

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

CO-OPERATIVE UNIVERSITY OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2024**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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THE CO-OPERATIVE UNIVERSITY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2024

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

CUK is ISO 9001: 2015 Certified

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WASHINGTON, D.C.

THE CO-OPERATIVE UNIVERSITY OF KENYA

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I. Acronyms and Abbreviations

ACDRI	-	Academics, Cooperative Development Research and Innovation
ADB	-	African Development Bank
AJCDT	-	African Journal of Co-Operative Development and Technology
ATC	-	Agri-Co-Operative Training and Consultancy Services
CBC	-	Competency Based Curriculum
CBD	-	Central Business District
CHRP	-	Certified Human Resource Professional
CPA	-	Certified Public Accountant
CRCC	-	Cooperative Retreat and Conference Center
CUE	-	Commission Of University Education
CUK	-	The Co-operative University of Kenya
DAWI	-	Democracy At Work Institute
DUC	-	Differentiated Unit Cost
DVC	-	Deputy Vice Chancellor
FPA	-	Finance Planning and Administration
FY	-	Financial Year
ICT	-	Information And Communication Technology
IDRC	-	International Development Research Centre
IGU	-	Income Generating Unit
IPSAS	-	International Public Sector Accounting Standards
KRTCDP	-	Kenya Rural Transformation Centers Digital Platform
KUCCPS	-	Kenya Universities and Colleges Central Placing Service
LFC	-	Leadership For Change
LMS	-	Learning Management System
MSME	-	Micro Small and Medium Enterprises
OCDC	-	Overseas Cooperative Development Council
ODeL	-	Open Distance And eLearning
SDG	-	Sustainable Development Goals
TVET	-	Technical And Vocational Education and Training
UFB	-	University Funding Board
UMB	-	University Management Board



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II. Key Entity Information and Management

(a) Background Information

The Co-operative University of Kenya (CUK) is a chartered public university established by the Kenyan Government under the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7th October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4th November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E). Since award of charter the University has been a leading institution for co-operative education, training and research at both national and international level.

The University has two campuses namely main campus and Nairobi Central Business District (CBD) campus. The main campus is the main seat of the University situated along Ushirika road in the serene environment of Karen about 20km from the Nairobi CBD. Nairobi CBD campus is located within Nairobi Central Business District on Ufundi Co-op Plaza along Moi Avenue.

During the financial year ending 30 June 2024, CUK had an average student population of 7031 as per the table below.

Quarter	Active Students			Registered Students			Unregistered Students		
	KUCCPS	SSP	TOTAL	KUCCPS	SSP	TOTAL	KUCCPS	SSP	TOTAL
Quarter 1	6191	2675	8866	4398	1754	6152	1793	921	2714
Quarter 2	7661	3046	10707	5488	2319	7807	2173	727	2900
Quarter 3	4255	2133	6388	4249	1892	6141	6	241	247
Quarter 4	249	1914	2163	249	1707	1956	0	207	207
Average	4589	2442	7031	3596	1918	5514	993	524	1517

The University has staff population of 282 composed of 220 Permanent and Pensionable, and 62 on contract. This comprises 77 Academic members of staff and 205 Administrative, Technical and Information Science members of staff.

(b) Principal Activities.

The principal activity/mission of CUK is to provide competent human capital through quality education, training, research and innovation, and empower communities through outreach for socio-economic transformation.

The University's motto is empowering communities with a vision to be a university of excellence in education, research, innovation and cooperative training.

(c) Key Management.

CUK's day-to-day management is under the Vice-Chancellor who is supported by the University Management Board (UMB)



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(d) Fiduciary Management.

