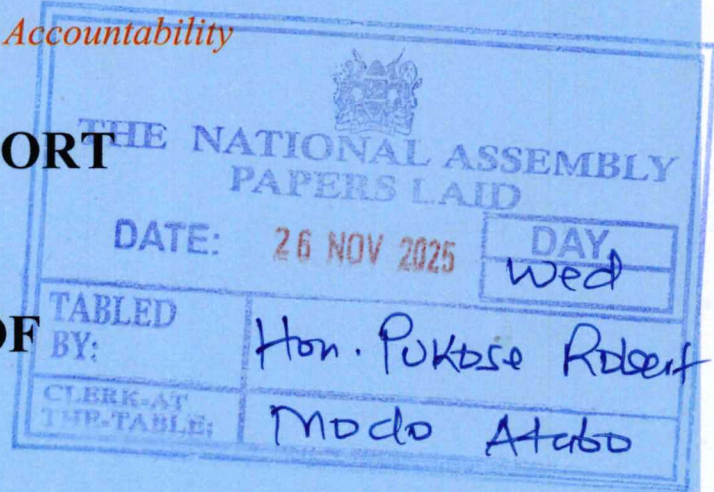


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

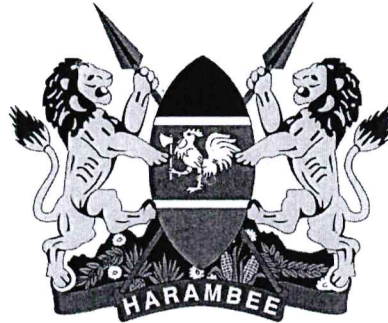
**THE AUDITOR-GENERAL**

**ON**

**CHUKA UNIVERSITY**

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





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**CHUKA**



**UNIVERSITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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



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**I. Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

CEO	Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
VC	Vice Chancellor

**B: Glossary of Terms**

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

**Comparative Year-** Means the prior period.

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**2. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Chuka University is an institution of higher learning that has since inception charted a clear path towards academic excellence. The establishment of a great learning institution in Chuka area was foretold way back in 1951 by the then-renowned seer Jerusha Kanyua. Following that, in 1956, the Chuka community established a craft centre in Ndagani-Chuka to train school leavers in skills that could be useful in nation-building. With the diligent efforts of many, the Centre was upgraded to a Youth Polytechnic in 1969, building the technical skills of the youth in a variety of aspects and setting the platform for leveraging on their education as a driver of local growth and development.

In 2003, the community members felt that they needed an institution that could provide higher education and training opportunities. Coincidentally, Egerton University based in Nakuru was planning to open a Campus in the region. The community then approached Egerton University, which agreed to open a University campus in Chuka. The Chuka community graciously donated the Ndagani Youth Polytechnic and Sports Stadium for the establishment of the Campus. In addition, the Presbyterian Church of East Africa donated more land from its institutions, forming the Ndagani Educational Complex, which included the Ndagani Secondary, Primary, and Nursery Schools. Overall, the Chuka community donated 500 acres at Kairini, 50 acres at Ndagani, and 73 acres at Mwanjati in the then Meru South Sub-County to increase the total donated land area to approximately 623 acres. The University later donated 40 acres for the establishment of the Chuka Technical and Vocational College from the land at Mwanjati.

On 21<sup>st</sup> August, 2004, when the third President of the Republic of Kenya, His Excellency President Mwai Kibaki visited the Chuka area and held a meeting there, the community, through their leaders, informed him of their desire to establish a University in the area. The President accepted the aspirations of the people of Chuka and Meru and pledged the Government's support to establish a University at the site. Through the goodwill of the Government of Kenya, Egerton University Council approved the establishment of a campus college, named Egerton University, Eastern Campus College, at Ndagani in Chuka.

The Campus College was then launched on 1st August, 2005. The Youth Polytechnic was relocated to Mungoni, which is located approximately 2 Kilometres away from the University Main Campus. On 23rd August, 2007, H.E. Mwai Kibaki elevated the Egerton University Eastern Campus College to Chuka University College through Legal Notice Number 161 of 2007, and inaugurated it on 10th October, 2007. After about five years, H.E. Mwai Kibaki visited again and chartered Chuka University on 8th January, 2013, making it the second chartered and ninth full-fledged public university in Kenya under the Universities Act, No. 42 of 2012.

The University is located near Chuka Town in Chuka South Sub-County, Tharaka-Nithi County. It is situated approximately 186 km from Nairobi City along the Nairobi-Meru Highway on the slopes of Mt. Kenya at an altitude of 1,500 m above sea level. The area provides a cool climatic environment, with temperatures ranging from 16°C to 24°C and annual rainfall averaging 1,000 mm. This serene environment is excellent for learning and working.

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The University's academic character is designed to foster sustainability in the context of the prevailing internal and external environments. The niche areas of the University is: environmental conservation and renewable energy for sustainable development, which is augmented with science, technology, engineering and mathematics (STEM), innovation, entrepreneurship, and life skills based on the newly introduced Competence-Based Curriculum (CBC). Through this diversification, the University is be able to offer research and training in STEM and other fields of specialisation, training and research at Certificate, Diploma, Bachelor's, Master's and Doctorate Degree levels.

The university has (3) three campuses: Main Campus and Embu Campus, Nairobi Campus, and three learning centres namely: - Igembe TVET Training Centre and Chogoria. It has two (2) schools namely; School of Nursing and Public Health and the School of Law, seven (7) faculties namely; Faculty of Engineering, Science & Technology, Education, Humanities & Social Sciences, Environmental & Resource Development, Agriculture and Business Studies.

**(b) Principal Activities**

The Mandate of the Chuka University as provided in the Chuka University Charter dated 8<sup>th</sup> January 2013 is to:

- i) Provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya.
- ii) Participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economic, social, cultural, scientific, and technological development of Kenya.
- iii) Provide and advance university education and training to appropriately qualified candidates, leading to the conferment of degrees and award of Diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing contribute to manpower needs.
- iv) Conduct examinations for such academic awards as may be provided in the statutes pertaining to the University and
- v) Examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, study courses and subjects of study.

**Mission**

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

**Vision**

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

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**Core Values**

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

1. Freedom of expression
2. Integrity
3. Sustainability
4. Teamwork
5. Excellence and Professionalism
6. Confidentiality

**(c) Key Management**

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

- i) The Council
- ii) The Management Board

**(d) Fiduciary Management**

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

Designation	Name
Prof. Henry Mutembei M'Ikiugu, Ph.D.	Vice Chancellor
Prof. Jonah Nyaga Kindiki, Ph.D.	Deputy Vice Chancellor (AFP&D)
Prof. Gilbert Mbaka Nduru, (Ph.D)	Deputy Vice Chancellor (ARSA)
Dr. Peter Opiayo Mabubi, Ph.D.	Registrar (Administration and Planning)
Dr. Samwel Macharia Chege, Ph.D.	Registrar (Academics)
CPA.Dr. John K. Thurania, Ph.D.	Finance Officer
Ms. Annlyne Makau	Ag. Procurement Officer

**(e) Fiduciary Oversight Arrangements**

The key fiduciary oversight committee of the University for the Financial Year 2024/2025 and their respective functions are outlined below:

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

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

**2. Audit, Governance and Risk Management Committee**

- i) To assist in enhancing internal controls in order to improve efficiency, transparency and accountability in the management of University funds

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- ii) To examine internal and external audit reports and recommendations after management response to ensure action is taken
- iii) To follow up to ensure action is taken to resolve Public Accounts Committee recommendations
- iv) To Provide oversight on risk management processes
- v) Any other duty as set out in the Audit Committee Charter

**3. Human Resources Management Committee**

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

**4. Building, Planning and Development Committee**

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

**5. Grievances Handling and Appeals Committee**

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

**6. Sealing and Honorary Degree Committee**

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

**f) Entity Headquarters**

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

**g) Entity Contacts**

Telephone: (254) 0202310512 / 202310518  
E-mail: info@chuka.ac.ke

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**h) Entity Bankers**

1. Kenya Commercial Bank Ltd,  
P.O. Box 7014 – 60400  
**Chuka**
2. Cooperative Bank of Kenya  
P.O. Box 101 – 60400  
**Chuka**
3. Equity Bank Ltd  
P.O. Box 213 – 60400  
**Chuka**
4. Family Bank Ltd  
P.O. Box 3092-60200  
**Meru**
5. ABSA bank of Kenya Ltd  
P.O. Box 88-60100  
**Embu**
6. Standard Chartered Bank Ltd  
P.O. Box 109-60200  
**Meru**

**Independent Auditors**




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

**Principal Legal Advisor**

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

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**3. THE UNIVERSITY COUNCIL**

<b>Name(s)</b>	<b>Brief Description</b>
<p><b>Prof. David T. K. Serem, Ph.D., OGW, Council Chairman</b></p> 	<p>Professor David K. Serem was born on 23rd November, 1951. He holds a Doctor of Education (Ed.D.) degree in Administration of Higher Education from the University of Wyoming, USA. He has served as Head Department, Dean, Principal, Deputy Vice Chancellor and Ag. Vice Chancellor in various Universities in Kenya. Prof. is a seasoned educational administrator and researcher with a bias in Educational Leadership and Management. He is a member of several professional associations. Prof. Serem has served as a board member of:- Kenya Airways, the National Housing Corporation (NHC), Kenya Industrial Research and Development Institute (KIRDI). He also served as the Chairman of Mount Kenya University (MKU) Council. Currently working as, a Professor in the Department of Educational Management and Policy Studies, Moi University. Professor is the current Chuka University Council Chairman.</p>
<p><b>CPA. Jonah Wala Council Member</b></p> 	<p>CPA. Jonah Wala was born in 1969. He is an accomplished finance consulting leader with more than 25 years' experience in financial management in both private and public sector and currently working as the Director of Accounting and Exchequer Services at the National Treasury. He holds a Masters degree in banking and Finance from Giordano Del Amore University in Italy and a Bachelor of Arts degree in Mathematics and Economics from Egerton University. He is a PHD Candidate in management at the Case Western Reserve University, USA. He serves in the Chuka University council as a representative to the Cabinet Secretary, the National Treasury and Planning.</p>
<p><b>Crispus Micheni Ndeke Council Member</b></p> 	<p>Mr Crispus Micheni Ndeke was born on 18th December, 1960. He is a seasoned educational administrator and has worked in Public Administration for over 30 years. He holds a Masters in Psychology from Mount Kenya University (MKU) and a Bachelor of Education from Kenya Methodist University (KEMU). He is currently a council member and Chairperson of Audit, Governance and Risk Management Committee of the Chuka University Council.</p>

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**Linnet Kwamboka Maganda  
Council Member**



Mrs Linnet Kwamboka Maganda was born on 23<sup>rd</sup> October 1972. She has worked in Public Administration for over 25 years. Lately she served as a member of Nyamira County Assembly Service Board. She holds a Master of Arts Degree in Christian Education from Evangel Christian University of America and a Bachelor of education from Kenyatta University. She is currently a council member at Chuka University and Chairperson of Human Resource Management Committee of the Chuka University Council.

**Samuel Gacheru Gitonga  
Council Member**





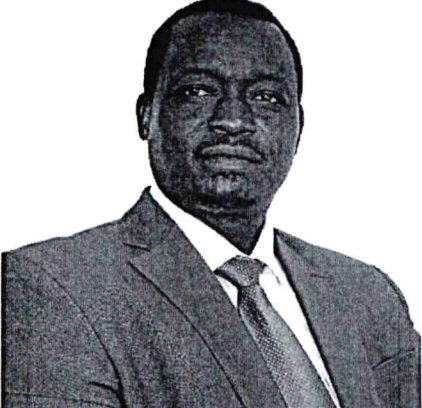
Mr. Samuel Gacheru Gitonga was born on 2nd April 1981. He works as a lecturer at Cooperative University. He holds Master of Sociology and Community Development from The University of Nairobi, Bachelor of Education Degree from Catholic University and currently pursuing PHD-Social Transformation in Tangaza University College. He is currently a council member and Chairperson of Building, Planning, Development Committee of the Chuka University Council.

