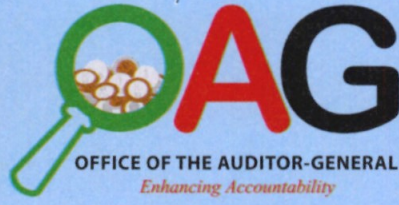



REPUBLIC OF KENYA



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 FEB 2026	
DAY: THUR	
TABLED BY:	DEPUTY MAJORITY WHIP
CLERK-AT-THE-TABLE:	V. KAMBUL

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ON

MASENO UNIVERSITY

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



MASENO UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

I. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

BETA - Bottom-Up Economic Transformation Agenda

FY - Financial Year

HELB - Higher Education Loans Board

ICT - Information Communication Technology

IPSAS - International Public Sector Accounting Standards

NHIF - National Hospital Insurance Fund

NITA - National Industrial Training Authority

NSSF - National Social Security Fund

PAYE - Pay As You Earn

SDGs - Sustainable Development Goals

SDHER - State Department for Higher Education and Research

SOMU - Student Organisation of Maseno University

B: Glossary of Terms

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

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II. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background of Maseno University

Maseno University is a Public University created by the Maseno University Act 2000 (Now Repealed) and operates under the Universities Act CAP 210. The precursor, Maseno University College, was established by merging Maseno Government Training Institute (GTI) with Siriba Teachers Training College as a Constituent College of Moi University in 1990.

b) Principal Activities

The principal Activities of Maseno University are teaching, research, and community outreach.

Vision Statement: The University of Excellence in discovery and dissemination of knowledge

Mission Statement: To discover, harness, apply, disseminate and preserve knowledge for the good of humanity

Objectives

- To provide accessible, quality academic programmes over the planned period.
- To increase Research, Linkages, and Outreach within the planned period.
- To mainstream Quality Assurance in the University operations within the planned period.
- To improve the University's revenue base by 15% over the planned period.
- To provide effective Human Resource Management and Development over the plan period
- To mainstream cross-cutting issues in the University operations for the plan.

Core Values

Maseno University seeks to uphold the following values: “**REEQI**”

- **Relevance:** The University is committed to ensuring relevance in its programs and activities.
- **Excellence:** Excellence shall be targeted in the outputs of the University
- **Equity:** The University shall ensure that there is equity in all the opportunities within its jurisdiction.
- **Quality:** All outputs and processes of the University shall ensure that quality is maintained.
- **Integrity:** The University shall ensure integrity in all its undertakings.

Maseno University

Annual Report and Financial Statements for the Year Ended 30th June, 2025

c) Key Management

Maseno University's day-to-day management is undertaken through the following organs:

1. The University Senate
2. The University Management Board.

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:

Name	Designation
1. Prof. Julius O. Nyabundi	Vice-Chancellor
2. Prof. Stephen W. O. Ogendo	Ag. Deputy Vice-Chancellor (A,F&D) (Term commenced on 13.10.2024)
3. Prof. Erick O. Nyambedha	Deputy Vice-Chancellor (ASA) (Term commenced on 13.10.2024)
4. Prof. John A. Ogonji	Ag. Deputy Vice-Chancellor (PRI) (Term commenced on 13.10.2024)
5. Prof. Catherine A. Muhoma	Deputy Vice-Chancellor (AF&D) (Term ended on 12.10.2024)
6. Prof. Mary Kipsat	Deputy Vice-Chancellor (ASA) (Term ended on 12.10.2024)
7. Prof. Joseph S. Chacha	Deputy Vice-Chancellor (PRI) (Term ended on 12.10.2024)
8. CPA Joseph W. Omondi	Finance Officer

e) Fiduciary Oversight Arrangements

The Planning, Finance and Investment Committee of the University Council reviewed quarterly financial statements before they were recommended to the University Council for approval.

The Audit and Risk Management Committee of the University Council reviewed the reports from the internal audit department.

The University Council approved the Budget for FY 2024/2025 and approved Quarterly Financial Statements before they were submitted to The National Treasury at the end of every quarter of FY 2024/2025.

f) Maseno University Headquarters

Private Bag, MASENO

Maseno University Head Office - College Campus on Kisumu-Busia Road

MASENO, KENYA

g) Maseno University Contacts

Private Bag MASENO

Tel: 057-351622

FAX: 057-351221

email: vc@maseno.ac.ke

Website: www.maseno.ac.ke

h) Maseno University Bankers

Kenya Commercial Bank Ltd
Kisumu Branch

Standard Chartered Bank Ltd
Kisumu Branch

Equity Bank Ltd.
Luanda Branch

i) Independent Auditor

Auditor - General

Office of the Auditor-General

Anniversary Towers, University Way

P O Box 30084-00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General


State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112-00200

Nairobi, Kenya


III. MEMBERS OF THE UNIVERSITY COUNCIL





<p>CHAIRMAN OF MASENO UNIVERSITY COUNCIL</p>  <p>Prof Naftali. Omolo-Ongati BEd. (UoN), PGDE (Leeds), MSc.(OST), PhD (Pretoria)</p>	<p>Prof. Naftali Omolo-Ongati is a Professor of Mathematics. He previously served as Professor and Dean, School of Mathematics and Actuarial Science at Jaramogi Oginga Odinga University of Science and Technology. Prior to that, he had served as a Professor of Mathematics and Applied Statistics at Maseno University.</p>
<p>MEMBER</p>  <p>Mr. PonyochiKunyobo BCOM.(UoN), MBA (LMU), CPA(K)</p>	<p>Mr. Ponyochi Kunyobo is a Practising Accountant and a Business consultant in Finance and Taxation.</p>
<p>MEMBER</p>  <p>Dr. Matilda Chemutai Sang BBM (Moi), MBA. (Kenyatta), Ph.D (Kabarak)</p>	<p>Dr. Matilda C. Sang is a Consultant in Entrepreneurship with experience in training, customer service, research, financial management, and processes improvement in Micro, Small and Medium Entrepreneurs (MSMEs).</p>
<p>MEMBER</p>  <p>Mr. Darius Getanda Isaboke BEd (CUEA), PGD(KIM), MA (UoN)</p>	<p>Mr. Darius G. Isaboke is a Programme Specialist (Education, Youth and Research) at the British Council. He has wide management experience in development and humanitarian programs, managing large-scale donor budgets.</p>

<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Dr. Chris K. Kiptoo, CBS BSc.(Egerton), MSc.(UoN), PhD(UoN) Principal Secretary, The National Treasury</p>	<p>Dr. Chris Kiptoo is the Principal Secretary, National Treasury. He has a wealth of experience in economic policy formulation analysis and execution. He has worked with the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund and has previously served as Principal Secretary, in various dockets.</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">CPA Judith Mulure - Nyakawa B.Com(UoN), MA(Daystar), MBA(USIU-A) Rep. Principal Secretary National Treasury</p>	<p>CPA Judith Mulure-Nyakawa is a Senior Deputy Director at the National Treasury. She is a Public Finance Management Specialist with nearly three decades experience in public finance. (Term ended in April 2025)</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Mr. Mark Ngecho Lugwisa BBA(Bugema) Rep. Principal Secretary National Treasury</p>	<p>Mr. Mark Ngecho Lugwisa is a Deputy Director, Government Investment & Public Enterprises Department (GIPE) at the National Treasury. (Term commenced in May 2025)</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Dr. Beatrice Muganda Inyangala B.Ed.(Moi), M.Phil(Moi), Ph.D.(Athens) Principal Secretary, State Department for Higher Education and Research</p>	<p>Dr. Beatrice Muganda Inyangala is the Principal Secretary, the State Department for Higher Education and Research. She is an educator with extensive knowledge of higher education and has contributed immensely to the formulation of education policy within the region and globally. She previously served as the Executive director of the Pedagogical Leadership in Africa (PedaL)</p>

<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Mr. Douglas Mutua BA(UoN), MSc.(JKUAT), CIPS Rep. Principal Secretary, State Department for Higher Education and Research</p>	<p>Mr. Douglas Mutua, is the Head of Procurement at the State Department for Higher Education and Research. He is a seasoned Supply Chain Management practitioner with over 20years of experience in Public Procurement and contracts Management in the mainstream government and donor funded projects. He is a licensed practitioner of the Kenya Institute of Supplies Management and CIPP. (Term ended in July 2024)</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">CPA Maina Chiira, MBA(Moi) Rep. Principal Secretary, State Department for Higher Education</p>	<p>CPA Maina is a finance professional with 35 years' experience in the Civil Service, 20 years at senior positions. He is the Senior Chief Finance Officer at the State Department for Higher Education. He holds a Masters in Business Administration from Moi University and is a Certified Public Accountant of Kenya (CPA K). (Term commenced in August 2024).</p>
<p style="text-align: center;">VICE-CHANCELLOR AND SECRETARY TO THE UNIVERSITY COUNCIL</p>  <p style="text-align: center;">Prof. Julius O. Nyabundi, OGW BSc.(UoN), MSc.(UoN), Ph.D.(California, Davis)</p>	<p>Prof. Nyabundi is the Vice-Chancellor and Secretary to the Council. He has previously served as the Principal of Muranga University College, and as the Managing Director, Chemelil Sugar Company. Currently also serving as the Chairman of Kenya National Examination Council.</p>

IV. MANAGEMENT TEAM OF THE UNIVERSITY

 <p>Prof. Julius O. Nyabundi, OGW BSc. (UoN), MSc.(UoN), Ph.D.(California, Davis), Vice-Chancellor</p>	<p>Prof. Julius O. Nyabundi Ph.D., OGW is the Vice-Chancellor of Maseno University and the Academic and Administrative Head of the institution.</p>
 <p>Prof. Stephen Oendo MBChB and MMed (Surgery) (UoN), Ag. Deputy Vice-Chancellor (A,F&D)</p>	<p>Prof. Stephen Oendo, is the acting Deputy Vice-Chancellor in charge of Administration, Finance and Development.</p>
 <p>Prof. Erick O. Nyambedha B.A(UoN), M.A.(UoN) Ph.D(Copenhagen),MKNAS Deputy Vice-Chancellor (ASA)</p>	<p>Prof. Erick O. Nyambedha Ph.D, is the Deputy Vice-Chancellor in charge of Academic and Student Affairs</p>
 <p>Prof. John A. Ogonji DipEd (KU), MSc (Ordesa) Ph.D (Birmingham) Ag. Deputy Vice-Chancellor (PRI)</p>	<p>Prof. John A. Ogonji, Ph.D is the Acting Deputy Vice-Chancellor in charge of Partnership, Research and Innovations</p>

 <p>Prof. Catherine A. Muhoma, BEd.(Moi), M.A, (Moi) Ph.D.(Witwatersrand), Deputy Vice-Chancellor (A,F&D)</p>	<p>Prof. Catherine A. Muhoma, Ph.D served as the Deputy Vice-Chancellor in charge of Administration, Finance and Development. (Term ended in October 2024)</p>
 <p>Prof. Mary Kipsat, BSc (UoN), MSc. (Moi), Ph.D. (Moi) Deputy Vice-Chancellor (ASA)</p>	<p>Prof. Mary Kipsat, PhD. Served as the Deputy Vice-Chancellor in charge of Academic and Student Affairs. (Term ended in October 2024)</p>
 <p>Prof. Joseph Chacha, BSc (UoN), MSc (UoN), Ph.D. (Ottawa), Deputy Vice-Chancellor (PRI)</p>	<p>Prof. Joseph Chacha, Ph.D. served as the Deputy Vice-Chancellor in charge of Partnership, Research, and Innovations. (Term ended in October 2024)</p>
 <p>Ms. Rose Omoga-Chiaji BA (Moi), PGD(KIM), MBA (Maseno) Registrar, Academics and Student Affairs</p>	<p>Ms. Rose Omoga-Chiaji is the Registrar in charge of Academics and Student Affairs.</p>



Dr. John Ogamba King'oina,
BEd (Maseno), M.Ed (Kenyatta), Ph.D (Maasai Mara)
Registrar, Administration and Central Services

Dr. John King'oina is the Registrar in charge of Administration and Central Services.



Ms. Ndukuh Charles Kilei
BLIS, MLIS (Kenyatta University)
University Librarian

Ms. Ndukuh Charles Kilei is the University Librarian.



Mr. Joseph W. Omondi,
BBA. (KEMU), MBA (UoN), CPA(K)
Finance Officer

Mr. Joseph William Omondi is the Finance Officer of the University.



Dr. Naphtali Onyuka Aroko,
MBChB (UoN), PgDIH(Berlin) CTM, MPH(Maseno)
Chairman, Health Services

Dr. Naphtali Onyuka Aroko, is the Chairman, Health Services in the University.

Maseno University

Annual Report and Financial Statements for the Year Ended 30th June, 2025



Ms. Joy A. Akinyi
LLB (Moi), PGD (KSL), Dip (KIM), MBA(UoN)CS(K)
Senior Legal Officer

Ms. Joy Akinyi is the Head of Legal Services in the University.

V. CHAIRMAN'S STATEMENT

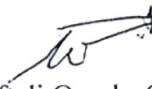
I am pleased to present the annual report and financial statements of Maseno University for the year ended 30th June, 2025. The University has continued to focus on quality teaching, research and community outreach activities in fulfilment of its core mandate, Vision and Mission. The University is on track in the implementation of the 2022-2027 Strategic Plan. The Strategic Plan 2022-2027 is aligned to the national development priorities provided in the Vision 2030, Medium-Term Plan IV and the Bottom-Up Economic Transformation Agenda (BETA). This has enabled prioritisation of projects that are critical to the growth of the University. The University Council is intent on promoting partnerships, collaborations, linkages and outreach with its peer institutions and industry. The relationships are central in transforming the University into a truly global institution.

The Financial Year 2024/2025 marked the tenth year of the implementation of *Mwongozo* - The Code of Governance for State Corporations. This framework focuses on addressing matters of effectiveness of the Council, transparency, accountability, risk management, internal controls, ethical leadership and good corporate citizenship. Maseno University Council and Management is committed to implementation of *Mwongozo* code of conduct.

During the year, the University reported marked improvement in financial performance as a result of the Student-Centred Funding model introduced by the Government. Additionally, the student enrolment has grown from 6230 in academic year 2023/2024 to 6950 in academic year 2024/2025.

On behalf of the University Council, I take this opportunity to thank the Government for the continued support. I also wish to thank the Management and staff for their dedication and commitment. I further commend the student body for their cooperation and understanding, which has contributed greatly to the stability and growth of the University.

Finally, I take this opportunity to thank all other stakeholders for their unwavering support. We look forward to greater achievements in the coming financial year.



Prof. Naftali Omolo-Ongati, Ph.D.

Chairman of Maseno University Council

VI. REPORT OF THE VICE-CHANCELLOR

It is my great pleasure to present the annual report and financial statements of Maseno University for the Financial Year 2024/2025. Maseno University is committed to its Vision and Mission as contained in the Strategic Plan 2022-2027 through provision of excellent University education, training and research.

University's Financial Performance

Maseno University recorded revenue of **Kshs.5,439,550,260** in the FY 2024/2025 as compared to budget of **Kshs.5,218,354,035**. Out of the reported revenue, the University collected **Kshs.3,989,956,529** leaving outstanding student receivables of **Kshs.1,449,593,731** which was not disbursed as at the end of the Financial year. These debts are made up of scholarships and loans from Universities Fund and Higher Education Loans Board amounting to **Kshs.983,731,932**, and household portion amounting to **Kshs.465,861,799**. The Management continues to pursue the students for payment of the House hold component and the Government and its relevant agencies on the disbursement of these funds.

The disbursement of these funds are needed to help the University address the expenditure for which the funds were earmarked for such as commencement of the Construction of the Modern Sciences Laboratories budgeted at **Kshs.590,485,381**, recruiting teaching and other administrative staff budgeted at **Kshs.97,558,704** among others.

Statutory compliance

Maseno University prioritised and complied with the statutory obligations, including timely remittance of PAYE, NHIF, SHA, NSSF, HELB, SACCO dues, housing levy, staff pension, and all other staff deductions for the financial year. Foreseen delays were mitigated, prior negotiation was made with the relevant Government Agency.

Development projects

During the year, the Student Hostel Phase II with 750 bed capacity was completed and handed over. This project was funded by Appropriations in Aid and a credit facility of Kshs.218 Million from Equity Bank.

Core mandate

In pursuit of its mandate, Maseno University engaged in various core and support activities during the financial year under review.