The key management personnel who held office during the year ended 30 June, 2024 and who had direct fiduciary responsibility were:

Prof. Kamau Ngamau, PhD., EBS.	-	Vice Chancellor
Prof. Isaac K. Nyamongo, PhD., MBS	-	Deputy Vice Chancellor, Academic, Co-operative Development, Research and Innovation
Prof. Esther N. Gicheru (Mrs) OGW	-	Deputy Vice Chancellor, Finance, Planning And Administration
Mr Chris Kathoka	-	Registrar, Finance, Planning and Administration
CPA. Maxwel Nyaga	-	Finance officer
Dr. Lydia Mutua	-	Ag. Registrar, Academic, Co-operative Development, Research and Innovation
CHRP. Anne Jemimma Mmata	-	Ag. Principal Human Resource Manager
Dr. Lucinda Mugaa	-	Ag. Dean of Students

(e) Fiduciary Oversight Arrangements

The University's key fiduciary oversight arrangements have been carried out by the following University Council Committees:

- i) Finance, Planning and Development Committee
- ii) Human Resource Management Committee
- iii) Audit and Risk Committee
- iv) Sealing Committee

(f) Entity Headquarters

The Co-operative University of Kenya
L. R. NO. 23134/1, Karen
23134/2, Karen
Ushirika Road
P. O. Box 24814 00502
KAREN NAIROBI

(g) Entity Contacts

P. O. Box 24814 – 00502
KAREN NAIROBI
Tel. 020 8891401/3/4
Wireless: 020 2430127



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020 2679456
Mobile. 0724311606
Fax: 020 8891410
E-mail: vc@cuk.ac.ke
Website: www.cuk.ac.ke

(h) Entity Bankers

1. Standard Chartered Bank
Karen Branch
P.O. Box 24601- 00502
KAREN, NAIROBI.
2. Co-operative Bank
Karen Branch
P O Box 60800 - 00200
NAIROBI.
3. Equity Bank (Kenya) Limited
Karen Supreme Branch
P O Box 75104 - 00200
NAIROBI.

(i) Independent Auditors

Auditor – General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
NAIROBI

(j) Principal Legal Advisers

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



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III. The University Council

Name	Profile & Work Experience
 Dr. Jeremy Bundi DOB; 1955	• Chairperson – The Co-operative University of Kenya Council. • Member – Chartered Institute of Logistics and Transport International (MILT -UK) • iRAP associate member • Chairman – St Ann Girls Secondary School, Maara District, Tharaka Nithi County • Chairman – Muthambi Girls Secondary School • EIA/EA, Certificate • Former Branch Manager – The co-operative Bank of Kenya • Former Principal Administration Officer – Ethics & Anti-Corruption Commission • Former Chairman – County Land Management Board, Tharaka Nithi County • Former Leaf Collection and Crop Development Officer – Kenya Tea Development Authority • Former Operations Officer – Kenya Bus Services (KBS) Ltd • Doctor of Philosophy (PhD), Transport Geography - University of Nairobi • Master of Arts (M.A), Transport Geography University of Nairobi • Bachelor of Arts (B.A.), Economics, Sociology & Geography – University of Nairobi • Post graduate professional course: The Chartered Institute of Transport (CIT –UK



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Mr Christopher Ombati
DOB; 1948

- Independent Council Member – The Co-operative University of Kenya.
- Master of Science (Human Resource Development), FRSC University of Manchester, United Kingdom
- Bachelor of Commerce (Business Administration) University of Nairobi, Kenya



Ms. Elizabeth Layla Kimkung
DOB; 1968

- Independent Council Member – The Co-operative University of Kenya.
- General Manager (Administration, Legal and Corporate Affairs) – Freight Forwarders Kenya Limited.
- Board Member – Kenya Institute of the Blind.
- Chair-person – Governor's Christmas Tree Fund Nairobi County.
- Executive Chairperson (Founder) – Langata Kibera Foundation.
- Vice Chair-person – Nairobi County Liquor Licensing Board.
- Transport Committee member – Kenya Private Sector Alliance.
- Member – Kenya Girl Guides (Fundraising Committee).
- Member – Kenya Ladies Golf Union.
- Member – Rotary Club of Nairobi.
- Masters of Law (LLM) – University of Nairobi.
- Master of Business Administration – United States International University.
- Bachelors of Law (LLB) – University of Nairobi.
- Bachelor of Arts in International Business Administration – United States International University.