**Zephania Rwanda Mbaka  
Council Member**

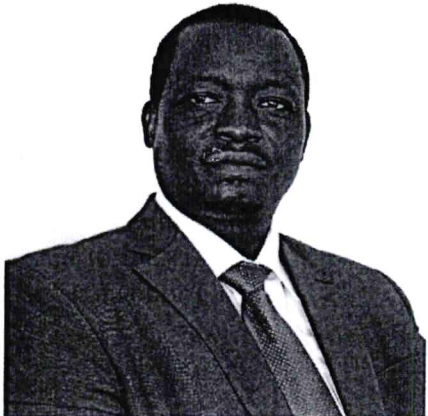




Mr. Zephania Rwanda Mbaka was born on 2<sup>nd</sup> June 1985. He holds a Master of Business Administration (Strategic Management) and Bachelor of Education (Arts), Mathematics & Business studies, with IT. He previously served as Chief Officer – Finance and Economic Planning in Tharaka Nithi County and Branch Manager at the Kenya Institute of Management. He is currently a council member at Chuka University and Chairperson of Finance, Farms, Enterprise and General-purpose Committee of the Chuka University Council.




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<p><b>Margaret M. Makhungu Council Member</b></p> 	<p>Margaret M. Makhungu was born on 12<sup>th</sup> May, 1967. She is an ICT professional and consultant with over 25 years' experience in Information Communications Technology. She has led and worked with different teams in multi-cultural and multi-skilled environments in Africa, Asia and Europe. She holds a Master's degree in Business Administration from the United States International University USIU (Strategic Management and IT management), a certificate in Financial Markets from the Securities Institute of Australia, and is an Electrical Engineer with a Bachelor of Technology degree in Electrical and Communications Technology from Moi University, Eldoret. She is currently a council member at Chuka University and a Chairperson of Sealing and Honorary Degree Committee</p>
<p><b>Dr. Wahome Rureri Ph.D. Council Member</b></p> 	<p>Dr. Wahome Rureri was born on 10<sup>th</sup> March 1972. He holds a PhD in Business Administration (Strategic Management), MBA and a B.Ed. Science. He has over 10 years working experience in senior management positions in public service and currently working in the State Department for University Education and research. He currently represents the Principal Secretary, State Department for University Education and Research in Chuka University Council.</p>
<p><b>Prof. Henry M. M'Ikiugu, Ph.D. Vice Chancellor/CEO &amp; Secretary to the Council</b></p> 	<p>Prof. Henry Mutembei M'Ikiugu was born on 16<sup>th</sup> August 1970. He is a Professor of Veterinary Reproduction and Obstetrics (Theriogenology) and a Specialist in Disaster Management and Risk Mitigation Strategies. He is a renowned scholar and administrator. He worked in several management positions in the University of Nairobi. He joined Chuka University as Deputy Vice Chancellor in charge of Administration, Finance, Planning and Development before he was elevated to the current position of Council Secretary/Vice Chancellor/CEO Chuka University.</p>

4. MANAGEMENT TEAM

Name of the Staff & Responsibility	Concise Description
<p><b>Prof. Henry M. M'Ikiugu Ph.D.</b> Vice Chancellor/CEO</p> 	<p>Prof. Henry Mutembei M'Ikiugu was born on 16<sup>th</sup> August 1970. He is a Professor of Veterinary Reproduction and Obstetrics (Theriogenology) and a Specialist in Disaster Management and Risk Mitigation Strategies. He is a renowned scholar and administrator. He worked in several management positions in the University of Nairobi. He joined Chuka University as Deputy Vice Chancellor in charge of Administration, Finance, Planning and Development before he was elevated to the current position of Council Secretary/Vice Chancellor/CEO Chuka University.</p>
<p><b>Prof. Jonah Nyaga Kindiki, Ph.D.</b> Deputy Vice-Chancellor (AFP&amp;D)</p> 	<p>Professor Jonah Nyaga Kindiki was born on 1<sup>st</sup> January 1963. Professor Kindiki earned his PhD from The University of Birmingham in the United Kingdom. He is a Full Professor of International Education and Policy. Professor Kindiki is a renowned scholar and administrator. Professor Kindiki has worked previously as Head (Chair) of Department, Dean of School of Education and Project Leader for the East and South African-German Centre of Excellence in Educational Research Methodologies and Management (CERM-ESA). Professor Kindiki is currently the Deputy Vice Chancellor, Administration, Finance, Planning and Development at Chuka University.</p>
<p><b>Prof. Gilbert Mbaka Nduru, Ph.D.</b> Deputy Vice Chancellor (ARSA).</p> 	<p>Prof. Gilbert Mbaka Nduru was born on 28<sup>th</sup> February 1965. He is a Professor of Environmental Studies and holds a BEd, MA and PhD (Moi University). He has served as Director of Research, Linkages and International Programs as well as Dean of Environmental Studies and Resources Development. He is currently the Ag. Deputy Vice Chancellor in charge of Academic, Research and Student Affairs.</p>

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<p><b>Dr. Samwel Macharia Chege, Ph.D.</b>  <b>Registrar (Academics)</b></p> 	<p>Dr. Samwel Macharia Chege was born on 22nd August 1978. He has served in various public and private institutions including Dedan Kimathi University of Technology where he served as the ISO 9001:2008 QMS Coordinator before joining Chuka University. He holds B. Ed Arts, PGD-HRM, MSc. and Ph.D. from University of Science and Technology. He currently the Registrar, Academic Affairs</p>
<p><b>Dr. Peter Opiayo Mabubi, Ph.D.</b>  <b>Registrar (Administration and Planning)</b></p> 	<p>Dr. Peter Opiayo Mabubi was born on 21<sup>st</sup> September 1971. He has served in various senior administrative positions in the Ministry of Education, KASNEB, Moi University and Pwani University where he served as Registrar (AF&amp;P) before joining Chuka University in the same capacity. He holds BEd (Arts), MEd. (Economics of Education), PGD-HRM and PhD (Economics of Education). He is currently the Registrar, Administration and Planning.</p>
<p><b>CPA. Dr. John Kirimi Thurania, Ph. D</b>  <b>Finance Officer</b></p> 	<p>CPA. Dr. John Kirimi Thurania was born on 31<sup>st</sup> December, 1974. He served in various Companies and institutions as an Accountant before moving to Constituencies Development Fund (CDF) as a Fund Manager in Kigumo &amp; Tetu Constituencies. He holds BCOM, MBA and a PhD in Business and Management (Finance). He is also a Certified Public Accountant {CPA (K)} and a Certified Public Secretary {CPS (K)}. He is currently Finance Officer, Chuka University.</p>

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**5. CHAIRMAN'S STATEMENT**

On behalf of the University Council and in my personal capacity, it is my distinct pleasure to present the Annual Report and Financial Statements for Chuka University for the fiscal year ending 30<sup>th</sup> June 2025. Since its inception, Chuka University has steadfastly fulfilled its mandate of generating, preserving, and disseminating knowledge, fostering leadership in higher education, training, research, and outreach. We continue to cultivate an intellectual culture that seamlessly integrates theory with practice and innovation.

The University Council is committed to overseeing governance and proper administration of resources, properties, and funds to secure the University's sustained growth. I am pleased to report that over the past year, we have achieved various milestones in governance, infrastructure development, and strategic partnership. These include for example, enhancing leadership capability at all levels of management and significant increase in employee satisfaction and work environment indices. Second is renovation and upgrading of physical facilities, including the refurbishment of the Business School Complex and the construction of the Food Technology Tuition Complex. Additionally, the Science Research Park is in an advanced stage of completion, representing our commitment to fostering high-quality research. Finally, is the establishment of six (6) international partnership collaborations and 18 local linkages promoting a global network for research and innovation. The University Council, alongside all stakeholders, has developed a clear vision for the University's future, as enshrined in our 2022-2027 Strategic Plan, Kenya's Vision 2030 and the Bottom-Up Economic Model. We aim to achieve academic excellence, strengthen research, improve student welfare, generating dynamic research to support growth in infrastructural and human resources, and enhance sustainability. Our goal is to maintain and advance the University's role as a leader in higher education, fulfilling our mission to support sustainable national and global development to attain a world class status.

The University Council remains committed to strengthening synergies with all stakeholders, including the National Government of Kenya, the County Government, the local and international communities, the University Council, Management, Senate, our esteemed alumni, dedicated staff, and, most importantly, our students. Together, we are determined to build strong partnerships that foster new knowledge and innovation, develop top-tier researchers and experts, and ultimately contribute to a better world. I extend my heartfelt gratitude to all stakeholders of Chuka University for your unwavering commitment, loyalty, hard work, and dedication to peaceful co-existence.



Prof. David T. K. Serem, Ph.D., OGW  
**COUNCIL CHAIRMAN.**

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**6. REPORT OF THE CHIEF EXECUTIVE OFFICER**

On behalf of the entire Chuka University fraternity, it is my distinct honor to present the Annual Report and Financial statements for year ending 30<sup>th</sup> June 2025. The key achievements of Chuka University for the financial year ending 30th June 2025 include;

**(i). Student Enrolment and Teaching**

Chuka University continues to grow in stature, firmly establishing itself as a leading hub for academic excellence and scholarly pursuits. Currently, the University boasts of a vibrant student population of over 20,000 students. Since its inception, it has proudly graduated more than 26,000 students, offering a diverse portfolio of over 240 academic programmes ranging from certificate to doctoral levels. In the 2024/2025 FY, the University conferred degrees, diplomas and certificates to 3,823 graduates. In the same financial year Chuka University had a favourable ranking attracting and enrolling 5,681 new students compared to 4,160 in the previous year. This steady rise in student enrollment not only enriches the University's dynamic academic environment but also fuels local economic growth. The expanding student population has spurred business activities in the surrounding community, playing a vital role in the socio-economic transformation of the region.

As a university, we are committed to empowering our students to be well-rounded individuals, not only through academic excellence but also by nurturing critical life skills, creativity, and innovation. Chuka University supports all academic and administrative functions to facilitate effective attainment of core mandate of teaching through procuring teaching materials, academic trips, field placement, attachments and acquisition of state of art laboratory equipment.

**(ii). Financial Performance**

As a University we have rolled out fiscal stability strategies through internal budgetary reductions and streamlining processes to ensure it stays afloat to support our core mandate of teaching and research. Our fiscal strategy is also aimed at diversifying revenue streams through our Income-Generating Units (IGUs) and external resource mobilization. I am happy to report that all IGUs have been transformed into profit making through restructuring to create efficiency and reduced operating expenses. We are also on course in mobilizing external resources.

**(iii). Education, Training, Research, and Outreach**

The international visibility of our University has continued to grow from our collective strategic direction and partnerships. In July this year, we hosted the Nairobi Summer School which attracted participants from over 87 countries. We held the 11<sup>th</sup> **International** Research Conference in October, 2024. To empower communities, outreach activities were also carried out through the Faculty of Agriculture and the School of Nursing and Public Health

As a University, we are committed to support the government's agenda of making education accessible and affordable to all. As part of enhancing quality programme offerings, the Nairobi Campus recently underwent a successful inspection by the Commission for University Education (CUE).

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We have also entered into partnership with Wajir Teachers College to establish a centre for ODEL programmes. The University underwent the 5-year cycle audit in April and I am pleased to report that all our programmes are accredited and meet the stipulated CUE requirements of University education

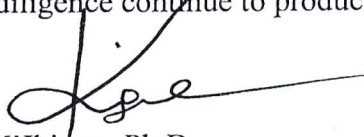
**(iv). Infrastructure Development**

Chuka University continues to prioritize and provide a learning environment that is secure and serene for students to complete their studies within the stipulated academic years. Through the University council, we have been able to continue with our capital projects on priority-basis. The Food Science Block is now complete and the milk processing plant commissioned. The Science Research Park is in its final stages of completion. Phase One of the male student hostel is complete and occupied. In pursuit to ensure a serene learning environment, we have undertaken the facelift of the halls of residence, lecture halls, student mess, conference halls and upgraded the internet connectivity.

**(v). Human Resources**

The University continues to prioritize the recruitment of highly qualified and experienced staff. We take pride in our consistently high performance contracting score, which reflects the dedication of our personnel. Their efforts transform enthusiasm into measurable success and innovation into impactful practices. Prompt performance reviews and merit-based promotions have further enhanced employee motivation and commitment, reinforcing a culture of excellence and accountability.