These included: -

I. Academic programmes

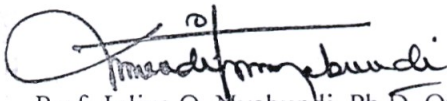
The University continued to review and developed new programmes in line with the Strategic Plan 2022-2027, relevance to the job market and towards achieving the Vision 2030, and Sustainable Development Goals (SDGs) and readiness for Competency Based Education and Training (CBET). CBET requires acquisition of literature

with relevant content. The School of Education carried out a Capacity Building workshop to align Curriculum Review and pedagogical skills to CBET. The University admitted six thousand nine hundred and fifty (6,950) students placed by KUCCPS from 2023 KCSE Cohort who reported in August 2024.

i) Research and Development

Research remains one of the core mandates of the University. Consequently, the University has to strive to improve not only on the number of funded research projects but also focus on the quality and impact of these activities within Kenyan and beyond. The University has also scaled up capacity building for both new and young researchers with the aim of expanding its capacity to attract fundable multidisciplinary projects. Academic staff and postgraduate students have embraced the idea and continue to generate research funds through competitive proposal development. This resulted in realization of **Kshs.242,737,417** in FY 2024/2025 up from **Kshs.177,653,847** in FY 2023/2024.

Lastly, may I take this opportunity on behalf of the University Management and Staff, to thank the Government for the continued support and all other stakeholders for their contributions and support during the year. As we move forward, we continue to count on your support in our endeavour to uphold the Maseno University Vision as the University of Excellence in discovery and dissemination of knowledge.



Prof. Julius O. Nyabundi, Ph.D.,OGW

Vice-Chancellor

**VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2024/25**

Maseno University focuses on providing excellent university education, training and research by integrating Information Technology (IT) into quality programmes to suit the needs of a dynamic world. To this end, the university strives to build efficient and effective delivery systems of academic services as well as embrace flexible modes of delivery. The university reviewed and developed new programmes in line with the strategic plan, relevance to the job market and towards achieving the vision 2030, Sustainable Development Goals (SDGs), and the Bottom-Up Economic Transformation Agenda (BETA). In compliance with Section 81 Subsection 2(f) of the Public Finance Management Act, 2012, the University has six strategic objectives within its Strategic Plan 2022/2027.

The 2022/2027 strategic objectives are to:

1. Provide accessible, quality academic programmes over the planned period.
2. Increase Research, Linkages, and Outreach within the planned period.
3. Mainstream Quality Assurance in the University operations within the planned period.
4. Improve the University's revenue base by 15% over the planned period.
5. Provide effective Human Resource Management and Development over the plan period
6. Mainstream cross-cutting issues in the University operations for the plan.

Maseno University achieved its performance targets set out in the FY 2024/2025 period for its strategic pillars, as indicated in Table 1 below:

	Strategic Objective	Strategic issue	Outcome Indicator	Key activities	Achievements
1.	To provide accessible, quality academic programmes over the planned period	Need to maintain the production of quality graduates with relevant knowledge and skills for the prosperity of humanity	Increased student enrolment, progression and graduation rates, producing fit-for-purpose graduates	Review existing programmes Enforcement of rules and regulations. Maintain a register of needy students. Strengthen alumni engagement	The Bachelor of Medicine and Bachelor of Surgery, with IT, and the Post Graduate Diploma in Education programmes were reviewed and approved by the University Senate. The online Postgraduate Certificate Course in Pedagogical Skills was developed and piloted in the FY. Teaching Staff trained in CBET in May 2025.

	Strategic Objective	Strategic issue	Outcome Indicator	Key activities	Achievements
				<p>Increased co-curricular activities.</p> <p>Culture week</p>	<p>The university graduated 4,683 students in 2024. This is an increase of 28.55% from the 2023 (23rd) graduation.</p> <p>The University continued to maintain the integrity of examinations through the administration of quality assurance tools and mechanisms</p> <p>Examination results were released in accordance with the Examinations Policy and uploaded to student portals.</p> <p>A register of needy students is maintained and updated in the Directorate of Student Affairs.</p> <p>SOMU bursaries were awarded to 1,044 needy students, and 452 students qualified for work study programmes as budgeted for within the Financial Year.</p> <p>The School of Medicine undertook an Alumni Tracer Study.</p> <p>Maseno University hosted the 13th Edition of the Federation of Eastern Africa Sports Games from 15th to 21st December 2024.</p> <p>In collaboration with Kisumu County, the university held a culture week in the fourth quarter.</p>
2	To increase research, linkages and outreach within then planned period	Need for intensified research, linkage and outreach	Enhanced impact and visibility of the University through increased research, stronger	Conduct grant writing workshops	The University realised research grants of Kshs.242,737,417 in FY 2024/2025 up from Kshs.177,653,847 in the FY 2023/24.

	Strategic Objective	Strategic issue	Outcome Indicator	Key activities	Achievements
			partnership band expanded community outreach	Strengthen research collaborations Research capacity building. Develop new MSU MoUs' Enhance the university - industry linkage.	In addition, 62 students were mentored on innovations skills, and research manuscript writing; and 24 researchers (teaching staff) were trained on grant proposal writing. The University published 310 research articles in refereed journals compared to 295 manuscripts in the FY 2023/24. An MoU was signed between Kisumu County Department of Health, Jaramogi Oginga Odinga Teaching and Referral Hospital (JOTRH) and the University of Pittsburgh Medical Centre (UPMC) in a bid to transform healthcare in Kisumu County and the entire region of Western Kenya the East Africa states
3	To mainstream quality assurance in the University operations for the planned period	Need for enhanced quality service provision	Improved quality of service and enhanced efficiency and productivity	Enforce policies and regulations	The University effectively utilised Quality Assurance tools and mechanisms to ensure teaching progressed in accordance with approved timetables, integrity of examinations, and quality of research and reviewed academic programmes
4	To improve revenue base by 15% over the plan period	Need for adequate resources to support the core mandate	Increased University financial stability	1. 5% increase in tuition fees revenue 2. 10% increase in research revenue	Total A-in-A grew from Kshs.2,634,229,724 in the FY 2023/24 to Kshs.3,691,371,319 in the FY ended 30.06.2025.
5	To provide effective Human resource management and development over the plan period	Need for optimal human resource utilization for quality service delivery	Develop and implement succession planning policy	Succession policy implemented	Adequate number of teaching and non-teaching staff deployed. succession policy implemented In the Performance Contract self-evaluation report for the FY

Strategic Objective	Strategic issue	Outcome Indicator	Key activities	Achievements	
			Strengthen Performance Management	2024/25, the University met/exceeded its targets to register a composite score of very good.	
6	To mainstream the University operations for the planned period	Mainstreaming of cross-cutting issues	A 100% compliance with the Gender Mainstreaming Policy.	Continuously implement the Gender Mainstreaming Policy.	With regards to the Government Policy on gender distribution, the university met the one-third (1/3) gender rule on affirmative action. The gender distribution among the teaching staff was 359 (64.60%) male and 197 (35.40%) female. For the non-teaching staff, 254 (49.60 %) were male and 258 (50.40%) were female.
		An updated MSU website.	Regularly populate the university website.	The university website is updated regularly with new events, projects, programmes, notices, and visits.	
		Improved service delivery.	Provision of quality service.	The university reengineered the graduation application and payment process, the certificates and transcripts application and collection process, and the monitoring of examinations process, thus enhancing stakeholder satisfaction.	

VIII. CORPORATE GOVERNANCE STATEMENT

Introduction

Maseno University is governed by the University Council. The Universities Act CAP 210 gives the University Council the necessary powers to oversee the proper management of resources of the University. As per the Universities Act 2012, the Council shall have powers to:-

- a) Manage, supervise and administer the assets of the University in such a manner as best promotes the purpose for which the university is established;
- b) Determine the provisions to be made for capital and recurrent expenditure and for reserves of the University;
- c) Receive any grants, donations or endowments on behalf of the University and make legitimate disbursements there from;
- d) Enter into association, collaboration or linkages with other bodies or organisations within or outside Kenya as the University may consider desirable or appropriate and in furtherance of the purpose for which the University is established; and
- e) Open a banking account or accounts for the funds of the University.

Corporate Governance Principles

This is the eighth year of the implementation of *Mwongozo*-The Code of Governance for State Corporations. The University has adhered to the corporate governance principles as contained in the *Mwongozo* code as outlined below;

1. The composition and size of the board provided a diversity of gender, competencies and skills required for the effective leadership of the University
2. The Council provided strategic direction to the University, exercised control and remained accountable to the relevant shareholders
3. The Council ensured that Council members are inducted and that their skills and knowledge were continually developed to enhance effectiveness
4. The performance of the Council, its committees and individual directors were evaluated.
5. The Council ensured effective, accurate, timely and transparent disclosure of pertinent information on the University operations and performance.
6. The Council ensured timely preparation of accurate financial statements
7. The Council ensured that effective processes and systems of risk management and internal controls are in place
8. The Council ensured that the procurement process is cost effective and delivers value for money
9. The organization committed to operate ethically and promote corporate social responsibility and investments

10. The organisation complied with the Constitution, all applicable laws and regulations and in line with accepted national and international standards, as well as, the internal policies of the organisation

Council Size, Composition and Appointment

The Maseno University Council consists of nine (9) members drawn from diverse professional backgrounds appointed by the Cabinet Secretary for the time being responsible for University Education as follows -

- a) Chairperson;
- b) The Principal Secretary in the Ministry for the time being responsible for the University Education;
- c) The Principal Secretary in the Ministry for the time being responsible for Finance;
- d) Five members appointed by the Cabinet Secretary through an open process; and
- e) The Vice-Chancellor who shall be an ex-officio member and secretary to the Council.
- f) Any other officer that may be invited as required for a specified task during the meeting

Council Remuneration

The University Council members do not receive a salary. They are paid a taxable sitting allowance whenever they attend meetings of Council and Council committees. The Chairman of Council is paid a monthly honorarium as prescribed by the Government. In FY 2024/25 the University spent **Kshs.20,905,977** on Council expenses against a budget of **Kshs.27,000,000**. The reduced Council expenses were attributed to the fact that the Council was not fully constituted.

Council Committees and responsibilities

The Council through its Committees ensures effective, accurate, timely and transparent disclosure of information regarding Maseno University's operations and performance in line with the Constitution of Kenya 2010, various Acts of Parliament, regulations and guidelines. This is in addition to ensuring that the operations of the University adhere to the existing legislative frameworks and best practice.

The figure below indicates the Committees of Council;

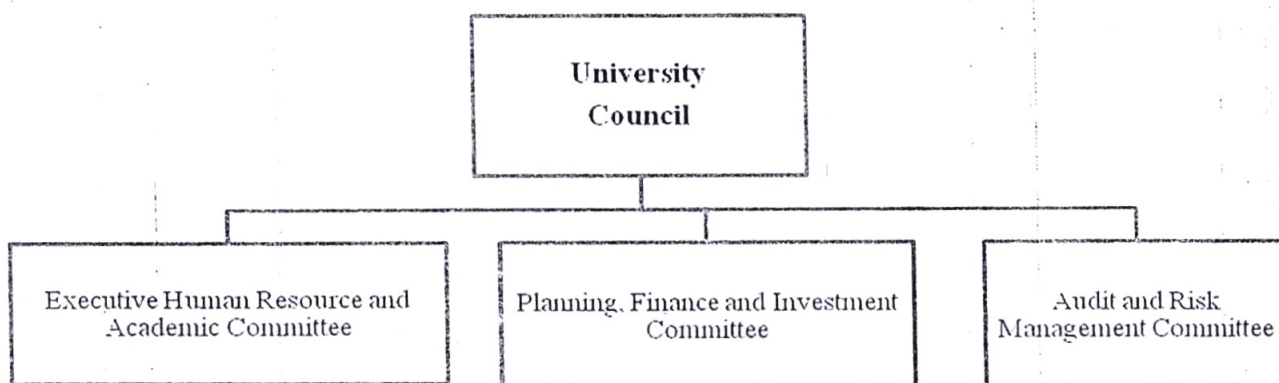


Figure 1: Committees of Council

1. Executive, Human Resource and Academic Committee

The Committee of Council has the following terms of reference;

- a) Deal with urgent and critical issues on behalf of Council as need arises and submit to Council for ratification.
- b) Receive, consider and recommend the University Statutes and make appropriate recommendations to Council for approval.
- c) Consider proposal for the application of the University Seal and submit to council for approval
- d) Consider and submit to Council approvals from the Senate on candidates for award of degrees of the University.
- e) Advertise, interview, and recommend for appointment of the Vice-Chancellor, Deputy Vice-Chancellors, Principals and Deputy Principals of Colleges and Campuses through a competitive process and report to the Council for ratification.
- f) Conduct interviews for employment, appointment and promotion of senior members of faculty and management from grade 14 and above.
- g) Co-ordinate the agenda and conduct of committees and advice council on their performance
- h) Develop, execute, monitor and report to council on the performance of Vice-Chancellor, Deputy Vice-Chancellors and Principals of Colleges
- i) Receive recommendation from Senate of the names of top three applicants for the position of Chancellor, ranked by the alumni association and report to the council for noting and onward transmission to the Cabinet Secretary.
- j) Receive, consider and/or approve proposal for affiliations, linkages, partnerships and associations and report to the council for ratification
- k) Oversee the conduct of interviews for employment, appointment and promotion of members of faculty and staff from grade 13 and below and submit reports to council;
- l) Consider and recommend for approval terms and conditions, of service; criteria for recruitment, appointment and promotion of staff;
- m) Oversee the development and implementation of a Human Resource strategy;
- n) Receive and consider reports on staff welfare;
- o) Receive and consider proposals for the provision of Occupational Safety and Health facilities and systems for staff and students;
- p) Receive, consider and recommend for approval regulations governing students and staff conduct and discipline;
- q) Receive, consider, discuss and recommend to council proposals on staff establishment of the University;
- r) Adjudicate on staff and student disciplinary appeals;

- s) Oversee the mainstreaming into policies and practices on gender balance, equality of opportunities, equalisation of persons with disabilities, minorities and other marginalised groups and submit reports to Council;
- t) Receive reports on gender balance, equality of opportunities, equalisation of persons with disabilities, minorities and other marginalised groups;
- u) Receive and consider reports from Senate and make recommendations to Council on Academic Matters
- v) Receive and consider reports on students' welfare;
- w) Oversee the constitution of an Alumni Association and receive reports on their proposals and recommendations
- x) Transact any other business as directed by Council

2. Planning, Finance and Investment Committee

The Committee of Council has the following terms of reference;

- a) Receive, consider and recommend for Council approval, annual estimates of revenue and expenditure and overseeing compliance of budgetary allocation as approved within its annual budgets.
- b) Generate and receive proposals for subscription, donations and bequest for onward transmission to Council for consideration
- c) Oversee proper recording of accounts of the income, expenditure and assets of the University and submission of financial reports as by law required.
- d) Oversee proper vesting of all immovable property, shares, funds and securities in the name of the University
- e) Receive and consider for onward transmission to Council proposal for investing University funds subject to legal requirements
- f) Receive for consideration and onward transmission to Council reports on management and administration of University property
- g) Receive and consider proposals for University fees and any other charges and recommend to the council for consideration and approval
- h) Receive recommendation for onward transmission to Council on scholarships, bursaries and other awards
- i) Receive proposals on opportunities for investments, for processing and onward transmission to council for consideration and approval
- j) Receive and consider proposals on acquisition of fixed assets and recommend to Council for appropriate action.
- k) Receive, consider and submit for Council approval the annual Procurement Plan of the University;
- l) Receive reports on performance of University investments and submit proposals for Council consideration oversee the development, review and implementation of the University Strategic Plan in conformity with the medium term fiscal framework and policy objectives

- m) Recommend for Council approval the sale, purchase, exchange, lease, or take on of movable and immovable property;
- n) Subject to the laid down government procedures, to recommend for Council approval the borrowing of money on behalf of the University; Mortgaging or charging all or any part of movable and immovable property.
- o) Receive for consideration and recommendation to Council opening, and/or closing of bank account(s) for the funds of the University;
- p) Receive, consider and make recommendation to Council on reports of implementation of the University Master Plan bi-annually;
- q) Receive, consider and submit for Council approval proposals on new projects;
- r) Review the performance of all ongoing projects and submit reports to Council on a quarterly basis;
- s) Transact any other business as directed by Council

3. Audit and Risk Management Committee

The Audit and Risk Management Committee has the following terms of reference;

- a) Receive, review and recommend internal control mechanisms towards improving efficiency, effectiveness, transparency and accountability;
- b) Receive and discuss internal and external audit reports and make recommendations to Council;
- c) Review and oversee the settlement and implementation of recommendations from the Public Accounts and Public Investments Committees (PAC/PIC)
- d) Review and regularly report to Council on the effectiveness and efficiency of the internal audit function;
- e) Review Management procedures and make proposals to Council for mainstreaming of Risk Management, Controls and Governance;
- f) Review and submit proposals to Council on improvement of efficiency and effectiveness of Management systems, including and not limited to high risk areas such as public finance, human resource, academic programs, and general internal controls;
- g) Review and submit a report to Council on compliance with policies, laws, regulations, procedures, plans, and ethics;
- h) Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency;
- i) Transact any other business as directed by Council.

