born in 1956. He is internationally renowned expert in the field of teacher Education and Curriculum Development based in Kenya and Canada. He has been a university professor of education and currently works as international consultant in teacher education and curriculum development related disciplines. Prof. Mwebi has worked as lead consultant / technical adviser for projects funded by international organization that includes: World Bank's Global Partnership for Education II; United Nations Office on Drugs and Crime (UNODC); UNESCO International Institute for Capacity Building in Africa (IICBA); UNICEF; Commonwealth Secretariat and Japan International Co-operation Agency.</p> <p>Prior to joining independent consultant in 2018, Prof Mwebi was Associate Professor, Faculty of Education, St. Francis Xavier University (StFX), Nova Scotia, Canada. For 14 years, Prof. Mwebi developed and taught courses in the Bachelors' and Graduate Studies. He supervised students enrolled in graduate studies and also in undergraduate practicum. As part of the service to community of StFX University, Prof. Mwebi served as a member on university-wide and departmental committees including Advisory Committee on Service Learning, Med and B.Ed Steering Committees and International Projects Committee.</p> <p>Prof Mwebi has a solid background in research and dissemination with substantial grants won from university and external granting agencies. As a result of his research involvement over the years, he has published a number of articles in peer-</p>

		<p>refereed journals and made many presentations in peer-refereed conferences at national and international levels. He was appointed Chairman, University of Kabianga Council through a Gazette Notice with effect from dated 14th October, 2024.</p>
2.	 <p>Hon. James Kimaru Bett Council Member M.Com. (GOA Uni. India), B.Com. (Business Admin.) (KU), Post Graduate Dip. (CIPS)</p>	<p>Hon. James Kimaru Bett, born in 1968 previously served as a member of parliament and he was a member of Public Accounts Committee. He also worked as civil servant from 1998-2012 in diverse ministries as a procurement officer. He is a dedicated public servant who believes in equality and the empowerment of all cadres of people in Kenya. He was appointed as a Member of Council of University of Kabianga on the 4th November, 2020 and his term expired on 3rd November, 2023. He was re-appointed to University of Kabianga Council through a Gazette Notice with effect from dated 8th December, 2023 and served as the Chairman-FRM&ID Committee</p>
3.	 <p>Mr. Peter K. Gathirwa Council Member Bsc (NU); Msc (MKU)</p>	<p>Mr. Peter K. Gathirwa, born in 1967 is the Finance Chairman (P.C.E.A Eldoret Presbyterian); C.E.O(Maika Investment LTD); Board member – Sugoi mixed Secondary School; Board member – P.C.E.A. Soy township Academy; Council member – Cooperate University of Kenya; Certified Professional Mediator (CPM); Dispute and conflict resolution international. He was appointed as a Member of Council of University of Kabianga through a Gazette Notice with effect from 5th April, 2024. He served as a Member of Audit Committee</p>






<p>4.</p>	 <p>Amb. Aggrey Shikanga Shitsama Council Member Council Member LLB(UoN); LLM (UoN)</p>	<p>Amb. Aggrey Shikanga Shitsama, born in 1955 is an accomplished legal practitioner, Administrator, Manager and Dip- lomat. He is an Advocate of the High Court of Kenya since 13/10/1980. Since 1982 to date he has been in Private Legal Practice. From 2011 to March 2014, he served as the Chairman Standards Tribunal appointed under the Standards Act. He was appointed as an in 2014 Ambassador and posted by the Government of Kenya as Deputy Ambassador Deputy Head of Mission/ Head of Chancery Kenya's Mission in Addis Ababa Ethiopia. In 2019 he resorted back to full time private practice. He was appointed as a Member of Council of University of Kabianga on the 4th November, 2020 and his term expired on 3rd November, 2023. He was re-appointed to University of Kabianga Council through a Gazette Notice with effect from 24th May, 2024. He served as a Member-ARPHR&A Committee</p>
<p>5.</p>	 <p>Dr. Edinah N. Kangwana Council Member Bsc(UoN); M.sc (JKUAT); PHD-honorary (JKUAT)</p>	<p>Dr. Edinah N. Kangwana born in 1984 is a Governance and Leadership Practitioner, Policy Expert, Certified Professional Mediator, Entrepreneurship & Trade development professional. Columnist with Scholar Media Africa Group. She is an International Visitor Leadership Program (IVLP) Alumni 2022, a program by the US State Department. Co-author of She Leads Book- 2023 (Volume two), an anthology which celebrates the journey and leadership lessons of women from Kenya, Africa and beyond. Multiple award-winning Transformational Leader whose work has been honored by over 10 entities including, honor by two Presidents of the Republic of Kenya. Worked with many leaders and organizations in co-creating work cultures, policies, process and systems that sustainably embody transformational leadership amid the</p>







		<p>emerging global environment that organizations and its people are in, that of volatility, uncertainty, complexity and ambiguity (VUCA), now BANI. Worked in the Banking sector (Barclays Bank & KCB Bank) for 10 years and in Public Service as a Kisii County Government executive in charge of the Ministry of Trade, Tourism & Industry and the docket of public service, County administration, corporate services and Stakeholder management for a period of 5 years.</p> <p>She was appointed as a Member of Council of University of Kabianga through a Gazette Notice with effect from 5th April, 2024. She served as a Member- FRM&ID Committee and Chairman ARPHR&A Committee</p>
6.	<div data-bbox="338 1043 722 1440" data-label="Image"> </div> <p data-bbox="292 1456 662 1529">Ms. Tabitha A. Nyandiek Council Member</p> <p data-bbox="292 1536 756 1608">Bsc (Egerton U); Msc (Maseno U); CPA (KCA)</p>	<p>Ms. Tabitha A. Nyandiek was born in 1980. She has served with various Financial Institutions including the former Barclays Bank (Now ABSA), Co-op Bank and Britam Insurance. Also served in the Internal Audit Committee of Homa-bay County Assembly and worked in the Ministry of Interior and Coordination of National government for several years. She was appointed as a Member of Council of University of Kabianga through a Gazette Notice with effect from 5th April, 2024. She served as the Chairman of the Audit Committee</p>

7.	 <p>Mr. Muleli S. Mutuku Member/ Rep- National Treasury Bsc (Egerton U); Msc (University of Oxford)</p>	<p>Mr. Muleli S. Mutuku born in 1981 represents the Principal Secretary National Treasury, Kenya Institute for Public Policy Research and Analysis (KIPPRA) In 2022; Senior Economist Office of Principal Secretary, State Department for Planning and Statistics, Ministry of Devolution and Planning, and later the National Treasury in the period 2015 to 2018; Senior Economist, Office of Cabinet Secretary, Ministry of Devolution and Planning during 2013 –2015; Economist & Technical Advisor to the Permanent Secretary, Ministry of State for Planning, National Development and Vision 2030 during 2011- 2013 Economist, Ministry of Planning & National Development and Vision 2030 during 2010-2011; Economist & District Development Officer, Ministry of Planning & National Development and Vision 2030 during 2008-2010; Sales & Marketing Rep., Barclays Bank of Kenya (ABSA) during 2006-2007. He was appointed as a Member of Council of University of Kabianga with effect from 23rd November, 2023. He served as a Member- FRM&ID Committee and Member Audit Committee</p>
8.	 <p>Vainadu Titus Zakayo Ingana Member -Rep – Ministry of Education BSc. (UoN), MSc.(UoN)</p>	<p>Vainadu Titus Zakayo Ingana born in 1966 represents the Principal Secretary – State Department for University Education and Research, Ministry of Education. He is a former United Nations Advisor to the Prime Minister of Timor Leste-Indonesia under UNDP. He is currently serving as a Researcher in the Ministry of Education. He is the Kenyan Focal Point Officer on Science, Technology and Development (ST&D) to the Commission for Science, Technology and Development (CSTD), UNCTAD, Geneva. His task is to spearhead the development of Kenya's Issues Papers on various themes as requested for annually by CSTD/UNCTAD. He worked in Rwanda in the period 2015- 2017 on "Work Place Human Resource-based Value Chain Assessment"; A Skills Audit Programme for the</p>

		<p>Capacity Development and Employment Services Board (CESB) of the Republic of Rwanda, based on ISCO, 2012. Ingana has authored twenty (20) Books in various fields and one of the Books, "The Politicians Speech" is being prepared to be acted as a Movie. He is the founder of Firmword Church worldwide. He was re-appointed as a Member of Council of University of Kabianga with effect from 2nd October, 2023. He served as a Member –FRM&ID Committee Member ARPHR&A Committee</p>
9.	<div data-bbox="359 851 782 1500" style="border: 1px solid black; padding: 10px; text-align: center;">  <p>Prof. Eric Koech, MBS B.Sc (UoN), M.Sc (Mc Gill), PhD (North Wales, UK) Secretary to Council Vice-Chancellor</p> </div>	<p>Prof. Eric Koech, born in 1957 has extensive teaching, research, consultancy and outreach for 33 years having worked as Tutorial Fellow (1990-1992), Lecturer (1993-1997), Senior Lecturer (1997-2005) and Associate Professor (2005 to July 2012) in the Department of Forestry & Wood Science, Moi University and Full Professor (July 2012 at the University of Kabianga with an earned Ph.D (Agroforestry). Prof. Eric Koech has rich experience in academia and leadership having risen from Head of Department and having served as a Dean at Moi University for a period of 12-years. He later became a Deputy Principal and Deputy Vice-Chancellor (Administration and Finance) at the University of Kabianga where he dedicated 14 years of selfless service. He was appointed as the 2nd Vice-Chancellor of University of Kabianga with effect from 29th September 2023.</p>

5. UNIVERSITY MANAGEMENT TEAM

S/N	Designation		Name
1.	Vice- Chancellor		Prof. Eric Koech, MBS B.Sc (UoN) M.Sc (Mc Gill PhD (North Wales, UK)
2.	Deputy Vice-Chancellor (Planning, Research and Development)		Prof. Maurice O. Oduor B.Ed (Maseno University), M.Sc (Pure Mathematics)-Maseno University, PhD (Pure Mathe- matics)-Maseno University
3.	Acting Deputy Vice- Chancellor (Academics and Student Affairs)		Prof. Paul O. Onsare. B.Ed. (Moi University), M.Phil (Moi University) Ph.D. (Moi Uni- versity)
4.	Deputy Vice- Chancel- lor (Administration and Finance)		CPA Prof. Isaac K. Naibei BBA(Accounting)- (Maseno University), MBA (Maseno), PhD (Accounting- (Maseno Univer- sity), CPA (K)
5.	Finance Officer		CPA. Willy K. Koech BBM Accounting(Moi Universi- ty), CPA (K), MBA (UoK)

6.	Registrar (Administration)		Mr. Peter K. Kimalel BA (Moi University), PG Dip HRM (Moi University), EMBA (UoK)
7.	Registrar (Academic Affairs)		Dr. Cecilia C. Sang BEd. Home Economics (KU), M.Ed. (Egerton University), Ph.D.(Egerton University)
8.	Registrar (Planning, Research & Development)		Dr. Rev. Edwin Too BTh. (KHEU), M.Div.(AIU), M.Ed (University of Manchester) PhD (Kabarak University)
9.	ICT Director		Mr. Geoffrey K. Sowek M. Sc. (KCA), BSc. Computer Science (Egerton University)
10.	Legal Officer		Ms. Robai W. Ayuma LLB (Moi University), Dip. in Law (Kenya School of Law)
11.	Ag. Deputy University Librarian		Ms. Regina Ochieng MSc. Library and Information Sciences (Kenyatta University) Bsc. Library and Information Sciences (Kenyatta University) Dip. Library and Information Studies (Sigalagala T.T.I)

5. CHAIRMAN'S STATEMENT

It is with great honor that I present the Chairman's Report for the financial year 2024/2025. During the year, the University Council remained committed to overseeing the achievement of the university's core mandate, whilst ensuring realization of its vision to be a premier institution of higher learning that provides quality education, research, and community service for the betterment of humanity. In the face of numerous challenges, including financial constraints, the Council has played a pivotal role in steering the university towards continued growth and progress.

One of the most significant challenges faced during the period was reduction in government capitation, which declined from Ksh. 648.90 Million in the previous year to Ksh. 391.02 Million. This reduction exerted considerable strain on the university's financial situation, affecting operations and other key activities of the University. Consequently, Capital Development allocation for the year was nil, compared to the previous year in which Kshs.30 Million was allocated, however, only Ksh.7.5 million was received. This constant reduction and to a level of nil allocation adversely impacted on the progress of ongoing development projects, limiting the university's ability to fully implement its infrastructure plan and to effectively support its core mandate.

Despite these financial constraints, I am pleased to report that the university has shown remarkable resilience, recording total revenues of Ksh.2.08 billion for the current year, up from Ksh.1.59 billion in the previous year. This growth in revenue is largely attributed to increased student enrolment and enhanced income from the new funding model. The enrolment of first-year students rose significantly from 3,016 in the previous financial year to 3,798 in FY 2024/2025. The number of graduates also increased, with 1546 candidates graduating during the year compared to 1211 in the previous year.

On the expenditure side, the university's total expenditure for the year was Ksh.1.63 billion, up from Ksh.1.59 billion in the previous year. The increased expenditures are as a result of implementation of the 2021-2025 Collective Bargaining Agreement (CBA), Annual salary increments and recruitment of more academic staff as a result of increased student enrolment.

The University has continued to make significant progress in terms of infrastructure development. The implementation of the University Master Plan remains a priority, with ongoing projects such as the Library Project, Lecture Theatre Phase V, Dining Hall and Reroofing of hostel Project. I am pleased to report that the Lecture Theatre Phase IV and Courtyard are now complete while the Students' Dining Hall and Hostel re-roofing are nearing completion.

In addition to academic and infrastructure development, the university has remained committed to its Corporate Social Responsibility (CSR) and extension activities. The university in collaboration with Co-operative bank of Kenya constructed Boda boda shade at the University gate as well as construction of concrete benches that were done in collaboration with KCB Bank group. The University participated in tree planting activities at Kabianga High School during Elimu tree planting day.

In conclusion, while the financial challenges have been significant, the University of Kabianga has demonstrated resilience and continued commitment to its mission of academic excellence, research, and community service. The Council will continue to work closely with management and other stakeholders to ensure that the university remains on a strong financial footing and continues to deliver on its mandate.

SIGNATURE:



DATE:

28/8/2025

PROF. BOSIRE MONARI MWEBI
CHAIRMAN OF COUNCIL

6. VICE-CHANCELLOR'S STATEMENT

It is my pleasure to present the CEO's Report for the FY 2024/2025, a period marked by remarkable progress and unwavering commitment to the growth of the University of Kabianga. The University's focus remains aligned with the Strategic Plan 2023-2027, which offers guidance towards achieving its vision of being a premier institution in providing quality education, research, and community service for the betterment of humanity. During the year under review, the University diligently worked towards implementation of this plan, while focusing on continued growth in student enrolment, academic programs, and infrastructural development while staying true to the mission of academic excellence and societal impact.