I extend my heartfelt appreciation to the University Council, Senate, Management, staff and the government through the state department for university education for their commitment and timely contributions, which have significantly advanced our vision of becoming a premier institution. Their loyalty and diligence continue to produce outstanding results.



Prof. Henry M. M'ikiugu, Ph.D.  
**Vice Chancellor/Chief Executive Officer**

**Chuka University**  
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**7. STATEMENT OF ENTITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

Chuka University has six strategic pillars and objectives within its Strategic Plan, 2022-2027. These strategic pillars are academic excellence, research, innovation, enterprise and sustainability, student welfare, dynamic resources, competitive image/brand progressive governance, leadership and culture. Chuka University develops its annual work plans based on the above 6 pillars. Assessment of the University performance against its annual work plan is done on a quarterly basis. Chuka University achieved the performance targets set for the FY 2024/2025 period for its 6 strategic pillars and 20 strategic objectives as indicated below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Goal: 1</b> Academic Excellence	<b>Objective 1.</b> Expand the market-driven Programmes	Percent (%) of programmes reviewed	i. Reviewing of programmes in line with emerging market demands and regulatory requirements.	i. Ten (10) PhDs programmes were reviewed. ii. Conducted one (1) institutional harmonization of programmes to reduce overlap and fragmentation iii. Appointed nine (9) Academic leaders in Faculties in line with the Universities Standards and Guidelines
		Number trainings for staff to deliver quality education and training	i. Train staff in various areas. ii. Enhance training of staff to deliver quality education and training. iii. Academic staff capacity building.	i. Trained Academic staff on Pedagogy and Andragogy. ii. Organized one (1) training on supervision of Post Graduate Students research. iii. Held one (1) capacity-building activity for innovators on the commercialization of research outputs. iv. Conducted One (1) proposal writing workshop for staff to equip them with relevant skills
<b>Goal 2:</b> Research, Innovation Enterprise and Sustainability	<b>Objective 4</b> Generate and Disseminate Research Discoveries	No. of international conferences held	i. Facilitate postgraduate students by holding international conferences	i. Held three (3) International research Conferences.

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		Forum for research, innovation and start-up.	ii. Organize forum for research, innovation, and business start-ups.	Commercialized of one (1) finalized innovation (making sanitary pads from banana fiber) at the Science Research Park.
		No. of papers published in refereed journals	Strengthen publishing of research outputs and disseminate research	130 research papers published in referred journals
	Objective 5 Promote Long-Term Growth and Sustainability of the University	No. of academic Programmes aligned	Aligning the University CBET programmes in the faculty of Education	three (3) Teacher Education Curriculums programmes were Re-aligned for accreditation by Commission for University Education (CUE) to Competency Based Education Training CBET.
<b>Goal: 3</b> Student Welfare	<b>Objective 6</b> Improve student welfare services	The support Programmes	Implement support Programmes for students	i. Held one (1) mental health week and a mental health walk with 800 students in collaboration with the University community through the Dean of Students Office. ii. Held one (1) sensitization seminar for 3825 first-year students on security and safety measures in the University.
		Number of cultural activities	Increase cultural activities to cultivate cultural values among students	Held one (1) cultural event organised by the Office of the Dean of Students.
<b>Goal 4:</b> Dynamic Resources	<b>Objective 7</b> Enhance financial resources mobilization and utilization	Number of IGAUS established	i. Sensitize staff at all levels on financial management and budgeting processes. ii. Establish departmental commercial enterprises. Convert all existing IGAUs into self-	i. Middle management staff sensitized. ii. All existing IGAUs converted into self-sustaining commercial enterprises

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			sustaining commercial enterprises	
	<b>Objective 8</b> Develop and expand physical facilities	100% Progress report achieved as per targets set in the year & Review report	<ul style="list-style-type: none"> <li>i. Renovate and upgrade the existing physical facilities</li> <li>ii. Take stock of available equipment and furniture</li> </ul>	<ul style="list-style-type: none"> <li>i. Roofing of the Proposed Science Research Park Phase 2.</li> <li>ii. Partitioning Male Students' Hostel rooms to improve privacy in order to attract more students.</li> <li>iii. Repainting the external walls of Business and Students Recreation Center to give it a facelift.</li> </ul>
	<b>Objective 9</b> Attract and retain skilled and competent human resource	No. of staff trained.	Facilitate training to members of staff	65 staff recommended for various trainings.
	<b>Objective 11</b> Strengthened ICT Infrastructure and build capacity of staff and students	<ul style="list-style-type: none"> <li>i. No. of staff trained.</li> </ul>	<ul style="list-style-type: none"> <li>i. Carry out internal training workshops for staff on cyber</li> </ul>	<ul style="list-style-type: none"> <li>i. Built Capacity for academic staff from learning institutions on generative Artificial Intelligence with the theme "Exploring potential impacted risks of Generative AI in Higher Education.</li> <li>ii. Trained academic staff on use of Artificial intelligence (AI) in teaching</li> </ul>

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**8. CORPORATE GOVERNANCE STATEMENT**

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

**i) The Council**

This is the governing body of the university. The Council comprises nine members as presented in pages 12 to 15. The council is constituted taking into account requirements of the sector, diversity of skills, age, value addition, gender, academic qualifications and experience necessary to help achieve the Universities goals and objectives. The Council is appointed by the Cabinet Secretary for Education.

As the governing body of the University, the Council has a responsibility of maintaining a sound system of internal controls that support the achievement of policies, aims and objectives, whilst safeguarding the public and other university resources. The University Council is vested with powers and authority by its Charter and the Universities Act, 2012. In discharging its mandate, the Council is guided by the Charter to effectively fulfil its corporate governance responsibility towards its stakeholders. In addition, it has adopted Guidelines on Corporate Governance developed by the Commission for University Education.

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

**Meetings of the council**

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

Council Member Name	Council Meeting Date and attendance				Total
	23/09/2024	11.11.2024	17.01.2025	13.06.2025	
Prof.David T.K. Serem, Ph.D., OGW	✓	✓	✓	✓	4/4
Prof.Henry Mutembei M'Ikiugu, Ph.D.,	✓	✓	✓	✓	4/4
Linet Kwamboka Maganda	✓	✓	✓	✓	4/4
Zephaniah Rwanda Mbaka	✓	✓	✓	✓	4/4
Crispus Micheni Ndeke	✓	✓	✓	✓	4/4

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Margaret Mukoba Makhungu	✓	✓	✓	✓	4/4
Samuel Gacheru Gitonga	✓	✓	✓	✓	4/4
Dr. Wilson Wahome Rureri, Ph.d	✓	✓	✓	✓	4/4
Elijah K. Song'ony (Replaced by CPA. Jonah Wala)	✓	×	×	×	1/1
CPA. Jonah Wala	×	✓	✓	×	2/3
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>8</b>	

**Council Committees**

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

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

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

**Conflicts of Interests**

The Council members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Council. All transactions with all parties, directors or their related parties are carried out at arm's length. Council members are obligated to disclose to the Council any real or potential conflict of interest, which may come to their attention whether direct or indirect. During every Council meeting, an agenda item exists which requires members to make a declaration of any conflict of interest they may have in the business to be discussed. During the financial year 2024/2025, no conflicts of interest arose in conduct of Council business.

**Remuneration of the Council**

The members of the council, other than the Chief Executive Officer, do not receive a salary. They are however paid a sitting allowance for every meeting attended at the rate of Ksh. 20,000 per sitting. The Chairman and the Chancellor receives honoraria as stipulated in their appointment letters by the appointing authority. The committee members do not receive any remuneration apart from the reimbursement of expenses incurred while on the University duties. During the period under review, the University did not have a Chancellor, since no appointment had been made by the appointing authority.

**Ethics and Conduct**

The Council, Management and staff are required to conduct themselves with Integrity and professionalism in accordance with the Chuka University Code of Conduct and Ethics.

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The Code defines our ethical standards and holds us accountable for our business conduct. This is key in ensuring that we do the right thing and are accountable at all times, while adhering to our standards and principles as we interact with customers, communities and other stakeholders. During the year under review, Chuka University continued to entrench a strong ethical conduct through training and sensitisation of staff, corruption risk assessments and enforcement of prevention measures.

In addition, the University has put in place various mechanisms for receiving complaints and making follow-ups on allegations and cases of unethical conduct. Objective analysis of reported cases is done and appropriate action instituted to control and mitigate the risk.

**Governance Audit.**

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

**ii) The Management Team**

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

**iii) The Senate**

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

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

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**9. MANAGEMENT DISCUSSION AND ANALYSIS**

Management’s discussion and analysis (MD&A) provides a broad overview of the Chuka University financial condition as at June 30, 2025, comparative information for the year ended June 30, 2024 and the significant changes from the previous years. Management has prepared the financial statements and related note disclosures along with this MD&A. The MD&A should be read in conjunction with the financial statements and related notes of the Chuka University. The financial statement presentation consists of comparative Statement of Financial performance, statement of financial position, statement of changes in net assets, statements of cash flows, and accompanying notes for the June 30, 2025 and 2024 financial years. These statements provide information on the financial position of Chuka University and the financial activity and results of its operations during the years presented.

**i) Operational and Financial Performance**

In the statement of financial performance, the University generated a total income of **Ksh. 3,403,574,374** and incurred a total expenditure of **Kshs. 2,325,673,446**, hence realizing a surplus of **Kshs. 1,077,900,928** which was utilized to fund the ongoing capital projects.

In our statement of changes in net assets, the net worth of the University continued to grow recording a net worth of **Ksh.9.9 billion** up from **Ksh 8.8 billion** in the financial year 2024/2025. The performance in the last five years is tabulated below:

Description	2020/2021	2021/2022	2022-2023	2023-2024	2024-2025
Capital Funds	2,273,648,351	2,313,648,351	2,329,420,610	2,573,492,010	2,573,492,010
Accumulated Surplus	4,216,988,348	4,239,342,013	4,239,740,388	4,574,758,119	5,652,659,047
Revaluation Reserve	1,300,211,588	1,300,211,588	1,300,211,588	1,691,172,679	1,691,172,679
<b>Total</b>	<b>7,790,848,287</b>	<b>7,853,201,952</b>	<b>7,869,372,586</b>	<b>8,839,422,808</b>	<b>9,917,323,736</b>

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

Chuka University’s five-year strategic plan sets out the key projects and investment decisions to be made in order to ensure that it meets its mandate. In its quest to become premier university for the provision of quality education, training and research for sustainable national and global development the University has embarked on implementation of five key strategic projects as envisaged in the Master Plan. The projects are Ultra-Modern Science Research Park, Food Technology, Male hostel, Administration Block/ Law school and the Ultra-Modern Library which are at various stages of implementation.

**iii) Compliance with statutory requirements**

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

**iv) Major Risks**

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

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Chuka University is committed to environmental sustainability and social welfare. The University has established policies to ensure continuous community support, leveraging professional knowledge to make a positive impact. Below is an outline of the University's sustainability strategies:

### **i) Sustainability Strategy and Profile**

The Management of Chuka University underscores its dedication to sustainability through policies that cover financial, environmental, and social practices. The strategic plan is designed to promote financial growth by developing market-driven courses, increasing revenue through income-generating units, and offering quality academic services that boost student enrolment, thereby reducing reliance on government funding. Regular curriculum reviews ensure that all academic programmes remain current and aligned with industry standards.

Aligned with Kenya Vision 2030 and the Bottom-up Economic Transformation Agenda, Chuka University has increased the quantity and quality of research by offering incentives and building partnerships to transform Kenya into a knowledge-based economy. The University's policies also align with the United Nations Sustainable Development Goals (SDGs), ensuring that the institution delivers quality education, adopts environmentally friendly practices, and carries out corporate social responsibility (CSR) projects that benefit the local community.

### **ii) Environmental Assessments and Compliance**

Chuka University's Environmental Policy focuses on promoting sustainable integrated resource utilization, addressing national and global environmental challenges while considering local socio-economic conditions. The policy is available for download on the University's website.