Attendance of Meetings

The frequency of meetings is provided for by article 8 (1a) of the State Corporations Act which states that; “the Council of every state corporation shall meet not less than four times in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting.” The Maseno University Council meets as per the Council Almanac prepared and approved every year. Special meetings are held as and when necessary. The Maseno University Council works through its various committees which report to the full Council.

The attendance of the meetings during the year is as captured on Tables 2, 3, 4 and 5 below;

Council Attendance of Meetings

Table 2: Full Council Meetings

	Name	Designation	Date of Meeting										Attendance Proportion
			09-07-24	29-08-24	20-09-24	08-10-24	18-10-24	05-11-24	10-01-25	17-01-25	19-03-25	18-04-25	
1	Prof. Naftali. Omolo-Ongati	Chair	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
2	Mr. Ponyochi Kunyobo	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
3	Dr. Matilda C. Sang	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
4	Mr. Darius G. Isaboke	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
5	CPA Judith M. - Nyakawa	Rep PS TNT	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
6	Mr. Douglas Mutua	Rep PS SDHE	Yes	No	No	No	No	No	No	No	No	No	10%
7	Mr. Jim Maina Chira	Rep PS SDHE	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	90%
8	Prof. Julius O. Nyabundi	Secretary	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%

Table 3: Executive, Human Resource and Academic Committee

	Name	Designation	Date of Meeting									Attendance Proportion
			08-07-24	29-08-24	07-10-24	18-10-24	05-12-24	09-01-25	17-01-25	18-19 March 2025	07-04-25	
1	Prof. Naftali. Omolo-Ongati	Chair	No	Yes	No	Yes	Yes	No	Yes	Yes	No	56%
2	Mr. Ponyochi Kunyobo	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
3	Dr. Matilda C. Sang	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
4	Mr. Darius G. Isaboke	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
5	CPA Judith M. - Nyakawa	Rep PS TNT	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%
6	Mr. Douglas Mutua	Rep PS SDHE	Yes	No	No	No	No	No	No	No	No	11%
7	Mr. Jim Maina Chira	Rep PS SDHE	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	89%
8	Prof. Julius O. Nyabundi	Secretary	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%

Table 4: Planning, Finance and Investment Committee

	Name	Designation	Date of Meeting						Attendance Proportion
			08-07-25	29-08-24	20-09-24	07-10-24	09-01-25	07-04-25	
1	Mr. Ponyochi Kunyobo	Member	Yes	Yes	Yes	Yes	Yes	Yes	100%
2	Dr. Matilda C. Sang	Member	Yes	Yes	Yes	Yes	Yes	Yes	100%
3	CPA Judith M. - Nyakawa	Rep PS TNT	Yes	Yes	Yes	Yes	Yes	Yes	100%
4	Mr. Douglas Mutua	Rep PS SDHE	Yes	No	No	No	No	No	17%
5	Mr. Jim Maina Chira	Rep PS SDHE	No	Yes	Yes	Yes	Yes	Yes	83%
6	Prof. Julius O. Nyabundi	Secretary	Yes	Yes	Yes	Yes	Yes	Yes	100%

Table 5: Audit and Risk Management Committee

	Name	Designation	Date of Meeting						Attendance Proportion
			05-07-24	30-09-24	28-11-24	08-01-25	04-04-25	13-04-25	
1	Mr. Darius G. Isaboke	Member	Yes	Yes	Yes	Yes	Yes	Yes	100%
2	CPA Judith M. - Nyakawa	Rep PS TNT	Yes	Yes	Yes	Yes	Yes	Yes	100%
3	Douglas Mutua	Rep PS SDHE	Yes	No	No	No	No	No	17%
4	Jim Maina Chira	Rep PS SDHE	No	Yes	Yes	Yes	Yes	Yes	83%
5	Elizabeth Gombe	Secretary	Yes	Yes	Yes	Yes	Yes	Yes	100%

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

1.0 REVENUE

Maseno University recorded revenue of **Kshs.5,439,550,260** in the FY 2024/2025 as compared to budget of **Kshs.5,218,354,035**. Out of the reported revenue, the University collected **Kshs.3,989,956,529** leaving outstanding student receivables of **Kshs.1,449,593,731** which was not disbursed as at the end of the Financial year. These debts are made up of scholarships and loans from Universities Fund and Higher Education Loans Board amounting to **Kshs.983,731,932**, and household portion amounting to **Kshs.465,861,799**. The Management continues to pursue the students for payment of the House Hold component and the Government and its relevant agencies on the disbursement of these funds.

These funds are urgently needed to help the University address the expenditure item for which the funds were earmarked for. These include but not limited to commencement of the Construction of the Modern Sciences Laboratories budgeted at **Kshs.590,485,381**, recruiting, teaching and other administrative staff budgeted at **Kshs.97,558,704** among others.

The total revenue is itemised as indicated in Table 6.

Table 6: Revenue streams of the University

	2024/25	2023/24
	Kshs	Kshs
Transfers from Other Government Entities - Grants	1,527,582,468	1,303,867,243
Transfers from Other Government Entities - Assets	120,128,200	-
Public Contributions - Research Grants	242,737,417	177,653,847
Revenue from exchange transactions	3,448,633,902	2,456,575,877
Capital and Development Income	100,468,273	97,934,364
TOTAL	5,439,550,260	4,036,031,331

1.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions is made up of Government recurrent capitation in FY2024/25 of **Kshs.1,527,582,468**, initial recognition of transfers of the assets of Odera Akang'o campus from Moi University to Maseno University of **Kshs.120,128,200** and **Kshs.242,737,417** being revenue from research grants.

1.2 Revenue from Exchange Transactions

During the year, the University realised total revenue from exchange transactions of **Kshs.3,448,633,902**. However as at the end of the Financial Year, **Kshs.1,449,593,731** had not been disbursed or collected from students thereby exposing the University to financial constraints.

2.0 RECURRENT EXPENDITURE

The total expenditure during the FY 2024/2025 was **Kshs.4,121,275,769** as compared to budget of **Kshs.4,366,240,118**. The University managed to contain its expenses to the available financial resources. The total expenditure is as itemised in table 7 overleaf

Table 7 Schedule of Recurrent Expenditure

	2024/25	2023/24
	Kshs	Kshs
Use of Goods and Services	776,694,104	640,571,940
Employee Costs	2,699,733,933	2,459,679,625
Council Expenses	20,905,977	14,379,043
Depreciation and Amortization	175,048,279	168,989,354
Repairs and maintenance	53,142,023	51,227,497
Contracted Services	133,527,658	114,234,410
Finance Costs	75,250,660	56,943,573
Corporation Tax	72,224,361	4,760,377
Other Losses (Impairment)	114,748,774	2,650,555
Total Expenditure	4,121,275,769	3,513,436,374

2.1 Employee Cost

The payroll related costs for the year was **Kshs.2,699,733,933** compared to the budget of **Kshs.2,819,298,294** resulting in a positive variance of 4%

2.2 Use of goods and services

Use of goods and services amounted to **Kshs.776,694,104** as compared to the budget of **Kshs.787,237,764** resulting in positive variance of 1%.

2.3 Repairs and maintenance

Repairs and maintenance was **Kshs.53,142,023** against the budget of **Kshs.65,500,000** resulting in a positive variance of 19%

2.4 Contracted expenditure

Contracted services was **Kshs.133,527,658** against the budget of **Kshs.157,000,000** resulting in a positive variance of 15%.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability Strategy and Profile

The University sustainability strategy is informed by the Sustainable Development Goals as defined by the United Nations. Global supply-based shocks, high inflation, extreme weather conditions continue to impact implementation of initiatives geared towards Vision 2030. The University recognizes its role as a partner in attaining Vision 2030 and has identified areas of operations as key to the attainment of sustainability.

ii) Environmental Performance

Maseno University is at the forefront in the advancement of environmental knowledge and practice (SDG 13 Action to Combat Climate change). The University has given sufficient intellectual and scholarly backing to the increasing emphasis on environmental management in the country. The University also requires a framework for developing its environmental management systems and a monitoring plan to ensure efficient environmental performance. Accordingly, the University has explored environmental issues within its operations, and has developed environmental sustainability policy and Solid Waste Management Policy. These policies are instrumental in ensuring that all its activities and entire operations are environmentally sound and are following the regulatory laws.

In compliance with the conservation of biological diversity, the University has a tree nursery managed by the Farm Manager. Tree planting is in progress and the University has planted 24,400 during the financial year 2024/2025.

iii) Employee welfare

The University recruitment process was guided by Constitution of Kenya, 2010, Employment Act, 2007, University Statute, Recruitment Policy (embedded in the University in Human Resource Policy & Procedures Manual), Collective Bargaining Agreements (CBAs), 2021/2025 and University Terms and Conditions of Service. These policies were subjected to stakeholder participation during their development and reviews which are done every Three (3) years as when due. In the FY 2024/2025, the University attained the one third gender rule requirement on recruitment, where a total of 44 staff were recruited, 27 (61.4%) were male and 11 (38.6%) were female respectively of the total workforce, the one third gender rule was upheld as there were 455 (42.6%) female and 613 (57.4%) male respectively. The University promotes wellbeing of its staff by complying with the provisions of the Safety and Health Policy which is embedded in the University in Human Resource Policy & Procedures Manual and OSHA, 2017.

iv) Marketplace practices

a) Responsible competition practices

The University has embraced transparency in its operations; with clear admission criteria, fees requirements and academic progression. Maseno University operates an e-Campus that offers virtual and online learning to students who are not able to attend full time programmes.

b) Responsible Supply chain and supplier relations

The University identified and selected its suppliers and service providers through a competitive tendering and prequalification process as per the Public Procurement and Asset Disposal Act 2015 and Regulations 2020. The University has ensured that suppliers are paid as per the approved credit period of 60 days and contractors are paid once the interim completion certificates are submitted. Priority was given to special interest groups and locally made goods as provided for in the Public Procurement and Asset Disposal Act 2015 and Regulations 2022.

c) Responsible marketing and advertising

Maseno University maintains ethical marketing practises by providing quality teaching, learning, research and examination thus attracting students. The University recorded a high intake of first year students who undertook courses at Maseno. The University utilised the website and print media to advertise for vacancies and pass information to students and stakeholders. Installation of hotspots across the University allows Internet access creating opportunities for staff and students to network, learn, and research and outreach all of which market the institution and its programmes through service delivery.

d) Product stewardship

The University upheld quality in all the academic programmes through quality teaching, prompt release of examination results and graduation of students as scheduled. The University has a Directorate of Quality Assurance which monitors, evaluates and enforces compliance to all University processes.

v) Corporate Social Responsibility / Community Engagements

Maseno University through the Schools of Medicine and Nursing students undertook a community-based attachment that provides medical services and care to bridge existing staffing gaps in the community and Country in general. Further to these, the schools organised free medical camps that provided medical check-ups to the Communities around Maseno. The students in the School of Education offer teaching services to several secondary schools in the neighbouring counties whose staffing levels are low through teaching practice programme.

The University conducted outreach activities to farmers through technical advice and extension approaches on various food value chains including aquaculture, fisheries, animal breeding and health, crop and soil management, environmental conservation and climate related issues.

The University regularly hosts tour groups of Secondary schools from the region and other University. Visiting the University is a great way for students to learn more about University education. Our regularly scheduled visits offer students and teachers insight into Maseno University's campuses, culture and curriculum.

X. REPORT OF MASENO UNIVERSITY COUNCIL

The University Council hereby submits the FY 2024/2025 report together with the financial statements for the year ended June 30, 2025 which shows the state of affairs of Maseno University.

Principal activities

The principal activities of Maseno University are teaching, research and community outreach.

Results

The results of Maseno University for the year ended June 30th, 2025 are set out on pages 1 to 46.

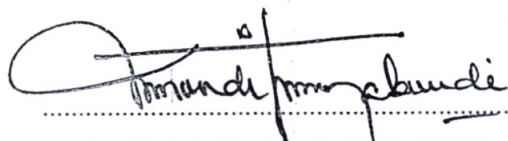
Maseno University Council

The members of Maseno University Council who served during the year are shown on pages vi to xi in accordance with Government regulations.

Auditors

The Auditor-General is responsible for the statutory audit of Maseno University, in accordance with Article 229 of the Constitution of Kenya 2010 and the Public Audit Act 2015 for the year ended June 30, 2025.

By Order of Maseno University Council



Prof. Julius O. Nyabundi, Ph.D.,OGW

Vice-Chancellor and Secretary to Maseno University Council

Dated.....06.11.2025.....

XI. STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, Section 47 of the Universities Act, CAP 210 require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for the financial year, ended 30th June, 2025. These responsibilities include:

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

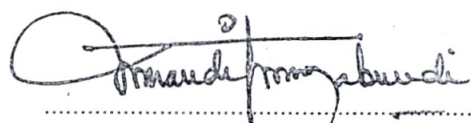
Nothing has come to the attention of the Council to indicate that the University will not be a going concern for at least the next twelve months from the date of this financial statement.

Approval of the financial statements

The University's financial statements were approved by the Board on 06. 11. 2025 and signed on its behalf by:



Prof. Naftali Omolo-Ongati, Ph.D.
Chairman of Maseno University Council



Prof. Julius O. Nyabundi, Ph.D.,OGW
Vice-Chancellor

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MASENO UNIVERSITY 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 Maseno University set out on pages 1 to 55, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Maseno University as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Recoverability of Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 22 to the financial statements reflect balance of Kshs.1,441,443,994 relating to receivables from exchange transactions. The balance is net of 5% provision for impairment of Kshs.74,030,952. However, the gross balance of Kshs.1,480,619,049 includes student debtors Kshs.1,449,593,731 an increase Kshs.1,258,955,891 or 660% from the prior year balance of Kshs.190,637,840. Management attributed the increase the removal of fee policy controls following the directive issued by the Government, which allowed students with outstanding balances to register and sit for examinations. As a result, the risk of not collecting the balance casting doubts to the adequacy of the current provision for impairment. This situation could affect the University's ability to meet its operational costs and its going concern in the long term.

In the circumstances, the accuracy and recoverability of student's debt amounting to receivables from exchange transactions Kshs.1,441,443,994 as at 30 June, 2025 could not be confirmed.

2. Non-Disclosure of Contingent Liability on Disputed Parcel of Land

The statement of financial position reflects property, plant and equipment balances of Kshs.7,223,501,942 as disclosed in Note 25 to the financial statements. Included in the balance is land valued at Kshs.2,863,450,000. However, the University is currently engaged in an ongoing legal dispute with Kenya Railways Corporation over the ownership of the land on which the Varsity Plaza occupy under valued at approximately Kshs.720 million. In September 2022, the court ruled in favor of Kenya Railways Corporation, requiring the University to surrender ownership and possession of the property. The University subsequently appealed the ruling in 18 May, 2023 a conditional stay of execution of the decree granted pending the outcome of the appeal. However, management has not disclosed the contingent liability in the annual report and financial statements contrary to IPSAS 19 on Provisions, Contingent Liabilities and Contingent Assets which sets the recognition criteria and measurement bases to be applied to provisions, contingent liabilities and contingent assets.

In the circumstances, the financial statements as prepared and presented for audit are not in compliance with IPSAS accrual reporting framework compliant.

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

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 effect of matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Unresolved 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 Control, Risk management and Governance respectively. Review of the status during the audit of the university in 2024/2025 revealed the following eleven (11) matters remained unresolved as at 30 June, 2025.