During the year under review, the University received reduced government grants to finance its recurrent budget from 648.91 Million to Ksh. 391.02 Million in FYs 2023/2024 and 2024/2025 respectively. There was nil Capital Development funding allocation for FY 2024/2025 compared to an allocation of Ksh. 30M, and actual receipts of ksh. 7.5M during FY2023/2024. The continued low funding has affected implementation of on-going development projects. The income increased from Kshs. 1.59B in the FY 2023/2024 to 2.08B in the FY 2024/2025 while the expenditure increased from Ksh1.59B to Ksh 1.63B in FY2023/2024 and FY2024/2025 respectively.

The on-going projects which are currently underway, include; University Library and resource center and Lecture Theatre Block Phase V which are funded through exchequer development grants, whereas the Student Dining Hall and hostel Re-roofing projects are funded by the Council through internal sources. The student dining hall is currently 97% complete and is expected to be completed within the FY 2025/26. These facilities, once fully operational, will greatly enhance the learning experience for our growing student population. Additionally, the Library Project is advancing steadily and will provide students and staff with a state-of-the-art facility for academic and research activities, supporting the commitment to fostering a conducive environment for learning and innovation. The university is therefore still seeking the support of the government for resources to ensure the completion of the critical infrastructure under progress.

The university has five academic schools and 15 departments that continue to grow and deliver high-quality programs. The School of Health Sciences, based *ISO 9001:2015 Certified Institution*

at Kapkatet Campus, remains a leader in training healthcare professionals, with its programs attracting a high number of applicants. The School of Agricultural Sciences and Natural Resources has made significant strides in addressing food security and environmental sustainability challenges through its innovative programs. The School of Business and Economics has seen an increase in enrolment, reflecting the growing demand for business education, while the School of Education and Social Sciences continues to produce skilled educators and social scientists who contribute meaningfully to the community. The School of Science and Technology has been at the forefront of advancing STEM education, with its programs providing students with the skills needed in today's fast-evolving technological landscape.

In addition to our academic schools, several directorates have played key roles in supporting the university's operations and strategic goals. The Directorate of Research, Linkages, and Extension has promoted collaborative research and community engagement, while the ICT Directorate has been instrumental in driving the university's digital transformation by enhancing online learning platforms and supporting digital literacy. The Directorate of Graduate Studies continues to support postgraduate students and ensure the quality of our advanced degree programs. The Directorate of Gender Development has been pivotal in promoting gender equity and inclusivity, in line with the principles outlined in the Constitution of Kenya, 2010. The Quality Assurance Directorate remains focused on maintaining the highest academic and operational standards, and the Directorate of Corporate Affairs has strengthened the University's public image through effective stakeholder engagement.

During the year under review, the University realized notable increase in student enrolment, with 3,798 first-year students joining the University in 2024/2025 Academic Year, compared to 3,016 in the previous year. The graduation numbers also rose, with 1,546 candidates graduating during the year, compared to 1,211 in the prior year. This growth is a testament to the university's commitment to providing high-quality education that meets the needs of our students and the demands of the workforce. The university has continued to engage with the community through various outreach activities. The university also participated in environmental sustainability efforts through tree planting activities at Kabianga High School during Elimu tree planting day.

I would like to extend my sincere appreciation to the Government of Kenya, our partners, and all stakeholders for their continued support. Despite the financial challenges we faced, including the reduction in government capitation, the university has remained resilient and committed to its mission. We look forward to another year of progress and excellence as we continue to build on the foundations laid during this financial year.

SIGNATURE.....
PROF. ERIC KOECH (PH. D, MBS)

DATE: 28.8.25

VICE-CHANCELLOR

7. STATEMENT OF UNIVERSITY OF KABIANGA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

During the period ended 30th June, 2025, University of Kabianga had two (2) core Pillars and five (5) enablers as follows:

Core Pillars

Pillar 1: Academic

Pillar 2: Research, Innovation and Extension

Enablers

1. Leadership and Governance
2. Human Resources
3. Administrative Support Services
4. Infrastructure Development
5. Financial Resources

University of Kabianga developed its annual work plans based on the above core pillars and enablers. Assessment of the Board's performance against its annual work plan is done on an annual basis. The University achieved most of its performance targets set for the FY 2024/2025 period on its strategic pillars and enablers, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Research Innovation and Extension Pillar	To enhance research activities to optimize Natural Resource, sustainable Land Use and entrepreneurship for the betterment of humanity	No. of workshops conducted Reports	Conduct sensitization workshops on university niche to staff and students	Staff and students were trained on Amaranth (<i>Amaranth cruentus</i>)
	To inculcate a vibrant culture of cutting-edge research amongst staff and students	No. of sensitization workshops	Sensitize staff and students on research	The department of Biological Sciences acquired teaching and research equipment worth 82M from the seeding labs from the US

	To commercialize research products	No. of commercialized products	Sensitize staff on technology transfers	Fish finger lings production innovation has been identified for commercialization Smart Leather processing has been proposed to funders for commercialization Organic wine and Juice innovation
	To identify one innovation to incubate and commercialize	No. of innovations Identified	Sensitize staff to innovate	One (1) innovation received from Technophiles Club from School of Health Sciences identified for incubation and commercialization
	To initiate and forge linkages and collaborations with strategic partners in the industry	Minutes Correspondences Signed MoUs for linkages and collaborations	Hold meetings with strategic partners Sign MoUs	Two linkages were forged during the period under review
	To enhance Extension programmes	Reports Community feedback	Sensitize community on health issues	A research extension workshop on value addition on agricultural products (Pineapple) was held on 21 st March, 2025 at Roret, Bureti Sub County, Kericho.
Leadership and governance	To comply with policies and procedures	No. of workshops	Hold sensitization workshops	There was sensitization for the HoDs and Directors on ISO 9001:2015 Standards in the second quarter and in the third quarter staff were sensitized on IPR, Commercialization of research activities and innovation In the fourth quarter, staff and students were sensitized on IPR policy and commercialization of innovations during the Hakathon and South Rift innovation week
	To implement the strategic plan (s) for the University to set the strategic direction	Approved Divisional AOPs	Develop and implement Divisional Annual Operational Plans	AOPs were developed and implemented as scheduled
Infrastructural Development	To complete ongoing and initiate	Site Progress report	Construct Lecture Theatre Phase V to 3%.	Projects were implemented as per the mas-

	new infrastructure projects	Invitation to site meeting and minutes		ter plan and approved budget
	To establish Science, Technology, and Innovation Park	Approved policy	Develop Science, Technology, and Innovation policy	The policy is under development
	To strengthen the University's international profile and visibility	Publications in reputable journals Global Webometric ranking	Sensitize staff on quality research and publishing in reputable journals	During the first International conference organized by the School of Business and Economics, staff were sensitized on publishing in reputable Journals
		No. of publications uploaded	Upload research publications to the UoK website	Seventy-four (74) publications were uploaded to the UoK website
	To utilize research to promote indigenous food crops	Number of food crops identified	Identify the indigenous food crops	Two indigenous food crops have been identified i.e. Pumpkin and Grain Amaranth (<i>Amaranth cruentus</i>)
	To automate library operations	Automated system in place and fully operational Off-campus access to e-resources	Automating library processes and acquiring a Software	Library acquired MyLOFT software which is currently being used to access e-resources on and off campus.
	To promote research and patenting of innovations	Report	Implement the IPR policy	19 Students and staff participated in various innovation challenges (Venture 4 Change) IPR policy was reviewed One (1) patent on pineapple <i>nutrijuice</i> and <i>pinnez</i> wine was filed with the Kenya Industrial Property Institute (KIPI) One patent was successfully registered. Hackathon on innovation was held on 25 th to 27 th April, 2025 which attracted 60 participants. The 1st South Rift Innovation Week was held on 9 th to 12 th June, 2025. 18 innovations were showcased and the event attracted more than 1,500 participants. The review of IPR was

				completed
		No. of staff trained	Train staff on patenting research findings	100 Students and 19 Staff trained on IPR
		No. of patented innovations	Patent innovation	Patent: A process of converting pineapple waste into powder and beverages. Publishing of the Trade mark: Pinezz Enterprise is ongoing
	To initiate and forge linkages and collaborations with strategic partners in the industry	Reports	Identify partners in the industry	University of Sri Jayewardenepura and KTDA were identified for collaborations. One MoU was initiated with ANZA Village based in Nairobi The MoU with Confucius Institute at the University of Nairobi was renewed on 10 th December 2024
		Signed MoUs	Draft and sign MoUs	One (1) MoU with Global Council for Anthropological Linguistics was signed on 10/12/2024 while another was MoU signed (E4 IMPACT)
		Reports	Implement the signed MoUs	Twenty-four (24) signed MoUs are active and are being implemented
Leadership and Governance	To comply with policies and procedures	No. of workshops	Hold sensitization workshops	There was sensitization for the HoDs and Directors on ISO 9001:2015 Standards in the second quarter and in the third quarter staff were sensitized on IPR, Commercialization of research activities and innovation In the fourth quarter, staff and students were sensitized on IPR policy and commercialization of innovations during the Hakathon and South Rift innovation week
		Available policies and procedures/Number of downloads	Post policies and procedures to the University website, library, and front offices	QMS has been posted on the UoK Website
	To implement the strategic plan (s)	Approved Divisional AOPs	Develop and implement Divisional Annual	AOPs were developed and implemented as

	for the University to set the strategic direction		Operational Plans	scheduled
	To establish and review structures, systems, policies, and procedures that govern the institution	Approved structures, systems, policies, and procedures	Review and streamline structures, systems, policies (IPR and Outreach & Extension policies) and procedures that govern the institution	The Research and IPR policies were successfully undertaken
	To develop and operationalize frameworks for managing risks	Report	Identify potential/levels of risks	Risks which were likely to occur were identified
		Developed risk management framework Reports	Develop and implement a framework for managing risks	Risk management framework was developed and implemented
Quality Assurance	To Sustain ISO 9001: 2015	Notification for Audit Invitation for opening and closing meetings Attendance list Audit programme Reports	Conduct Internal Audits	Internal Audits were conducted from 16.07.2024 to 19.07.2024 and from 26 th to 28 th May 2025
		Notification for re-certification Audit programme Invitation for opening and closing meetings Attendance list Audit report	Conduct re-certification audits	Re-certification audit was conducted from 30.09.2024 to 3 rd October, 2024
	To effectively coordinate University activities	Set Targets Minutes Vetted targets Invitations Signed cascaded PCs Reports	Set PC targets, Participate in PC negotiations, Vetting signing exercises, cascade, implement and submit quarterly and annual PC reports to various Government agencies	Sensitization on the 21 st cycle PC guidelines was conducted on 7 th August, 2024. PC targets were set, negotiated, vetted and cascaded to all Divisions, Schools, Departments and all staff through signing the Performance Appraisal forms. The targets were implemented and Quarterly and annual PC reports were submitted to various Government agencies within the set timelines
		Invitations for meetings Programme Minutes	Conduct mid-term & end-term internal evaluations for FY 2024-2025 contract period	Mid-term evaluations were conducted as scheduled. Internal and external end term eval-

		Evaluation Reports		uations will be conducted in the FY2025/2026
Physical Infrastructure	To complete ongoing and initiate new infrastructure projects	No. of staff trained No. of researchers	Train staff on fundable proposal writing Conduct a Workshop on identification of research funders	40 staffs were trained on fundable proposal writing and identification of research funders Two (2) research teams are developed proposals for possible funding
	To Institute mechanisms to ensure the infra-structural development plan is implemented	No litigations	Comply with relevant laws and circulars Address all the audit queries raised in 2023/2024	The University complied with the applicable laws by having regular site meetings and inspection, conducting material testing and checking supplied materials before use. No new projects have been initiated.
Financial Requirements and Resource mobilization	To diversify resource streams for long-term sustainability	Approved Divisional AOPs	Develop and implement Divisional Annual Operational Plans	AOPs were developed and implemented as scheduled
	To implement the strategic plan (s) for the University to set the strategic direction	Report	Identify potential/levels of risks	Risks which were likely to occur were identified
	To establish and review structures, systems, policies, and procedures that govern the institution	Developed risk management framework Reports	Develop and implement a framework for managing risks	Risk management framework was developed and implemented
	To develop and operationalize frameworks for managing risks	No. of staff sensitize on risk management	Sensitize staff on risk management	Staff were sensitized on risks-based thinking and risk management

8. CORPORATE GOVERNANCE STATEMENT

To achieve its strategic objectives, the University is led by an effective Council composed of competent, diverse and qualified members capable of exercising objective and independent judgement. The University Council is committed to maintaining the highest standard of integrity, professionalism, ethics and compliance with applicable laws in all its operations. In the performance of its functions, the University Council is guided by the Constitution of Kenya, the Universities Act, 2012, other applicable laws and prevailing Government circulars. The Council has appropriate autonomy and authority to exercise its functions and is accountable to its shareholders and act responsibly towards its stakeholders.



i. Members of the University Council

The Council comprises of nine (9) members: the Chairman, five (5) independent members; the Principal Secretary, Ministry of Education, Principal Secretary, Na-
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tional Treasury and the Chief Executive Officer, the Vice-Chancellor (ex-officio member) who is the secretary to Council. The biographies of the Council Members are published on page xiii-xv. These Council Members possess a broad range of skills, qualifications and experiences required to plan and direct the affairs of the University.

ii. Process of Appointment and Removal of Council Members

Council appointment is executed by the Government in line with Article 27 of the Constitution of Kenya. The appointment is through a transparent and formal process governed by the overriding principle of merit. The Chairperson is appointed by the President and independent members are appointed by the Cabinet Secretary of the Ministry of Education after confirmation that they fulfil the minimum skills, qualifications and experience as set out. Each Council member is appointed through a Gazette Notice by name and the members are expected to sit in the Council in their individual capacity with no powers to appoint alternates. Each Council member signifies acceptance of the appointment in writing and the acceptance sent to the appointing authority. The Council may recommend removal of a member based on non-performance, persistent non-attendance of meetings, unethical conduct or as set out in any constitutive documents or in applicable law. The Ministry representatives are appointed by their respective Principal Secretaries to serve on fixed terms.

iii. Roles and Functions of the Council

Guided by Mwongozo: The Code of Governance for State Corporations and University Charter 2013), the Council is mandated to make and approve Statutes for gazettelement in accordance with the Act; determine the University's mission, vision, purpose and core values; determine the strategic direction of the University; set and oversee the overall strategy and approve significant policies, establish short and long term goals and to develop strategies to achieve the

goals; approve the organizational structure, annual budget and procurement plan; monitor the organization's performance and ensure sustainability; enhance the corporate image; ensure availability of adequate resources for the achievement of the University's objective; establish adequate systems for internal controls; hire the CEO, on such terms and conditions of service as may be approved by the relevant Government organ(s) and approve the appointment of Senior Management Staff; and ensure effective communication with stakeholders.

iv. Induction, Training and Development

The Council provides new members with an effective induction programme to familiarize themselves with their mandate in the Council. The induction programme provides the Council member with an orientation of the University, strategic plans and policies, financial status, risk management, compliance programmes, Council Charter and Code of Conduct. The Council ensures that competency needs assessment is carried out periodically based on the annual evaluation reports and development plans prepared to address the identified gaps. The Council ensures provision of notice of training and development programmes relevant for members' continuous professional development.

v. Board and Member Performance

The Council conducts annual evaluation to appraise its performance and performance of individual members as well as that of the Secretary. This exercise is facilitated by the State Corporations Advisory Committee in accordance with a Board Evaluation Tool. The exercise provides an opportunity for the Council to identify strengths, collective skill gaps and individual areas of improvement

vi. Board Meetings and Attendance

The Council and committee meetings are held once in every quarter depending on the needs of the business. The Council has established three committees

to facilitate execution of its mandate. During the period FY 2024/2025, the University Council held four regular meetings for the Council and four for each of its committees as per the approved almanac for the FY 2024/2025. All members attended Council and committee meetings that were held during the financial year. Conflict-of-interest register is availed during meetings for members to declare any form of existing or perceived interest on the items of the agenda. The Chairperson provides the overall leadership and governance to the Council. The University is in the process of developing a policy to manage conflicts of interest in line with the Conflict-of-Interest Act, 2025.