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Mrs. Peris Onsarigo
DOB; 1968

- Independent Council Member – The Co-operative University of Kenya
- Immediate former member of the County Executive Committee, Kisii County, in charge of Administration, Corporate Services and Stakeholder Management.
- Worked with Ministry of Immigration and Registration of Persons for a period of 20 years
- Member: Women on Board Network
- Former Board Treasurer: Riokindo Boys High School
- Former Board Member: Magena Girls Secondary School
- Master's degree in organizational development from United States International University
- Bachelor of Arts from Kenyatta University



Mr. John Kihara
DOB; 1957

- Independent Council Member – The Co-operative University of Kenya
- Former Commercial Attache: Kenya High Commission, Ottawa, Canada
- Former Resource mobilizer: Keys 360 Marketing, Ottawa, Canada
- Founder/Formal Board Chairman: Kiangazi Foundation, Naivasha, Kenya
- Former Planning Officer: Ministry of Local Government, Department of Urban Development
- Currently partnering with a local Naivasha NGO, Daraja La Amani as a Mentor of orphaned youth in Naivasha
- Master Environmental Studies, Regional Development and Planning, York University, Toronto, Canada
- Awarded a Canada International Development Agency, (CIDA), Full Scholarship, towards a Master's degree at York University, Toronto, Canada
- Bachelor of Arts, Urban Studies and Planning, University of California San Diego, San Diego, California, United States of America



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Ms Susan Karuri

DOB; 1985

Representing the Principal Secretary – The National Treasury.

- Council Member – The Co-operative University of Kenya.
- Rep. PS National Treasury
- LLM - International Economic Law from the East China University of Political Science and Law, Shanghai
- LLB - Moi University
- Advocate of the High Court of Kenya



CPA Peter Wanjohi Kiama

DOB; 1969

Representing the Principal Secretary – State Department of Co-operatives, Ministry of Industry, Trade and Co-operatives.

- Council Member- The Co-operative University of Kenya.
- Rep. PS State Dep. Of Cooperatives.
- Assistant Commissioner for Co-operative Development – Ministry of Industry, Trade and Co-operatives.
- Doctor of Philosophy, Business Administration (Finance) Student –Jomo Kenyatta University of Agriculture and Technology
- Master of Business Administration (Finance) – University of Nairobi
- . Bachelor of Science (Maths Major) – Jomo Kenyatta University of Agriculture and Technology
- Professionally affiliated to the Institute of Certified Public Accounts of Kenya (ICPAK), and the Kenya Society of Professional Co-operators (KSPC)
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Ms Christine Kariuki
DOB; 1968
Representing the Principal Secretary – The
Ministry of Education.

- Council Member- The Co-operative University of Kenya.
- Rep. PS State Department for University Education
- Deputy Director Research, MoE.
- Master of Science (M.Sc.) Horticulture (UON)
- Bachelor of Science (B.Sc.) Agriculture (UON)
- Member, International Federation of Organic Agriculture Movements (IFOAM) Standards
- Member, Kenya Professional Women in Agriculture and Environment (KEPAWAE)



Prof. Kamau Ngamau, PhD., EBS.
DOB; 1966
• Vice Chancellor.

- Secretary – The Co-operative University of Kenya Council.
- Vice Chancellor – The Co-operative University of Kenya.
- Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology.
- Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany.
- Master of Science, Horticulture – The University of Nairobi.
- Master's degree, Organizational Development – United States International University, Kenya
- Bachelor of Science, Agriculture – The University of Nairobi.



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IV. The University Management Board

Staff Profile	Responsibilities
 Prof. Kamau Ngamau, PhD., EBS. DOB; 1966 • Vice Chancellor. • Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology. • Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany. • Master of Science, Horticulture – The University of Nairobi. • Master's degree, Organizational Development – United States International University, Kenya • Bachelor of Science, Agriculture – The University of Nairobi.	• Chief Executive Officer; Academic and Administrative Head of the University. • Member of all committees appointed by Council or Senate. • The Secretary to the Council and an ex officio member of the Council. • Responsible for Policy matters, Planning, Coordination, Public Relations, Security, Audit, Fundraising and General Development of the University Policy Matters. • Chairperson of Senate. • Chairperson of Associate Professorial appointments. • Chairperson of the University Management Board. • Chairperson of the University Student Welfare Authority.



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Prof. Esther N. Gicheru (Mrs) OGW
DOB; 1952

- Deputy Vice Chancellor Finance, Planning and Administration.
- Associate Professor in Cooperative Management and Organization Development – The Co-operative University of Kenya.
- Doctor of Philosophy, Organization Development and Transformation – Cebu Doctors' University, the Philippines.
- Master's Degree, Co-operative Management and Organization Development – Leicester University, United Kingdom.
- Bachelor of Science, Agriculture – The University of Nairobi.
- Diploma in Counselling Psychology – Tangaza University College.