S/No.	Audit Issue
1	Property Plant and Equipment
2	Long Outstanding Receivables from Exchange Transactions
3	Long Outstanding Receivables from Non-Exchange Transactions
4	Budget Control and Performance
5	Failure to release Grants to the University by the National Research Funds
6	Non-compliance with Public Finance Management Fiscal Responsibility Principles
7	Non- Compliance with the National Cohesion and Integration Act 2008
8	Failure to Appoint University Council Members
9	Unfavorable Terms on Bank Loan
10	Understaffing of Internal Audit Department
11	Weaknesses in Enterprise Resource Planning System

2. Long - Outstanding Trade Payables

The statement of financial position and as disclosed in Note 28 reflects balance of Kshs.327,106,287 in respect of trade and other payables. However, review of the ageing analysis reflects Kshs.39,862,708 that have been outstanding for over three (3) years. No explanation has been provided for the failure to settle the payables.

Failure to settle obligations when they are due exposes the University to the risk of litigation, and incurring penalties and interest.

Other Information

The Management is responsible for the Other Information set out on page iii to xxxiv which comprise of Key Entity Information and Management, Members of the University Council, Management Team of the University, Chairman's Statement, Report of the Vice-Chancellor, Statement of Performance against Predetermined Objectives for the FY 2024/2025, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Maseno University Council and the Statement of Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis of Conclusion

1. Unfavorable Bank Loan Terms

During the year under review, the University procured a loan amounting to Kshs.100,468,272 being part of disbursement of loan facility from Equity Bank. Review of loan documents revealed that the interest rate chargeable at the time of signing the loan agreement was 14.69% per annum plus a margin of 1.31% adding up to 16% per annum. Further, loan records revealed that the bank shall maintain the right to adjust the reference rate from time-to-time and the rate shall however be subjected to the minimum interest rate specified. However, the University used an estimate rate of 21.5 % awaiting the minimum interest rate to be applied by the bank and therefore, the University Management may not be able to determine the rate to be applied and the amounts to charge as interest on the loan due to the variation of the interest rates.

In the circumstances, the University may have incurred avoidable losses due to variation of interest rates.

2. Late Remittance of Statutory Deductions

Review of the payroll records revealed that Management delayed in remittance of pay as you earn (PAYE) and National Social Security Fund (NSSF) deductions amounting to Kshs.143,713,235 and Kshs.8,370,529 respectively contrary to Section 37(1) of the Income Tax Act which states that an employer is required to deduct PAYE from employees' salaries and wages at the prevailing rates and remit the same to KRA on or before the 9th of the following month.

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

3. Failure to Undertake Motor Vehicle Inspection

Review of transport records and documents revealed that Three (3) vehicles belonging to the university had no annual vehicle inspection certificate contrary to Section 3 (2) of the Motor Vehicle Inspection Regulations, 2023 which requires that all Public Service vehicles should have an annual periodic motor vehicle inspection.

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

4. Irregular Engagement of Staff on Locum

Review of payroll records revealed that eight (8) staff employed on locum from the health department were engaged for more than six (6) months and no evidence was provided for their renewal contrary to locum staff policy dated 1 July, 2023 which states that locum staff should not be engaged for more than six months without renewal of the contracts.

In the circumstances, Management was in breach of the Locum staff policy.

5. Non-Adherence to Affirmative Action on Employment of Persons with Disabilities

Review of the staff payroll and human resource records revealed that the University has a total staff of one thousand and seventy-one (1071) out of which twenty-nine (29) or 2.7% are persons living with disability contrary to Section 13 of the Persons with Disability Act, 2003 which states that the Council shall endeavor to secure the reservation of five per cent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

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

6. Non -Compliance with the Law on Ethnic Diversity on Employment

Review and analysis of staff bio data for the year under review revealed that the University had a total of one thousand and seventy-one (1071) members of staff out of which six hundred and sixty-eight (668) or 62% are from the dominant community in the County. This was contrary Section 7(2) of the National Cohesion and Integration

Act, 2008 which requires public establishment not have more than one third of its staff from the same ethnic community.

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

7. Inadequate Access Controls over Student Revenue Processing

The statement of financial performance reflects Kshs.3,172,331,534 in respect of rendering of services – tuition fees. However, review of student fee transactions extracted from the Microsoft Dynamics 365 Business Central ERP revealed that 2,115 invoice transactions valued at Kshs.1,579,850 and 757 receipt transactions valued at Kshs.5,569,097 were processed by ICT staff who also hold system administration rights, including user management and configuration privileges which compromises access control and creates potential conflict between system operation and system oversight roles. As a result, the integrity and reliability of student-related revenue transactions could not be assured.

This is contrary to Regulation 110(1) of the Public Finance Management (National Government) Regulations, 2015, requires the Accounting Officer for a national government entity to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity, and loss of business continuity.

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

8. Irregular Receipts Numbering in Revenue Records

Review of receipt records revealed 404 receipts amounting to Kshs.1,848,830 did not conform to the University's official receipt numbering convention, which follows the format "xxx/xxxx" where the prefix represents the source of funds and the suffix is a serialized numerical identifier. The non-standard receipts lacked proper source identifiers, making it difficult to trace their origin and authenticity. Management explained that the receipts are system-generated placeholders during network interruptions. However, no audit trail or evidence was provided to confirm this explanation. The absence of standardized receipt numbers compromise the integrity of financial records, hinders reconciliation, and exposes the institution to potential revenue misstatement and fraud risk.

This is contrary to Regulations (23) (1)(c) of the Public Finance Management (National Government) Regulations, 2015 states that an accounting Officers shall, in accordance with Article 226(2) of the Constitution and section 68(1) of Public Finance Management Act, 2012, be accountable to the National Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

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

9. Failure to Update ICT Policy

Review of ICT records revealed that the ICT Policy was prepared and approved on 13 April 2018. However, it has not been reviewed since its approval, contrary to Paragraph 12(1) of the ICT Policy that require review after every two years. As a result,

the Policy has remained outdated for more than six (6) years despite significant changes in technology, rendering it ineffective in guiding the University's current ICT governance, security, and operational framework.

In the circumstances, Management was in breach of the University ICT policy.

10. Lack of ICT Steering Committee

During the year under review, it was noted that the University had not established an ICT Steering Committee as required by its ICT Policy. Consequently, key ICT governance responsibilities such as oversight of ICT risks, policy approval, and control monitoring were not formally coordinated. The absence of a functional committee weakens accountability, slows decision-making on ICT matters, and exposes the University to operational and governance risks.

This was contrary to Section 4 of the university's ICT Policy requires the establishment of an ICT Steering Committee to provide oversight on ICT governance, risk, and compliance.

In the circumstances, Management was in breach of the University's ICT policy.

11. Lack of Comprehensive Business Continuity and Disaster Recovery Plans

During the year under review, it was noted that the University did not have a comprehensive and approved Business Continuity and Disaster Recovery Plan. Further and even though the University backed up ERP data online, the backup only covered data and not the entire ERP system setup or other University information systems. In addition, there was no secondary recovery site to support restoration of operations in case of system failure or disaster.

Consequently, in the event of a major system breakdown, cyberattack, or physical disaster, the University risked significant downtime, data loss, and interruption of essential operations.

This is contrary Regulation 110(1) and (2)(d) of the Public Finance Management (National Government) Regulations, 2015 which require the Accounting Officer to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity, and loss of business continuity and that such controls include establishment of data backup and disaster recovery mechanisms to ensure continuity of operations in case of system failure or disaster.

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

12. Non-Compliance with Data Protection Requirements

During the year under review, it was noted that University had not registered as a data controller or data processor with the Office of the Data Protection Commissioner as required contrary to Section 18(1) of the Data Protection Act, 2019 which require every data controller and data processor to register with the Office of the Data Protection Commissioner (ODPC) prior to processing personal data.

Further, the University had not appointed a Data Protection Officer contrary to Section 24(1) of the Data Protection Act, 2019 which require the appointment of a Data Protection Officer (DPO) to oversee compliance with data protection principles and lawful processing of personal data.

In addition, the University had not conducted a Data Protection Impact Assessment for its key systems, including the Microsoft Dynamics 365 Business Central ERP, student information system, and other platforms that process large volumes of personal data belonging to students, staff, and other stakeholders contrary to Section 31(1) of the Data Protection Act, 2019 which require every data controller and processor to conduct a Data Protection Impact Assessment (DPIA) before implementing any system or project likely to pose a high risk to the rights and freedoms of data subjects.

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

13. Use of Obsolete Operating System and Office Licenses

During the year under review, it was established that the University continued using operating systems, application software, and network devices that had reached their End-of-Life (EOL) and no longer received security or functionality updates from the manufacturers. This includes on sample basis Cisco OS operating license with end of security support on 30 April, 2018, Cisco router with operating license that has end of security support on 8 September, 2020 and Microsoft office 2007 with end of surety support on 10 October, 2017. Continued use of unsupported devices and software exposed the University to cybersecurity risks, system failures, and compatibility challenges with newer technologies.

This is contrary to Paragraph 4.3.13(11) of the University's Information and Communications Technology Policy which states that Information owners and custodians must implement procedures to control software installation on operational software to ensure that: Operating systems of any of the University's computer systems and office suites should be upgraded to the latest versions of the software.

In the Circumstance, the integrity, confidentiality, and availability of University data and systems could not be confirmed.

14. Processing of Transactions by Unauthorized Users in the ERP System

Review of student transactions against the list of authorized system users provided for audit revealed that three (3) unauthorized users who were not included in the system user list processed twenty-seven (27) invoices amounting to Kshs.342,700 and one hundred and twenty-six (126) receipts amounting to Kshs.3,786,913 in the Microsoft Dynamics 365 Business Central ERP. Further, it is noted that the raised concerns over system integrity and accountability of recorded student revenue and the access could not be confirmed.

This contrary to Regulation 110(1) and (2) (c) of the Public Finance Management (National Government) Regulations, 2015, requires the Accounting Officer for a national government entity to institute appropriate access controls needed to minimize

breaches of information confidentiality, data integrity, and loss of business continuity and requires access controls to include segregation of duties and restriction of system access to authorized users only.

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

15. Employment of staff Beyond the Approved Establishment

Review of the human resource data of the University revealed unexplained variances in the approved staff establishment and actual staff employed as tabulated below;

Position	Establishment	In Post	Excess
Assistant procurement officer	3	4	1
Botany professors	1	3	2
Senior Technologist Botany	2	3	1
Lab attendants' human anatomy	2	4	2
Communication technology & curriculum studies clerk	1	2	1
Department of communication and media technology. Chief technician	1	2	1
Department of art & design. Demonstrator	2	3	1
Department of information technology. Lecturers	15	17	2
Department of biomedical science and technology. Senior Laboratory Technicians	1	2	1
Department of biomedical science and technology. Laboratory Technologists	2	3	1
School of arts and social sciences – deans office. Office assistant	1	2	1

Further, review of the June, 2025 payroll shows a total of 1,277 employees while the staff establishment show 1079 employees, resulting in unexplained variance of 198 employees.

This is contrary to Section B.2 (1) of the Human Resource Policies and Procedures Manual for the Public Service (2016) states that Every Ministry/State Department shall prepare Human Resource Plans to support achievement of goals and objectives in their Strategic plans. The plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs.

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

16. Staff in Acting Positions for Periods Exceeding Six Months

Review of payroll records reveal that three (3) staff have acted in higher positions for more than six months contrary to Section 3.3.4 (b of the human resource policy) which states that acting appointments period shall not exceed six (6) consecutive months. This can however be extended for another six (6) months with the approval of the Deputy Vice-Chancellor (AFD) or the University Council.

In the circumstances, Management was in breach of University's human resource policy.

17. Lack of Ethnic Diversity in Council Appointments

Review of the appointments made for the council revealed that the current composition of the University Council does not reflect the inclusivity requirements contrary to Section 36 (3) of the Universities Act states that the appointing authority consider the broader objectives of university education, with particular attention to balanced competencies, gender equity, and the inclusion of stakeholders - specifically persons with disabilities, marginalized groups, and other minorities.

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

18. Delays in Project Implementation

Review of the contract agreement for the construction of hostels complex phase II project revealed that the project was supposed to be completed in 64 weeks from the date of site possession. However, an audit inspection carried out during the month of May 2025 revealed that the project is still incomplete and has not been handed over

In the circumstances, there is no value for money due to delayed implementation of the project beyond the contract period

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 effect 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. Failure to Implement Internal Audit Recommendations

During the year under review, it was noted that the internal auditor had raised several issues covering thirteen (13) areas in their reports for the three quarters. However, as per the implementation status availed it was noted that the Management had not fully implemented the recommendations from internal audit and no workplan provided for their implementation on the issues not implemented.

In the circumstances, progressive improvements in internal controls and risk management due to failure to implement internal audit recommendations could not be confirmed.

2. Understaffing of the Internal Audit Function

Review of the University governance structure revealed that the Internal Audit Department was manned by four (4) officers, two (2) Audit Assistants, one (1) Senior audit Assistant and one (1) Deputy Chief Internal Auditor a total of eight (8) staff or 50%. However, the approved staff establishment, provide that the Internal Audit Department to have sixteen (16) officers, headed by a chief Internal Auditor which is currently vacant.

In the circumstances, the effectiveness of the University's internal controls, risk management and overall governance could not be confirmed.

3. Limited Segregation of Duties in Microsoft Dynamics 365 ERP

Review ICT records revealed that University uses Microsoft Dynamics 365 Business Central ERP for student management and financial reporting. Examination of system user roles and access rights revealed inadequate segregation of duties, where staff from the ICT Directorate were assigned both administrative and operational roles. Specifically, the ICT staff had system administration privileges, including user management and access to system logs, and were also assigned operational roles within the academic and human resource modules. These roles included Process Senate Marks, Process Graduation, Initiate Results Cancellation, Approve Results Cancellation, Create Employee, Create Employee Transactions, and Approve Payroll Closure amongst other roles. Such access gives ICT staff end-to-end control over critical academic and financial operations, enabling them to create, process, and approve transactions without independent review.

This undermines internal control, compromises data integrity, and increases the risk of unauthorized or undetected changes to the system contrary to Regulation 110(1) of the Public Finance Management (National Government) Regulations, 2015, which states that the Accounting Officer for a national government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity, and loss of business continuity and Regulation 110(2)(c), access controls include segregation of duties. In line with this, roles and responsibilities should be allocated based on approved job descriptions and defined business process activities.