To promote environmental sustainability, Chuka University has undertaken the following initiatives:

- a) **Tree Planting:** The University has planted in the neighbouring communities during the 2024-2025 period. A variety of trees were propagated to enhance biodiversity.
- b) **Promotion of Irrigation in Semi-Arid Areas:** The University utilizes the Kairini dam to teach local farmers proper irrigation methods. The Kairini farm is also a major food producer in the region, enhancing food security.
- c) **Soil Conservation Training:** Local farmers are trained on managing soil acidity and optimizing soil properties for crop development. The University's soil scanners, which measure soil acidity, diagnose fertility, and project crop yields, are available for public use.
- d) **Milk Processing Plant Development:** Chuka University commissioned a milk processing plant which will serve as both a training and a market for local farmers' produce. This value-addition initiative will boost milk production and act as an income-generating unit for the institution.
- e) **Promoting Environmental Conservation and Renewable Energy:** The University as continued to adopt use of solar as alternative source of energy

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- f) **Waste Management Policy and Efforts:** The University has a comprehensive waste management policy that addresses the proper handling and disposal of hazardous and biohazardous materials. A Memorandum of Understanding with the county government enables the safe disposal of medical, hazardous, and biodegradable waste. The institution also encourages digital communication and submission to reduce paper usage.

**iii) Employee Welfare**

The University's Hiring Policy promotes inclusivity, diversity, and professionalism. It ensures a balanced gender ratio across various roles, engagement with stakeholders, and a fair recruitment process. To enhance staff skills and career development, the policy allows staff to:

- a) Attend regular training, seminars, and professional conferences.
- b) Pursue further studies at the University or other institutions, with bursaries available for staff studying at Chuka University.
- c) Apply for promotions through regular reviews.

Staff unions, including UASU, KUSU, and KUDHEIHA, regularly negotiate with management on improving employee welfare and promotion criteria. The University fully complies with the Occupational Safety and Health Act of 2007 by providing protective gear, organizing training sessions on both physical and mental health, and insuring employees against accidents and other occupational risk through General Personal Accident (GPA) and Work Injury Benefits (WIBA) insurance covers.

**iv) Market Place Practices**

Chuka University has aligned its procurement policies with the Constitution, the Public Finance Management Act (PFMA), regulations, and the Public Procurement and Asset Disposal Act 2015 and Regulations 2020. These policies ensure fairness and transparency in procurement and allocate 30% of procurement opportunities to AGPO suppliers.

Chuka University has undertaken the following initiatives:

- a) **Responsible Competition Practices:** To ensure effective competition, tenders are publicly advertised in MyGov Newspaper, Public Procurement Information Portal (PPIP) and on the Chuka University's website. Regular supplier prequalification and registration is also advertised to register eligible bidders. The tendering process is strictly conducted in adherence with the Public Procurement and Disposal Act 2015 and Regulations 2020 to ensure fairness and transparency throughout the Procurement process.
- b) **Responsible Supply Chain and Supplier Relations:** Chuka University ensures cordial relations with suppliers by maintaining timely and clear communication and making payments within 30 days of acceptance of goods, works or services. The University also organises structured trainings for suppliers on Access to Government Procurement Opportunities.
- c) **Responsible Marketing and Advertisement:** The University's communication policy ensures that all public communication is verified, truthful, concise, and delivered appropriately. Advertisements are published in national newspapers and on the University's website.

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d) **Product Stewardship:** Products from the University undergo thorough screening before being released to the public, ensuring consumer protection. The University's public relations office is available to receive comments and address public feedback.

v) **Community Social Responsibility/Community Engagements**

Chuka University recognizes that community engagement and Corporate Social Responsibility (CSR) are essential components of its role as a public institution. By undertaking CSR projects, the University aims to create lasting positive impacts on the surrounding communities, fulfil its ethical obligations, and reinforce its commitment to sustainable development. These initiatives also foster a strong relationship between the University and its stakeholders, contributing to social and economic growth. As part of its dedication to community support, Chuka University involves stakeholders in the planning of its activities and has implemented the following community-focused initiatives:

- a) **Organizing Free Training for Local Entrepreneurs:** Chuka University organized a training on Access to Government Procurement Opportunities for youth, women and Persons with Disability. A procurement consultant was invited to train the attendees. 91 persons attended the training.
- b) **Donating Seedlings to Promote Agroforestry:** To encourage environmental sustainability and reforestation, the University donates seedlings to local institutions and farmers. This initiative helps restore degraded land, improves air quality, and supports the livelihoods of local farmers.
- c) **Providing Technical Advice for Community Projects:** The University offers technical expertise to local community projects in terms of planning, design, and execution. By doing so, it contributes to the successful implementation of initiatives that address the community's specific needs, enhancing both their effectiveness and sustainability.
- d) **Offering a free medical camp.** On 14th March 2025, Chuka University School of Nursing and Public Health held a medical camp for 465 clients at Chuka University Grounds in partnership with County Government of Tharaka Nithi, Marie Slopes Clinic and PCEA Chogoria Hospital. The medical camp offered treatment and counselling for various health issues.

Through these CSR projects, Chuka University not only fulfils its social responsibilities but also strengthens its role as a partner in the socio-economic development of the surrounding communities. These efforts underscore the institution's commitment to creating a positive and lasting impact on society while reinforcing its alignment with national and global sustainability goals.

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**11. REPORT OF THE COUNCIL**

The Council submits the report together with the audited financial statements for the year ended June 30, 2025, which indicate the state of the University's affairs.

**Principal activities**

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

**Results**

The results of the entity for the year ended June 30, 2025 are set out on pages 1 to 7 for financial statements and pages 8 to 50 for the notes to the financial statements.

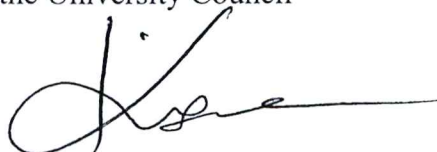
**University Council**

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

**Auditors**

The Auditor General is responsible for the statutory audit of the University in accordance with the Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which empowers the Auditor General to carry out the audit of the University for the year ended June 30, 2025.

By Order of the University Council



Prof. Henry M. M'ikiugu, Ph.D.  
**Vice Chancellor/Chief Executive Officer**

**Chuka University**  
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**12. STATEMENT OF COUNCILS' RESPONSIBILITIES**

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

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:


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

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), accrual basis and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2025, and of the University's financial position as at that date.

The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Council to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The University's financial statements were approved by the University Council on 27<sup>th</sup> August 2025 and signed on its behalf by:

  
Prof. David T. K. Šerem, Ph.D., OGW  
**Council Chairman**

  
Prof. Henry M. M'ikiugu, Ph.D.  
**Vice-Chancellor/Chief Executive Officer**

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## **REPORT OF THE AUDITOR GENERAL ON CHUKA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2025**

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### **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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Chuka University set out on pages 1 to 39, 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,

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*Report of the Auditor General on Chuka University for the year ended 30 June, 2025*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Chuka 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 University Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.2,702,514,589 and Kshs.3,019,455,903 respectively resulting to an overcollection of Kshs.316,941,314 or 12% of the budget. Similarly, the University spent Kshs.2,581,377,114 against actual receipts of Kshs.3,019,455,903 resulting to an under-absorption of Kshs.438,078,788 or 15% of the actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public

My opinion is not modified in respect of this matter

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matter**

In the audit report of the previous year, an issue on delay in completion of capital projects was raised under Lawfulness and Effectiveness in Use of Public Resources. However, the issue has recurred and has been reiterated in the report for the year under review.

### **Other Information**

Management is responsible for the other information set out on page v to xxix which comprise of Key Entity Information and Management, Chairman's Statement, The University Council Information, Report of the Vice Chancellor, Corporate Governance Statement, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Council Responsibilities and Management Discussion and Analysis. 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 for Conclusion**

#### **1. Delayed Collection of Students' Fee**

As previously reported, the statement of financial position reflects net receivable from exchange transactions balance of Kshs.482,959,233 as disclosed in Note 22 to the

financial statements. However, the balance reflects a significant increase of Kshs.380,277,287 from the previous year reported balance of kshs.102,681,946, an indicator of weaknesses in collection and accounting for fee balances. This is contrary to Regulations 83(2)(g) of the Public Finance Management (National Government) Regulations, 2015 states that for purposes of this regulation, sound cash management includes pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the government are collected and banked promptly.

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

## **2. Failure to Comply with Fiscal Responsibility Principles on Wages and Benefits**

The statement of financial performance reflects employment expenses and total revenue amount of Kshs.1,635,796,319 and Kshs.3,403,574,374 respectively. However, the employment expenses amount of Kshs.1,635,796,319 is 48% of the total revenue amount of kshs.3,403,574,374. The University therefore, exceeded the recommended threshold by 13% contrary to Regulations 26(1)(a) of Public Finance Management (National Government) Regulations, 2015 which states that the National Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the national government pursuant to Article 209(4) of the Constitution.

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

## **3. Delay in Completion of Capital Projects**

As previously reported, the statement of financial position reflects plant, property and equipment balance of Kshs.9,311,463,128 as disclosed in Note 26 to the financial statements. This balance includes a balance of Kshs.4,963,646,025 in respect to work in progress. Review of the balance, Project files and physical verification of the Projects in the month of September, 2025 revealed delay in Project completion as detailed below:

### **3.1 Proposed Male Students' Hostel Phase II**

Contract for the construction of Male student's hostel phase II was awarded to a contractor at a contract sum of Kshs.559,500,000 with a Project duration of two hundred and eight (208) weeks commencing on 12 July, 2019 with a completion date of May, 2023. However, review of the Project file and physical inspection carried out in September, 2025 revealed that the construction was stalled with the amount of work certified totaling to Kshs.264,679,690 or 47% of the contract price and no ongoing works at the site. In addition, the contract period had since expired at the time of the audit with approximately one hundred and twenty-seven (127) weeks and there was no evidence of contract extension.

### **3.2 Ultra-Modern Library Phase II**

The tender for building of Ultra-modern library phase II was awarded to a contractor at a contract sum of Kshs.1,610,480,481 with a project duration of two hundred and sixty (260) weeks commencing on 7 February, 2022 to be completed in February, 2027. However, review of the Project file and physical verification carried out in September, 2025 revealed that the amount of work certified was Kshs.383,407,543, approximately 24% of the contract sum while the period elapsed to completion was approximately one hundred and ninety-one (191) weeks, approximately 73%. Hence there is a mis-match between Project completion percentage and the expected duration of the Project, an indicator that the Project may not be completed in time even though it is within the agreed contract period.

### **4. Proposed Main Administration Block/ Law School**

The construction of the main administration block/law school was awarded to a contractor and six (6) other consortiums for implementation of the Project as professionals for electrical, plumbing civil/structural engineering, mechanical and electrical engineers, quantity surveyors and Project manager/architect at a contract sum of kshs.1,410,808,347. The Project duration was two hundred and sixty weeks (260) commencing on 19 October, 2017 to 19 October, 2022. However, the Project completion date was extended by a period of thirty-two (32) weeks to 17 July, 2023, which at the time of audit in September, 2025 has since lapsed with the project at approximately 78% completion stage and no ongoing work at the site.