Table: Membership and Attendance of Regular meetings during the FY2024/2025

REGULAR MEETINGS		
S/NO	NAME	ATTENDANCE FY2024/2025
1.	Prof. Bosire Monari	3
2.	Mr. James K. Bett	4
3.	Amb. Aggrey S. Shitsama	4
4.	Mr. Peter K. Gathirwa	4
5.	Ms. Tabitha A. Nyandiek	4
6.	Dr. Edinah N. Kangwana	4
7.	Vainadu Titus Ingana	4
8.	Mr. Muleli Mutuku	4

a. Council Committees and Terms of Reference

For effective running of the affairs of the University, Council has delegated part of its responsibilities to standing committees. The committees operate under clearly defined mandates which spell out their responsibilities, scope of authority as defined in the respective committee terms of reference and procedures for reporting to the Council. The Council has three standing committees with their respective terms of reference as follows:

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(i) Audit Committee

The mandate of this committee is to review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics. The Audit committee provides oversight relation to accountability, risk management and internal controls.

Table: Membership and Attendance of Audit Committee meetings during the FY2024/2025

AUDIT COMMITTEE		
S/NO	NAME	ATTENDANCE FY2024/2025
1.	Ms.Tabitha A. Nyandiek	4
2.	Mr. Peter K. Gathirwa	4
3.	Mr. Muleli Mutuku	4

(ii) Finance, Resource Mobilization and Infrastructural Development Committee

The committee oversees finance matters of the University which include resource mobilization, budgets and procurement. The FRM&ID committee is responsible for prudent utilization of university finances and promotion of the financial health of the University for Sustainable Performance.

(iii) Table: Membership and Attendance of Finance, Resource Mobilization and Infrastructural Development Committee

FINANCE, RESOURCE MOBILIZATION AND INFRASTRUCTURAL DEVELOPMENT COMMITTEE		
S/NO	NAME	ATTENDANCE FY2024/2025
1.	Mr. James K. Bett	4
2.	Dr. Edinah N. Kangwana	4
3.	Vainadu Titus Ingana	4
4.	Mr. Muleli Mutuku	4

(iv) Academic, Research, Planning, Human Resource and Administration (ARPHR&A) Committee

This committee deals with academics, research, planning, human resource and administrative matters as per the approved terms of references. The ARPHR&A committee is responsible for implementation of the Strategic Plan and

ACADEMIC, RESEARCH, PLANNING HUMAN RESOURCE AND ADMINISTRATION (ARPHR&A) COMMITTEE		
S/NO	NAME	ATTENDANCE FY2024/2025
1.	Dr. Edinah N. Kangwana	4
2.	Amb. Aggrey S. Shitsama	4
3.	Vainadu Titus Ingana	4

vii. Succession Plan

Before expiry of the tenure of the serving members and representatives to the respective Principal Secretaries (PS), the University notifies the CS and the PS of the Parent Ministry and National Treasury respectively as a form of reminder of the pending expiry of contracts to ensure prompt appointments or re-appointments for smooth transition.

viii. Existence of a Board Charter

The Council has developed and adopted a Board Charter for implementation. During the period, the Council and Committee charters were reviewed and adopted for implementation. The Board Charter defines the role, responsibilities and functions of the Council. The Charter also defines the conduct of meetings of Council and its committees, attendance, notice, agenda and Council papers, participation, quorum and decision making, resolutions and minutes, the role of the Chairperson, Chief Executive Officer, separation of roles, performance evaluation and governance audit. The Board Charter is periodically reviewed to align with the emerging laws and regulations governing of State Corporations.

ix. Board Remuneration

The Council members are remunerated for their services in accordance with the prevailing relevant legislative provisions and relevant Government circulars as well as guidance from relevant authorities such as State Corporations Advisory Committee, Public Service Commission and Salaries and Remuneration Commission.

x. Ethics and Code of Conduct

The Council has developed and adopted a Code of Conduct intended to establish standards of ethical conduct and behaviour of its members. The Code aims at upholding Article 10 and Chapter six of the Constitution of Kenya

xi. Governance Audit

The purpose of the Governance Audit is to ensure that the University conforms to the highest standards of good governance. The University plans for Governance Audit to be undertaken on annual basis.

xii. Communication Policy

The University's communication with stakeholders is guided by its Stakeholder Engagement Policy.

9. MANAGEMENT DISCUSSION AND ANALYSIS

During the financial year 2024/2025 Recurrent capitation grants allocated was **Ksh.307.84M** which translates to monthly capitation recurrent grant of **Ksh.25.65M** Compared to the annual recurrent grant of **Ksh.648.91M** which translates to a monthly recurrent grant of **Ksh.54.08M** for the FY2023/2024. Additionally, the University received supplementary allocation of Ksh. **83.18M** to fund implementation of CBA 2021-2025.

The University Recurrent budget is funded through government support and internally generated funds. It is worth noting that there was increase in internally generated funds from **Kshs 943.9M** in FY 2023/2024 to **Kshs 1.63B** in FY 2024/2025. This was due to increase in student numbers and implementation of new funding model. This helped to bridge the gap created by the reduced capitation grants.

A) University Funding-Recurrent

University of Kabianga is funded by the Government of Kenya, tuition fees from students and IGU revenue. The percentage of Government funding for FY 2024/2025 comprises 19% whereas student related fees contribution is 80% and IGA's 0.8% as shown in table 1 below.

Table 1: University Funding- Recurrent

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)
GoK	781	814	814	649	391
Fees	244	352	409	922	1,611
IGUs	16	18	21	30	16

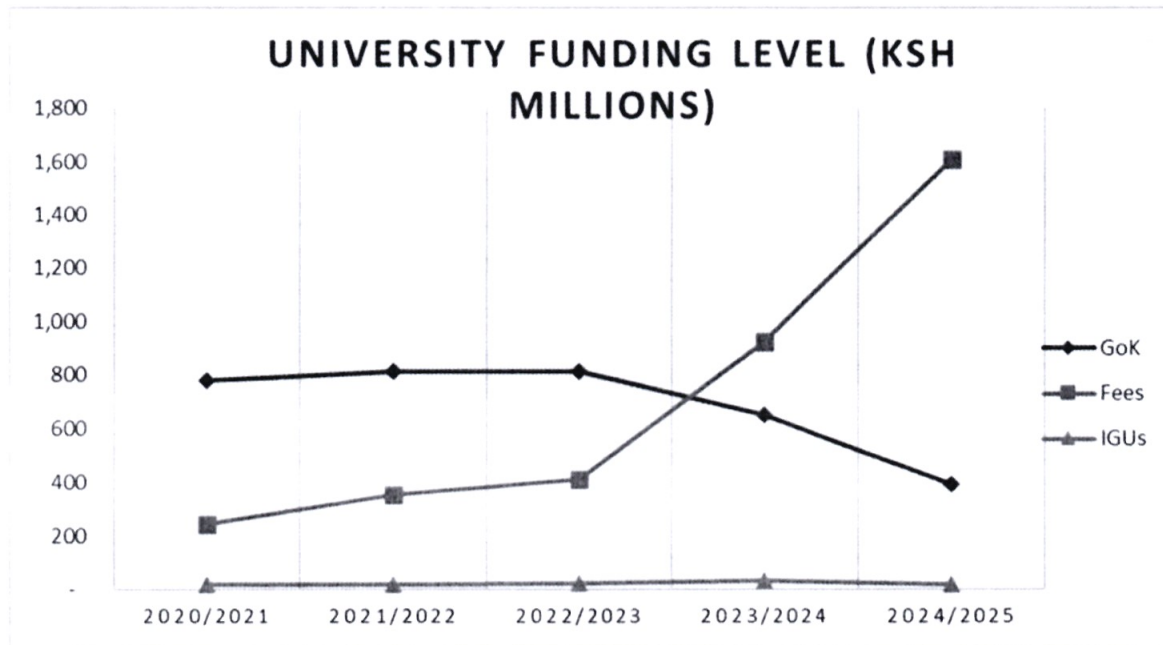


Figure 1: Graph Showing the University Funding in Percentage

The figure shows that the University is mainly funded by the Government of Kenya. However, the revenue from the government reduced drastically from 41% in 2023/2024 to 19% in 2024/2025. Tuition fees from students increased from 58% to 80% while revenue from income generating units decreased from 1.8% to 0.81%.

B) University Funding-Capital Development

Capital Development expenditure is wholly funded by the Government; During FY 2024/2025 there was no government budget allocation for the on-going projects as shown in table 2 below.

Table 2: University Funding- Capital Development

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)
Approved	143.00	90.00	70.00	30.00	0
Received	71.50	90.00	27.60	7.50	0
Difference	71.50	0	42.40	22.50	0

The above table shows that there are variations between the approved funds for capital development and the disbursed capital grants from Government of Kenya. The graphical presentation of the approved and received capital grant for the last 5 financial years from 2020/2021 to 2024/2025

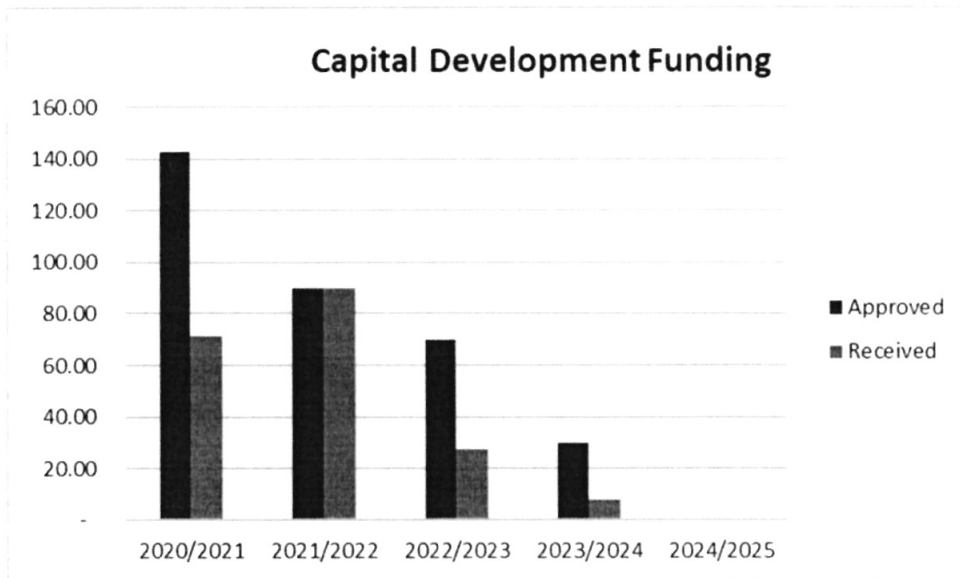


Figure 2: Graph Showing the University Capital Development Funding

C) Income and Expenditure.

The income and expenditure for the University for the last five financial years is as tabulated below.

Table 3: University Income and Expenditure

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Income	1,190,432,713	1,040,136,969	1,184,572,071	1,244,830,985	1,592,804,977	2,088,183,739
Expenditure	1,318,825,524	1,194,425,381	1,365,654,890	1,352,726,726	1,597,476,226	1,630,985,309
Surplus/Deficit	(128,392,811)	(154,288,412)	(181,082,819)	(107,895,741)	(4,671,249)	457,198,430

From the tabulated figures above, the income increased from kshs. **1.59B** in the FY 2023/2024 to **2.09B** in the FY 2024/2025 while the expenditure increased from **Ksh 1.59B** to **Ksh1.63B** within the same financial years. In general, a surplus of **Kshs.**

457,198,430 was recorded in the FY 2024/2025 as compared to a deficit of Kshs. **(4,671,249)** in the FY 2023/2024.

Below is a graphical presentation of the income and expenditure for the last 5 financial years from 2020/2021 to 2024/2025.

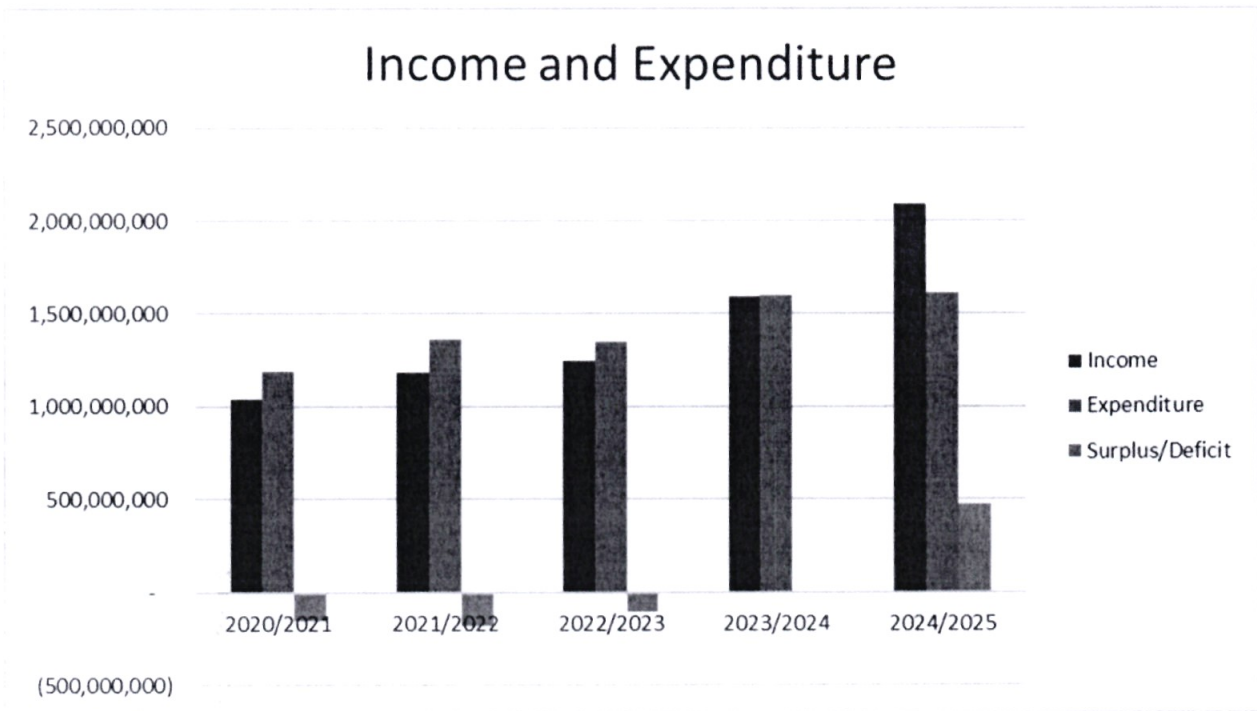


Figure 3: Income and Expenditure

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

University of Kabianga exists to transform lives. This is its purpose and the driving force behind everything the university does. It's what guides in the delivery of strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The University of Kabianga has established a robust sustainability strategy aimed at securing long-term financial and operational resilience. Central to this strategy is the implementation of diverse resource mobilization initiatives and a comprehensive finance sustainability plan, designed to enhance revenue streams and optimize resource utilization. This plan is monitored on a quarterly basis to ensure financial stability, track progress, and adapt to emerging challenges and opportunities. Through these efforts, the university aims to strengthen its financial foundation, ensuring continued excellence in service delivery, academic growth, and infrastructural development while maintaining a commitment to sustainability.