In absence of segregation of duties in the system, the internal control, governance and risk management of the Microsoft Dynamics 365 Business Central ERP could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the University Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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's ability to continue to 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 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 Gatirungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

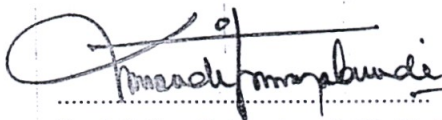
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30th June, 2025

		2024/25	2023/24
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Other Government Entities - Grants	6(i)	1,527,582,468	1,303,867,243
Transfers from Other Government Entities - Assets	6(ii)	120,128,200	-
Public Contributions and Donations - Research	7	242,737,417	177,653,847
		1,890,448,085	1,481,521,090
Revenue from exchange transactions			
Rendering of Services - Tuition Fees	8	3,172,331,534	2,243,265,574
Sale of Goods	9	103,369,156	86,620,805
Rental Income - Student Accommodation	10	96,463,000	94,479,532
Other income	11	76,470,212	32,209,966
		3,448,633,902	2,456,575,877
Total revenue		5,339,081,987	3,938,096,967
Expenses			
Use of Goods and Services	12	776,694,104	640,571,940
Employee Costs	13	2,699,733,933	2,459,679,625
Council Expenses	14	20,905,977	14,379,043
Depreciation and Ammortization	15	175,048,280	168,989,354
Repairs and maintenance	16	53,142,023	51,227,497
Contracted Services	17	133,527,658	114,234,410
Finance Costs	18	75,250,660	56,943,573
Total expenses		3,934,302,635	3,506,025,442
Other gains/(losses)			
Impairment loss	19	(114,748,774)	(2,650,555)
Surplus before tax		1,290,030,578	429,420,970
Taxation	20	(72,224,361)	(4,760,377)
Surplus for the period/year		1,217,806,217	424,660,593

	2024/25	2023/24
	Kshs	Kshs
Remission to National Treasury		-
Surplus for the period/year	1,217,806,217	424,660,593
Attributable to:		
Surplus attributable to minority interest		-
Surplus attributable to owners of the controlling entity	1,217,806,217	424,660,593
	<u>1,217,806,217</u>	<u>424,660,593</u>

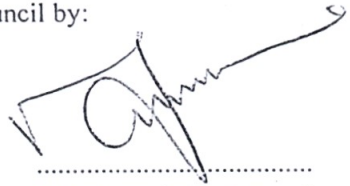
Despite the reported surplus, the University had outstanding student receivables of **Kshs.1,449,593,731** which was not disbursed as at the end of the Financial year. These debts are made up of scholarships and loans from Universities Fund and Higher Education Loans Board amounting to **Kshs.983,731,932**, and household portion amounting to **Kshs.465,861,799**. Additionally the revenue includes a one off initial recognition of transfers of the assets of Odera Akang'o campus from Moi University to Maseno University of **Kshs.120,128,200**

The notes set out on pages 9 to 49 form an integral part of the Financial Statements. The Financial Statements set out on pages 1 to 49 were signed on behalf of the Council by:



Prof. Julius O. Nyabundi, Ph.D.,OGW.
Vice-Chancellor

Date: 06.11.2025



CPA. Joseph W. Omondi
Finance Officer
ICPAK No.: 10898

Date: 06.11.2025



Prof. Naftali Omolo-Ongati, Ph.D.
Chairman of University Council

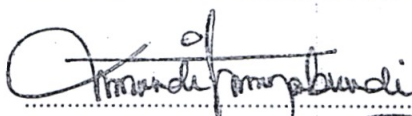
Date: 06.11.2025

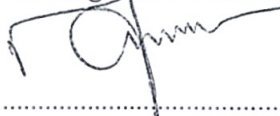
STATEMENT OF FINANCIAL POSITION


As at 30th June, 2025

	Note	2024/25 Kshs	2023/24 Kshs
Assets			
Current assets			
Cash and cash equivalents	21	515,580,958	189,165,673
Receivables from exchange transactions	22	1,441,443,994	266,042,247
Receivables from non-exchange transactions	23	-	160,454,619
Inventories	24	64,865,021	52,747,311
		2,021,889,973	668,409,850
Non-current assets			
Property, plant and equipment	25	7,223,501,942	6,555,345,407
Intangible Assets	26	226,448	7,577,797
Biological Assets	27	7,497,000	7,178,250
		7,231,225,390	6,570,101,454
Total assets (A)		9,253,115,363	7,238,511,304
Liabilities			
Current liabilities			
Trade and Other Payables	28	327,106,287	314,024,581
Refundable Deposits from Customers	29	312,281,631	9,984,200
Current Provisions	30	14,279,000	15,207,000
		653,666,918	339,215,781
Non-current liabilities			
Refundable Deposits from Customers	29	35,216,200	40,458,600
Borrowings	31	485,918,069	447,529,093
Total Non-Current Liabilities		521,134,269	487,987,693
Total liabilities (B)		1,174,801,186	827,203,474
Net assets (A-B)		8,078,314,177	6,411,307,830
Represented by:			
Revaluation Reserve		3,917,662,492	3,468,462,363
Accumulated Surplus / (Deficits)		1,082,137,613	(135,668,604)
Capital Fund		3,078,514,071	3,078,514,071
Net Assets		8,078,314,177	6,411,307,830

The Financial Statements set out on pages 1 to 52 were signed on behalf of the Council by:


 Prof. Julius O. Nyabundi, Ph.D., OGW.
 Vice-Chancellor


 CPA. Joseph W. Omondi
 Finance Officer
 ICPAK No.: 10898


 Prof. Naftali Omolo-Ongati, Ph.D.
 Chairman of University Council

Date: 06.11.2025

Date: 06.11.2025

Date: 06.11.2025

STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30th June, 2025

	Attributable to the owners of the controlling entity				Total Kshs
	Notes	Capital Fund Kshs	Revaluation Reserve Kshs	Accumulated surplus Kshs	
As at July 1, 2023		3,067,764,071	3,468,462,363	(560,329,197)	5,975,897,237
Capital grant	6	10,750,000	-	-	10,750,000
Surplus/(deficit) for the period		-	-	424,660,593	424,660,593
Transfers to/from accumulated surplus		-	-	-	-
As at June, 30 2024		3,078,514,071	3,468,462,363	(135,668,604)	6,411,307,830
As at July 1, 2024		3,078,514,071	3,468,462,363	(135,668,604)	6,411,307,830
Capital grant	6	-	-	-	-
Revaluation Gain		-	449,200,129	-	449,200,129
Surplus/(deficit) for the period		-	-	1,217,806,217	1,217,806,217
Transfers to/from accumulated surplus		-	-	-	-
As at June, 30 2025		3,078,514,071	3,917,662,492	1,082,137,613	8,078,314,177

Nature and Purpose of Reserves

The accumulated surplus comprises surpluses that have been accumulated over the years. This reserve is not distributable but is used for capital regeneration.

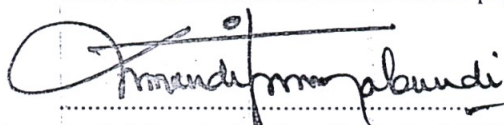
In addition, the University has a revaluation reserve that holds revaluation surpluses. The University carried out a revaluation of all its fixed assets during the year.

STATEMENT OF CASH FLOWS
For the year ended 30th June, 2025

	Note	2024/25 KShs	2023/24 KShs
<u>Cash flow from operating activities</u>			
Receipts			
Transfers from Other Government Entities - Grants	6	1,527,582,468	1,303,867,243
Public Contributions and Donations - Research	7	242,737,417	177,653,847
Rendering of Services - Tuition Fees	8	3,172,331,534	2,243,265,574
Sale of Goods	9	103,369,156	86,620,805
Rental Income - Student Accommodation	10	96,463,000	94,479,532
Other income	11	76,470,212	32,209,966
Total Receipts		5,218,953,787	3,938,096,967
Payments			
Use of Goods and Services	12	776,694,104	640,571,940
Employee Costs	13	2,699,733,933	2,459,679,625
Council Expenses	14	20,905,977	14,379,043
Repairs and maintenance	16	53,142,023	51,227,497
Contracted Services	17	133,527,658	114,234,410
Taxation	23	72,224,361	4,760,377
Total Payments		3,756,228,056	3,284,852,892
Net cashflows from/(used in)operating activities		1,462,725,731	653,244,075
<u>Cash flow from Investing Activities</u>			
Interest Received		-	-
Proceeds from disposal of assets	19	-	-
Acquisition of Fixed Assets	25	(266,525,136)	(187,337,153)
		(266,525,136)	(187,337,153)
<u>Cash flow from Financing Activities</u>			
Development grants from GOK	6	-	10,750,000
Loan Disbursements	31	100,468,273	87,184,364
Loan Repayments	31	(62,079,297)	(50,900,513)
Interest Paid	18	(75,250,660)	(56,943,573)
Inventory	24&27	(12,436,460)	4,289,769
Accounts Receivables (Current)	22&23	(1,129,695,902)	(168,840,366)
Account Payables	28,29&30	309,208,737	(223,227,734)
		(869,785,310)	(397,688,053)

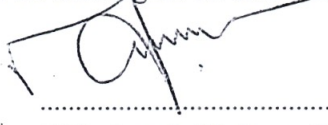
		2024/25	2023/24
	Note	KShs	KShs
Increase/(Decrease) in Cash & Cash Equivalents		326,415,285	68,218,869
Cash & Cash Equivalent at 1st July		189,165,673	120,946,803
Cash & Cash Equivalent at 30th June	21	515,580,958	189,165,672
Represented by:			
Cash and Bank balances	21	515,580,958	189,165,673
Cash in Hand		-	-
Cash and cash balances		515,580,958	189,165,673

The Financial Statements set out on pages 1 to 52 were signed on behalf of the Council by:



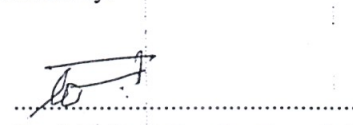
Prof. Julius O. Nyabundi, Ph.D., OGW.
Vice-Chancellor

Date: 06.11.2025



CPA. Joseph W. Omondi
Finance Officer
ICPAK No.: 10898

Date: 06.11.2025



Prof. Naftali Omolo-Ongati, Ph.D.
Chairman of University Council

Date: 06.11.2025

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the Year Ended 30th June, 2025

	Rationalized Budget 2024-2025 Kshs	Adjustments 2024-2025 Kshs	Final budget 2024-2025 Kshs	Actual on comparable basis 2024-2025 Kshs	Performance difference 2024-2025 Kshs	% of Utilization 2024-2025 %
1 Operating Revenue						
2 Transfers from Other Government Entities - Grants	1,349,364,174	178,218,294	1,527,582,468	1,527,582,468	0	100%
3 Transfers from Other Government Entities - Assets	0	0	0	120,128,200	120,128,200	0%
4 Public Contributions and Donations - Research	220,000,000	0	220,000,000	242,737,417	22,737,417	110%
5 Rendering of Services - Tuition Fees	3,063,355,531	0	3,063,355,531	3,172,331,534	108,976,003	104%
6 Sale of Goods	25,308,236	97,437,764	122,746,000	103,369,156	(19,376,844)	84%
7 Rental Income - Student Accommodation	82,000,000	0	82,000,000	96,463,000	14,463,000	118%
8 Other income	71,854,400	0	71,854,400	76,470,212	4,615,812	106%
9 Capital and Development Income	130,815,636	0	130,815,636	100,468,273	(30,347,363)	77%
10 Total income	4,942,697,977	275,656,058	5,218,354,035	5,439,550,260	221,196,225	104%
11 Expenses						
12 Use of Goods and Services	735,930,000	51,307,764	787,237,764	776,694,104	10,543,660	99%
13 Employee Costs	2,625,250,000	194,048,294	2,819,298,294	2,699,733,933	119,564,361	96%
14 Council Expenses	27,000,000	0	27,000,000	20,905,977	6,094,023	77%
15 Depreciation and Ammortization	170,000,000	0	170,000,000	175,048,279	(5,048,279)	103%
16 Repairs and maintenance	64,500,000	1,000,000	65,500,000	53,142,023	12,357,977	81%
17 Contracted Services	132,000,000	25,000,000	157,000,000	133,527,658	23,472,342	85%
18 Finance Costs	82,807,352	4,300,000	87,107,352	75,250,660	11,856,692	86%
19 Corporation Tax	69,463,825	0	69,463,825	72,224,361	(2,760,536)	104%
20 Impairment Loss	0	0	0	114,748,774	(114,748,774)	100%
21 Other Pending bills	183,632,883	0	183,632,883	0	183,632,883	0%
22 Total Expenditure	4,090,584,060	275,656,058	4,366,240,118	4,121,275,769	244,964,349	94%
23 Surplus/(Deficit) for the period	852,113,917	0	852,113,917	1,318,274,491	466,160,574	155%
25 Less: Capital and Development Expenditure	(794,491,017)	0	(794,491,017)	(266,525,136)	(527,965,881)	34%
26 Surplus/(Deficit) after Development Expenditure	57,622,900	0	57,622,900	1,051,749,355	(61,805,308)	0%
27 Principal Loan Repayments	57,622,900	0	57,622,900	62,079,297	(4,456,397)	108%
28 Overall Surplus/(Deficit)	0	0	0	989,670,058	(66,261,705)	0%

Budget Notes

The budget performance for the period is outlined below;

a) Budget Adjustments

#	Particulars	Adjustments	Explanation of the adjustment
		2024-2025	
	Revenue	Kshs	
2	Transfers from Other Govt. Entities - Grants	178,218,294	Allocation from the Supplementary Budget II to facilitate implementation of CBA 2021-2025
6	Sale of Goods	97,437,764	Adjusting Hotel Income Budget from Net Income to Gross Income for it to be comparable to the Annual report
	Total	275,656,058	
	Expenses		
11	Use of Goods and Services	51,307,764	Adjustment of expenses by Hotel expenditure and reclassifications to be in line with the Annual Report
12	Employee Costs	194,048,294	Adjustment of expenses by Hotel payroll expenditure, CBA implementation expenses and reclassifications to be in line with the Annual Report
15	Repairs and maintenance	1,000,000	Reclassifications to be in line with the Annual Report
16	Contracted Services	25,000,000	Reclassifications to be in line with the Annual Report
17	Finance Costs	4,300,000	Reclassifications to be in line with the Annual Report
	Total	275,656,058	

b) Budget Performance**1. Income**

- a) The income from research improved due to an increase in funding of proposals by the funding agencies.
- b) The increase in tuition Income target was exceeded due to the introduction of the Student-Centered Funding Model by the Government.
- c) Income from sale of goods which captures sales from University Enterprises did not perform well due to low business during the year.
- d) Rental income from Student Accommodation performed well due to increased bed space from Student Hostel Phase I and II
- e) Capital and Development income failed to meet target due to non-receipt of all planned disbursements from Equity Bank due to delay in settlement of

2. Expenditure

- a) The University pursued cost containment measures and these resulted in lower absorption of the budgets for Repairs and Maintenance and contracted services
- b) Expenditure on Council Expenses was below budget as the Council is not fully constituted.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. General Information

Maseno University is established by and derives its authority and accountability from the Universities Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in the Republic of Kenya. The University's principal activity is teaching and research.

Note 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 revalued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University.

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

Note 3. Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30th 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	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use of assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.
IPSAS 45-Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.

Standard	Effective date and impact:
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul 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 basis called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></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>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For & Evaluation of</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Standard	Effective date and impact:
Mineral Resources	<ul style="list-style-type: none"><li data-bbox="368 304 1422 371">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.<li data-bbox="368 371 1422 483">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.<li data-bbox="368 483 1422 642">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.

iii. Early adoption of standards

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

Note 4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions- IPSAS 23

Revenues from non-exchange transactions (Government grants) are measured at fair value and recognized on obtaining control of the asset with the exception of cases where from past experience it is more likely than not the University will obtain control of the asset. In such a case the revenue is recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

The University recognizes revenues from non-exchange transactions from other entities (non-government) when the event occurs and the asset recognition criteria are met. 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 University and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions- IPSAS 9

Rendering of services- Tuition Fees

The University recognizes revenue from rendering of services (Tuition Fees) by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Other Revenues from Exchange Transactions

The University recognizes revenue from other exchange transactions when the event occurs or by reference to the stage of completion of the service and the asset recognition criteria are met.

b) Budgetary information (IPSAS 24)

The University budget is prepared using a cash basis. IPSAS 24 requires disclosure of budget information through the Statement of Comparison of budget. The University Budget is prepared before the beginning of every financial year and is approved by the University Council. Any variations to this approved budget are taken to the University Council for further approval.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with

respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

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

d) Investment property- IPSAS 16

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 properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment- IPSAS 17

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 University 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.

Depreciation is calculated on a straight-line basis with full year depreciation charged in the year of acquisition and no depreciation in the year of disposal to write off the cost or residual values over its estimated useful life as below:

Computers	-	33.3% per annum on Cost
Motor Vehicles	-	20% per annum on Cost
Plant & Equipment	-	20% per annum on residual value
Furniture & Fittings	-	20% per annum on residual value

Buildings	-	2% per annum on Cost/ residual value
Land	-	not depreciated as it is deemed to have an indefinite life

Gains and Losses on disposal of property, plant & equipment are determined by reference to their carrying amount and are taken into account in determining the operating profit.

f) Leases - IPSAS 13

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the University. 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 - IPSAS 31

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The University has elected to amortize its intangible assets over a useful life of 5 years (20% per annum straight line).

h) Research and Development Costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University 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) Biological Assets - IPSAS 27

Maseno University recognizes a biological asset or agricultural produce when and only when:

- The University controls the asset as a result of past events;
- It is probable that future economic benefits or service potential associated with the asset will flow to the University; and
- The fair value or cost of the asset can be measured reliably.

A biological asset shall be measured on initial recognition and at each reporting date at its fair value less costs to sell. The fair value of the biological asset is based on its present location and condition.

Livestock are measured at their fair value less costs to sell. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

Any gains or losses arising from the measurement at the year-end as a result of physical gains is recognized in the statement of financial performance.

j) Financial instruments - IPSAS 29

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.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are subsequently measured at cost, less impairment; losses arising from impairment are recognized in the surplus or deficit. The policy on impairment of receivables was developed and approved in January 2017.

The University has elected to give an allowance of 5% of the total trade receivables and Student debtors as an impairment allowance for receivables.

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.

k) Inventories - IPSAS 12

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.