In the circumstances, delayed projects have negatively impacted service delivery to the public.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of the Management and University Council**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**24 October, 2025**

**Chuka University**  
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**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30TH JUNE 2025**

*Chuka University*  
**Statement of Financial Performance**  
**For the Year Ended June 30, 2025**

	Note	2024-2025 Kshs.	2023-2024 Kshs.
<b>Revenue from Non-Exchange Transactions</b>			
Exchequer Recurrent Grants	6	942,573,849	1,011,953,346
Other Revenue from Non-Exchange Transactions	7	967,028	748,820
<b>Sub-total</b>		<b>943,540,877</b>	<b>1,012,702,166</b>
<b>Revenue from Exchange Transactions</b>			
Tuition and Related Income	8	2,260,083,219	1,229,506,858
Other Income from Exchange transactions	9	199,950,278	184,278,382
<b>Sub-Total</b>		<b>2,460,033,497</b>	<b>1,413,785,240</b>
<b>Total Revenue (A)</b>		<b>3,403,574,374</b>	<b>2,426,487,406</b>
<b>Expenses</b>			
Employment Expenses	10	1,635,796,319	1,409,202,370
Council Expenses	11	17,409,706	15,140,263
Repairs and Maintenance Expenses	12	38,209,859	13,433,520
Academic Expenses	13	201,547,926	225,416,294
Students and Alumni Expenses	14	13,749,452	12,078,865
Staff Welfare and Development Expenses	15	7,919,384	6,915,134
Finance costs	16	4,134,267	2,832,540
Depreciation and Amortization	17	173,640,846	200,860,648
Use of Goods and services	18	229,424,500	205,264,423
Increase/Decrease in Provision for Doubtful Debts	19	3,841,185	325,619
<b>Total Expenditure (B)</b>		<b>2,325,673,446</b>	<b>2,091,469,677</b>
<b>Surplus / Deficit (A-B)</b>		<b>1,077,900,928</b>	<b>335,017,729</b>

The notes set out on pages 7 to 40 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the council by:

Prof. Henry M. M'ikiugu, Ph.D.  
**Vice Chancellor/Chief Executive Officer**

CPA.Dr. John K. Thuranira, Ph.D  
ICPAK Member No.15343  
**Finance Officer**

Prof. David T. K. Serem, Ph.D., OGW  
**Council Chairman**

**Chuka University**  
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**15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025**

*Chuka University*  
*Statement of Financial Position*  
*As at June 30, 2025*

	Note	30th June 2025	30th June 2024
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	20	835,905,380	390,560,646
Receivables from Exchange Transactions	22	482,959,233	102,681,946
Receivables from Non Exchange Transactions	23	-	84,329,446
Prepayments	24	6,702,514	6,496,793
Inventory	25	10,537,550	11,290,273
<b>Total</b>		<b>1,336,104,677</b>	<b>595,359,104</b>
<b>Non-Current Assets</b>			
Tangible Assets -Property, Plant & Equipment	26	9,311,463,128	9,045,591,308
Intangible Assets - Comp Software	27	19,902,118	23,213,935
Biological Assets	28	12,297,000	10,782,545
<b>Total</b>		<b>9,343,662,247</b>	<b>9,079,587,788</b>
<b>Total Assets</b>		<b>10,679,766,924</b>	<b>9,674,946,892</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Payables from Exchange Transactions	29	249,603,967	311,116,125
Refundable Deposits	30	512,839,220	524,407,958
<b>Total Liabilities</b>		<b>762,443,187</b>	<b>835,524,084</b>
<b>Equity Funds &amp; Reserves</b>			
Capital Funds		2,573,492,010	2,573,492,010
Accumulated Surplus		5,652,659,047	4,574,758,119
Revaluation Reserve		1,691,172,679	1,691,172,679
<b>Total Equity and Reserves</b>		<b>9,917,323,736</b>	<b>8,839,422,808</b>
<b>Total Equity and Liabilities</b>		<b>10,679,766,924</b>	<b>9,674,946,892</b>

The notes set out on pages 7 to 40 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the council by:

Prof. Henry M. M'ikiugu, Ph.D.  
**Vice Chancellor/Chief Executive Officer**

CPA.Dr. John K. Thurania, Ph.D.  
 ICPAK Member No.15343  
**Finance Officer**

Prof. David T. K. Serem, Ph.D., OGW  
**Council Chairman**

**Chuka University**  
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**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025**

*Statement of Changes in Net Assets/Equity*  
*For the Year Ended June 30 , 2025*

	Note	Capital Fund	Revaluation Reserves - PPE	Accumulated Surplus	Total
<b>2023-2024</b>					
Balance as at 01/07/2023		2,329,420,610	1,300,211,588	4,239,740,389	7,869,372,586
Surplus for the Year			-	335,017,729	335,017,729
Land Donations		211,571,400	-	-	211,571,400
Revaluation Surplus		-	390,961,091	-	390,961,091
Capital Grants	38	32,500,000	-	-	32,500,000
<b>Balance as at 30/06/2024</b>		<b>2,573,492,010</b>	<b>1,691,172,679</b>	<b>4,574,758,119</b>	<b>8,839,422,806</b>
<b>2024-2025</b>					
Balance as at 01/07/2024		2,573,492,010	1,691,172,679	4,574,758,119	8,839,422,806
Surplus for the Year				1,077,900,928	1,077,900,928
<b>Balance as at 30/06/2025</b>		<b>2,573,492,010</b>	<b>1,691,172,679</b>	<b>5,652,659,047</b>	<b>9,917,323,735</b>

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**17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025**

<b>Chuka University</b>			
<b>Cash flow statement</b>			
<b>For the Year Ended June 30, 2025</b>			
	<b>Note</b>	<b>2024-2025</b>	<b>2023-2024</b>
		<b>Kshs</b>	<b>Kshs.</b>
<b>Cash Flow from Operating Activities</b>			
<b>Receipts</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Exchequer Recurrent Grants		1,026,903,295	933,396,159
Other Revenue from Non-Exchange Transactions		967,028	748,820
<b>Sub-total</b>		<b>1,027,870,323</b>	<b>934,144,979</b>
<b>Revenue from Exchange Transactions</b>			
Tuition and Related Income		1,875,751,536	1,197,270,529
Other Income from Exchange transactions		200,163,490	184,278,382
<b>Sub-Total</b>		<b>2,075,915,026</b>	<b>1,381,548,911</b>
<b>Total Receipts</b>		<b>3,103,785,349</b>	<b>2,315,693,890</b>
<b>Expenses</b>			
Employment Expenses		1,636,182,981	1,410,525,180
Council Expenses		17,409,706	15,140,263
Repairs and Maintenance Expenses		38,209,859	13,433,520
Academic Expenses		201,360,473	225,310,599
Students and Alumni Expenses		13,749,452	12,078,865
Staff Welfare and Development Expenses		7,919,384	6,949,834
Finance costs		4,134,267	2,832,540
Use of Goods and services		226,152,657	207,339,684
Refundable Deposits a/c		11,568,738	(79,721,631)
Unallocated Receipts Control a/c		(2,966,227)	1,918,333
CDF Control a/c		(137,760)	2,629,163
HELB Control Account a/c		(556,520)	(729,270)
Scholarship control Account a/c		(635,080)	(991,700)
Work in Progress payable Control a/c		68,286,394	122,486,287
<b>Total Payments</b>		<b>2,220,678,326</b>	<b>1,939,201,667</b>
<b>Net Cash flows from/(Used in) operating Activities</b>	<b>31</b>	<b>883,107,023</b>	<b>376,492,224</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition Plant & Equipment	32	(1,238,514)	(983,863)
Acquisition of Motor Vehicles	32	(26,767,180)	
Acquisition of Furniture & Fittings	32	(11,740,403)	(7,610,973)

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Acquisition of Computer Hardware	32	(16,356,717)	(1,727,985)
Purchase of Library Books	32	(2,993,450)	(512,600)
Disposal proceeds	33	10,500	32,750
Biological Assets	28	(1,514,455)	41,108
Work in Progress-tangible assets	34	(377,162,070)	(230,937,088)
Work in Progress-intangible assets	35		(5,291,009)
<b>Net Cash Flows Used in Investing Activities</b>		<b>(437,762,289)</b>	<b>(246,989,659)</b>
<b>Cash Flows from Financing Activities</b>			
Capital Fund	36	-	32,500,000
<b>Net Cash Flows used in Financing Activities</b>			<b>32,500,000</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>445,344,734</b>	<b>162,002,565</b>
<b>Cash and Cash Equivalents Bal B/F</b>	<b>20</b>	<b>390,560,646</b>	<b>228,558,081</b>
<b>Cash and Cash Equivalents C/F</b>	<b>20</b>	<b>835,905,380</b>	<b>390,560,646</b>

**Note**

There was a change in format of cash flow presentation in the financial year 2024-2025 as compared to 2023/2024.

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**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2025**

Chuka University				
Statement of Comparison of Budget and Actual Amounts				
For the Period Ended June 30, 2025				
	Final allocated Budget	Actual on Comparable Basis	Performance Difference	
	2024-2025	2024-2025	Variance	
<b>INCOME</b>	Kshs	Kshs	Kshs	%
<b>Revenue from Non-Exchange Transactions</b>				
Exchequer Recurrent Grants	942,573,851	942,573,849	2	100
Other Revenue from Non-Exchange Transactions	967,028	967,028	-	100
GOK Capital Grants	159,000,000		<b>159,000,000</b>	0
<b>Sub-total</b>	<b>1,102,540,879</b>	<b>943,540,877</b>	<b>159,000,002</b>	<b>85.6</b>
<b>Revenue from Exchange Transactions</b>				
Tuition and Related Income	1,400,023,432	1,875,964,747	475,941,316	134
Other Income from Exchange transactions	199,950,278	199,950,278	-	100
<b>Sub-Total</b>	<b>1,599,973,710</b>	<b>2,075,915,026</b>	<b>475,941,316</b>	<b>130</b>
<b>Total Revenue</b>	<b>2,702,514,589</b>	<b>3,019,455,903</b>	<b>316,941,314</b>	<b>112</b>
<b>Expenses</b>				
Employment Expenses	1,677,000,000	1,636,182,981	40,817,019	98
Council Expenses	17,640,263	17,409,706	230,557	99
Repairs and Maintenance Expenses	35,493,001	38,209,859	(2,716,858)	108
Academic Expenses	214,231,957	201,360,473	12,871,484	94
Students and Alumni Expenses	14,078,865	13,749,452	329,414	98
Staff Welfare and Development	8,065,134	7,919,384	145,750	98
Finance Costs	4,411,028	4,134,267	276,761	94
Use of goods and services	248,419,873	226,152,657	22,267,216	91
Purchase of Plant Property and Equipment	75,500,000	59,096,264	16,403,736	78
Capital Projects	407,674,468	377,162,070	30,512,398	93
<b>Total Expenditure (B)</b>	<b>2,702,514,589</b>	<b>2,581,377,114</b>	<b>121,137,475</b>	<b>96</b>
<b>Budget Surplus/Deficit (A-B)</b>	-	<b>438,078,788</b>		

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**Budget Reconciliation**

<b>Description of Particulars</b>	<b>Amount in Kshs</b>
<b>Actual Surplus Amounts as per the statement of Budget</b>	<b>438,078,788</b>
1 Refundable Deposit	(11,568,738)
2 Unallocated Receipts Control a/c	2,966,227
3 CDF Control a/c	137,760
4 Helb Control Account a/c	556,520
5 Scholarship control Account a/c	635,080
6 WIP payable	(68,286,394)
7 Exchequer receivable	84,329,446
8 Asset Disposal Proceeds	10,500
9 Change in Biological assets	(1,514,455)
10 Opening Cash and Cash Equivalent	390,560,646
<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>835,905,380</b>

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**19. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

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

**2. Statement of Compliance and Basis of Preparation**

Chuka University financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity’s accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University. The financial statements have been prepared in accordance with the PFM Act 2012, and PFM Regulation Act 2015, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 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 2024**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<b>Applicable 1<sup>st</sup> January 2025</b> 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 assets and lease liabilities.
IPSAS 44: Non- Current	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires,

**Chuka University**  
**Annual Reports and Financial Statements**  
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<b>Standard</b>	<b>Effective date and impact:</b>
Assets Held for Sale and Discontinued Operations	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	<b>Applicable 1<sup>st</sup> January 2025</b> 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 an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. Clarifying transaction costs guidance to enhance consistency across IPSAS; Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<b>Applicable 1<sup>st</sup> January 2026</b> 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.
IPSAS 48- Transfer Expenses	<b>Applicable 1<sup>st</sup> January 2026</b> 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

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Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<b>Applicable 1<sup>st</sup> January 2026</b> 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.