- Head of Finance, Planning and Administration Division and is responsible for management of human, physical, financial resources; administrative, infrastructural and development matters which has the following responsibilities:
 - Staff Recruitment;
 - Training of Administrative Staff;
 - Promotions and Discipline;
 - Personnel Administration;
 - Financial Administration;
 - Coordination of All Income Generating Units;
 - Procurement Services;
 - Health Services;
 - Registry Administration;
 - Legal Matters;
 - Transport;
 - ICT and Central Services.
- Provides the secretariat for the Council and the following Committees:
 - Terms of Service Committee;
 - Staff Appointments Committee;
 - Housing (policy and allocations) Committee;
 - Ceremonial Committee;
 - Health, Recreation, Environment and Safety Committee;
 - Staff Appraisal and Promotion Committee;
 - Staff Welfare;
 - Finance and General Purposes Committee;
 - Building and Development;
 - Sealing Committee;
 - Council Planning and Development Committee;
 - Planning, Establishment and Development Committee;
 - Disciplinary Committee;
 - Tender Committee;



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Prof. Isaac K. Nyamongo, PhD., MBS
DOB; 1963

- Deputy Vice Chancellor (Academic Cooperative Development, Research and Innovation).
- Full Professor, Anthropology – The University of Nairobi.
- Doctor of Philosophy, Anthropology – University of Florida, USA.
- Master of Science, Anthropology – Punjab University, India.
- Bachelor of Science, Anthropology – Punjab University, India.

- Head of the Co-operative Development, Research, and Innovation Division which has the following responsibilities:
 - Integrating Co-operative models in rural development and transformation;
 - Coordination of Co-operative Development activities;
 - Coordination of research and extension services;
 - Coordination of workshops and seminars;
 - Coordination of short tailor-made training programmes and consultancy services for the Co-operative sector;
 - Coordination of national and international linkages with the Co-operative sector;
 - Soliciting of funds for Co-operative development, research and production;
- Provides the secretariat for the following Committees:
 - Research, innovation and incubation;
 - Linkages and partnership;
 - Community services;
 - Funding-raising;
 - Printing and publications;
 - Short courses.
- Head of the Academic Division of the University.
- Provide the secretariat to the Senate and the following Committees of the Senate:
 - Board of Postgraduate Studies;
 - Deans Committee;
 - Students Welfare Committee;
 - Students Disciplinary Committee;
 - Library Advisory Committee;
- The returning officer for the election of Deans of Faculties.
- Provide the secretariat for the Honorary Degrees Committee of Council.
- Responsible for the allocation of academic facilities such as buildings, lecture rooms and offices and as well as formulation of rules governing the allocation and utilization.
- Chairperson of the University Training Committee.



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CPA Maxwel Nyaga
DOB; 1974

- Finance Officer.
- PhD student Business Administration (Finance) – The Jomo Kenyatta University of Agriculture and Technology.
- Master Degree, Business Administration – The Jomo Kenyatta University of Agriculture and Technology.
- Master of Science, Procurement and Logistics – The Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Science, Applied Accountancy – Oxford Brooks University, UK
- Certified Public Accountant CPA (K).

- Responsible for the supervision and management of all administrative and operational functions of the office of the Finance Officer.
- Develops the finance policies and procedure Manual.
- Formulates the revenue generation and resource Mobilisation strategies for the university.
- Is responsible for financial forecasting and planning.
- Is responsible for Budget execution and control of Budgets.
- Prepares regular, quarterly and annual financial reports.
- Facilitates liaison with the National Treasury, Ministry of Education and the Auditor General on the Funding of the university.
- Is responsible for daily approval of expenditure in the consultations with the Deputy Vice Chancellor FPA and the Vice Chancellor.



Mr Chris Kathoka
DOB; 1981

- Registrar Finance, Planning and Administration.
- PhD student Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology.