ii) Environmental performance

The University of Kabianga continues to prioritize environmental performance, a key focus outlined in the institution's strategic plan and guided by a comprehensive environmental policy. During the 2024/2025 financial year, the university significantly stepped up its tree planting initiatives as part of its commitment to enhancing biodiversity and combating climate change. Several tree planting events were organized, most notably in collaboration with stakeholders. Through this partnership, over 10,000 tree seedlings were distributed to staff and members of the surrounding community, reinforcing the university's role in promoting environmental sustainability. Additionally, the university actively participated in a tree planting event at the neighbouring Kabianga High School, further extending its environmental stewardship beyond the campus. These initiatives reflect the University of Kabianga's ongoing

ing efforts to reduce its carbon footprint and foster a greener, more sustainable future.

iii) Employee welfare

The University of Kabianga is committed to fostering a supportive and inclusive work environment, guided by a comprehensive framework of policies aimed at promoting employee welfare. These include the Recruitment Policy, Diversity Policy, and Quality Management Systems (QMS), which ensure fair hiring practices and uphold high standards of service delivery. The Diversity Policy is aligned with the Constitution of Kenya, 2010, embracing inclusivity and gender parity principles. Additionally, the university supports the growth and development of its staff through its Training and Development Policy, which provides guidance on capacity development initiatives. Staff performance is assessed and rewarded in line with the Performance Management Policy, ensuring continuous improvement and recognition of excellence. The university also prioritizes the safety and well-being of its employees through the Safety and Health Policy, which complies with the Constitution, the Occupational Safety and Health Act (OSHA) of 2007, the Employment Act of 2007, the Work Injury Benefits Act (WIBA) of 2007, and other related laws. The University also approved employee mental wellness policy. These policies collectively ensure a healthy, safe, and empowering environment for all employees, enabling them to thrive and contribute to the university's mission.

iv) Market place practices-

The University of Kabianga is dedicated to upholding responsible practices in all its marketplace engagements, guided by high standards of ethics, transparency, and accountability. These practices are reflected in the following key areas:

a) Responsible competition practice.

The university ensures fair and transparent competition in all its operations and engagements. It fosters an environment of ethical business practices, adhering to the principles of integrity and fairness in its dealings with partners, stakeholders, and competitors.

b) Responsible Supply chain and supplier relations

The university treats its suppliers with respect and professionalism by honoring contracts and making timely payments. Its procurement processes are efficient, transparent, and aligned with the Public Procurement and Assets Disposal Act, 2015, and the Public Procurement and Assets Disposal Regulations, 2020. The institution ensures Access to Government Procurement Opportunities (AGPO) for special groups, including women, youth, and persons with disabilities, as mandated by law.

c) Responsible marketing and advertisement

The university conducts its marketing and advertisement efforts in a truthful and responsible manner, ensuring that all communications reflect its commitment to ethical standards and accuracy. These practices are designed to uphold the integrity and reputation of the institution while fostering trust among stakeholders.

d) Product stewardship

The University of Kabianga is committed to the responsible management of its services and resources, ensuring that its products and operations meet the needs of the community while promoting sustainability. This includes a focus on long-term value creation for stakeholders and a dedication to continuous improvement.

v) Corporate Social Responsibility /Community Engagements

The University of Kabianga remains deeply committed to its Corporate Social Responsibility (CSR) mandate, focusing on activities that positively impact the community and promote sustainable development. During the 2024/2025 financial year, the university, through its Division of Planning, Research, and Development, organized several impactful initiatives aimed at addressing key societal challenges.

In its ongoing environmental conservation efforts, the university actively participated in tree planting activities at the nearby Kabianga High School, reinforcing its commitment to environmental sustainability. Additionally, the university organized a

medical camp that provided free healthcare services to university staff and the surrounding community, demonstrating its dedication to promoting public health. As part of this commitment, the university also opened a section of its health unit to offer services to the community at a subsidized rate, improving access to quality healthcare.

Through these initiatives, the University of Kabianga continues to make a significant contribution to the well-being of the community, fostering economic empowerment, environmental sustainability, and improved health outcomes.



University of Kabianga participating in Elimu tree planting day held on 24th May 2024. University represented by the Vice-Chancellor

11. REPORT OF THE COUNCIL

The University submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the University's affairs.

Principal activities

The principal activities of the University are to continue offering higher education in teaching, research and extension.

Results

The results of the University for the Year ended June 30, 2025 are set out on pages 1 to 5.

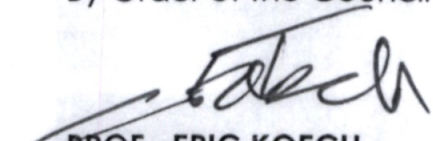
Members of Council

The members of the University Council who served during the year are shown on page XIII- XV. During the period, the Chairman of Council, Prof. Bosire Monari Mwebi was appointed on 4th October, 2024.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with Article 229 of the constitution of Kenya and the Public Audit Act 2015.

By Order of the Council


PROF. ERIC KOECH.
VICE-CHANCELLOR

DATE.....28.8.25.....

12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act Cap, 446 require the Council to prepare financial statements in respect of University of Kabianga, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council Members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council Members are also responsible for safeguarding the assets of the University.

The Council Members are 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 ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 2012. The Council Members are of the opinion that the University's financial statements give a true and fair view of the state

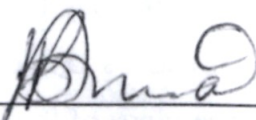
of University's transactions during the financial year ended June 30, 2025 and of the University's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

The statement of financial performance as indicated on page 1 shows a surplus of **Ksh. 457,198,430**. All the receipt of income generated activities is as indicated in the financial statements.

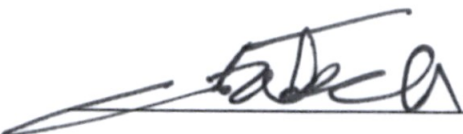
Nothing has come to the attention of the Council Members to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

APPROVAL OF THE FINANCIAL STATEMENTS

The University's financial statements were approved by Council on _____ and signed on its behalf by:



PROF. BOSIRE MONARI MWEBI
CHAIRMAN OF THE COUNCIL



PROF. ERIC KOECH
VICE-CHANCELLOR

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF KABIANGA FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of University of Kabianga set out on pages 1 to 50, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

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

Basis for Qualified Opinion

1. Unsupported Rent & Rates Payment

The statement of financial performance reflects use of goods and services expense of Kshs.308,119,170, which includes rent and rates expenses of Kshs.15,577,211.00, as disclosed in Note 13 to the financial statements. The lease agreement between Telkom Kenya Limited (Lessor) and University of Kabianga (Lessee) for land reference number: 631/527-Temple Road, Kericho was signed on 30 May, 2024 and previous lease agreement had been signed on 24 November, 2016. However, the agreement did not contain a seal and stamp from the land registrar, original title documents relating to the land on which the building is and a land rates clearance certificate to support the lease agreement.

In the circumstances, the propriety and validity of Kshs.15,577,211 incurred on rent and rates could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on comparable basis of Kshs.1,934,045,201 and Kshs.2,018,374,989, respectively resulting in an over-collection of Kshs.84,329,788 or 4% of the budget. Similarly, the university expended Kshs.1,645,139,599 against actual receipts of Kshs.2,018,374,989 resulting in an under-absorption of Kshs.373,235,390 or 18% of the receipts.

In the circumstances, the under-absorption affected implementation of planned activities and programs and may have impacted negatively on the University's objectives and service delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Matters

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved all the issues or given evidence on the issues stated as resolved. Management is in contravention of Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Deduct Affordable Housing Levy

The statement of financial performance reflects employees' costs of Kshs.1,179,242,096. Review of casual workers' payroll revealed that the Management did not deduct housing levy from the wages. However, the levy for the year under review amounting to Kshs.165,537 was paid by the University. The amount has not been captured as recoverable and receivable from employees.

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

2. Employees Earning Less than a Third of the Basic Salaries

Review of payroll records as at 30 June, 2025 revealed that one hundred and twenty-one (121) employees earned an amount below a third of their basic salaries which is contrary to Section 19(3) of the Employment Act 2007. The Act requires employees not to commit their salaries in excess of two thirds of the basic salaries.

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

3. Staff on Acting Capacity Beyond Six (6) Months

Review of the University's payroll and other human resource records revealed that during the year there were eleven (11) employees who served in acting capacities beyond the stipulated six (6) months period. This is contrary to Section 34(3) of the Public Service Commission Act, 2017 which provides that those acting appointments will be made for a minimum of thirty (30) days and a maximum of six (6) months duration.

In the circumstances, Management is in breach of the Human Resource Policy Manual policy.

4. Failure to Make Employment Reservation for Person with Disability

Review of the payroll and personnel records revealed that the University has five hundred and sixty-three (563) employees both permanent and contractual out of which only seventeen (17) or 3% were people living with disability which is contrary to Persons with Disability Act, 2025. The Act provides that every employer shall endeavor to secure the reservation of five per cent of all permanent, casual, emergency and contractual positions

in employment in the public and private sectors for persons with disabilities. The University should have reserved at least 28 positions for people living with disability.

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

5. Failure to Observe Ethnic Diversity in Staff Composition

Review of the payroll and personnel records revealed that 71% of the five hundred and sixty-three (563) employees were from the dominant community in the region. This is contrary to the provisions of Section 7(1) and (2) the National Cohesion and Integration Act, 2008 which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one-third of its staff from the same ethnic community.

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

6. Delay in Collection of Student Fees Receivables

The statement of financial position reflects receivables from exchange transactions of Kshs.567,983,742, which includes gross student fees debtors of Kshs.589,170,823 as disclosed in Note 22 to the financial statements. The balance reflects an increase of Kshs.428,565,983 or 267% from the previous year's balance of Kshs.160,604,840. Out of the balance, Kshs.35,350,249 or 6% is more than 6 years old.

Thus, Management did not institute proper and effective revenue collection mechanism during the year. This is contrary to Section 83(2) of the Public Finance Management (National Government) Regulations, 2015 which requires Management to have sound cash management and pursue debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the government are collected and banked promptly.

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

7. Long Outstanding Account Payables

The statement of financial position and Note 28 to the financial statements reflect payables from exchange transactions of Kshs.456,572,930. Review of the payables aging analysis revealed that out of the balance, Kshs.244,310,493 or 54% of the payables from exchange transactions has been outstanding for more than one year, with a balance of Kshs.81,497,407 dating back to 2021. The unremitted payable belongs to staffs' retirement/pension benefits from February 2021 to May 2025. The Management has not been remitting deductions to the University retirement scheme which is against Section 53A (1) of the Retirement Benefits Act, which requires an employer to remit the deductions within fifteen days of the deduction.

In the circumstances, the University may be exposed to fines and penalties for failure to meet its obligations. Management is also in breach of the law.

8. Long Outstanding Liabilities (Prepaid Fees)

The statement of financial position reflects refundable deposits and prepayments from customers balance of Kshs.198,323,024, which includes Kshs.87,119,898, being prepaid fees as disclosed in Note 29 to the financial statements. The prepayment balance was not supported with aging analysis. Further, review of the creditors' records revealed a balance of Kshs.304,410 which is more than 5 years old based on students' year of admission and the students were not on the current enrollment list.

The accumulation of refundable fees increases the risk of financial misstatements leading to inaccuracies in the financial reports.

In the circumstances, Management is in breach of law.

9. Delayed Completion of Library Building

The statement of financial position reflects property, plant and equipment balances of Kshs.2,501,274,414 as disclosed in Note 25 to the financial statements which includes an amount of Kshs.495,557,935 in respect of work in progress.

As previously reported Management entered into a contract with a contractor for the construction of Proposed Library at the University through Tender No. UoK/T/007/16/17 at a contract Sum of Kshs.834,523,967. The project started on 8 June, 2017 with expected completion date of 4 June, 2020. However, the project remained incomplete for more than eight (8) years and with completion date having been extended three (3) times as detailed below;

Date	Period of extension	Revised Completion Date
4 June, 2020	43 weeks	4 April, 2022
21 July, 2023	56 weeks	21 October, 2023
9 October, 2023	38 weeks	30 July, 2024

As at 30 June, 2025, cumulative payments made totalled to Kshs.415,744,948.50 or 49.8% of the contract amount. However, the total certified work was Kshs.437,870,658.53 representing 52.5% of the contract sum. Overall completion rate to date is 55%.

Further, the interim Payment Certificate No. 29B of Kshs.22,125,710 had remained unpaid from 18 March, 2024 in violation of section 33.1(d) of the conditions of Contract.

In the circumstances, value for money on the expenditure of Kshs.415,744,948.50 could not be confirmed.

10. Delayed Completion of Lecture Theatre

Management entered into a contract with a contractor for the construction of a Lecture Theatre at contract sum of Kshs.345,215,959 with contract commencement date of 12 September, 2023 and completion date of 11 September, 2026. However, review of the

status report provided for audit on 27 June, 2025 revealed that amount certified was Kshs.41,334,562 out of which only Kshs.13,845,060 or 4% of the contract sum had been paid and the overall completion rate is 12%. Further, following the slow progress of works, a consultative meeting was held between the client, main contractor and project management team on 27 January, 2025. The meeting resolved to suspend work till 1 September, 2025 or earlier depending on availability of resources. The site was secured and the university took charge on 1 February, 2025. Further, there were no funds allocated for the project in the budget for the period under review.

In the circumstances, value for money on the expenditure of Kshs.13,845,060 could not be confirmed.

11. Delayed Completion of Student Dining Hall and Kitchen

Management entered into a contract with a contractor for the construction of a student dining hall and kitchen at contract sum of Kshs.10,170,450 with contract commencement date of 8 July, 2024 and completion date of 23 December, 2024. However, review of the status report provided for audit on 27 June, 2025 revealed that amount certified and paid was Kshs.4,791,700 representing 47% of the contract sum and the overall completion rate was 85%. Further, the contract period had lapsed on 23 December, 2024 and there was no official extension. Similarly, the performance bond had expired and had not been renewed.

In the circumstances, value for money on the expenditure of Kshs.4,791,700 could not be confirmed.