**iii. Early adoption of standards**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

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**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

Chuka University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

**c) Taxes**

**Current income tax**

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

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

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

**Deferred tax**

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

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

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

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

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

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

**d) Investment property**

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

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

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

**e) Property, plant and equipment**

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

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

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

The annual rates are:

Buildings	2.5%
Machinery and Equipment	20%

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Furniture and Fittings	12.5%
Motor Vehicles	25%
Computer & Computer peripherals	30%
Library Books	20%

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

**h) Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses.

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Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

**a) Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

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**Trade and other receivables**

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

**Fair value through surplus or deficit**

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

**Impairment**

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

**b) Financial liabilities**

**Classification**

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

**j) Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**k) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or

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service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**l) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**m) Contingent liabilities**

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

**n) Contingent Assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**o) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**p) Changes in accounting policies and estimates**

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

**q) Employee benefits**

**Retirement benefit plans**

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

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

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

**r) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of the financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**s) Borrowing costs**

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

**t) Related parties**

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

**u) Service concession arrangements**

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

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**v) Cash and cash equivalents**

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

**w) Comparative figures**

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

**x) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

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

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

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

**Useful lives and residual values**

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

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

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**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22 & 25

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

**6) Exchequer Recurrent Grants**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Ministry of Education-Exchequer Recurrent Grants</b>		
July	70,851,304	84,329,446
August	70,851,304	84,329,446
September	70,851,304	84,329,446
October	70,851,304	84,329,445
November	70,851,304	84,329,445
December	70,851,304	84,329,445
January	141,702,609	84,329,445
February	70,851,304	84,329,446
March	70,851,304	84,329,446
April	70,851,304	84,329,444
May	70,851,304	84,329,446
June	92,358,200	84,329,446
<b>Total</b>	<b>942,573,849</b>	<b>1,011,953,346</b>

**7) Other Revenue from Non-Exchange Transactions**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Other Revenue from Non-Exchange Transactions</b>		
Surcharges & Fines	967,028	748,820
<b>Total</b>	<b>967,028</b>	<b>748,820</b>

**8) Tuition and Related Income**

Description	2024-2025	2023-2024
	Kshs	Ksh
<b>Revenue from Exchange Transactions</b>		
Income from Diploma & Certificates Courses	9,329,940	54,463,160
Income from Government Sponsored Students	1,710,513,190	901,909,290
Income from Self-Sponsored Undergraduate Students	317,758,165	141,269,558
Income from Self-Sponsored Postgraduate Students	57,203,674	30,950,850
<b>Total Income Earned</b>	<b>2,094,804,969</b>	<b>1,128,592,858</b>
<b>Add: Tuition Related Income</b>		
Student ID	1,596,200	2,666,500

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Activity Fees	7,849,000	7,813,000
Registration Fee	8,910,800	8,427,500
Examination Fees	25,775,000	25,111,000
Mentorship Fees	17,675,000	22,890,000
Examination Fess Supervision	2,064,750	1,210,000
Material Development	23,352,000	23,343,000
Attachment Fees	63,000	84,000
Quality Assurance	2,497,500	3,727,000
Teaching Practice Charges	1,610,000	620,000
KUCCPS Placement Fees	6,207,000	5,022,000
Statutory charges	67,678,000	
<b>Subtotal</b>	<b>165,278,250</b>	<b>100,914,000</b>
<b>Total Tuition &amp; Related Income for the Year</b>	<b>2,260,083,219</b>	<b>1,229,506,858</b>

**9) Other Miscellaneous Income from Exchange Transactions**

Description	2024-2025	2023-2024
Other Miscellaneous Income from Exchange Transactions	Kshs	Kshs
Wear and Tear	2,180,629	1,188,901
Hire of Facilities	2,701,200	1,529,440
Disposal of Miscellaneous Items less loss	604,680	174,690
Accommodation Charges	25,770,672	23,567,400
Application Fees	4,133,128	3,230,913
A.I. Services	79,500	
Conferences & Seminars	22,165,623	306,000
Library Subscription	17,282,000	16,472,500
Research Funds	12,693,226	18,199,665
Catering Services	9,555,315	7,763,702
Medical Services	18,758,918	15,218,714
Farm Products	3,479,583	3,726,345
Hillside Hotel	13,831,917	15,209,235
Rental Income	11,931,666	10,151,678
Water Services	-	400,000
Interest on Bank Deposit	16,051,539	6,893,982
Remarking	35,500	10,500
Printing and Photocopy	184,140	218,000
Basic Needs	100,000	-
Academic gowns and graduation Fee	14,809,050	15,650,800
Course Retake	5,586,000	8,079,000
Academic Transcripts	25,000	7,000
Insurance Compensation		100,000
Advertisement (Corporate services)	50,000	20,000
Lab Analysis	246,438	172,400
Supplementary	15,973,500	34,655,000
Gym Income	1,721,055	1,332,518
<b>Total</b>	<b>199,950,278</b>	<b>184,278,382</b>

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**10) Employment Expenses**

Description	2024-2025	2023-2024
Employment Expenses	Kshs	Kshs
<b>Personnel Emoluments:</b>		
July	118,461,608	114,950,982
August	116,977,876	114,491,394
September	116,618,853	112,796,458
October	117,168,384	112,290,957
November	118,032,874	112,755,754
December	129,858,895	112,399,649
January	181,976,489	123,224,183
February	144,308,813	113,080,862
March	137,227,594	115,163,944
April	143,610,028	114,550,035
May	136,629,968	114,705,019
June	133,220,443	114,900,616
<b>Total</b>	<b>1,594,091,825</b>	<b>1,375,309,852</b>
Casual Labour Expenses	7,281,239	7,295,163
Gratuity Expense	14,152,643	9,137,172
Hospitalization & Medical Expenses	14,807,589	14,844,555
Internship Allowance	5,463,022	2,615,629
<b>Total employment Expenses</b>	<b>1,635,796,319</b>	<b>1,409,202,370</b>

**11) Council Expenses**

Description	2024-2025	2023-2024
Council Expenses	Kshs	Kshs
Sitting Allowance	5,140,000	4,310,000
Medical Expenses	119,944	30,468
Induction and Training	2,036,014	3,539,455
Travel and Accommodation	9,702,991	7,155,440
Other allowances	410,758	104,900
<b>Total</b>	<b>17,409,706</b>	<b>15,140,263</b>

**12) Repairs and Maintenance Expenses**

Description	2024-2025	2023-2024
Repairs and Maintenance Expenses	Kshs	Kshs
Maintenance of Motor vehicle	1,552,989	2,170,691
Grounds Maintenance	175,336	1,178,780
Computer Hardware	1,409,096	761,235
Computer/Software Maintenance	422,330	899,911
Plant & Equipment	9,214,275	6,279,018
Furniture	1,161,850	162,370

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Buildings	24,273,984	1,981,515
Library Books	-	-
<b>Total</b>	<b>38,209,859</b>	<b>13,433,520</b>

**13) Academic Expenses**

Description	2024-2025	2023-2024
Academic Expenses	Kshs	Kshs
Part- Time Lect. Expenses	134,747,356	169,292,428
Graduation Expenses	12,319,092	10,329,231
Teaching Practice & Field Attachment All.	28,777,344	17,384,406
Academic Field Trips	4,187,062	3,567,805
Teaching Materials	1,451,139	1,520,855
Exam Supervision	11,665,947	9,517,339
Research Expenses	8,399,986	13,296,230
Examination Stationery	-	508,000
<b>Total Academic Expenses</b>	<b>201,547,926</b>	<b>225,416,294</b>

**14) Students and Alumni Expenses**

Description	2024-2025	2023-2024
Students and Alumni expenses	Kshs	Kshs
Student Welfare Expenses	9,933,452	8,258,865
Student Work Study Expenses	28,000	69,000
Alumni Expenses	3,788,000	3,751,000
<b>Total</b>	<b>13,749,452</b>	<b>12,078,865</b>

**15) Staff Welfare & Development Expenses**

Description	2024-2025	2023-2024
Staff Welfare & Development expenses	Kshs	Kshs
Staff Development -	482,050	404,850
Staff Welfare Expenses	489,264	587,574
Staff Education Fund-Tuition Waiver	6,948,070	5,922,710
<b>Total</b>	<b>7,919,384</b>	<b>6,915,134</b>

**16) Finance Costs**

Description	2024-2025	2023-2024
Finance Cost	Kshs	Kshs
Bank Charges Interest	4,134,267	2,832,540
<b>Total Finance Cost</b>	<b>4,134,267</b>	<b>2,832,540</b>

**17) Depreciation and Amortization**

Description	2024-2025	2023-2024
Depreciation and Amortization		
Buildings	64,725,848	71,866,392

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Plant & Equipment	28,847,058	100,629,808
Motor Vehicles	40,284,055	3,581,125
Furniture & Fittings	8,561,410	14,055,996
Computer Hardware	27,329,456	5,748,017
Library Books	581,202	4,979,310
Amortization of Computer Software	3,311,817	-
<b>Total Dep &amp; Amortization</b>	<b>173,640,846</b>	<b>200,860,648</b>

**18) Use of goods and service**

Description	2024-2025	2023-2024
Use of Goods and Services	Kshs	Kshs
Staff Insurances (GPA&WIBA)	8,615,269	7,830,330
Fuel and Oils-Generator	57,406	830,103
Fuel and Oils-Motor Vehicles	10,909,405	9,903,579
Motor Vehicle Insurance	2,325,348	2,013,361
Travelling and Subsistence for staff	11,350,796	9,878,025
External Travelling	105,000	136,988
University Committees' Expenses	3,188,363	2,358,402
Postage and Telephone	662,622	1,305,068
Electricity Expenses	17,155,959	20,205,030
Honorarium		4,000
Water Supply and Sewerage Expenses	464,742	597,657
Staff Uniforms	204,010	373,998
Newspapers Journals and Videos	1,029,540	780,672
Printing & Publishing	509,230	12,000
Office Stationery	17,282,270	15,495,746
General Subscription	6,741,443	4,776,756
Hire of Security Services	22,692,979	22,692,360
Hire of Cleaning Services	11,279,676	11,254,150
Internet Expenses	22,327,156	27,657,222
Legal Fees	14,991,000	-
Official Entertainment	189,540	246,170
Conferences & Seminars	15,410,036	2,810,660
Cleaning Materials	2,572,832	6,699,491
Corporate Social Responsibility	779,325	6,679,829
Quality Assurance fees -CUE Subscription	20,381,200	5,000,725
Farm general expenses	2,645,203	4,950,799
Advertisement & Publicity	4,399,054	6,510,562
Exhibitions and Local Shows	817,270	1,050,815
Property/Land rates	411,500	411,500
KUCCPS Placement fees	7,056,000	5,119,500
Purchase of Games Equipment	668,022	1,262,480
Compensation Expenses	-	409,592
loss/gain on disposal	46,983	(16,828)
Audit Fees	696,000	696,000
Catering Expenses	8,492,120	18,217,559

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Medical Supplies and Expenses	14,862,955	8,162,025
Sale/disposal/addition of Biological Assets	(1,895,757)	(1,051,902)
<b>Total</b>	<b>229,424,500</b>	<b>205,264,423</b>

19) Provision for doubtful debts

Description	2024-2025	2023-2024
	Kshs	Kshs
Provisions for Doubtful Debts		
Bal b/f 1st July 2024	1,037,191	711,572
Increase/Decrease During the Year Period	3,841,185	325,619
<b>Balance as at 30th June 2025</b>	<b>4,878,376</b>	<b>1,037,191</b>

20) Cash and Cash Equivalents

Description		2023-2024
Cash & Cash Equivalents		Kshs
KCB - Fees Collection A/C - 1103755439	18,165,242	12,942,557
KCB - Operations A/C 1113791985	108,400,173	4,043,456
Equity IGU a/c 0293981713	20,053,775	11,706,125
Equity - Catering Dept. A/C 0210298189098	3,644,231	5,400,516
Equity fees collection A/C 0210261453469	122,495,270	870,493
Equity Research Fund-KEPAP 0210262271525	11,319,551	8,029,771
Equity TOWA A/C 0210298770822	9,395,186	9,786,738
Cooperative Bank -Development A/C 01120058189900	958,869	962,949
Cooperative- Fees Collection A/C 01129058189900	131,970,940	1,037,449
Family Bank- Fees Collection A/C 054000002641	107,363,643	34,534,265
Barclays Bank A/C 2035727666	5,189,947	9,683,244
Standard Chartered Bank A/C 0102024755200	1,669,466	1,284,146
Equity Operations A/C 0210261453459	30,645,500	19,863,848
Equity Gratuity 0210263739640	18,512,921	7,538,501
Equity Retention 0210263739666	245,345,261	262,699,245
E-citizen Account	775,408	177,343
<b>Total</b>	<b>835,905,380</b>	<b>390,560,646</b>