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 University.

l) Provisions - IPSAS 19

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.

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. Provisions were raised and management determined an estimate based on the information available.

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

m) Contingent Liabilities

The University has a number of cases in court that are at various stages of litigation. The outcomes of the cases are not known and the amount of the obligation cannot be measured with sufficient reliability.

n) Nature and Purpose of Reserves

The accumulated surplus comprises surpluses that have been accumulated over the years. This reserve is not distributable but is used for capital regeneration.

In addition the University has a revaluation reserve that holds revaluation surpluses

o) Changes in accounting policies and estimates - IPSAS 3

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.

p) Employee benefits - IPSAS 25

Retirement benefit plans

The University provides retirement benefits for its employees. The University operates a defined contribution retirement benefit scheme for all employees. The Defined contribution plans are postemployment 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 assets of the scheme are held in a separate trustee administered fund that is funded by contributions from both the University and the Employees. The University's contributions to this scheme are charged against income in the year in which they become payable. Benefits are paid to retiring staff in accordance with scheme rules.

q) Foreign currency transactions- IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Balances that are in foreign currency are carried in the books of the University at the closing rate.

r) Borrowing costs- IPSAS 5

Borrowing costs have been charged to the statement of financial performance. In the event that borrowing costs relate to funds borrowed for the construction of an asset, then these costs are capitalized.

s) Related parties- IPSAS 20

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events - IPSAS 14

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

Note 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:

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in **Note 30**.

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.

Note 6. Transfers from other Government entities

(i) Transfers from Other Government Agencies - Grants

	2024/25 KShs.	2023/24 KShs.
Unconditional grants		
Operational grant- Capitation	1,527,582,468	1,303,867,243
	<u>1,527,582,468</u>	<u>1,303,867,243</u>
Conditiona! grants		
Development grant	-	10,750,000
	-	<u>10,750,000</u>
Total government grants and subsidies	<u>1,527,582,468</u>	<u>1,314,617,243</u>
Government grants and subsidies - Capital	-	10,750,000
Government grants and subsidies - Operating	1,527,582,468	1,303,867,243
Total government grants and subsidies	<u>1,527,582,468</u>	<u>1,314,617,243</u>

The capital grants are conditional grants from the national government; these amounts received from the government are for specific development projects as per the national government printed estimates for the specific year. The University did not receive any development grants during the year.

(ii) Transfers from Other Government Agencies - Assets

	2024/25 KShs.	2023/24 KShs.
Transfer from Moi University of Odera Akango Campus	120,128,200	-
	<u>120,128,200</u>	-

The University undertook a first-time recognition of the transfer of assets from Moi University. These assets form the Odera Akango campus. The first-time recognition is in line with IPSAS 23 Revenue from Non-Exchange Transactions.

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Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2024/25	Prior year 2023/24
	KShs	KShs	KShs	KShs	KShs
State Department for University Education and Research	1,527,582,468	-	-	1,527,582,468	1,314,617,243
Moi University	120,128,200	-	-	120,128,200	-
Total	1,647,710,668	-	-	1,647,710,668	1,314,617,243

Note 7. Public Contributions and Donations - Research Grants

	2024/25 KShs.	2023/24 KShs.
Research grants	242,737,417	177,653,847
	242,737,417	177,653,847
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year	-	-
Current year receipts	242,737,417	177,653,847
Conditions met - transferred to revenue	242,737,417	177,653,847
Conditions to be met - remain liabilities	-	-

The research grants were received by various researchers on their successful project proposals to various donors. The policy of the University is to record the research grant as income in the year in which it is received.

Note 8. Rendering of Services - Tuition Fees

	2024/25 KShs.	2023/24 KShs.
Tuition Fees Incomes		
Main Campus Tuition Fees	2,937,378,108	1,980,934,906
Kisumu Campus Tuition fees	202,837,742	246,902,434
E-learning	32,115,684	15,428,234
Total Revenue from Tuition Fees	3,172,331,534	2,243,265,574

The increase in tuition income as compared to last year was as result of the implementation of the Student-Centered Funding Model by the Government, which is in its second year of implementation.

Note 9. Sale of Goods and Services

	2024/25	2023/24
	KShs.	KShs.
Farm Sales	1,376,274	1,855,931
Kisumu Hotel Restaurant sales	62,972,721	48,262,290
Kisumu Hotel bar sales	8,644,720	6,365,430
Kisumu Hotel Stationery sales	3,940,875	4,081,000
Kisumu Hotel equipment Hire	2,245,600	2,233,100
Kisumu Hotel Laundry Charges	192,386	929,410
Kisumu Hotel Hall Hire	2,785,400	2,589,100
Kisumu Hotel swimming pool charges	1,070,700	801,700
Kisumu Hotel Gift Shop and Photocopy Sales	785	1,430
Kisumu Hotel - Room Income	10,825,100	9,508,600
Catering Food Sales	9,314,595	9,992,814
Total of Sale of Goods	103,369,156	86,620,805

Note 10. Rental Income - Student Accommodation

	2024/25	2023/24
	KShs.	KShs.
Student Accommodation Fees	96,463,000	81,952,500
Operating lease revenues - Varsity Plaza	-	10,111,032
Staff Houses	-	2,416,000
	96,463,000	94,479,532

Starting this financial year, Operating Lease revenues - Varsity Plaza and income from Staff Houses, have been reclassified to other incomes.

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Note 11. Other Incomes

	2024/25	2023/24
	KShs.	KShs.
Convocation Fees	28,379,500	21,800,310
Salary Pay In lieu of notice	960,058	39,490
Student and Staff Surcharge & Fines	2,837,625	2,506,453
Library Fines & Books Disposal and other Misc.	2,812,048	1,060,559
Foreign Exchange Gain	4,143,176	-
Water Sales	97,153	106,435
Interest Income	-	127,500
Misc. Income-Health	119,160	30,240
Sale Of Postgraduate and SSP Forms	2,883,029	2,698,626
Refunds on Charges	-	380,100
Library Binding Services	203,900	410,550
Disposal Catalogue	-	91,000
East Africa University Games Income	15,038,983	-
Ethical Review Charges	2,042,786	2,958,703
Gain on Biological Assets	318,750	-
Operating lease revenues - Varsity Plaza	14,241,681	-
Staff Houses	2,392,363	-
Total revenue from Other incomes	76,470,212	32,209,966

Note 12. Use of Goods and Services

	2024/25	2023/24
	KShs.	KShs.
Stationery & Stores	20,675,874	16,209,822
Travelling & Accommodation	9,376,859	10,817,934
Teaching materials	6,695,153	5,069,633
Office Entertainment	1,536,830	1,560,829
Field Trips/Industrial Attach.	20,169,730	7,010,477
Supply of Electricity	34,942,109	38,976,427
Intervarsity Games (East Africa University Games)	25,147,959	-
Students Activity	44,727,816	41,955,239
Purchase of Cleaning Materials	10,165,135	12,885,145
Telephone Expenses	582,794	1,402,510
Legal Expenses & Fees	4,975,366	4,217,829
Advertising & Publicity	2,284,012	665,334
Senate Expenses	-	370,897

	2024/25	2023/24
	KShs.	KShs.
Postal Expenses	32,675	48,075
Motor Vehicles and Generator fuel	32,686,722	30,810,474
Transp. Oper. Expenses - Tyres	5,475,608	4,287,317
Rent & Rates	2,672,288	2,797,805
Water Bill Charges	36,403,625	23,976,524
Cooking Fuel/Gas	4,415,445	3,931,525
Examination Material	6,864,101	9,603,850
Teaching Practice Expenses	11,761,550	7,995,860
Purchase of Library Books	875,241	2,786,512
Library Management System license renewal	2,475,250	1,293,445
Research Operation & Outreach	235,620	140,300
Research Programme	199,622,716	176,616,189
Admission Related Expenses	154,400	233,920
Alumni Expenses	-	17,600
External Examiners	8,698,432	7,328,683
Uniforms & Clothing	1,737,152	367,098
Licenses & Fees	64,600	-
IGA - Purchase of Food	34,525,015	26,974,920
Review of curriculum	-	50,000
Renewal of Driving License	11,350	37,850
Calibration Of equipment	-	1,153,076
Broadcasting Frequency - License	-	45,000
Community Health Attachment	6,439,950	6,821,456
Audit Fees Expenses	928,000	928,000
Animal Feeds	7,917,805	10,508,950
Livestock Drugs	30,000	1,844,372
Crop Inputs and Land preparation	34,830	113,725
Farm Maintenance	394,225	275,000
Veterinary Services	55,000	85,000
Hotel Purchase of Food	16,229,407	11,733,635
Hotel Bar Purchases	5,448,669	4,090,499
Hotel Catering Levy	14,137,366	11,405,907
Hotel Operational Expenses ¹	19,304,041	19,577,272
Purchase of Drugs	19,265,004	17,787,417
Payment of Medical Bills.	69,467,831	49,057,135
Dental Optical Services	5,769,992	5,495,151

¹ Captures hotel operational costs such as utilities, stationery, cleaning materials, repairs, staff meals, laundry, DSTV etc.

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	2024/25	2023/24
	KShs.	KShs.
Staff Development	3,377,105	2,565,690
Staff Welfare (Last Expense)	843,600	861,291
Student Work Study Programme	999,675	817,250
Environmental Awareness	276,850	51,270
Fee waiver benefit	2,609,003	5,655,951
Graduation Expenses	8,534,274	11,589,016
Kenya Music Festival	-	882,800
Glassware and Consumables	716,010	22,700
PGDE - Teaching Expenses	2,498,800	1,460,400
Planning Studio	571,900	568,400
Students Smart Identification Cards	2,726,000	1,135,500
KUCCPS Expenses	10,209,000	6,107,000
CUE Expenses - Quality Assurance	14,022,000	7,802,000
Accreditation of New Programs - CUE	2,390,000	1,600,000
Subscriptions & Journal	-	1,161,410
Disposal Expenses	-	4,935
ICT Maintenance & Software	1,359,000	1,034,829
ISO Certification Expenses	2,303,648	-
Strategic Plan Expenses	190,400	1,019,000
Corporate Subscriptions	3,777,036	6,210,433
Professional Membership Fees	78,800	163,745
Disability Mainstreaming Expenses	-	52,000
Gender Mainstreaming	72,625	-
HIV Mainstreaming	440,000	258,100
Medical Staff Registration and Licenses	129,000	-
Foreign Exchange Loss	885	2,194,450
Network Access & Expansion	2,302,316	442,758
Cuisine Day	1,042,140	121,000
Performance Contract Expenses	666,000	1,343,075
Monitoring & Evaluation	30,000	322,000
Laundry and Housekeeping	629,690	173,319
Thesis Examination	18,484,800	3,590,000
Total on Use of Goods and Services	776,694,104	640,571,940

The University has provided for **Kshs.928,000** as audit fees expense and **Kshs10,209,000** as KUCCPS expense in the current year. This is as per the previous year invoice from the Office of the Auditor General and the number of allocated students that reported in FY 2024/25.

Note 13. Employee costs

	2024/25	2023/24
	KShs.	KShs.
Basic Emoluments	1,290,540,918	1,227,967,344
House Allowance	418,010,887	423,530,241
Car Allowance + non-use of official car	24,779,019	25,034,406
Entertainment allowance	22,571,982	22,654,724
Responsibility Allowance	28,777,148	29,172,988
Telephone Allowance	8,717,656	8,666,628
Water and Electricity Allowance	6,736,171	7,116,440
Acting allowance	2,428,763	1,317,837
Special Duty Allowance	3,077,399	2,410,307
Non-practicing allowance	34,291,304	31,690,288
Book Allowance	6,663,709	6,856,128
Leave Allowance	9,849,560	9,888,433
Commuting allowance	176,002,460	180,539,640
Risk Allowance	21,394,063	23,659,473
Housing Levy - Employer	32,733,124	27,530,134
Passage and Baggage allowance	1,053,352	748,944
Gratuity & Retirement Benefits	347,951,125	257,404,175
Part-time Teaching Payments	87,174,086	57,242,829
Examination Coordination	4,161,043	4,484,403
Domestic workers Allowance	2,881,452	2,949,167
Casual Wages	10,167,688	6,785,922
Other Allowances - Extraneous allowance	47,490,986	49,644,305
Call Allowance	43,536,139	47,096,069
MUERC Allowances	964,200	1,688,800
Utility Allowance	1,180,000	-
Management Support Allowance	3,600,000	3,600,000
National CBA Arrears (CBA 2021 - 2025)	62,999,699	-
Total Employee Costs	2,699,733,933	2,459,679,625

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Note 14. Council Expenses

	2024/25	2023/24
	KShs.	KShs.
Council Expenses (Allowances, Travelling facilitation, Training etc.)	19,861,977	13,222,784
Council Chairman Honoraria	1,044,000	1,156,259
	<u>20,905,977</u>	<u>14,379,043</u>

Note 15. Depreciation and Amortization

	2024/25	2023/24
	KShs.	KShs.
Buildings	81,861,989	75,092,551
Motor Vehicles	19,452,000	27,219,648
Plant and Equipment	29,010,313	44,890,817
Furniture and Fittings	27,897,975	13,100,644
Computers	9,474,654	1,334,345
Management Information System	7,351,349	7,351,349
Total depreciation	<u>175,048,280</u>	<u>168,989,354</u>

Note 16. General Repairs

	2024/25	2023/24
	KShs.	KShs.
Maint. of Office Equipment	36,250	642,890
Maint-Water Supply/Sewerage	-	283,245
Maintenance of Grounds	-	30,000
Repair & Maintenance of Generator	-	1,071,542
Minor Works & Construction	28,308,639	36,809,844
Maintenance of Fire Equipment	2,948,375	1,221,800
Maint. of Hostels	7,353,551	2,734,962
Main. of Plant & Equip.	10,904,436	3,624,102
Transport Oper. Exp. Repairs	3,590,772	4,809,112
Total repairs and maintenance	<u>53,142,023</u>	<u>51,227,497</u>

Note 17. Contracted Services

	2024/25	2023/24
	KShs.	KShs.
Hired Security Services	70,219,554	69,942,210
Lift Maintenance	2,432,759	3,154,625
Offshore Moodle Hosting	1,505,682	1,661,135
Sanitary Expenses	1,416,250	2,203,900
Internet Services	15,889,734	20,410,194
Insurance Related Expenses	17,265,179	16,862,346
Valuation of Assets	24,798,500	-
	133,527,658	114,234,410

Note 18. Finance Costs

	2024/25	2023/24
	KShs.	KShs.
Bank Charges	5,467,789	4,253,066
Loan Processing Fee	-	2,616,000
Interest on Loan from Commercial Bank	69,782,871	50,074,507
	75,250,660	56,943,573

The University has two approved loan facilities from Equity bank. During the year the University paid Kshs.69,782,871 as interest; the increase is due to the University receiving additional disbursements from the second loan. Further disclosures on the loan facilities are contained in Note 31.

Note 19. Impairment Loss / (Gain)

	2024/25	2023/24
	KShs.	KShs.
Property Plant and Equipment	-	-
Allowance for Impairment loss on Exchange receivables	114,748,774	2,650,555
Allowance for Impairment loss on Non-Exchange receivables	51,799,015	-
	166,547,789	2,650,555

Further disclosures on this item are in Note 22 & 23.

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Note 20. Taxation

	2024/25	2023/24
	KShs.	KShs.
Corporation Tax	72,224,361	4,760,377
	72,224,361	4,760,377

A big proportion of our operations are exempt from income tax, the tax reflected above represents payment of tax liabilities arising from rental income, operations of Kisumu Hotel, interest incomes from the period 2014/15 to 2023/24.