12. Delayed Completion of Re-Roofing of Hostel 6

Management entered into a contract with a contractor for completion of Re-roofing of Hostel 6 at contract sum of Kshs.5,996,350 with contract commencement date of 30 September, 2024 and completion date of 17 March, 2025. However, review of the status on 27 June, 2025 revealed that amount certified was Kshs.3,899,350 representing 65% of the contract sum and the overall completion rate was 70%. Further, the contract period lapsed on 17 March, 2025 and there was no official extension.

In addition, the performance bond had expired on the 7 February, 2025 and the same had not been renewed.

In the circumstances, value for money on the expenditure of Kshs.3,899,350 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Gaps in ICT, System Configuration and Strategic Oversight

Review of internal controls, risk management and governance structures revealed ineffectiveness in the Information and Communication Technology (ICT) environment. The University uses an ERP system (ABNO) with multiple modules supporting various operational functions. However, independent payroll system is operated concurrently and is not integrated with the main ERP, thereby increasing the risk of errors arising from manual data entry and human intervention. Further, the ICT strategic plan expired in 2022 and had not been reviewed or renewed, weakening the alignment between ICT initiatives and the university's overall strategic objectives.

In the circumstances, the University despite having a well-established ERP system continue to lag behind in technological advancement due to lack of existing ICT strategic plan and failure of the management to integrate the payroll system with the ERP system.

In the circumstances, the internal controls and risk management systems are weak.

2. Non-Compliance to Climate Change Laws & Regulations

Review of records and functions revealed that the University was in the process of developing Environmental Policy. Further, the following noncompliance with climate change laws and regulations were noted.

The University did not report on sectoral greenhouse gas emissions for inclusion in the National GHG inventory as required in climate change Act, 2016 and 2023 Amendment.

The university did not allocate specific budget lines for climate change as stipulated under Paris Agreement on Climate Change.

The university did not have Carbon Credit Policy and, therefore, was not in compliance with Climate change (Carbon Market) Regulations, 2024.

In the circumstances, failure to adhere to treaties like the Paris Agreement may result in financial sanctions or loss of global credibility.

Responsibilities of Management and University Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


28 November, 2025


14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

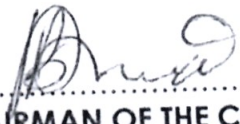
University of Kabianga			
Statement of Financial Performance			
for the Year Ended June 30, 2025			
		2024-2025	2023-2024
Revenue from non-exchange transactions			
Exchequer Grants	6	391,020,263	648,909,084
Public contributions and Donations	7	69,808,750	-
Revenue from exchange transactions			
Rendering of Services			
Rendering of service- Tuition fees	8	1,348,297,600	718,540,055
Rendering of service -Tuition related Income	9	262,695,926	203,419,073
Accommodation and Catering	10	13,107,916	8,159,067
Income from facilities and equipment	11	322,900	619,500
Other Income	12	2,930,384	13,158,198
Total Revenue		2,088,183,739	1,592,804,977
Expenses			
Use of Goods Expense	13	308,119,170	333,025,585
Marketing Expenses	14	7,364,248	6,034,683
Employee Costs	15	1,179,242,096	1,146,456,849
Remuneration of Council members	16	14,296,509	14,398,939
Depreciation and Amortization Expense	17	74,303,025	51,015,774
Repairs and Maintenance Expense	18	20,609,354	18,115,650
Contracted Services	19	6,408,888	7,394,119
Finance Costs	20	20,642,020	21,034,628
Total Expenditure		1,630,985,309	1,597,476,226
Surplus/ (Deficit)		457,198,430	(4,671,249)

The notes set out from pages 9 to 39 form an integral part of these Financial Statements

The Financial Statements set out on pages 1 to 5 were signed on behalf of the University Council by:


VICE-CHANCELLOR
PROF. ERIC KOECH


HEAD OF FINANCE
CPA WILLY K KOECH


CHAIRMAN OF THE COUNCIL
PROF. BOSIRE MONARI MWEBI

Date... 28.8.25

ICPAK NO. 9696
Date... 28.8.25

Date... 28.8.25

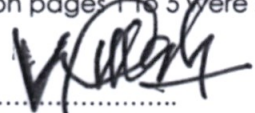
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

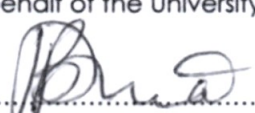
University of Kabianga
Statement of Financial Position
As at June 30, 2025

Note	2024-2025 Kshs	2023-2024 Kshs
Assets		
Current Assets		
Cash & Cash equivalents	21 120,765,568	103,317,661
Receivables from exchange transactions	22 567,983,742	144,593,634
Receivables from non-exchange transactions	24 -	54,075,757
Inventories	24 1,971,970	2,594,139
Total Current Assets	690,721,281	304,581,191
Non-current Assets		
Property, Plant & Equipment	25 2,501,274,414	2,409,389,097
Intangible Assets	26 20,914,800	23,529,150
Biological Assets	27 51,999,925	50,123,657
Total Non-current Assets	2,574,189,139	2,483,041,904
Total Assets	3,264,910,419	2,787,623,095
Liabilities		
Current Liabilities		
Payables from exchange transactions	28 456,572,930	381,672,331
Refundable Deposits and Prepayments from Customers	29 198,323,024	207,047,325
Current Provisions	30 243,035,734	279,699,251
Retention- WIP	31 51,277,736	45,728,550
Total Current liabilities	949,209,424	914,147,457
Non-Current Liabilities		
Co-operative Bank Loan (20yrs)	32 118,750,000	133,750,000
Total liabilities	1,067,959,424	1,047,897,457
Net assets		
Capital Reserves	1,878,318,139	1,878,318,139
Revaluation Reserve	613,885,421	613,858,494
Accumulated Surplus	(295,252,565)	(752,450,995)
Total Net Assets	2,196,950,995	1,739,725,638
Total net assets and liabilities	3,264,910,419	2,787,623,095

The Financial Statements set out on pages 1 to 5 were signed on behalf of the University Council by:


VICE-CHANCELLOR
PROF. ERIC KOECH


HEAD OF FINANCE
CPA WILLY K KOECH


CHAIRMAN OF THE COUNCIL
PROF. BOSIRE MONARI MWEBI

Date..... 28.8.25

ICPAK NO.9696

Date..... 28.8.25

Date..... 28.8.25

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Capital Fund	Revaluation Reserves	Revenue Reserves	Total Reserves
At July 1, 2024	1,870,818,139	587,714,994	(747,779,746)	1,710,753,387
Surplus/Deficit for the Year	-	-	(4,671,249)	(4,671,249)
Gain on Revaluation of Intangible Assets		26,143,500		26,143,500
Capital Grants	7,500,000	-	-	7,500,000
At June 30, 2024	1,878,318,139	613,858,494	(752,450,995)	1,739,725,638
At July 1, 2024	1,878,318,139	613,858,494	(752,450,995)	1,739,725,638
Surplus/Deficit for the Year	-	-	457,198,430	457,198,430
Gain on revaluation of Motor vehicle	-	26,927	-	26,927
Capital Grants	-	-	-	-
As At June 30, 2025	1,878,318,139	613,885,421	(295,252,565)	2,196,950,995

17. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2025

	2024-2025	2023-2024
	KSh	
Cash Flow From Operating Activities:		
Receipts		
Exchequer Grants	445,096,020	594,833,327
Tuition fees & Related Income	1,167,773,384	849,837,791
Rendering of Services	13,107,916	6,431,232
Rental Income from Facilities and Equipment	322,900	619,500
Other Income	2,930,384	13,158,198
	1,629,230,604	1,464,880,048
Payments		
Employee Costs	1,140,386,011	1,072,084,054
Remuneration of Council Members	14,216,509	14,940,739
Repairs and Maintenance	16,634,078	18,115,650
Use of Goods and Services	305,725,170	233,949,582
Marketing Expenses	4,312,706	1,643,060
Contracted Services	6,408,888	7,469,771
Finance Costs	20,642,020	22,284,628
	1,508,325,382	1,370,487,484
Net Cash flows from Operating Activities	33 120,905,222	94,392,565
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(88,457,315)	(33,374,823)
Net cash flows used in Investing activities	(88,457,315)	(33,374,823)
Cash flows from Financing activities		
Government Grants – Capital	-	7,500,000
Repayment of borrowings	(15,000,000)	(15,000,000)
Net Cash flows from Financing activities	(15,000,000)	(7,500,000)
Net Increase / (Decrease) In Cash & Cash Equivalents	17,447,907	53,517,742
Cash & Cash Equivalents at Beginning of the Period	103,317,661	49,799,919
Cash & Cash Equivalents at End of the Period	120,765,568	103,317,661

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30				
	Note	Original Annual Budget	Adjustments	Final Annual Budget
		a	b	C=a+b
REVENUE				
Revenue from non-exchange transactions				
Exchequer Grants – Recurrent	6	307,837,416	83,182,847	391,020,263
Exchequer Grants - Capital Dev.		-	-	-
Sub-Total		307,837,416	-	391,020,263
Revenue from exchange transactions				
Tuition fees	8	994,612,481	162,344,387	1,156,956,868
Tuition related Income	9	365,868,108	-	365,868,108
Rendering of Services	10	12,410,400	-	12,410,400
Income from facilities	11	300,000	-	300,000
Research Grants		1,000,000	-	1,000,000
Short Courses		1,000,000	-	1,000,000
Endowment Fund		1,733,562	-	1,733,562
Other Income	12	3,756,000	-	3,756,000
Sub-Total		1,380,680,550	-	1,543,024,938
Total Revenue		1,688,517,966	-	1,934,045,201
EXPENSES				
Use of Goods and Services	13	350,270,643	112,413,355	462,683,998
Marketing Expenses	14	12,000,000	2,500,000	14,500,000
Employee Costs	15	1,185,128,356	83,182,847	1,268,311,203
Remuneration of Council members	16	15,000,000	5,000,000	20,000,000
Repairs and Maintenance Expense	18	44,472,948	7,327,052	51,800,000
Contracted Services	19	7,996,020	1,303,980	9,300,000
Finance Costs	20	22,000,000	2,600,000	24,600,000
Non-Current assets	25	51,650,000	11,200,000	62,850,000
Capital Dev. Projects		-	20,000,000	20,000,000
Total Expenditure		1,688,517,967		1,934,045,201

Budget Notes

EXPLANATION OF MATERIAL VARIANCE

The following are the explanations on the material variances to the budget versus actual performance.

Tuition Fees – Kshs 1.348B

The Tuition fee collection as at the end of the financial year is Kshs 1.35B m from the budget of Kshs 1.16B resulting in a positive variance of Kshs 191.34M. This was as a result of implementation of new funding model.

Rendering of Services – Ksh. (13.12M)

This class of income includes Accommodation fees and Catering Services. The negative variance on this income arose as a result of reduced income from student's mess. The students who reside in outside hostels takes their meals outside campus thus affecting the income

Capital Development projects expenditure

There was no government allocation for capital development during the year under review.

Explanation of changes between original and final budget

During the financial year 2024/2025 the university operated the original budget. After approvals was done, inter-vote adjustments were incorporated in a virement report which resulted in a Final Budget.

RECONCILIATION OF THE STATEMENT OF BUDGET AND ACTUAL AMOUNTS WITH THE STATEMENT OF FINANCIAL PERFORMANCE

1. The statement of comparison of budget and actual amounts includes amounts budgeted for non-current assets included in the recurrent budget of **Ksh. 62.9.M** and the capital development budget of **Ksh.20M**.
2. Finance costs in the statement of comparison of budget and actual amounts include the repayment of principal loan of **Ksh.15M**.
3. Reconciliation of statement of financial performance and actual in the statement of budget and actual amounts.

Revenue	2024-2025 Kshs
Total revenue as per statement of financial performance	2,088,183,739
Total revenue as per statement of Cashflows	1,629,230,604
Difference - Accrued Income	458,953,135
Add revenue accounted under Funds	
Exchequer grants Capital development	-
Total revenue as per statement of comparison of Budget and Actual Amount.	2,088,183,739
 Expenses	
Total expenses as per Statement of Financial Performance	1,630,985,309
Total expenses as per Statement of Cashflow	1,508,325,382
Difference - Accrued Expenses	122,659,927
Purchase of Non-current Assets	32,965,453
Capital development-W.I. P	55,491,862

19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

University of Kabianga is established by and derives its authority and accountability from charter vide University Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer University education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION IPSAS 1

The 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 University's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University. University of Kabianga financial statements have been prepared in accordance with the PFM Act, the state Corporations Act and the International Public Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS.

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The University of Kabianga has not engaged in any new lease within the financial year under review.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Dis- continued Op- erations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard has not been applied in the preparation of the financial statements since the University did not engage transactions that could have led to assets being held for sale.</i></p>
IPSAS 45: Prop- erty Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for herit-</p>

	<p>age assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The standard has not been applied during the year under review but shall be applied in the subsequent financial years</i></p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard is relevant and the University expects to apply in the subsequent financial years.</i></p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncer-</p>

	tainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>The University has not been impacted by this standard since it does not explore for minerals.</i></p>

iii. **Early adoption of standards**

The University did not early – adopt any new or amended standards in year 2024/2025.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is

probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

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

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 FY 2022-2024 was approved by the National Assembly on June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The University's 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 actual as per the statement of financial performance has been presented under the Statement of comparison of budget and actual performance these financial statements.

c) Taxes

Current income tax

The University is exempted from taxation under the first schedule of the income tax Act Cap 470.

d) Investment property

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the as-

set 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.

Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight-line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets are subjected to a full year's depreciation.

The annual depreciation rates in use are:

Building	2%
Furniture, plant and equipment	12.5%
Motor Vehicles	25%
Library books	10%
Computers	33.3%

Freehold land is not depreciated as it is deemed to have an infinite life.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value

of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Biological assets

Biological assets are revalued yearly as per the policy of the University. Professional valuer is engaged to value the biological assets at the end of the financial year. Market values are taken into consideration by carrying out market survey.

i) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

Financial Assets

Initial recognition and measurement

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

Loans and Receivables

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

fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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

j) Inventories

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

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

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 University 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. A provision of 5% of the total receivables has been provided to take care of receivables which may not be recovered in full.

Where the University 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.

Contingent liabilities

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

Contingent assets

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control

of the 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.

l) Nature and purpose of reserves

The university creates and maintains reserves in terms of specific requirements as follows: (i) capital reserve – used to record contribution made by government in form of grants / transfers (ii) revaluation reserve – used to indicate the revalued amount on the plant property and equipment.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

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

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

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

o) 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.

p) 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.

q) Related parties – IPSAS 20

University of Kabianga regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University or vice versa. Members of key management are regarded as related parties and comprise the University Council and Management.

University of Kabianga Enterprise and Services (UKES) Limited is a related party, fully owned by the University of Kabianga.

r) Service concession arrangements

The University 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.

s) Investment policy

Any excess/idle funds should be invested in short-term treasury bills/bonds or commercial banks Fixed deposits (FDR) as per the central bank guidelines.

t) Capital Funds Retention policy

All capital development projects shall attract a retention fee of 10% which shall be deposited to Kenya Commercial bank retention account and shall be paid to the contractor upon completion of the project.

u) 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. For the purposes of these financial statement, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered, but accounted for at the end of the financial year.

w) Comparative figures

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

x) 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, 2022.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the University'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.