21) Detailed Analysis of the Cash and Cash Equivalents

	2024-2025	2024-2025
Financial institution	Kshs	Kshs
a) Current account		
KCB - Fees Collection 1103755439	18,165,242	12,942,557
KCB - Operations 1113791985	108,400,173	4,043,456
Equity IGU a/c 0210293981713	20,053,775	11,706,125
Equity - Catering Dept.0210298189098	3,644,231	5,400,516
Equity fees collection A/C 0210261453469	122,495,270	870,493
Equity Research Fund-KEPAP 0210262271525	11,319,551	8,029,771

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Equity Hillside A/C 0210298770822	9,395,186	9,786,738
Cooperative Bank -Development A/C 01120058189900	958,869	962,949
Cooperative- Fees Collection A/C 01129058189900	131,970,940	1,037,449
Family Bank- Fees Collection A/C 054000002641	107,363,643	34,534,265
Barclays Bank2035727666	5,189,947	9,683,244
Standard Chartered Bank0102024755200	1,669,466	1,284,146
Equity Operations A/C 0210261453459	30,645,500	19,863,848
Equity Gratuity 0210263739640	18,512,921	7,538,501
Equity Retention 0210263739666	245,345,261	262,699,245
<b>Sub-total</b>	<b>835,129,972</b>	<b>390,383,303</b>
<b>b) On - call deposits</b>		
N/A	-	-
N/A	-	-
<b>Sub- total</b>	<b>-</b>	<b>-</b>
<b>c) Fixed deposits account</b>		
N/A	-	-
N/A	-	-
<b>Sub- total</b>	<b>-</b>	<b>-</b>
<b>d) Staff car loan/ mortgage</b>		
N/A	-	-
N/A	-	-
<b>Sub- total</b>	<b>-</b>	<b>-</b>
<b>e) Others(specify)</b>		
Cash in transit	775,408	177,343
cash in hand	-	-
Mobile money accounts	-	-
<b>Sub- total</b>	<b>775,408</b>	<b>-</b>
<b>Grand total</b>	<b>835,905,380</b>	<b>390,560,646</b>

**22) Receivable from Exchange Transactions**

Description	2024-2025	2023-2024
<b>Receivable from Exchange Transactions</b>	<b>Kshs</b>	<b>Kshs</b>
Students Fees Receivable	484,883,592	100,551,909
Medical	110,212	-
Rental Income Receivable	2,843,805	3,167,228
<b>Total Receivables from Exchange Transactions</b>	<b>487,837,609</b>	<b>103,719,137</b>
Less: Impairment/Provision for Doubtful Debts	(4,878,376)	(1,037,191)
<b>Net Receivables from Exchange Transactions</b>	<b>482,959,233</b>	<b>102,681,946</b>

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**23) Receivable from Non-Exchange Transaction**

Description	2024-2025	2023-2024
	<b>Kshs</b>	<b>Kshs</b>
Receivable from Non-Exchange Transaction		
Exchequer Recurrent Grants	-	84,329,446
<b>Total</b>	-	<b>84,329,446</b>

**24) Prepayments**

Description	2024-2025	2023-2024
	<b>Kshs</b>	<b>Kshs</b>
Prepayments		
Prepaid Staff Insurances	6,506,420	6,328,480
Property Motor Vehicle Insurance	196,094	168,313
<b>Total</b>	<b>6,702,514</b>	<b>6,496,793</b>

**25) Inventory**

Description	2024-2025	2023-2024
	<b>Kshs</b>	<b>Kshs</b>
Inventory		
Main Stores	8,162,481	8,279,801
Medical Supplies	986,637	1,604,226
Farm Supplies & Consumables	333,438	430,673
Hill Side Hotel Supplies and Consumables	86,012	639,972
Catering Supplies & Consumables	968,982	335,601
<b>Total</b>	<b>10,537,550</b>	<b>11,290,273</b>

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**26) Tangible Assets, Property, Plant and Equipment Schedule**

PPE Schedule		2.50%	20%	25%	12.50%	30%	20%		
Particulars	Land	Buildings	Plant & Equipment	Motor Vehicle	Furniture & Fittings	Comp Hardware	Library Books	Work In Progress	Totals
<b>2023-2024</b>									
Cost/Value as at 1.7.23	1,097,670,205	2,874,655,673	502,244,651	157,314,500	105,624,547	87,477,340	24,383,949	4,355,546,868	9,204,917,733
Additions			983,863		7,610,973	1,727,986	512,600	230,937,088	241,772,509
W.I:P Capitalized	-	-	-	-	-	-	-	-	-
Asset Disposal	-	-	(529,267)		(43,074)	(27,000)	-	-	(599,340)
<b>Cost At 30th June 2023</b>	<b>1,097,670,205</b>	<b>2,874,655,673</b>	<b>502,699,247</b>	<b>157,314,500</b>	<b>113,192,447</b>	<b>89,178,326</b>	<b>24,896,549</b>	<b>4,586,483,956</b>	<b>9,446,090,902</b>
<b>Depreciation and impairment</b>									
Acc. Depr At 1 July 2023	-	210,314,788	284,381,249	153,733,375	46,272,698	80,471,866	18,217,052	-	793,391,028
Acc. Depr for Disposed Assets			(529,267)		(27,151)	(27,000)		-	(583,418)
Depreciation charge for the year	-	71,866,392	100,629,808	3,581,125	14,055,996	5,748,017	4,979,310	-	200,860,648
Depreciation as at 30 June 2024	-	282,181,180	384,481,790	157,314,500	60,301,543	86,192,883	23,196,362	-	993,668,258
<b>NBV as at 30th June 2023</b>	<b>1,097,670,205</b>	<b>2,664,340,885</b>	<b>217,863,402</b>	<b>3,581,125</b>	<b>59,351,850</b>	<b>7,005,474</b>	<b>6,166,897</b>	<b>4,355,546,868</b>	<b>8,411,526,705</b>
<b>NBV as at 30th June 2024</b>	<b>1,097,670,205</b>	<b>2,592,474,493</b>	<b>118,217,457</b>	<b>-</b>	<b>52,890,904</b>	<b>2,985,443</b>	<b>1,700,187</b>	<b>4,586,483,956</b>	<b>8,452,422,644</b>
<b>Revaluations</b>	<b>1,445,749,125</b>	<b>2,589,033,922</b>	<b>143,018,771</b>	<b>134,369,038</b>	<b>59,480,666</b>	<b>84,549,826</b>	<b>2,906,005</b>	<b>4,586,483,956</b>	<b>9,045,591,308</b>
<b>2024-2025</b>									
Cost/Value as at 1.7.24	1,445,749,125	2,589,033,922	143,018,771	134,369,038	59,480,666	84,549,826	2,906,005	4,586,483,956	9,045,591,308
Additions	-		1,238,514	26,767,180	11,740,403	16,356,717	2,993,450	377,162,070	436,258,334
Asset Disposal	-	-	-	-	(65,695)	-	-	-	(65,695)
<b>Cost At 30th June 2024</b>	<b>1,445,749,125</b>	<b>2,589,033,922</b>	<b>144,257,285</b>	<b>161,136,218</b>	<b>71,155,373</b>	<b>100,906,543</b>	<b>5,899,455</b>	<b>4,963,646,025</b>	<b>9,481,783,946</b>
<b>Depreciation and impairment</b>									
Depreciation charge for the year		64,725,848	28,847,058	40,284,055	8,561,410	27,329,456	581,202	-	170,329,029
Depreciation as at 30 June 2025	-	64,725,848	28,847,058	40,284,055	8,553,199	27,329,456	581,202	-	170,320,818
<b>NBV as at 30th June 2024</b>	<b>1,445,749,125</b>	<b>2,589,033,922</b>	<b>143,018,771</b>	<b>134,369,038</b>	<b>59,480,666</b>	<b>84,549,826</b>	<b>2,906,005</b>	<b>4,586,483,956</b>	<b>9,045,591,308</b>
<b>NBV as at 30th June 2025</b>	<b>1,445,749,125</b>	<b>2,524,308,074</b>	<b>115,410,227</b>	<b>120,852,164</b>	<b>62,602,175</b>	<b>73,577,087</b>	<b>5,318,252</b>	<b>4,963,646,025</b>	<b>9,311,463,128</b>

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27) Intangible Assets, Computer Software Schedule

Description	Amount
<b>Year 2023/2024</b>	
Cost/Value at 1/7/2023	9,363,828
Additions/adjustments	1,675,562
<b>Cost/Value at 30/06/2023</b>	11,039,390
Accumulated Amortization 1/07/2023	9,363,828
Amortization Charge for the Period	-
Accumulated Amortization 30/06/2024	9,363,828
<b>Carrying amount as at 30 June 2023</b>	-
<b>Carrying amount as at 30 June 2024</b>	1,675,562
<b>Revalued Amount</b>	11,039,390
<b>Work in Progress</b>	
<b>Micro Soft 365-Business Central</b>	12,174,545
<b>Total Intangible Assets</b>	23,213,935.44

<b>Year 2024/2025</b>	
Cost/Value at 1/7/2024	11,039,390
Additions/adjustments	-
<b>Cost/Value at 30/06/2025</b>	11,039,390
Accumulated Amortization 1/07/2024	-
Amortization Charge for the Period	3,311,817
Accumulated Amortization 30/06/2025	3,311,817
<b>Carrying amount as at 30 June 2024</b>	11,039,390
<b>Carrying amount as at 30 June 2025</b>	7,727,573
<b>Work in Progress</b>	
<b>Micro Soft 365-Business Central</b>	12,174,545
<b>Total Intangible Assets</b>	19,902,118

28) Biological Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Biological Assets	12,297,000	10,782,545

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**29) Payables from Exchange Transactions**

Description	2024-2025	2023-2024
Payables / Accruals from exchange transactions	Kshs	Kshs
General Payables	7,223,190	5,257,470
Part-Time Lecturers-Wages & Salaries Accrued	293,148	105,695
Audit Fees Payable	696,000	1,392,000
Unallocated Receipts	39,527,195	36,560,968
CDF Control Accounts	3,069,985	2,932,225
Helb Control Account	1,670,790	1,114,270
WIP Projects Payable	193,857,258	262,143,652
Scholarship control Account	1,626,780	991,700
Staff Claims Payable	20,150	32,150
Pay As You Earn	164,584	585,996
National Industrial Training Authority	34,750	-
Withholding Tax Payable	719,177	-
Withholding Vat Payable	632,065	-
PPRA Capacity Building Levy	3,868	-
Withholding Income Tax (Suppliers)	65,028	-
<b>Total</b>	<b>249,603,967</b>	<b>311,116,125</b>

**30) Refundable Deposit**

Refundable Deposits		
Description	2024-2025	2023-2024
Payables	Kshs	Kshs
Student Caution Money Payable	35,029,240	30,630,500
Staff Gratuity Payable	18,512,921	12,479,128
Prepaid Tuition Income	212,895,459	217,353,976
Student Union Fee Payable	264,300	710,950
Retention for W.I.P Payable	245,345,260	262,699,244
Rent Deposit	792,040	534,160
<b>Total</b>	<b>512,839,220</b>	<b>524,407,958</b>

**31) Cash Generated from Operations**

Cash Generated From Operations		
Description	204-2025	2023-2024
Surplus (Deficit) from Operations	1,077,900,928	335,017,729
<b>Adjustments for Non-Cash Items in the Income Statement:</b>		
Depreciation and Amortization Charge for the Year	173,640,846	200,860,648
Gain/Loss on asset disposal	46,983	(16,828)
Increase in Provision for doubtful debts	3,841,185	-

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	<b>1,255,429,943</b>	<b>535,861,549</b>
<b>Working Capital Adjustments</b>		
Increase/Decrease in Receivables -Exchange Transactions	(384,118,471)	(32,236,329)
Increase/decrease in Receivables - Non Exchange Transactions	84,329,446	(78,557,187)
Increase/Decrease in prepayments	(205,721)	(703,406)
Increase/Decrease in Inventory	752,722	2,189,961
Increase/Decrease in Payable from Exchange Transactions	(61,512,159)	(130,109,615)
Increase/Decrease in Refundable Deposits	(11,568,738)	80,047,251
<b>Net Cash Flows Used in Operating Activities</b>	<b>883,107,023</b>	<b>376,492,224</b>