Note 21. (a). Cash and cash equivalents

	2024/25	2023/24
	KShs.	KShs.
Current Account	11,170,425	8,838,260
Savings Account	497,601,375	159,002,487
Others (Student Current)	669,729	2,849,963
Others (Bank Guarantee)	3,000,000	3,000,000
eCitizen Deposits	3,139,429	15,474,963
Total Cash and Cash Equivalents	515,580,958	189,165,673

Cash balances held in foreign currency have been reported using the closing exchange rate by the Central Bank and respective banks. The detailed analysis of cash in the bank is provided below;

Note 21 (b). Detailed Analysis of Cash and cash equivalents

		2024/25	2023/24
	Account Number	Kshs.	Kshs.
a) Current Account			
KCB - Main Current Account	1103898094	11,170,425	8,838,260
		11,170,425	8,838,260
b) Savings Account			
Equity - Main Campus Fee Collection Account	1120297065141	290,114,010	79,985,106
KCB - Development Account	1108378056	37,905,311	11,911,290
KCB - Research Account	1107735971	32,313,843	24,169,598
KCB - Kisumu Hotel Account	1101560894	10,851,193	6,577,489
KCB - Fee Collection Account	1101561076	383,355	6,745,769
KCB - IGA Account	1108378226	44,822,064	8,488,291
KCB - Bookshop Account	1101560703	0	152,993
KCB - K-LIP Account	1160049351	0	149,737
KCB Flood Disaster Management AC - (Kshs)	1176816284	0	8,198
KCB Flood Disaster Management AC - (Euro)	1176816365	0	16,743
Standard Chartered (RES. USD)	8752524018401	52,561,921	4,059,517

		2024/25	2023/24
	Account Number	Kshs.	Kshs.
Standard Chartered (RES. EURO)	9352524018401	28,358,427	16,590,397
Standard Chartered (RES. KSH)	0102024018401	291,251	146,508
Standard Chartered (BSU USD)	8752524018400	0	851
Standard Chartered (BSU KSH)	0102024018400	0	0
		497,601,375	159,002,487
c) Others			
KCB - Student Activity KCB Current	1108266207	669,729	2,849,963
KCB Bank Guarantee	N/A	3,000,000	3,000,000
eCitizen Deposits	N/A	3,139,429	15,474,963
		6,809,158	21,324,926
Total Cash in Bank		515,580,958	189,165,673

The following bank accounts were closed during the year;

1. KCB - Bookshop Account 1101560703
2. KCB - K-LIP Account 1160049351
3. KCB Flood Disaster Management AC - (Kshs) 1176816284
4. KCB Flood Disaster Management AC - (Euro) 1176816365
5. Standard Chartered (BSU USD) 8752524018400

Note 22. Receivables from Exchange Transactions

	2024/25	2023/24
	KShs.	KShs.
Current Non-Trade receivables		
Sundry Debtors	2,691,464	3,315,204
Prepaid insurance	12,578,801	12,625,850
Imprest Outstanding	17,814,591	34,406,689
Advances to MURBS	1,771,041	5,151,839
Total non-trade receivables	34,855,897	55,499,582
	2024/25	2023/24
Current trade receivables	KShs.	KShs.
Kisumu Hotel Debtors	18,860,265	20,111,610
Varsity Plaza Rent Debtors	12,165,053	10,874,408
Student Debtors	1,449,593,731	190,637,840
	1,480,619,049	221,623,858
Less: Impairment Allowance	(74,030,952)	(11,081,193)
	1,406,588,097	210,542,665
Total Receivables From exchange transactions	1,441,443,994	266,042,247

Impairment assessment has been done on trade debtors and an allowance of 5% of total receivables outstanding provided in report for FY 2024/25.

Ageing analysis for Receivables from exchange transactions

	2024/25		2023/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,497,067,096	99%	229,639,718	83%
Between 1- 2 years	18,407,850	1%	37,416,022	14%
Between 2-3 years	-	0%	9,178,300	3%
Over 3 years	-	0%	889,400	0%
Total (a+b)	1,515,474,946	100%	277,123,440	100%

Note 23. Receivables from non-exchange contracts

	2024/25	2023/24
	KShs.	KShs.
Current receivables		
Receivable from CBA 2010/13 (IPUCCF)	51,799,015	51,799,015
SDHER - Receivable Development Grant	-	108,655,604
Less: Impairment Allowance Provision	(51,799,015)	
	-	160,454,619

Ageing analysis for Receivables from Non-exchange transactions

	2024/25		2023/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	0%	108,655,604	68%
Between 1- 2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	51,799,015	100%	51,799,015	32%
Total (a+b)	51,799,015	100%	160,454,619	100%

Note 24. Inventories

	2024/25	2023/24
	KShs.	KShs.
FARM STOCKS	4,047,671	1,641,214
STATIONERY STOCKS	21,312,505	17,125,740
CATERING STORES	2,088,215	1,541,732
MEDICAL STORES	10,051,561	9,496,659
MAINTENANCE STORES	16,280,026	7,529,645
HOSTEL STORES	3,455,573	6,240,279
KISUMU HOTEL STORE	7,185,928	8,616,876
VARSITY PLAZA STORE	443,542	555,166
Total Inventories	64,865,021	52,747,311

Note 25. Property, Plant and Equipment

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLE KSHS	PLANT & EQUIPMENT KSHS	FURNITURE & FITTINGS KSHS.	COMPUTER KSHS.	W.I.P KSHS.	TOTAL KSHS
COST/VALUATION								
Cost As at 30.06.2023	2,602,300,000	3,253,518,446	119,268,238	310,421,522	132,024,414	25,034,015	679,335,221	7,121,901,857
Additions	-	-	16,830,000	21,408,830	2,195,350	3,743,178	143,159,795	187,337,153
Transfers/adjustments	-	501,109,080	-	48,131,370	-	-	(549,240,450)	-
Disposals	-	-	-	-	-	-	-	-
Cost As at 30.06.2024	2,602,300,000	3,754,627,526	136,098,238	379,961,722	134,219,764	28,777,193	273,254,566	7,309,239,010
Additions 01.07.2024 to 30.04.2025	-	-	-	29,885,077	-	6,060,455	180,960,915	216,906,447
Cost As at 30.04.2025	2,602,300,000	3,754,627,526	136,098,238	409,846,799	134,219,764	34,837,648	454,215,481	7,526,145,457
Additions 01.05.2024 to 30.06.2025	-	-	-	17,228,150	2,110,000	186,000	30,094,539	49,618,689
Additions - Assets from Odera Akango	38,250,000	75,100,000	-	2,435,500	3,954,900	387,800	-	120,128,200
Transfers/adjustments	-	459,914,453	-	-	-	-	(459,914,453)	-
Revaluation Adjustments	222,900,000	(196,542,526)	(38,838,238)	(284,458,886)	(794,789)	(6,959,033)	-	(304,693,473)
Disposals	-	-	-	-	-	-	-	-
Cost As at 30.06.2025	<u>2,863,450,000</u>	<u>4,093,099,453</u>	<u>97,260,000</u>	<u>145,051,563</u>	<u>139,489,875</u>	<u>28,452,415</u>	<u>24,395,567</u>	<u>7,391,198,873</u>
DEPRECIATION								
As at 30.06.2023	-	261,876,816	85,068,385	155,507,636	68,716,546	21,086,214	-	592,255,597
Disposals (Revaluation)	-	-	-	-	-	(3,958,898)	-	(3,958,898)
Charge for the year	-	75,092,551	27,219,648	44,890,817	13,100,644	5,293,243	-	165,596,903
As at 30.06.2024	-	336,969,367	112,288,033	200,398,453	81,817,190	22,420,559	-	753,893,602
Revaluation Adjustments	-	(336,969,367)	(112,288,033)	(200,398,453)	(81,817,190)	(22,420,559)	-	(753,893,602)
Disposals	-	-	-	-	-	-	-	-
Charge for the year	-	81,861,989	19,452,000	29,010,313	27,897,975	9,474,654	-	167,696,931
As at 30.06.2025	-	<u>81,861,989</u>	<u>19,452,000</u>	<u>29,010,313</u>	<u>27,897,975</u>	<u>9,474,654</u>	-	<u>167,696,931</u>
NET BOOK VALUE								
As at 30.06.2024	2,602,300,000	3,417,658,159	23,810,205	179,563,269	52,402,574	6,356,634	273,254,566	6,555,345,407
As at 30.06.2025	<u>2,863,450,000</u>	<u>4,011,237,464</u>	<u>77,808,000</u>	<u>116,041,250</u>	<u>111,591,900</u>	<u>18,977,761</u>	<u>24,395,567</u>	<u>7,223,501,942</u>

Note 25.(i) Property, Plant and Equipment Revaluation

	LAND	BUILDINGS	MOTOR VEHICLE	PLANT & EQUIPMENT	FURNITURE & FITTINGS	COMPUTER	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Cost	2,602,300,000	3,754,627,526	136,098,238	379,961,722	134,219,764	28,777,193	7,035,984,444
Additions 01.07.2024 to 30.04.2025	-	-	-	29,885,077	-	6,060,455	35,945,532
Accumulated Depreciation 01.07.2024	-	(336,969,367)	(112,288,033)	(200,398,453)	(81,817,190)	(22,420,559)	(753,893,602)
Net Book Value 30.04.2025	2,602,300,000	3,417,658,159	23,810,205	209,448,346	52,402,574	12,417,089	6,318,036,374
Revalued Amount	2,825,200,000	3,558,085,000	97,260,000	125,387,913	133,424,975	27,878,615	6,767,236,503
Revaluation Surplus	222,900,000	140,426,841	73,449,795	(84,060,433)	81,022,401	15,461,526	449,200,129

The University carried out a revaluation of its assets that was adopted in May 2025 for assets that were in the records of FY 2024/25. No asset has been fully depreciated. As at 30th of June 2025 all the WIP had been transferred to completed projects other than the New Tuition Block Audio-Visual System.

Note 25. (ii) Analysis of WIP

	As at 01/07/24	Additions	Transfers	As at 30/06/25
	Kshs.	Kshs.	Kshs.	Kshs.
Tuition Block and Laboratory	-	70,315,948	(70,315,948)	-
Construction of Hostel - II	273,254,566	116,343,939	(389,598,505)	-
New Tuition Block Audio-Visual System	-	24,395,567	-	24,395,567
	273,254,566	211,055,454	(459,914,453)	24,395,567

The Work-In-Progress is composed of buildings and other long-term capital development projects that are being undertaken by the University. The only current project being undertaken is Student Hostels Phase II. The projects under work in progress are not subject to depreciation or amortisation for the duration of development. Upon completion, the project is transferred from this class of assets to the respective asset class and depreciated or amortised as appropriate.

Note 26. Intangible Assets

	MANAGEMENT INFORMATION SYSTEM KSHS.
COST/VALUATION	
As at 30.06.2023	36,756,748
Additions	-
Transfers/adjustments	-
Disposals	-
As at 30.06.2024	36,756,748
Additions	-
Transfers/adjustments	-
Disposals	-
As at 30.06.2025	36,756,748
DEPRECIATION	
As at 30.06.2023	21,827,602
Disposals	-
Charge for the year	7,351,349
As at 30.06.2024	29,178,951
Disposals	-
Charge for the year	7,351,349
As at 30.06.2025	36,530,300
NET BOOK VALUE	
As at 30.06.2024	7,577,797
As at 30.06.2025	226,448

Note 27. Biological assets

	2024/25	2023/24
	KShs.	KShs.
Biological Assets	7,497,000	7,178,250
	7,497,000	7,178,250

The University owns biological assets which are mainly livestock. The biological assets are measured at fair value less costs to sell; the fair value is established from quoted market prices less costs to sell on the respective weight of the animal.

Note 28. Trade and other payables from exchange transactions

	2024/25	2023/24
	KShs.	KShs.
PAYE	48,223,650	46,073,521
NHIF/SHIF	5,254,037	1,684,200
NSSF	1,289,920	1,111,280
NSSF (Assessment)	-	5,727,640
Pension & Gratuity	34,819,523	29,414,627
Housing Levy - Employer	5,725,088	5,167,774
Benevolent Fund	12,819,306	12,345,656
HELB Loan Repayments	110,502	121,792
Union Dues	2,387,336	1,682,958
Staff Checkoff Loans	36,660,755	37,602,068
Maseno University SACCO	4,187,370	3,945,895
Other SACCOS	68,523	14,000
Chancellor's Scholarship Fund	3,430,000	3,430,000
Trade Creditors	85,724,404	47,686,706
PAYE Arrears from CBA 2017-21	36,432,708	36,432,708
Retention on Construction contracts	49,322,017	80,932,608
Accrued Gratuity Payable	651,148	651,148
Total trade and other payables	327,106,287	314,024,581

Ageing analysis: (Trade and other payables)

	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	287,243,579	88%	274,161,873	87%
1-2 years	0	0%	-	0%
2-3 years	0	0%	0	0%
Over 3 years	39,862,708	12%	39,862,708	13%
Total	327,106,287	100%	314,024,581	100%

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Note 29. Refundable Deposits and Prepayments from Customers

	2024/25	2023/24
	KShs.	KShs.
Current Refundable Deposits		
University Fees Prepaid	268,286,176	-
Deferred Revenue	31,247,855	-
Current portion of caution money	12,747,600	9,984,200
Total Current Refundable deposits	312,281,631	9,984,200
Non-Current Refundable Deposits		
Total Caution Money	47,963,800	50,442,800
Less: Current portion of caution money	(12,747,600)	(9,984,200)
Total non-current portion of caution money	35,216,200	40,458,600

Note 30. Current provisions

	2024/25	2023/24
	KShs.	KShs.
Provision for Audit Fees		
Balance at the beginning of the year	3,633,000	3,633,000
Additional provisions raised	928,000	928,000
Provision utilized	(1,856,000)	(928,000)
Balance as at 30 June 2025	2,705,000	3,633,000

	2024/25	2023/24
	KShs.	KShs.
Provision for KUCCPS		
Balance at the beginning of the year	11,574,000	5,467,000
Additional provisions raised	10,209,000	6,107,000
Provision utilized	(10,209,000)	-
Transferred from non-current provisions	-	-
Balance as at 30 June 2025	11,574,000	11,574,000
Total Current Provisions	14,279,000	15,207,000

Note 31. Borrowings

	2024/25	2023/24
	KShs.	KShs.
a) Domestic Borrowings		
Opening Balance (500.4M Loan)	360,344,729	411,245,242
Add: Disbursements	-	-
Less: Repayments	(57,490,388)	(50,900,513)
Balance at end of the year	302,854,341	360,344,729
Less: Total current portion of bank loans	-	-
Total non-current borrowings	302,854,341	360,344,729

	2024/25	2023/24
	KShs.	KShs.
Opening Balance (218M Loan)	87,184,364	-
Add: Disbursements	100,468,273	87,184,364
Less: Repayments	(4,588,909)	-
Balance at end of the year	183,063,728	87,184,364
Less: Total current portion of bank loans	-	-
Total non-current borrowings	183,063,728	87,184,364
Grand Total of Borrowings	485,918,069	447,529,093

	2024/25	2023/24
	KShs.	KShs.
Domestic Borrowings		
Kenya Shilling loan from Equity Bank	485,918,069	447,529,093
Total balance at end of the year	485,918,069	447,529,093

During the year the University received Kshs.100,468,273 being part of the disbursement of a Kshs.218 Million bank loan and repaid Kshs.4,588,909. The University also repaid Kshs.57,490,388 of the loan principal due on an earlier Loan of Kshs.500.4Million. The overall loan balance has gone up due to disbursements that were received for the second loan.

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Note 32. Cash Generated from Operations

	2024/25	2023/24
	KShs.	KShs.
Surplus for the year before tax	1,290,030,578	432,071,525
Adjusted for:		
Depreciation	175,048,280	168,989,354
Non-cash grants received	(120,128,200)	-
Tax Paid	(72,224,361)	(4,760,377)
Contribution to impairment allowance	114,748,774	-
Finance cost	75,250,660	56,943,573
Net cash flow from operating activities	1,462,725,731	653,244,075

Note 33. Financial Risk Management

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

The University's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2025				
Receivables from exchange transactions	1,515,474,946	1,441,443,994	-	74,030,952
Receivables from non-exchange transactions	51,799,015	-	-	51,799,015
Bank balances	515,580,958	515,580,958	-	-
Total	2,082,854,919	1,957,024,952	-	125,829,967
As at 30 June 2024				
Receivables from exchange transactions	277,123,440	266,042,247	-	11,081,193
Receivables from non-exchange transactions	160,454,619	108,655,604	51,799,015	-
Bank balances	189,165,673	189,165,673	-	-
Total	626,743,732	563,863,524	51,799,015	11,081,193

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

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
As at 30 June 2025				
Trade payables	195,142,939	85,724,404	39,862,708	320,730,051
Current portion of borrowings	57,490,388	-	-	57,490,388
Provisions	928,000	-	11,986,000	12,914,000
Deferred income	12,747,600	299,534,031	-	312,281,631
Employee benefit obligation	651,148	-	-	651,148
Total	266,960,075	385,258,435	51,848,708	704,067,218

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As at 30 June 2024

Trade payables	214,928,605	47,686,706	39,862,708	302,478,019
Current portion of borrowings	50,900,513	-	-	50,900,513
Provisions	928,000	-	8,812,000	9,740,000
Deferred income	9,984,200	-	-	9,984,200
Employee benefit obligation	651,148	-	-	651,148
Total	277,392,466	47,686,706	48,674,708	373,753,880

(iii) Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

a) Foreign currency risk

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

b) Interest rate risk

Interest rate risk is the risk that the University's financial condition may be adversely affected as a result of changes in interest rate levels. The University's interest rate risk arises from the bank loan with Equity Bank. This exposes the University to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the University's loan payable.