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:

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

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.

Provision for bad and doubtful debts

Provisions shall be made for bad and doubtful debts at the following rates

Period outstanding	Percentage Provision
0 - 1 YEAR	0%
1 - 2 YEARS	5%
2 - 3 YEARS	15%
3 - 4 YEARS	15%
4 - 5 YEARS	30%
5 - 6 YEARS	30%
OVER 6 YEARS	50%

NOTES TO THE FINANCIAL STATEMENTS CONT'

Note 6(a): Exchequer Grants- Recurrent

Description	2024-2025 Kshs	2023-2024 Kshs
Unconditional grants		
Ministry of Education		
July	25,653,118	54,075,757
August	25,653,118	54,075,757
September	25,653,118	54,075,757
October	25,653,118	54,075,757
November	25,653,118	54,075,757
December	25,653,118	54,075,757
January	25,653,118	54,075,757
February	25,653,118	54,075,757
March	25,653,118	54,075,757
April	25,653,118	54,075,757
May	25,653,118	54,075,757
June	25,653,118	54,075,757
Supplementary	83,182,847	-
Total Recurrent Received to Date	391,020,263	648,909,084

Note 6(b): Exchequer Grants- Capital

Description	2024-2025 Kshs	2023-2024 Kshs
Unconditional grants		
Ministry of Education		
March	-	7,500,000
Total Recurrent Received to Date	391,020,263	7,500,000

Note 7: Public Contributions and Donations

Description	2024-2025 Kshs	2023-2024 Kshs
In-kind Donations		
Computers- Konza Technopolies	3,111,100	-
Equipment- Seeding Labs	66,697,650	-
	69,808,750	-

	2024-2025 Kshs	2023-2024 Kshs
Note 8: Rendering of service-Tuition Fees	1,348,297,600	718,540,055
	1,348,297,600	718,540,055

Note 9: Rendering of service- Tuition Related Income

Registration fees	4,165,200	3,058,800
ID charges	3,338,400	2,469,400
Activity fees	16,336,500	13,168,400
Amenity fees	23,414,300	17,384,000
Medical fees	32,436,500	26,070,500
KUSO	4,897,100	5,213,100

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Examination fees	34,681,600	26,089,500
Computer fees	23,941,000	17,408,500
Teaching Practice	17,532,700	28,370,250
FIELD TRIPS	9,454,000	-
Attachment	3,493,400	-
Attachment/Field Trips	423,600	-
Thesis Examination	2,545,000	1,535,000
MUGSA	16,300	-
THESIS Supervision	2,710,000	1,600,000
Insurance fees	2,000,900	1,824,500
Library Fees	30,483,100	21,786,600
Graduation / Convocation Fees	7,646,047	5,966,522
Clinical Assessment Fee	3,088,000	3,059,000
Cobes placement Fees	1,166,000	1,538,500
Transport Fees	1,690,000	2,086,500
Research Fees	311,263	79,500
Field Work	230,500	-
Supplementary Exams	3,874,700	1,457,000
Clinical Placement fee	1,322,000	1,022,000
Community Diagnosis	708,000	756,000
Exposures	665,000	1,004,000
Quality Assurance Fee	4,193,300	3,071,000
Special Rotation - Accommodation	-	-
COMMUNITY HEALTH FIELD TRIP	525,000	-
Internet fees	24,021,500	17,400,501
UOKSO NOMINATION FEES	26,400	-
Examination Retake	864,011	-
Transcript/certificates Correction	446,605	-
Science Laboratory Fee	48,000	-
Sub-Total	262,695,926	203,419,073
	1,610,993,526	921,959,128

Note 10: Accomodation and Catering Services

Description	2024-2025 Kshs	2023-2024 Kshs
Accommodation	10,707,387	7,441,500
Catering Services	2,400,529	717,567
	13,107,916	8,159,067

Note 11: Income From Facilities

Description	2024-2025 Kshs	2023-2024 Kshs
Income from Facilities	322,900	619,500
	322,900	619,500

Note 12: Other Incomes

Description	2024-2025 Kshs	2023-2024 Kshs
Sale of tender documents	24,000	20,000
Application fees	629,663	586,529
Fines and penalties	457,870	977,154

Seedlings	-	650
Research Income	1,000	-
Remarking	37,000	10,000
Water Bill	1,000	-
Hire of Gowns	336,000	646,800
Examination Retake	-	880,100
UoKSO Nomination Fees	-	26,600
Lost Books	-	4,300
UOK Annual Conference	-	593,000
Misc. Income	96,488	158,746
Transcript Correction/Replacement	-	274,500
Short Courses Training	95,000	10,000
ENDOWMENT FUND	170,689	64,364
Donation from Sponsors	-	700,000
Insurance Claims	666,674	6,149,384
Sale of trees	-	1,248,871
Sale of Motor Vehicles	352,000	807,200
International SBE Conference	63,000	-
	2,930,384	13,158,198

Note 13: Use of Goods and Services

Description	2024-2025 Kshs	2023-2024 Kshs
Stationery	12,842,983	6,507,283
Travelling and accommodation	19,179,898	19,988,272
Telephones	3,538,000	3,822,089
Purchase of uniforms	965,540	23,750
Teaching materials	1,589,803	970,065
Works Study programme	1,278,050	813,250
Cleaning Materials & Detergents	1,690,410	969,425
Insurance Expenses	13,778,931	14,852,793
Official entertainment	289,602	-
Payment of Rent & Rates	15,577,211	22,548,334
Electricity, water and conservancy	14,363,801	14,610,465
Medical Expenses/University medical scheme	21,583,836	24,497,033
University Research Programme	5,920,230	4,928,988
Consultancy Services & Subscriptions	4,329,245	5,590,313
External examiners expenses	2,217,405	3,606,692
Conferences and seminars	1,610,978	2,606,418
Medical Drugs	5,422,153	7,405,513
Meetings & Workshops	4,191,460	3,751,530
Open & Cultural Day Expenses	1,188,150	1,581,825
Library Journals	2,578,672	842,902
Minor works on water & sewerage	693,395	599,816
Senate and Deans Committee meetings	987,685	1,507,890
Internet connectivity expenses	11,411,800	15,114,502
External Travelling Expenses	24,455	424,676
Inter-University Games	2,033,165	1,328,553
Student Activities	7,791,124	6,798,945
Teaching Practice & Attachment	18,328,904	21,637,515
KUSO Welfare	4,417,338	2,783,160
Games and sports equipment	1,966,180	279,430
Communication/Postal and telegram	871,140	15,450
KUCCPS and Quality assurance charges	4,071,000	13,874,500
Legal & Other Expenses	22,750	1,507,836

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Office Expenses	-	149,400
Misc. Expenditure	-	63,395
Graduation Expenses	7,062,530	9,888,529
Students Kitchen Expenses	4,448,150	4,214,955
Lab Chemicals & Equipments	5,107,515	5,958,374
Recruitment/Training Expenses	831,691	500,673
Increase in provision for bad debt	5,175,875	2,649,658
Student ID Charges	1,994,000	3,080,000
ISO/ISO Related Expenses	1,285,068	594,499
Academic Programmes Development & Accreditation	1,290,500	1,669,638
Quality Assurance Charges	6,129,000	-
Supervision Expenses(students)	52,500	484,944
Clinical Placement & Assessment & Transport & Exposure	4,079,334	4,455,050
Community Based Education Service(COBES)	3,980,183	2,015,856
External Research Grants Expenses	-	1,456,100
Subscriptions to Professional bodies and trainings to members	3,267,190	3,232,560
Performance contract Expenses	1,558,390	762,610
Staff Development	1,031,000	1,226,850
Strategic Plan Implementation	338,800	1,358,900
Student Field Trips/Courses Expenses	12,972,753	10,550,740
Gender Mainstreaming	854,012	826,310
Students Registration	1,843,520	1,580,420
Thesis Examination Expense	431,977	-
Community Placement & Diagnosis & Special Rotation	2,025,350	-
Professional courses Development	41,950	-
Innovations & Entrepreneurship	740,075	267,800
Audit fee	928,000	928,000
Bank Charges	1,627,717	-
Part time expense	52,266,796	69,321,111
Total Use of Goods and Services	308,119,170	333,025,585

Note 14: Marketing Expenses

Description	2024-2025 Kshs	2023-2024 Ksh
Advertising & Publicity	5,008,048	4,688,983
Marketing/outreach Expenses	1,329,950	1,108,300
Shows Expenses & Exhibitions	1,026,250	237,400
Total Marketing Expenses	7,364,248	6,034,683

Note 15: Employee Costs

Description	2024-2025 Kshs	2023-2024 Kshs
Salaries and Wages	673,562,332	619,095,979
Employee related Costs- Contribution to pension	145,414,708	167,852,530
Commuter/ car Allowance/other Allowances	124,468,498	125,093,113
House Allowance	235,796,558	234,415,227
Employee costs	1,179,242,096	1,146,456,849

Note 16: Remuneration of Council members

Description	2024-2025 Kshs	2023-2024 Kshs
Chancellor's Honoraria	-	-
Chairman's Honoraria	686,442	340,000
Council Allowance	6,118,751	4,504,900
Travelling and Accommodation Allowances	7,491,316	9,554,039
Total Council Expenses	14,296,509	14,398,939

Note 17: Depreciation and Amortization Expense

Description	2024-2025 Kshs	2023-2024 Kshs
Property, Plant and Equipment	71,688,675	48,401,424
Amortization of Intangible Assets	2,614,350	2,614,350
Total Depreciation Expense	74,303,025	51,015,774

Note 18: Repairs and Maintenance Expense

Description	2024-2025 Kshs	2023-2024 Kshs
Maintenance of Catering and Hostels	1,857,561	927,540
Maintenance of plant and equipment	1,440,614	510,983
Maintenance of Water supply & Sewerage	1,507,264	3,959,995
Maintenance of Buildings & Stations	3,643,623	2,399,150
Maintenance of Play Grounds & Parks	1,059,362	392,124
Motor Vehicle running expenses	7,382,362	8,187,452
Maintenance of Computers & Copiers	3,718,568	1,738,406
Total Repairs and Maintenance	20,609,354	18,115,650

Note 19: Contracted Services

Description	2024-2025 Kshs	2023-2024 Kshs
Contract/Outsourced Services	6,408,888	7,394,119
Total Contracted Services	6,408,888	7,394,119

Note 20: Finance Costs

Description	2024-2025 Kshs	2023-2024 Kshs
Interest on Loan	20,642,020	19,445,890
Bank charges	-	1,588,738
Total Finance Costs	20,642,020	21,034,628

Note 21: Cash and Cash Equivalents

Description	2024-2025 Kshs	2023-2024 Kshs
Financial Institution		
Account number		

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Kenya Commercial Bank (Pssp)	1120671418	2,615,751	4,051,954
Kenya Commercial Bank(Gssp)	1120671299	2,043,790	42,420,832
Kenya Commercial Bank (Accom.)	1120671450	26,434	168,942
Co-operative Bank of Kenya(Pssp)	01129335586401	572,622	845,290
Co-operative Bank of Kenya(Gssp)	01129335586400	56,893	109,758
Co-operative Bank of Kenya Operations A/C	01129046214700	60,445,097	2,066,397
Co-operative Bank of Kenya Capital Dev. A/C	01120335586400	670,004	675,014
Equity Bank (Gssp)	0530271957342	3,212,315	2,893,253
Equity Bank (Pssp)	0530271957475	394,681	394,681
Kenya Commercial Bank (Retention A/C)	1207008966	46,856,089	45,813,544
Kenya Commercial Bank (Endowment A/C)	1317289374	3,871,892	3,877,996
		120,765,568	103,317,661

Note 22: Receivables from Exchange Transactions

Description	2024-2025 Kshs	2023-2024 Ksh
Student fees debtors	589,170,823	160,604,840
Receivable from hire of facilities	2,708,400	2,708,400
Provision for doubtful Debts	(23,895,481)	(18,719,606)
Total Receivables	567,983,742	144,593,634

Description	2024- 2025 Kshs	2023- 2024 Kshs
0 - 1 YEAR	-	-
1 - 2 YEARS	1,052,022	447,973
2 - 3 YEARS	1,161,191	1,325,179
3 - 4 YEARS	1,218,949	1,827,956
4 - 5 YEARS	3,571,546	2,351,042
5 - 6 YEARS	2,349,288	3,151,222
OVER 6 YEARS	14,542,485	9,616,233
Total Provision for Doubtful debts	23,895,481	18,719,606

Note 23: Receivables from Non-Exchange Transactions

Description	2024-2025 Kshs	2023-2024 Ksh
Exchequer grants-Recurrent	-	54,075,757
Exchequer grants-Capital	-	-
	-	54,075,757

Note 24: Inventories

Description	2024-2025 Kshs	2023-2024 Ksh
Inventories- Consumable stores	1,971,970	2,594,139
Total Inventories	1,971,970	2,594,139

Note 25: PPE Schedule

Capital projects remain as work in progress until they are certified complete then they are recognised as assets.