- Responsible for the supervision and management of all administrative and operational functions of the office of the Registrar FPA.
- The secretary to the University Management Board.
- Responsible for effective administrative systems in line with University policies and procedures in line with the best practices.
- Provide strategic planning and guidance in the development, coordination and implementation of physical infrastructure and modernization projects in the University.
- Compile and analyse statistical data for use in general planning, strategic planning, and budgeting and sundry management requirements.



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• Masters, Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology. • Bachelor of Science, Information Technology – The Jomo Kenyatta University of Agriculture and Technology.	• Service matters such as appointments, promotions, retirement, disciplinary action, sanction of leave, incentive pertaining to teaching and non - teaching staff. • Interpret and enforce policies and regulations of the University touching on Finance, Human Resource, Planning and Development
 CHRP Anne Jemimma Mmata DOB; 1981 • Ag. Principal Human Resource Manager • Masters, Business Administration – The Jomo Kenyatta University of Agriculture and Technology. • Bachelors, Education – Kenyatta University. • Higher National Diploma, Human Resource Management – The College of Human Resource Management.	• Responsible for the supervision and management of all administrative and operational functions of the office of the Principal Human Resource Manager. • Identifies hiring need, develops the position description, Recruitment Plan, organizational chart and other recruitment related documents. • Ensures understanding of collective bargaining agreements' specific provisions with respect to the University Employees. • Prepares job descriptions and ensures proper procedures for review and approval are met. • Reviews recruitments and provides oversight of the recruitment process.
 Dr. Lucinda Mugaa DOB; 1955 • Dean of Students • PhD Human Resource Management – The Jomo Kenyatta University of Agriculture and Technology.	• Co-ordinates student activities and welfare; • Co-ordinates the work of hostel wardens and counsellors, sports and games, entertainment services, catering and accommodation services; • Chairperson of the Wardens Committee; • Acts as Returning Officer of the Students' Organisation elections; • Provides administrative support to students' professional clubs and societies.



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• Masters, (Sociology) Labour Management – The University of Nairobi. • Bachelor of Science, Business Administration – United States International University, Kenya. • Diploma, Social Work – The University of Nairobi.	
 Dr. Lydia N. Mutua DOB; 1974 • Registrar, Academic Cooperative Development, Research and Innovation • PhD, Disaster Management and Sustainable Development – Masinde Muliro University of Science and Technology • Masters in Project Planning and Management – The University of Nairobi • Post Graduate Diploma, Planning and Management of Development projects – The Catholic University of Eastern Africa • Bachelor of Arts (Economics and Sociology) – The University of Nairobi	• Is responsible to the Deputy Vice-Chancellor Academic Cooperative Development, Research and Innovation • Coordinates implementation policies on research, innovation and partnerships. • Coordinates implementation of all agreements and collaborations of the University. • Coordinates linkages and partnerships. • Coordinates dissemination of research findings and publications. • Is the Custodian of Research, partnerships and innovation records and policies. • Coordinates community development services. • Coordinates implementation of research ethics policies. • Coordinates implementation of partnerships in the university.



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V. Chairperson's Statement

Introduction

I am pleased to present the Annual Report and Financial Statements for The Co-operative University of Kenya for the year ended 30 June 2024. The Co-operative University of Kenya (CUK) has continued to progress significantly, thanks to the concerted efforts of the Government of Kenya, the University Council, Management, staff, students, and key stakeholders. Since receiving its charter on October 7, 2016, the University has steadfastly pursued its vision of becoming a globally competitive institution, as outlined in its 2022-2027 strategic plan.

Financial Performance

In the year under review, the University reported a Gross income of **Kshs.1,265,457,959** compared to **Kshs.918,554,144** for the 2022/2023 financial year. This represents an increase of 38% from the previous year. There has been caused by an increase in Tuition fees of Kshs 367,941,885, representing a 70% increase from the previous financial year.

Key Activities and Successes

During the 2023/2024 financial year, CUK experienced substantial growth in its student population, with 3,738 new students admitted across various programs. The University celebrated the successful graduation of 1,565 students at its 8th graduation ceremony on December 1, 2023. In response to the evolving market demands, CUK developed and introduced several new academic programs. Notably, the University received accreditation for doctoral programs in Co-operative Business, Business Administration, and Information Systems. The development of graduate and undergraduate programs, which include MA in Counselling Psychology, MA in Development Studies, Bachelor of Science in Environmental Science and Technology, Bachelor of Science in Environmental Lands and Sustainable Infrastructure, Bachelor of Development Studies, Bachelor of Psychological Counselling are already complete pending approval from the Commission for University Education (CUE).