Management of interest rate risk

To manage the interest rate risk on the loan, the management negotiated for an interest rate of 13% initial loan of Kshs.500.4Million. The management has been negotiating with Equity Bank to keep the interest rate at 16% as per the loan agreement.

Sensitivity analysis

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

assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates on the loan increase/decrease by one percentage point a decrease/increase in profit before tax of KShs.5,032,494 (2024: KShs.4,799,783). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs.25,162,468 (2024 - KShs.23,998,915).

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:

	2024/25	2023/24
	Kshs	Kshs
Revaluation reserve	3,917,662,492	3,468,462,363
Retained earnings	1,082,137,613	(135,668,604)
Capital reserve	3,078,514,071	3,078,514,071
Total funds	8,078,314,177	6,411,307,830
Total borrowings	485,918,069	447,529,093
Less: cash and bank balances	(515,580,958)	(189,165,673)
Net debt/(excess cash and cash equivalents)	(29,662,889)	258,363,420
Gearing	6.0%	7.0%

Note 34. Related Party Disclosures

a) Nature of relationships

Related party is an entity that is related to the entity preparing its financial statement. An entity is related to the reporting entity if the other entity has control or significant influence or member of key management personnel of the reporting entity. The related parties of Maseno University include;

- i) National government
- ii) Maseno University Management Board and Senate
- iii) Members of the University Council
- iv) Maseno University Retirement Benefit Scheme
- v) Kisumu Hotel (Fully Owned and operated by the University)

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b) Related party transactions

Refers to transfer of resources, services or obligations between a reporting entity and the related party regardless of whether a price is charged.

Related party transactions	2024/25	2023/24
	KShs.	KShs.
Total grants received from government	1,527,582,468	1,314,617,243

c) Due from related parties

	2024/25	2023/24
	KShs.	KShs.
Receivable from CBA 2010/13 (IPUCCF)	51,799,015	51,799,015
SDHE - Grants Receivable	-	108,655,604
Advances to MURBS	1,771,041	5,151,839
	53,570,056	165,606,458

Note 35. Contingent Assets and Contingent Liabilities

Contingent Liabilities

1. The University was enjoined in a suit whereby the ownership of the land on which the Varsity Plaza (valued at approximately 670 Million) sits on is subject to a court dispute between Kenya Railways Corporation and Maseno University. A judgement was entered against the University directing the ownership to revert to Kenya Railways. The University has since appealed this judgement. A conditional stay was granted subject to the University availing a bank guarantee of Kshs.2 Million.
2. In November 2021 NSSF carried out a compliance check on the University. As a result a principal liability of Kshs.38,723,240 was assessed and a penalty of Kshs.109,997,224 levied. The University got into a payment plan with NSSF to settle the Principal liability. As at 30th June, 2025 the University had paid the principal liability to NSSF. The University has initiated negotiations with the NSSF and crystallisation is contingent on the outcome of negotiations with NSSF concerning waiver of the amount.

Note 36. Capital Commitments

The University did not have any Capital Commitments at the end of the Financial Year.

Note 37. Taxation

The University has been reporting deficits over the years on the taxable component of its business (Kisumu Hotel) and hence has not declared any tax liabilities in the last two years.

Note 38. Events after the reporting period

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

Note 39. Ultimate and Holding Entity

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

Note 40. Currency

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

APPENDICES

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and Management comments that were provided to the auditor.

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
1	<p>Property, Plant and Equipment The statement of financial position as indicated in Note 25 reflects a balance of Kshs.6,555,345,407 in respect of property, plant and equipment. Review of property, plant and equipment records provided for audit revealed existence of fully depreciated computers acquired at a cost of Kshs.12,244,055 but were still in use by the University. However, Management did not revalue the computers to establish their current values for disclosure in the financial statements.</p> <p>In the circumstances, the accuracy of the property, plant and equipment net book value of Kshs.6,555,345,407 could not be confirmed.</p>	<p>The University has since undertaken valuation of all the assets in the FY 2024/2025 and the issue of asset that are fully depreciated does not arise</p>	Resolved	
2	<p>Long Outstanding Receivables from Exchange Transactions The statement of financial position and as disclosed in Note 22 to the financial statements reflects receivables from exchange transactions balance of Kshs.266,042,247. This represents a 36% increase from the previous year's balance of Kshs.195,809,070, resulting in a significant increase of Kshs.70,233,177. The balance includes</p>	<p>The increase in receivable from exchange transactions (mainly tuition fees) arose from the increase in tuition arising from the student centered model introduced by the Government during the year. Although the debt increased by 36% from the previous year, comparatively as a percentage of Total revenue of Kshs.3,938,096,967 the debt was</p>	Not Resolved	2025/2026

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
3	<p>Kisumu Hotel debtors totalling Kshs.20,111,610 out of which Kshs.8,267,500 comprise of debts from two (2) state agencies that were outstanding for more than three (3) years. In addition, the balance includes Varsity Plaza rent debtors totalling Kshs.10,874,408, out of which Kshs.7,448,886 represents rent arrears which were outstanding for more than one year.</p> <p>In the circumstances, the accuracy and recoverability of receivables from exchange transactions of Kshs.15,716,386 could not be confirmed.</p> <p>Long Outstanding Receivables from Non-Exchange Transactions</p> <p>The statement of financial position and as indicated in Note 23 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.160,454,619. The balance includes Kshs.51,799,015 which was outstanding for over three years. Management did not provide measures put in place to ensure full recovery of debts.</p> <p>In the circumstances, the accuracy and recoverability of receivables from non-exchange transitions of Kshs.51,799,015 could not be confirmed.</p>	<p>6.75%. These debts are basically institutional debts owed to the University by the Funding Board and Higher Education loans Board.</p> <p>The receivable balance of Kshs.160,454,619 was made up of Monthly capitation at Kshs.108,655,604 and Kshs.51,799,015 owed by Government that arose from the CBA 2010/13. The capitation was received from the Government. The University on realizing that the recoverability of Kshs.51,799,015 is doubtful has initiated the process of writing off the debt by first providing for it in the FY 2024/2025.</p> <p>The University has established that this debt is not recoverable from IPCCUF. The process of writing off this debt as prescribed in the PFM Act 2012 has been initiated and is expected to be concluded in FY 2025/2026.</p>	<p>Not resolved</p> <p>Not resolved</p>	<p>2025/2026</p>

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
4	<p>Emphasis of Matter Budget Absorption</p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.3,953,712,703 and Kshs.3,938,096,967 respectively, resulting to underfunding of Kshs.15,615,736 or 0% of the final revenue budget. Similarly, the statement reflects total recurrent expenditure of Kshs.3,513,436,374 and capital expenditure of 187,337,153 all totalling Kshs.3,700,773,527 against actual revenue of Kshs.3,938,096,967 resulting to under absorption of Kshs.237,323,440 or 6% of the actual revenue. The under absorption may have affected implementation of the planned programmes.</p>	<p>The University budgeted for 3,953,712,703 and spent Kshs.3,938,096,967 as a precaution to avoid over expenditure.</p> <p>To respond to budgetary underfunding, the University put in place cost containment measures which ensured that all the expenditures were within the budget ceiling. The under absorption of 6% was anticipated as a precautionary measure.</p>	Resolved	
5	<p>Other Matter Failure to Release Grants to the University by the National Research Funds</p> <p>The statement of financial performance and as disclosed in Note 7 to the financial statements reflects public contributions and donations of Kshs.177,653,847. The amount (grants) came from various donors through researchers who submitted successful project proposals to donors. On the other hand, the National Government,</p>	<p>The University did proposals to NRF which were approved but money was not released to the University as was expected.</p>	Not Resolved	

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
	<p>through National Research Fund was expected to donate 2% of the research grants of Kshs.177,653,847 to further support the University in monetary terms and help to enhance research for the advancement of science, technology and innovation; the acquisition or establishment of research facilities; the development of appropriate human resources and capacity building. However, the donation was received from the Fund. Section of Section 33 (1)(2) of the Science, Technology and Innovation Act, 2013 requires that the National Research Fund shall facilitate research for the advancement of science, technology and innovation. Lack of support from the National Research Fund for research work may have adversely affected research for the advancement of science, technology and innovation.</p>			
6	<p>Non-Compliance with Public Finance Management Fiscal responsibility Principles</p> <p>The statement of financial performance reflects total revenue and employee costs of Kshs.3,938,073,567 and Kshs.2,459,679,625 respectively. The employee costs for the year constituted 62% of the total revenue which was above the recommended threshold of 35%. This was in contravention of Regulation 26(1) (a) of the Public Finance Management (National Government) Regulations, 2025 which provides that national</p>	<p>The 62% employee costs as percentage of total revenue is mainly caused by Underfunding caused by not fully implementing the Differentiated Unit Cost at 80% as envisaged in the University's Act. The Differentiated Unit cost has been implemented at 46%. If this was to be implemented at 80%, the percentage would drop to 35%. With the implementation of the new funding</p>	Resolved	

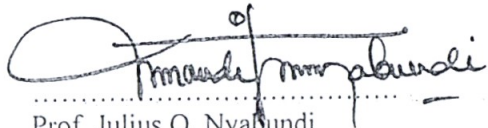
Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
	<p>government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the national government's equitable share of the revenue raised nationally plus other revenues generated by the national government pursuant to Article 209(4) of the Constitution.</p> <p>In the circumstances Management was in breach of the Law.</p>	<p>model, the University project that this percentage will decline progressively as the revenues of the University improves within the next three to five years.</p>		
7	<p>Non-Compliance with the National Cohesion and Integration Act, 2008</p> <p>The staff bio data provided for audit indicated that the University had one thousand and seventy-one (1,071) employees as at 30 June, 2024. However, six hundred and seventy-four (674) or 66% of the total employees were from the same ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which provides 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.</p>	<p>i)The University continues to make concerted efforts to ensure compliance to the NCI Act as staff exit service.</p> <p>(ii) Also the University ensures that declared vacancies are competitively sourced through electronic and print media, the University Website and disability employment services portal to give an equal opportunity to all qualified Kenyans seeking employment.</p> <p>(iii) The University predominant community has moved from 66% to 62% as at 30th June, 2025 and</p>	Resolved	

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
	<p>Further, the University recruited fifteen officers in the year under review out of which eight (8) officers or 53% were from one ethnic community.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>this is a demonstration of the deliberate efforts made.</p>		
8	<p>Failure to Appoint University Council Members</p> <p>Review of the University Council records revealed that the tenure of two Council members lapsed in the middle of the year under review and new Council members had not been appointed to replace the two as at 30th June, 2024. As a result, the Council was not fully constituted as required by section 36(1) of the University Act, 2012 which provides that the Council of a public University or constituent college of such a University shall consist of nine persons appointed by the Cabinet Secretary as follows (a) Chairperson; (b) the Principle Secretary in the Ministry for the time being responsible for the University education; (c) the Principal Secretary in the Ministry for the time being responsible for the Finance; (d) five members appointed by the Cabinet Secretary through an open process; and (e) the Vice-Chancellor who shall be an <i>ex officio member</i> of the Council.</p>	<p>A letter was done to the Cabinet Secretary, Ministry of Education to appoint the remaining council members. This is expected to be done in FY 2025/2026</p>	Not Resolved	FY 2025/2026

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
	In the circumstance, management was in breach of the law.			
9	<p>Unfavourable Terms on Bank Loan</p> <p>During the year under review, the University received Kshs.87,184,364 from a commercial bank being part disbursement of loan facility from the Bank. According to loan documents reviewed during the audit, the interest rate chargeable at the time of signing the loan agreement was 14.69% per annum plus a margin of 1.31% adding up to 16 % per annum. It was further indicated that the bank shall maintain the right to adjust the reference rate from time- to-time which rate shall however be subject to the minimum interest rate specified. However, the interest for the first two months was charged at 16% but thereafter the interest was varied to 21.5% per annum.</p> <p>In the circumstances, the University may have incurred avoidable losses due to variation of interest rates from 16% to 21.5%.</p>	<p>The university has engaged Equity Bank with a view to rationalizing the Bank interest rate downwards.</p> <p>The bank has responded by reviewing applicable interest rate from 21.5% to 17.66%. The interest rate has since been reviewed downwards to 16% w.e.f. August 2025 as per letter of offer.</p>	Resolved	

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
10	<p>Understaffing of Internal Audit Department Review of the University’s governance structure revealed that the Internal Audit Department was manned by six officers against sixteen (16) officers provided in the approved staff establishment. In addition, the position of Chief Internal Auditor was vacant. Regulation 162(2)(a) of the Public Finance Management (National Government) Regulations, 2015 states that an Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates the entity to accomplish its internal audit responsibilities.</p> <p>In the circumstances, the effectiveness of the internal controls, risk management and overall governance could not be confirmed.</p>	<p>The University has made concerted efforts to ensure that the Internal Audit Department is staff properly by:</p> <ul style="list-style-type: none"> i. Appointing Two (2) staff to the position of Assistant Internal Auditor Grade Nine (9) and Senior Audit Assistant, Grade Seven (7); ii. Re-advertising the position of Internal Auditor Grade Twelve (12), and was responsive at the interview level; and <p>The placement of the second re-advertisement for the position of internal Auditor, Grade 12.</p>		
11	<p>Weaknesses in Enterprise Resource Planning System Review of the Enterprise Resource Planning (ERP) system revealed weaknesses in the system. The Fleet management Module supports only the transport requisition feature. Other critical features such as fleet management, driver scheduling, and vehicle tracking were not implemented. In addition, the Research management Module lacks essential information such as research reports and planning working papers, necessary for effective research management.</p>	<p>During the implementation period, priority was given immediate needs such vehicle requisition, driver allocation and approval of such requests. This was done to ensure smooth and adequate utilization of the University vehicles. Therefore, fleet management in relation to vehicle requisition and driver scheduling was fully automated. Vehicle tracking has been scheduled</p>		

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
	<p>Further, the Hotel management module was not fully automated. Specifically, the kitchen department was not automated, making it difficult to track food items received and consumed. Furthermore, the system was unable to generate accounts receivables reports.</p> <p>In the circumstances, the effectiveness of the Enterprise Resource Planning System could not be confirmed.</p>	<p>for automation in FY 2025/2026 as part of continuous system improvement.</p> <p>Financial management of all the research projects are automated. However, research reports and planning working papers are key and have been prioritized by the University as part of continuous system improvement.</p> <p>As per the targets set out during the implementation of the hotel module, the kitchen/production functionality was not considered. Features including point of sale, report, room reservation among others were fully automated. However, due to budgetary requirements the kitchen module and reporting needs have been scheduled for Quarter 2 FY 2025/2026.</p>		



Prof. Julius O. Nyabundi
Vice-Chancellor

APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

Projects implemented by Maseno University

The University does not have Projects that are being implemented and funded, by development partners and/or the Government.

Status of Development Projects Completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Hostels - II	407,177,540	389,598,505	99%	130,815,636	116,343,939	Loan & AIA
					130,815,636	116,343,939	

APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount – KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - CBA Grant	
SDHER	01-07-24	Recurrent	108,655,604	0	0	0	108,655,604	0	108,655,604
SDHER	13-08-24	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	11-09-24	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	08-10-24	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	08-11-24	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	05-12-24	Recurrent	112,447,013	112,447,013	0	0	0	0	112,447,013
SDHER	06-01-25	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	07-01-25	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	10-02-25	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	13-03-25	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	10-04-25	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	02-05-25	Recurrent	112,447,015	112,447,015	0	0	0	0	112,447,015
SDHER	12-06-25	Recurrent	112,447,012	112,447,012	0	0	0	0	112,447,012
SDHER	27-06-25	Recurrent	178,218,294	178,218,294	0	0	0	0	178,218,294
Total			1,636,238,072	1,527,582,468	0	0	108,655,604	0	1,636,238,072