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Library books	Total
Depreciation Rate	0	2.00%		12.50%	33.33%	12.50%	25%	10%	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs	KShs.
As at 1 July,2023	247,100,000	1,382,701,000	694,609,430	13,740,767	21,546,991	16,005,000	21,124,000	27,588,510	2,424,415,698
Additions during the year	-	-	23,727,049	1,359,155	3,118,120	3,260,245	-	1,910,254	33,374,823
Disposals during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
As at 30 June,2024	247,100,000	1,382,701,000	718,336,479	15,099,922	24,665,111	19,265,245	21,124,000	29,498,764	2,457,790,521
Additions during the period	-	-	55,491,862	1,163,328	6,211,800	464,390	23,696,829	1,429,106	88,457,315
Donations	-	-	-	66,697,650	3,111,100	-	-	-	69,808,750
Disposals during the period	-	-	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-	-	26,927	-	-
Transfer to buildings	-	278,270,406	(278,270,406)	-	-	-	-	-	-
At 30 June, 2025	247,100,000	1,660,971,406	495,557,935	82,960,900	33,988,011	19,729,635	44,847,756	30,927,870	2,616,056,586
DEPRECIATION AND IMPAIRMENT									
At 1 July, 2024	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(27,654,020)	-	(1,887,490)	(8,220,881)	(2,408,156)	(5,281,000)	(2,949,876)	(48,401,424)
Revaluation adjustment	-	-	-	-	-	-	5,281,000	-	5,281,000
Impairment for the year	-	-	-	-	-	-	-	-	-
As at 30 June,2025	-	(27,654,020)	-	(1,887,490)	(8,220,881)	(2,408,156)	-	(2,949,876)	(43,120,424)
Depreciation for the period	-	(33,219,428)	-	(10,370,113)	(11,328,204)	(2,466,204)	(11,211,939)	(3,092,787)	(71,688,675)
Disposals	-	-	-	-	-	-	-	-	-
Impairment for the period	-	-	-	-	-	-	-	-	-
As at 30 June, 2025	-	(60,873,448)	-	(12,257,603)	(19,549,086)	(4,874,360)	(11,211,939)	(6,042,663)	(114,809,099)
NET BOOK VALUE									
As at 30 June 2025	247,100,000	1,600,097,958	495,557,935	70,703,297	14,438,925	14,855,275	33,635,817	24,885,207	2,501,274,414
As at 30 June 2024	247,100,000	1,355,046,980	718,336,479	13,212,432	16,444,230	16,857,089	15,843,000	26,548,888	2,409,389,097

Note 25: Property, Plant & Equipment

Description	2024-2025 Kshs	2023-2024 Kshs
Land	247,100,000	247,100,000
Buildings	1,600,097,958	1,355,046,980
Work in Progress(W.I.P)	495,557,935	718,336,479
Plant & Equipment	70,703,297	13,212,432
Computers, Printers & Copiers	14,438,925	16,444,230
Furniture & Fittings	14,855,275	16,857,089
Motor Vehicles	33,635,817	15,843,000
Library Books	24,885,207	26,548,888
	2,501,274,414	2,409,389,097

Note 26: Intangible Assets

Description	2024-2025 Kshs	2023-2024 Ksh
Cost		
At the beginning of the year	23,529,150	-
Additions	-	26,143,500
At the end of the year	23,529,150	26,143,500
Amortization and impairment		
At the beginning of the year	2,614,350	-
Amortization	2,614,350	2,614,350
NBV	20,914,800	23,529,150

Note 27: Biological Assets

Description	2024-2025 Kshs	2023-2024 Ksh
Tea	4,974,200	4,896,000
Livestock	3,076,000	3,139,000
Cypress Trees	7,878,000	7,759,200
Pine Trees	809,833	575,900
Eucalyptus Trees	27,837,900	26,502,007
Gravillea Trees	7,137,792	6,966,050
Macademia Nut Trees	73,500	73,500
Bananas	212,700	212,000
Total Biological Assets	51,999,925	50,123,657

Note 28: Payables from Exchange Transactions

Description	2024-2025 Kshs	2023-2024 Ksh
Recurrent Creditors	73,160,820	54,317,545
Capital Creditors	66,296,650	276,630
Pension Creditors	244,310,493	237,225,317
Salary Creditors	70,526,483	89,852,839
International Science Partnership Fund (ISPF)	1,798,483	-
Gender mainstreaming sponsorship	480,000	480,000
Total Payables from Exchange Transactions	456,572,930	382,152,331

Note 29: Refundable Deposits and Prepayments from Customers

Description	2024-2025 Kshs	2023-2024 Ksh
Cautions Money	18,661,950	14,858,850
KUCCPS fees	29,363,350	23,687,350
CDF/County	3,668,277	8,046,109
HELB	12,630,425	-
Government Scholarship	9,248,870	21,374,610
Room Deposit	6,142,050	5,490,050
Insurance death benefits	7,569,120	5,967,308
Student field trips and attachment	10,664,823	13,314,271
Research funds from donors	-	9,530,809
Prepaid fees	87,119,898	100,137,885
TCBE Project-Wageningen University	13,254,262	4,640,083
Total Refundable Deposits	198,323,024	207,047,325

Note 30: Current Provisions

Description	2024-2025 Kshs	2023-2024 Ksh
Part-time lecturers	198,345,972	229,391,348
Provisions for gratuity	42,629,262	47,319,403
Provision for audit fees	928,000	1,856,000
Provision for Valuation & Consultancy	1,132,500	1,132,500
Total Current Provisions	243,035,734	279,699,251

Note 31: Retention

Description	2024-2025 Kshs	2023-2024 Ksh
Retention- WIP		
Lecture Phase III	550,933	550,933
Lecture Phase II	3,113,241	3,113,241
Hostel Phase II	940,615	940,615
Health Unit 1	-	-
Library	33,954,566	31,171,939
Lecture Theatre Phase IV	7,719,398	7,719,398
Lecture Theatre Phase V	2,781,953	884,506
Pineapple juice plant- Changing rooms	119,283	119,283
ICT Infrastructure	-	-
Dining hall	1,126,917	1,126,917
Completion of Dining hall and Kitchen	869,113	-
Staff Toilets	101,718	101,718
	51,277,736	45,728,550

Note 32: Borrowings

Description	2024-2025 Kshs	2023-2024 Ksh
Co-operative Bank Loan (20yrs)	118,750,000	133,750,000
	118,750,000	133,750,000

Description	2024-2025 Kshs	2023-2024 Ksh
Balance at the beginning of the period	133,750,000	148,750,000
Repayment		
July	1,250,000	1,250,000
August	1,250,000	1,250,000
September	1,250,000	1,250,000
October	1,250,000	1,250,000
November	1,250,000	1,250,000
December	1,250,000	1,250,000
January	1,250,000	1,250,000
February	1,250,000	1,250,000
March	1,250,000	1,250,000
April	1,250,000	1,250,000
May	1,250,000	1,250,000
June	1,250,000	1,250,000
Sub-total	15,000,000	15,000,000
Balance at the end of the period	118,750,000	133,750,000

Description	2024-2025 Kshs	2023-2024 Kshs
Capital Reserves	1,878,318,139	1,878,318,139
Revaluation Reserve	613,885,421	613,858,494
Accumulated Surplus	(295,252,565)	(752,450,995)
Total Reserves	2,196,950,995	1,739,725,638

33. CASH GENERATED FROM OPERATIONS

Note: 33 Cash flow from Operating Activities	2024-2025 Kshs	2023-2024 Kshs
Surplus for the year	457,198,430	5,577,746
Adjusted for:		
Non-cash grant received	(69,808,750)	-
Adjustments for Depreciation	74,303,025	51,015,774
Exces Depreciation on revaluation	(5,281,000)	
Working capital adjustments		
Decrease in Inventories	622,169	(163,438)
Increase in Biological assets	(1,876,267)	266,718
Decrease in Receivables from Non-Exchange Transactions	54,075,757	(43,974,303)
Increase in Receivables from Exchange Transactions	(423,390,108)	(86,918,841)
Increase in Payables - Retention WIP	5,549,186	1,141,282
Decrease in refundable deposits and prepayments	(8,724,301)	59,365,398
Decrease in Current provisions	(36,663,517)	50,417,682
Increase in Payables from Exchange Transactions	74,900,599	57,664,547
Net Cash flows from Operating Activities	120,905,222	94,392,565

34. Financial Risk management

Risk management policies

The University's principal financial assets are, trade receivables and cash and short-term deposits which arise directly from its operations. The University has financial liabilities comprising trade and other payables.

The University has exposure to the following risks:

- i) Credit risk
- ii) Liquidity risk Management
- iii) Market risk
- iv) Capital risk Management

The Council has overall responsibility for the establishment and oversight of the University's risk management framework.

The University's risk management policies will be established to identify and analyze the risks faced by the University, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in economic conditions and the University's activities.

i. Credit risk

Credit risk is the risk of financial loss to the University if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The University receives fees from students which minimizes the credit risk exposure. The University has a student's fees payment policy which defines how and when fees are supposed to be paid hence minimizes credit risk.

Rising deficits and negative working Capital

The university reported a Surplus of **Kshs.457.20M** in the FY2024/2025 resulting in accumulated deficit of **Kshs.295.25M**. The University Council has developed

a strategic plan and financial sustainability plan to ensure additional revenue and mitigate the deficits. In addition, the University student allocation has increased which will lead to increase in revenue collection. The introduced university funding model will improve fees collection therefore addressing the issue of going concern. University of Kabianga expects continued financial support from the Government of Kenya through Budgetary allocation as per previous financial years.

Classification of credit risk bearing assets

The table below represents University's maximum exposure to credit risk as at 30 June 2025 and 2024.

ASSETS	2,025	2024
Current Assets	Ksh.	Ksh.
Cash and Cash Equivalents	120,765,568	103,317,661
Account Receivables.	567,983,742	144,593,634
Total	688,749,311	247,911,295

The University has put in place measures to recover the debts this include communication to students, barring students with fee balances from proceeding to the next academic year. These efforts have reduced the fees balances which were outstanding.

All the University's receivables are fully performing and are expected to be received. Cash and Cash Equivalents includes cash in hand and deposits held with Commercial banks.

ii. Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

Typically, the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All capital investments are funded by the Government.

iii. Market risk management

Interest rate risk

The University has interest bearing borrowings and is financed by cash generated from its operations. The University will always strive to increase its market share to match the interest of the day.

iv. Capital Risk Management

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

Description	2024/2025	2023/2024
Revaluation Reserve	613,885,421	613,858,494
Retained Earnings	(295,252,565)	(752,450,995)
Capital Reserve	1,878,318,139	1,878,318,139
Total Funds	2,196,950,995	1,739,725,638
Total Borrowings	118,750,000	133,750,000
Less: Cash and Bank Balances	(120,765,568)	(103,317,661)
Net Debt/ (Excess Cash and Cash Equivalents)	2,194,935,427	1,770,157,977
Gearing	5%	8%

35. Related Party Disclosures

The following transactions were carried out with related parties

Key Management Compensation	2024/2025	2023/2024
(i) Council Remuneration		
Allowances paid to Council Members	14,296,509	14,398,939
(ii) Grants from related parties		
Grants from the Government	391,020,263	648,909,084

36. Provisions

Provisions are recognized when the University 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 is made of the amount of the obligation.

37. Contingent Assets and Liabilities

The University had no contingent liability as at the end of the financial year 2024/2025.

38. Events after the Reporting Period

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

39. Ultimate And Holding Entity

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

40. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded off to the nearest Kshs.

20. APPENDICES

APPENDIX 1: Implementation Status of Auditor-General's Recommendations.

University of Kabianga received audit report for the FY 2023/2024. The following is the summary of the matters raised by the external auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comment	Status	Reference No. on the external audit Report
1.1	<p>Long Outstanding Receivables from Exchange Transactions</p> <p>The statement of financial position as disclosed in Note 30 to the financial statements reflects Kshs. 160,604,840 on receivables from students' debtors. Review of the receivables aging analysis revealed a balance of Kshs. 67,553,718 or 42% which had been outstanding for over a year and which could adversely impact negatively on the flow of income to the University in the future if not addressed promptly. Further the provisions for doubtful debts of Kshs. 18,719,606 were not supported. Management has explained the increase in long outstanding receivables as a result of directive of the Government through the Ministry of Education to allow students to sit for exams before the fees are cleared. In the circumstances, the accuracy of students' debtors of Kshs. 160,604,840 could not be confirmed.</p>	<p>The long outstanding receivables arose due to:</p> <p>The first cohort of the new student-centered funding model were allowed to sit for exams as per the directive from the Ministry of Education Ref: MOE/SDHER/ADM/4/1 VOL II dated 22nd March 2024 and Ref: MOE/SDHER/CON/10/11 dated 26th November 2024.</p> <p>Provision for bad debts: (Ksh 18,719,606) was made in line with the University's financial manual.</p> <p>Recovery of debts: The University has put in place measures to recover the debts this include communication to students, barring students with fee balances from proceeding to the next academic year. These efforts have reduced the fees balances which were outstanding.</p>	Partially Resolved	FY2024/2025
1.2	<p>Payment of Rent & Rates</p> <p>The statement of financial performance and as detailed under Note 16(a) of the financial statements reflects Kshs. 333,025,585 incurred on use of goods and services. Included</p>	<p>The lease was initially entered when Telkom Kenya was a parastatal and the Contract was executed as per Government-to-Government contracts. The process of registering the lease is</p>	Partially Resolved	31 st December 2025

<p>in this expenditure is an amount of Kshs. 22,548,334 on payment of rent & rates to Telkom Kenya Limited on land leased by the University in Kericho Town from 24th November 2016 to date.</p> <p>Records available indicated that the University has been running Kericho Town Campus without a valid lease duly registered by the Lands Registrar as required by the law. Management stated that efforts are being made to ensure all the legal formalities are followed to obtain a valid lease dully signed by land officer. No documents were provided to support this claim.</p> <p>In the circumstance, the accuracy and validity of Kshs. 22,548,334 incurred on rent and rates could not be confirmed.</p>	<p>ongoing. The delay in registration was occasioned by non-provision of the title deed by the landlord following the change of ownership. However, the University has plans to pursue alternatives premises should the registration of the lease delay further within Kericho Town.</p>		
<p>Material Uncertainty Related to Going Concern</p> <p>The University recorded a deficit of Ksh. 4,671,249 (2023 deficit of Kshs. 107,895,742) increasing the cumulative deficit to Kshs. 752,450,995 as at 30th June, 2024 from a deficit of Kshs. 747,779,746 as at 30 June, 2023. Further, the current liabilities of Kshs. 914,147,457 exceeded the current assets of Kshs.304,581,191 resulting to a negative working capital of Kshs. 609,566,266.</p> <p>The University was, therefore, unable to meet its financial obligations as and when they fell due. In particular, the University was unable to remit other Salary Creditors (Staffs Salary), Pension Creditors and Recurrent Creditors (Supply of Goods and Services) of Kshs. 89,852,839, Kshs. 237,225,317 and Kshs. 54,317,545 respectively, all totalling Kshs. 381,395,701. The University also failed to pay audit fees totalling Kshs. 1,856,000 for two (2) financial years 2022/2023 and 2023/2024.</p>	<p>The financial deficits noted is a result of low funding and highly rationalized budget. However, the university has put in place measures to ensure financial sustainability. This includes;</p> <p>The University has developed a financial Sustainability plan in order to diversify revenue streams. The University has also implemented its fee collection policy that ensures that no students proceed to the next semester before clearing the previous semester fee.</p> <p>University management has disclosed uncertainty related to sustainability of services under Note 51: Risk management Policies-Rising deficits. Annex 1 to the financial statements of FY 2023/2024.</p> <p>In addition, the University management anticipates continued Government financial support to sustain its services and the new funding model adopted by the government will mitigate the rising deficits hence resulting to fa-</p>	<p>Partially Re-solved</p>	<p>FY2025/2026</p>

	<p>The University is therefore technically insolvent and the financial statements have been prepared on a going concern basis on the assumption of continued financial support from the National Government, bankers and creditors.</p> <p>In the circumstances, the University is technically insolvent and may not be able to meet its current obligations as and when they fall due.</p>	<p>avorable working capital. The Annual financial report for the current year ended 30th June, 2024 shows that the deficit is reduced significantly. This is largely because of the effect of the new funding model, prudent management of resources and implementation of financial sustainability plan. This shows that the going concern of the university is not under threat</p>		
	<p>Prior Year Matters In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management claims to have resolved the issues though none of the resolutions have been brought to our attention.</p>	<p>The University was invited to parliament by the PIC Committee to look at the issues for the financial years 2018/2019, 2019/2020 and 2020/2021. The issues were resolved. For the financial years 2022/2023 and 2023/2024 have been addressed and awaiting the invitation of PIC to resolve</p>	<p>The University is awaiting PIC Committee guidance.</p>	<p>FY2024/2025</p>
1.1	<p>Irregular Virement of Funds The statement of financial performance and as disclosed in Note 7, 13 and 15 to the financial statements reflects total revenue of Kshs. 1,592,804,977. Included in this amount is Kshs. 111,771,615 on personnel costs and maintenance cost that the University council vired from tuition fees and other under-absorbed votes of Kshs. 59,298,108 and Kshs. 52,473,507, respectively. This is against National Treasury Circular Ref. DGIPE/A/1/10 dated 27 March, 2024 which prohibits revision of the approved expenditure from one sub-item to another. Management was therefore in breach of the National Treasury Circular No.2 /2024</p>	<p>The University effected inter vote transfer of funds which was within the prescribed 10% limit as approved by University council.</p>	<p>Resolved</p>	<p>FY2023/2024</p>