To accommodate the increasing student population, CUK expanded its physical infrastructure by completing the Lecture Theatre III Annex (Phase II), adding eight classrooms with a capacity of 100 students each, thus enhancing classroom capacity by 1,600 students. Further, to enhance the ratio of computer to student ratio, the University acquired 200 new additional computers for the School of Computing and Mathematics, reinforcing its commitment to delivering quality education and fostering innovation.

CUK also strengthened its outreach initiatives by forming strategic partnerships with the Ministry of Co-operatives and MSMEs Development and other stakeholders in the cooperative sector. The inaugural Co-operative Movement Stakeholders' Annual Conference, organized by the University, was a significant milestone, providing a platform for knowledge exchange and collaborative discussions on the future of the cooperative sector. Additionally, the University is pursuing a collaboration with the Cooperative Bank to establish a Cooperative Innovation Hub, designed to nurture and commercialize innovations within the sector. The University also embarked on a research project funded by the African Development Bank, the Kenya Rural Transformation Centres Digital Platform (KRTCDP), aimed at enhancing the productivity and sustainability of agricultural cooperatives.

Challenges

Despite these achievements, the University faced several challenges during the year. The position of Chancellor is currently vacant, a situation that the University continues to address with the Ministry of Education. Additionally, the decline in government capitation has hindered growth, particularly



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affecting the completion of the Learning Resource Centre (Phase 1), which has been delayed due to funding issues, resulting in accumulated interest on delayed payments.

Way Forward and Future Outlook

Looking ahead, the University is determined to overcome these challenges through strategic resource mobilization as outlined in its 2022-2027 strategic plan. This includes increasing student enrolment to enhance fee revenue, securing grants through research and partnerships, and diversifying income streams. The University is also committed to continuing its efforts to fill the Chancellor position and to advocate for the timely release of government funds to complete ongoing projects.

CUK remains dedicated to its mission of providing quality education, training, research, and innovation. By addressing these challenges and leveraging opportunities, the University is poised to continue its trajectory of growth and success, solidifying its position as a leader in higher education and a key player in the cooperative sector.

Appreciation

On behalf of the Council, I wish to thank all the stakeholders for the confidence placed on the Council during the entire period and look forward to serving even better. In a special way, I thank the Ministry of Education, and all other organizations that have stood with us during the entire Financial Year. Your continued support is highly appreciated. Further, I thank the University Management, staff and students for dedication and commitment towards the growth of the University.



Dr. Jeremy Bundi

CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY OF KENYA COUNCIL



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VI. Vice Chancellor's Report

Introduction and Background

I take this opportunity to present the annual report and the financial statement for the Co-operative University of Kenya for the year ended 30th June, 2024. Am pleased to report that despite the hard economic times and limited Government capitation, the University continued to fulfil its mandate and operated under very strict financial discipline. The University prioritized mainly, teaching, research, innovation, linkages and community outreach.

The University embraced the new Student-Centered Funding Model. The model is designed to align funding more closely with the needs of individual students rather than institutions. This approach aims to better address the diverse economic backgrounds of our students and ensure that financial support is available to those who need it most. This model replaced the Differentiated Unit Cost (DUC) previously used to finance universities.

Academic and Student affairs

The University offers degree programmes (PhD, Masters and Bachelors) as well as TVET programmes (Diploma and certificate). It has also embraced blended learning such as the Open and Distance Learning (ODEL) and integrated ICT teaching services (LMS). The total student population, which forms the bulk of its clientele is currently at 13,256.

During the 2023/24 academic year the University had a comprehensive CUE audit and inspection in all the programmes. A report was given and exit recommendations by CUE were incorporated save for a few that had heavy financial implications. The University however continues to seek accreditation of additional market-driven programs and courses and at the same time reviewing the existing ones to meet the ever-changing market demand.