**32) Acquisition Plant, Property and Equipment**

<b>Acquisition Plant, Property and Equipment</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Plant& Equipment	1,238,514	983,863
Motor Vehicle	26,767,180	-
Furniture & Fittings	11,740,403	7,610,973
Comp Hardware	16,356,717	1,727,986
Library Books	2,993,450	512,600
<b>Total</b>	<b>59,096,264</b>	<b>10,835,422</b>

**33) Disposal of Assets**

<b>Disposal of Assets</b>		
<b>Category</b>		<b>Amount</b>
Plant and Equipment	-	14,750
Furniture and Fittings	10,500	17,800
Computer Hardware	-	200
<b>TOTALS</b>	<b>10,500</b>	<b>32,750</b>

**34) Work in Progress-Tangible Assets**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Work in Progress Tangible Assets</b>		
Professional Fees Administration Block	9,016,349	(9,016,349)
Professional Fees Science Research Park	9,389,713	11,876,415
Food Technology Block	2,633,771	9,220,071
Science Research Park	293,457,417	190,827,866
Proposed 200KVA Generator at Igembe Campus	1,841,200	
Acquisition and relocation of chiefs office	-	172,391
Milk Processing Plant	19,423,956	13,346,848
Food technology Phase 2	12,502,270	14,509,846
Professional fee for Male Hostel Wing B	19,366,644	-

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Acquisition of Ambulance	9,530,750	-
<b>Total</b>	<b>377,162,070</b>	<b>230,937,088</b>

**35) Work in Progress-Intangible Assets**

<b>Work in Progress Intangible Assets</b>	<b>Kshs</b>	<b>Kshs</b>
Library Information Management System	-	725,562
Enterprise Resource Planning	-	4,565,447
	-	<b>5,291,009</b>

**36) Exchequer Capital Grants**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
<b>Exchequer Capital Grants</b>	<b>Kshs</b>	<b>Kshs</b>
<b>State Department for University Education and Research</b>		
1st Disbursement	-	32,500,000
<b>Total</b>	<b>-</b>	<b>32,500,000</b>

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**42. FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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

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

	<b>Total amount</b>	<b>Fully</b>	<b>Past</b>	<b>Impaired</b>
		<b>Performing</b>	<b>Due</b>	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2025</b>				
Receivables from exchange transactions	482,959,233	482,959,233	Nil	Nil
Receivables from non-exchange transactions	Nil	Nil	Nil	Nil
Bank balances	835,905,380	835,905,380	Nil	Nil
	<b>1,318,864,613</b>	<b>1,318,864,613</b>	<b>Nil</b>	<b>Nil</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	102,681,946	102,681,946	Nil	Nil
Receivables from non-exchange transactions	84,329,446	84,329,446	Nil	Nil
Bank balances	390,560,646	390,560,646	Nil	Nil
<b>Total</b>	<b>577,572,038</b>	<b>577,572,038</b>	<b>Nil</b>	<b>Nil</b>

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

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

**(ii) Liquidity risk management**

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

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

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	
				<b>Total</b>
<b>At 30 June 2025</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Trade payables	249,603,967	Nil	Nil	249,603,967
Current portion of borrowings	Nil	Nil	Nil	Nil
Provisions	Nil	Nil	Nil	Nil
Deferred income	Nil	Nil	Nil	Nil
Employee benefit obligation	Nil	Nil	Nil	Nil
<b>Total</b>	<b>249,603,967</b>			<b>249,603,967</b>
<b>At 30 June 2024</b>				
Trade payables	311,116,125	Nil	Nil	311,116,125
Current portion of borrowings	Nil	Nil	Nil	Nil
Provisions	Nil	Nil	Nil	Nil
Deferred income	Nil	Nil	Nil	Nil
Employee benefit obligation	Nil	Nil	Nil	Nil
<b>Total</b>	<b>311,116,125</b>			<b>311,116,125</b>

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**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates, which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

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

Chuka University did not have a foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period. The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**b) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected because of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

**Management of interest rate risk**

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

**Sensitivity analysis**

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

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**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value**

**Determination of fair value and fair values hierarchy**

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	<b>Level 1 Kshs</b>	<b>Level 2 Kshs</b>	<b>Level 3 Kshs</b>	<b>Total Kshs</b>
<b>At 30 June 2025</b>				
<b>Financial Assets</b>				
Quoted equity investments	Nil	Nil	Nil	Nil
<b>Non- financial Assets</b>				
Investment property	Nil	Nil	Nil	Nil
Land and buildings	3,970,057,199		Nil	3,970,057,199
<b>Total</b>	<b>3,970,057,199</b>		<b>Nil</b>	<b>3,970,057,199</b>
<b>At 30 June 2024</b>				
<b>Financial Assets</b>				
Quoted equity investments	Nil	Nil	Nil	Nil
<b>Non- financial Assets</b>				
Investment property	Nil	Nil	Nil	Nil
Land and buildings	4,034,783,047		Nil	4,034,783,047
<b>Total</b>	<b>4,034,783,047</b>		<b>Nil</b>	<b>4,034,783,047</b>

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There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management.**

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

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Ksh</b>	<b>Ksh</b>
Revaluation reserve	1,691,172,679	1,691,172,679
Retained earnings	5,652,659,047	4,574,758,119
Capital reserve	2,573,492,010	2,573,492,010
<b>Total funds</b>	<b>9,917,323,736</b>	<b>8,839,422,808</b>
Total borrowings		
Less: cash and bank balances	835,905,380	390,560,646
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		

**43. RELATED PARTY DISCLOSURES**

**Nature of related party relationships**

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

**(i). Government of Kenya**

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

**(ii). The Principal Secretary, State Department for University Education and Research**

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

**(iii). The Council Members**

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

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

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

**(iv). The University management**

The University management is mandated to make the day-to-day decisions on behalf of the University. They have a significant influence over the operating and financial decision

**(v). The University Senate;**

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

**Related party transactions**

**(i). Grants/Transfers from National Government**

	2024-2025	2023-2024
Transfers from related parties'		
Recurrent	942,573,849	1,011,953,346.00
Capital	-	32,500,000.00
Transfers to related parties	-	-
<b>Totals</b>	<b>942,573,849</b>	<b>1,044,453,346.00</b>

**(ii). Key management remuneration**

	2024-2025	2023-2024
University Council	17,409,706	15,140,263
Key management compensation	40,337,687.00	36,083,736
<b>Totals</b>	<b>57,747,393</b>	<b>51,223,999</b>

**44. Events after the reporting period**

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

**45. Ultimate and Holding Entity**

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

**46. Contingent Liability**

University is a defendant in case no. E005 of 2024 in which the plaintiff Arcon Works LTD sued the University and others for hybrid claim, liquidated sum of Kshs. 944,664,223.7 together with general damages, interests and costs thereto.

**47. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

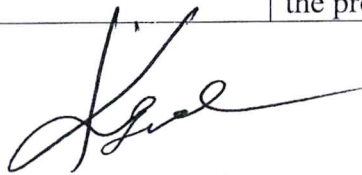
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**20. APPENDICES**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Over collection of revenue and Under-absorption of revenue	University to ensure full absorption of budget	Finance Officer, Chuka University	Resolved	Resolved
2.	Account Payable	University to continuously ensure payables are paid as and when they fall due.	Finance Officer, Chuka University	Resolved	Resolved
3.	Delayed Project Completion	Delay is majorly due to unavailability of funds, the management is committed to expediting completion of the projects.	Head of Estates, Chuka University	Resolved	Resolved



**Prof. Henry M. M'Ikiugu, Ph.D.**  
 Vice Chancellor/CEO

**27<sup>th</sup> August 2025**

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Appendix II: Project Implementation Status

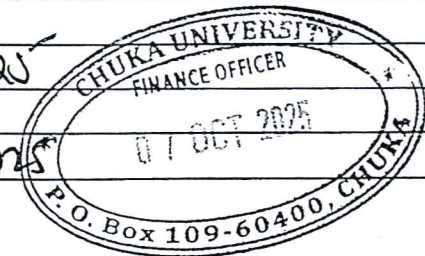
SN O.	PROJECT'S NAME	Total Project Cost	Total Expended to date	Completion % to date	Budget 2024 - 2025	Actual 2024 - 2025	Source of funds
1	Proposed Food Technology Tuition phase 1	292,164,909	291,478,197	99.76	2,800,000	2,633,771	AIA
2	Proposed Science Research Park Phase 2	1,929,373,938	1,024,780,519	53.11	305,643,555	293,457,417	AIA
8	Milk Processing Plant	52,717,476	39,907,409	75.7	20,000,000	19,423,956	AIA
9	Proposed Food Technology Tuition phase 2	31,205,456	29,307,372	93.92	13,000,000	12,502,270	AIA
	<b>Total</b>	<b>2,777,096,085</b>	<b>1,852,314,437</b>		<b>392,205,218</b>	<b>377,162,070</b>	

Appendix III: Transfers from Other Government Entities

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

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Appendix IV- Inter-Entity Confirmation Letter					
Name of Transferring entity: State Department for University Education and Research					
Name of Beneficiary entity: Chuka University					
Confirmation of amounts received by Chuka University as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	(C)=(A+B)	Remarks
KCB2/05970	27/06/2025	92,358,200	-	92,358,200	Recurrent Grants
KCB2/05952	12/06/2025	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05955	05/05/2025	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05891	10/04/2025	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05730	13/03/2025	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05729	10/02/2025	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05557	06/01/2025	70,851,305	-	70,851,305	Recurrent Grants
KCB2/05558	07/01/2025	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05553	05/12/2024	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05530	08/11/2024	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05487	08/10/2024	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05467	13/09/2024	70,851,304	-	70,851,304	Recurrent Grants
KCB2/05465	13/08/2024	70,851,304	-	70,851,304	Recurrent Grants
Total		942,573,849		942,573,849	
I confirm that the amounts shown above are correct as of the date indicated.					
Head of Accounts Department: State Department for University Education and Research					
Name <u>Lucas M. Kaunda</u> Sign <u>[Signature]</u> Date <u>07/10/2025</u>					
Finance Officer: Chuka University					
Name <u>Dr. Solomon Kirimi</u> Sign <u>[Signature]</u> Date <u>07/10/2025</u>					



Ministry of Education  
 State Department for University Education  
 P.O. Box 5583 - 00200, Nairobi  
 For: Principal Secretary

**Appendix V: Reporting of Climate Relevant Expenditures**

**Name of the Organization:** Chuka University

**Telephone Number:** +254 (061) 2304004

**Email Address:** vc@chuka.ac.ke

**Name of CEO/MD/Head:** Prof. Henry M. M'Ikiugu, Ph.D. Vice Chancellor

**Name and contact details of contact person (in case of any clarifications):** Prof. Henry M. M'Ikiugu, Ph.D. Vice Chancellor

Project Name	Project Description	Project Objectives	Project Activities	2024-2025	Source of Funds	Implementing Partners
Tree Planting	Planting of trees in the neighbouring community	To ensure 10% forest cover as per the government Agenda	Planting trees in the Neighbouring community	University Planted trees in the neighbouring communities.	AIA	Community and Neighbouring Institutions

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Appendix VI: Disaster Expenditure Reporting Template

<b>Date:</b> 2024/2025						
<b>Entity:</b> Chuka University						
<b>Period to which this report refers (FY)</b>	<b>Year:</b> 2024/2025			<b>Quarter:</b> Q1,Q2,Q3&Q4		
<b>Name of Reporting Officer</b>	Prof. Henry M. M'Ikiugu, Ph.D. Vice Chancellor					
<b>Contact details of the reporting officer:</b>	Email:vc@chuka.ac.ke			Telephone: +254 (061) 2304004		
<b>Column I</b>	<b>Column II</b>	<b>Column III</b>	<b>Column IV</b>	<b>Column V</b>	<b>Column VI</b>	<b>Column VII</b>
<b>Programme</b>	<b>Sub-programme</b>	<b>Disaster Type</b>	<b>Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)</b>	<b>Expenditure item</b>	<b>Amount (Kshs.)</b>	<b>Comments</b>
N/A	N/A	N/A	N/A	N/A	N/A	N/A