1.2	<p>Non-Compliance with the One Third of Basic Salary Rule Analysis of the staff payroll revealed that seven (7) employees were earning less than one third of their basic salaries contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry. In the circumstance, Management was in breach of the law.</p>	<p>During the financial year the University implemented deduction and remittance of Affordable Housing Levy in compliance with Finance Act 2023. This resulted to some staff (7 employees) earning below a third of their Basic Salary, this was however rectified in the subsequent month to ensure University strictly adheres to provisions of Employment Act,2007.</p>	Re-solved	FY2023/2024
1.3	<p>Staff Acting Beyond Six (6) Months Officers on Acting Capacity Beyond Stipulated Time Review of the University's payroll and other human resources records revealed that during the year there were sixteen (16) employees who continued to serve in acting capacities beyond the stipulated six (6) months period. This is contrary to Section 34(3) of the Public Service Commission Act 2017 which provides that those acting appointments will be made for a minimum of thirty (30) days and maximum of six (6) months duration. In the circumstances, Management was in breach of the Human Resource Policy Manual.</p>	<p>The positions have been filled substantively.</p>	Re-solved	FY2023/2024
1.4	<p>Unremitted Staff Retirement Benefits The statement of financial performance and as disclosed under Note 17 to the financial statements re-</p>	<p>The Unremitted pension funds of Ksh. 29,461,809 was as a result of funding challenges resulting from low capitation. However, the</p>		

	<p>flects Kshs. 1,146,456,849 incurred on employee cost. Records available indicated that the entity deducted pension from staff members amounting to Kshs. 29,461,809 but did not remit to the University retirement scheme against Section 53A (1) of the Retirement Benefits Act, 12 which require an employer to remit the deduction within fifteen days of the deduction. In the circumstances, Management was in breach of the Retirement Benefits Act.</p>	<p>University has made remedial plan to clear the arrears.</p>	<p>Partially Re-solved</p>	<p>FY2023/2024</p>
1.5	<p>Non-Compliance with the Law on Ethnic Composition Review of personnel records indicated that the University had a total of five hundred and fifty-seven (557) employees out of which three hundred and ninety (390) or 70% of the total number were members of the dominant ethnic community in the county/region. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and no public institution shall have more than one-third of its staff establishment from the same ethnic community. In the circumstances, Management was in breach of the law.</p>	<p>The University has put in place measures to ensure the ethnic diversity requirement is achieved gradually, through implementation of diversity. The diversity has improved from 86.9 % in the year 2008/2009 to 70% in the year 2023/2024. It should be noted that the diversity has been impacted negatively by support staff who are mostly from close proximity to UoK due to the nature of tasks they perform. Compliance in Council, Management, Senate and Student Composition Twenty-five (25) % of the council members are from the local ethnic composition. Thirty percent (30 %) and fifty percent (50 %) of Dean of schools and Heads of Department and Top Management are local ethnic community, respectively. All University Committees comply with a third rule of ethnic composition and gender. Students studying at UoK are drawn from all counties and almost all the constituencies in Kenya. Illustrated by a, b, c and d is evident that the University to a large extent complying in embracing</p>	<p>Partially Re-solved</p>	<p>FY2024/2025</p>

		<p>diverse ethnic communities and groups as enshrined in the Kenyan Constitution, 2010 and National Cohesion and Integration Commission (NCIC).</p> <p>Challenges in Attracting and Retaining of Staff</p> <p>The following are major challenges in maintaining diversity of staff at the University;</p> <p>(i) Infrastructure</p> <p>The location of the University and the surrounding infrastructure such as lack of an airport nearby that connects Jomo Kenyatta International Airport has impacted negatively on attracting and retaining of staff</p> <p>(ii) Housing for staff</p> <p>The houses do not befit the status of Lecturers and their equivalents forcing the said staff to commute from as far as Kericho town, Nakuru, Kisumu and Eldoret.</p> <p>(iii) Establishing of New Universities</p> <p>By 2009 there were only seven Public Universities established and currently forty three (43) are in place including the constituent colleges. Some staff for various reasons have left UoK to these newly established Universities.</p> <p>(iv) Historical Facts</p> <p>UoK started from a background being a Farmers Training Centre (FTC) and most of the staff inherited were from the same ethnic background.</p> <p>University of Kabianga has in place a diversity policy: A more diverse and inclusive workforce yields greater productivity at both the individual and organizational level.</p> <p>The University will progressively recruit and retain qualified staff while ensuring diversity as well as addressing the challenges that</p>		
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		may affect attraction and retention of students and staff.		
1.6	<p>Long Outstanding Payables The statement of financial position and as disclosed in Note 37 to the financial statements reflects Kshs. 381,672,331 on payables from exchange transactions. Included are long outstanding payables relating to recurrent, capital, pension and salary creditors of Kshs. 54,317,545, Kshs. 276,630, Kshs. 237,225,317 and Kshs. 89,852,839 respectively. Review of the payables aging analysis revealed a balance of Kshs. 291,542,862 or 76% which had been outstanding for over a year. This could adversely impact relationships with suppliers in the future if not addressed promptly. In the circumstances, the University may be exposed to fines and penalties for failure to meet its obligations as and when they fall due.</p>	The long outstanding payables was as a result of funding challenges resulting from low capitalisation. However, the University has put in place measures to ensure that the liabilities are fully paid.	Partially Re-solved	FY2023/2024
1.7	<p>Delayed Completion of Library Building and Fundamental Breach of the Contract. The statement of financial position reflects property, plant and equipment balance of Kshs. 2,409,389,097 as disclosed in Note 30(a) to the financial statements which includes an amount of Kshs. 718,336,479 in respect of work in progress. As previously reported, Management entered into a contract with one contractor for the construction of Library at the University at a contract sum of Kshs. 834,523,967.10. The construction started on 8th June, 2017 with expected completion date of 4th June, 2020. However, the project remained incomplete for more than seven (7) years after its commencement and after completion date had been extended three (3)</p>	The University had challenges in paying certificates for the ongoing works due to low funding however efforts has been made to pay. It should be noted that the payments certificates 29A and 29B are both dated 13 th August 2024. The two interim payment certificates have not been paid mainly because the University has not received enough funding of the Project. The University has made effort to request for the release of allocated funds for FY 2023-2024 and also efforts to request more funding including forwarding of the certificates to the Ministry and to date no positive response has been received.	Partially Re-solved	FY2023/2024

	<p>times as detailed below;</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Period of Extension</th> <th>Revised completion Date</th> </tr> </thead> <tbody> <tr> <td>13 October 2021</td> <td>43 weeks</td> <td>4 April 2022</td> </tr> <tr> <td>12 September 2022</td> <td>56 weeks</td> <td>21 October 2023</td> </tr> <tr> <td>5 March 2024</td> <td>38 weeks</td> <td>30 July 2024</td> </tr> </tbody> </table> <p>As at the close of the financial year, cumulative payments towards the project amounted to Kshs. 410,044,391.73 or 49.1% of the contract amount. However, the total certified work was Kshs. 437,870,658.53 representing 52.5% of the contract sum</p> <p>Further, the interim Payment Certificate No.29A and 29B amounting to Kshs. 5,700,556.8 and Kshs. 22,125,710 respectively had remained unpaid for more than 30 days from the dates of issue, 13th August, 2024 and 18th March, 2024 respectively in total violation of section 33.1(d) of the conditions of Contract.</p> <p>In the circumstances, value for money on the expenditure of Kshs. 410,044,391.73 in respect of the construction of the library could not be confirmed.</p>	Date	Period of Extension	Revised completion Date	13 October 2021	43 weeks	4 April 2022	12 September 2022	56 weeks	21 October 2023	5 March 2024	38 weeks	30 July 2024			
Date	Period of Extension	Revised completion Date														
13 October 2021	43 weeks	4 April 2022														
12 September 2022	56 weeks	21 October 2023														
5 March 2024	38 weeks	30 July 2024														
1.8	<p>Failure to Use E-Procurement System</p> <p>Examination of the University's records revealed that an expenditure totalling Kshs. 355,344,896 was incurred for budget items that involved procurement. The expenditure was authorized by the Accounting Officer. However, examination of the payment vouchers, local purchase orders and local service orders supporting the expenditure revealed that the procurement was implemented outside e-Procurement system and manual records sent to finance department for further processing contrary to</p>	<p>Transition to use e-GP system was intended to take effect from 1st July, 2024 as communicated on 18th March, 2024 through circular ref: NT/PPD.1/3/14 Vol.V(15) – attached. However, the full roll-out of the e-GP system has not been effected as the piloting of the system is still going on with some selected public institutions. University of Kabianga was not among piloting entities. The e procurement is being rolled out from July 2025.</p>	Re-solved	FY2023/2024												

	<p>Regulation 54 of the Public Procurement and Asset Disposal Regulations, 2020 which require procuring entities to use the e-Procurement system. In the circumstances Management was in breach of the law.</p>			
1.9	<p>Non-compliance to Climate Regulations During the year, it was Noted that the University of Kabianga did not develop strategies, laws and policies relating to climate change as required by section Article 69(f) of the Constitution of Kenya to address: Climate Change Action Plan Greenhouse Gas Emissions Establishment of Coordination Unit to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions into sectoral strategies. Review the effectiveness of mechanisms implemented by the entity to regularly monitor and review the performance of integrated climate change functions. Ensure sustainability in the performance of sectoral mandates related to climate change. Formulate annual reports submitted by to the Council, detailing the status and progress of performance and implementation of all assigned climate change duties and functions. In the circumstance the Management was in breach of the law.</p>	<p>The University has; Environmental policy in place that deals with ecologically sustainable development and use of natural resources. There is environmental committee in place to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions into sectoral strategies. The Committee reviewing environmental policy has been constituted to take care of emerging issues.</p> <p>Currently the University has embraced the mechanisms that ensures that there's compliance to the climate change functions. These includes Greening of the environment Facilitating the research on Transformative Change for Bio Diversity and Equity (TC4BE) that's deals with bio degradable environment. The quarterly Reports are generated and send to the Research Sponsoring Office The coordinating Office is domiciled in the school of Natural Resources and Environmental Management led by the Dean of the school. The University has partnered with Equity Bank to implement the green and clean energy such as solar hydro and bio gas in the University's Kitchens. University submits quarterly reports to Council.</p>	Re-solved	FY2023/2024

1.1	<p>Lack of an Offsite Disaster Recovery Site The University currently relies on a combination of tape and cloud-based backups configured to store data from its onsite servers. While these measures provide some level of data security, they do not ensure operational continuity in the event of a disaster affecting the primary location. This could severely impact the university's ability to resume normal operations, leading to disruptions in essential services, loss of critical data, and reputational damage. The university should establish a dedicated offsite disaster recovery site to switch to seamlessly during unforeseen failures, ensuring operational continuity. In the circumstances the Funds operating environment is exposed to interruptions and can lead to loss of critical information in case of disaster</p>	<p>Offsite Disaster Recovery Site has been setup in one of Kenya's leading Cloud Service Provider and is currently very active.</p>	<p>Re-solved</p>	<p>FY2024/2025</p>
1.2	<p>Gaps in ICT Governance, Strategic Planning and Staffing The university lacks an ICT Steering Committee undermining governance and oversight. Further, the ICT Strategic Plan expired in 2022 leaving ICT initiatives without clear direction, the department also lacks key staff such as web master. These gaps jeopardize the university's ability to address technological needs, implement systems, and adapt to evolving demands. Establishing an ICT steering committee, renewing the strategic plan and addressing key staffs are crucial for strengthening governance, aligning ICT efforts with institutional goals and ensuring efficient operations</p>	<p>ICT Steering Committee has been established.</p> <p>The review of the Plan is under way with a subcommittee of Deans/Senate set to finish by August 30th 2025.</p> <p>Webmaster was appointed after the process of advertisement and interviewing.</p>	<p>Re-solved</p>	

	In the circumstances, the University is prone to lag behind in technological development for lack of an ICT steering committee.			
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APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

Projects implemented by the University funded by the Government of Kenya (GoK).

Status of Projects completion

	Project	Total pro- ject Cost	Total expend- ed to date	Completion % to date	Budget FY 2024-2025	Actual	Sources of funds
1	University Library	Kshs. 834,523,967	KSh. 421,670,378.30	62%	9,050,000		GoK
3	Lecture Theatre Phase V	Kshs. 345,215,958	Ksh. 12,617,427	12%	5,000,000		GoK
4	Student Dining hall	Kshs 20,991,670	Kshs 14,861,022.50	97%	12,000,000		AIA

APPENDIX III: INTER-ENTITY CONFIRMATION LETTER



UNIVERSITY OF KABIANGA
P.O BOX 2030-20200 KERICHO, KENYA
TEL: 020-2172665

University of Kabianga wishes to confirm Receipts of the following Amounts from the state department for University Education & Research as at 30th June 2025.

Confirmation of amounts received by University of Kabianga as at 30th June 2025						
Reference Number	Date Disbursed	Recurrent(A)	Development(B)	Total C =(A+B)	Total(D)	Remarks
S30688575	1/7/2024	54,075,757	0	54,075,757		
S42841952	13/08/2024	25,653,118	-	25,653,118		
S51128270	11/9/2024	25,653,118	-	25,653,118		
S58780535	6/10/2024	25,653,118	-	25,653,118		
S74829590	8/11/2024	25,653,118	-	25,653,118		
S83321151	5/12/2024	25,653,118	-	25,653,118		
S83707482	6/1/2025	25,653,118	-	25,653,118		
S93407180	7/1/2025	25,653,118	-	25,653,118		
S02318093	10/2/2025	25,653,118	-	25,653,118		
S67487631	13/03/2025	25,653,118	-	25,653,118		
S10042282	10/4/2025	25,653,118	-	25,653,118		
S15764344	2/5/2025	25,653,118	-	25,653,118		
S27192582250612	12/6/2025	25,653,118	-	25,653,118		
S31063033250627	27/06/2025	83,182,847		83,182,847		
TOTAL		445,096,020		445,096,020		

I confirm that the amounts shown above are correct as of the date indicated

FINANCE OFFICER

UNIVERSITY OF KABIANGA

Name: CPA Willy Koech

Sign:

Date: 28/8/2025

Appendix IV- Inter-Entity Confirmation Letter

The University did not have any transfers from other government entities disbursed as at 30th June 2025.

Appendix V: Reporting of Climate Relevant Expenditures

University of Kabianga did not incur any climate relevant activities for the period ended 30th June 2025.

Appendix VI: Reporting on Disaster Management Expenditure

University of Kabianga did not incur any expenditures relating to any disasters within the period ended 30th June 2025.