The University takes the welfare of the students as its number one priority in supporting the academic environment of students in campus and we are grateful for the efforts made this far. Release of academic certificates shortly after graduation and annual release of academic transcripts has greatly reduced the incidences of missing marks. However, the guidelines on the implementation of the model to have students sit examinations with fee balances may reverse the gains in terms of missing marks. The University has fully adopted technology in the management of all academic processes from admissions to graduation and this has increased productivity, there is efficient student data management and accurate record keeping, improved communication, cost and time efficiency. The University has enhanced extra-curricular activities and boosted security of students on campus.

Further, the University is engaging with its Alumni to explore possibilities of resource mobilization as well as seek support for needy students through establishment of an endowment fund.

Co-operative Development, Research, Innovation and Linkages

The University through the Division of Academics, Co-operative Development Research and Innovation (ACDRI) has continued to grow its Research, Innovation, Linkages and community outreach activities and as at May, 2024, it had Kshs. 257 million cumulatively and over 30 signed linkages with different organizations. The Division is grateful to the many organizations and institutions that continued to support Cooperative Development, research, Innovation and outreach activities. Such organizations



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include; IDRC, ADB, Global Communities, DAWI, OCDC, We-Effect, Co-operative Bank of Kenya, Kenya Police Sacco, Kenya Power Institute of Energy and Research, Huawei, AMTECH technology VIVES University, Moshi Co-operative University and Several County Governments. In addition to the growing research grant portfolio, members of staff have cumulatively published over 182 papers in peer refereed journals and continue to participate and present papers in international conferences. The University has sustained the African Journal of Co-operative Development and Technology (AJCDT) which is now in Vol. 8 and Journal for Social Sciences and Business Technology (JSSBT) in Vol. 4. The Institutional Ethics review committee was established to review the proposed methods for research involving human subjects, to ensure that the projects are ethical. The committee will also generate funds to the University by reviewing proposals from other institutions.

Under partnership and collaboration, we wish to mention Kenya Power Institute of Energy and Research who invited our students to learn on cyber security and data science with a view to establish a collaborative research, AMTECH technology contacted a webinar on python programming where over 340 participants attended, Moshi Co-operative University whom together we organized an International conference themed "The Role of Social and Solidarity Economy in Sustainable Development, Climate Change Mitigation and Adaptation", on 3rd and 4th August 2023. Vives University, Belgium together we had students and staff exchange under Erasmus+programme where one student Ms. Mwaniki Silvia Nzisa BDCC01/1025/2020 participated in the Spring Semester (Feb - June 2024) in Transnational Social Work at the Department of applied Social Sciences at VIVES University, Belgium. The DVC, ACDRI under the same programme delivered a public lecture to staff and at VIVES University in January, 2024. The tripartite collaboration between Global communities, DAWI and CUK saw development of a worker cooperative curriculum which was implemented to CUK staff and students in September/October 2023 and in April 2024 it was delivered to cooperative officers from the County Governments of Kenya. Global Communities have supported CUK to capacity build leaders of cooperative societies as well as mentorship to our students, Co-operative Bank supported our innovation hub, Huawei donated two 86-inch screens that have been installed in two computer labs at CUK, through these partnerships in the past year, the University continues to link the academia and industry. We remain focused on the University's vision and mission to underscore best research and innovation practices.

Financial performance

Financially, the University's position remains sound, with no external borrowing; the University reported a Gross income of Kshs.1,265,457,959 compared to Kshs.918,554,144 for the 2022/2023 financial year. This represents a 38% increase from the previous year. The University management board was upbeat to ensure success in the recruitment of students in most of the approved programs.

The University continued to put in place necessary financial, procurement and internal control measures on resource utilization to ensure that it meets the targets of revenue collection and cost control measures.

Compliance with Statutory Guidelines

In the year under review, CUK diligently fulfilled its entire statutory obligations and guidelines set by government agencies and commissions. The University signed a performance contract with the Ministry of Education and the same was cascaded to relevant officer and staff of the university with continuous monitoring and evaluation.



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Challenges

Over the last four years, the University has been increasing enrolment of students gradually. However, the increase in the number of students is not commensurate with government funding. Over the financial year 2023/2024, the university had to deal with the effects of the reduced enrolment of diploma students in the universities. This meant a decrease in tuition income resulting from the reduced number of diploma students.

As we face these challenges, we know that we are most at risk if we ignore realities and fail to innovate. It's good to note that accreditation of the ODEL platform is scheduled for Q1 of the 2024/25 FY. This platform has proved to be capable of conducting learning and assessment for continued promotion of relevant quality education and training, and we hope more students will be enrolled under this mode of learning.

Despite the challenges the University faced during the year, I am glad to report that the University managed to stay afloat financially, the University will continue being open to further collaborations with key partners and stakeholders who complement its efforts to meeting the desired results.

Appreciation

I note with appreciation that the Government of Kenya, our collaborators, and other institutions that have rendered their support during the entire financial year under review. Further, I would like to appreciate the support accorded to me by staff and students in ensuring smooth running of the CUK.

The university acknowledges the guidance of the Governing Council in ensuring the Management is kept on the move towards attainment of the set targets.



Prof. Kamau Ngamau, PhD., EBS.

VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA



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VII. Review of the University Performance for Financial Year 2023/2024

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

The University is currently implementing her five (5) year strategic plan covering the period 2022 – 2027 FY. To effectively achieve the targets set therein, the plan has been summarized into the following five (5) strategic pillars/ key result areas;

- i. Relevant Quality Education & training
- ii. Research, Innovation & Outreach
- iii. Corporate management and Organizational Sustainability
- iv. Physical & ICT infrastructure
- v. Customer Centricity & Brand Visibility

The Cooperative University of Kenya develops its annual work plans based on the above five Key result areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Board achieved its performance targets set for the FY 2023/2024 period for its five Key result areas, as indicated in the table below:

Key result area	Strategic Objective	Key Performance Indicators	Activities	Achievements
1. Relevant Quality Education & training	i. Promote Relevant Education and Training	Harmonized units	Harmonize units with similar content to remove duplication and redundancies	100% achievement during the FY
		At least three accredited and CBC aligned degree programmes	Update and align at least fifteen (15) degree programmes to be in line with the CBC requirements, other emerging trends and eliminate any non-viable programmes and make a recommendation on the fate of the affected faculty staff	Target achieved with three programmes being aligned to CBC requirements by the end of the FY
		Increased Completion rates	Compute completion rates of CUK students for informed decision making	Target achieved Students Completion rates increased from 72% to 74.8%.
		20% annual increase in student enrolment	20% annual increase in student enrolment	Target achieved with a total of 3,323 new students admitted during the FY
		Harmonized units	Harmonize units with similar content to remove duplication and	100% achievement during the FY



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iii. Promote Education and Training	Adequate internet connectivity in all classrooms	redundancies	Target achieved 100% during the Contract period
		Ensure uninterrupted internet connectivity in all classrooms	
	Number of active teams participating in co-curricular activities	Enhance staff and students' participation in diversified co-curricular activities at local, National and international levels.	Target Achieved. The CUK Drama Team presented 5 items for adjudication at the KUPAA National Drama Festivals and came position two in Kiswahili Play and Praise Poetry (3rd to 13th November, 2023 at the Dedan Kimathi University), and FKF regional league matches in July/August 2023.
	Approved peer teaching policy	Implement peer teaching policy	Target achieved in 2023/2024 FY
	Approved reviewed sports policy	Review sports policy with a view to including motivation aspects for students and staff who excel in co-curricular activities	Policy reviewed and approved at dean committee level
	Certificate of Institute of ODeL accreditation	Ensure accreditation of Institute of ODeL	Target partially achieved. SAR on accreditation of IODEL Approved and submitted within the FY. CUE expected to undertake an assessment of the institute in August 2024
	Digitized units	Digitize at least 120 new modules annually	Target achieved 100% during the FY
	2,500 current print books, 6,000 e-journals, and 8,000 e-books	Provide additional 2,500 current print books, 6,000 e-journals, and 8,000 e-books to support teaching, learning and research, annually	Target partially achieved. Print books- 482 books procured E-Journals: CUK databases provide for access to more than 44799 journals E-books: CUK has access to more than 20,000 eBooks through ProQuest
	Teaching effectiveness reports	Operationalize a teaching monitoring tool	Target achieved. Teaching monitoring tool developed



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2. Research, Innovation & Outreach		Increased publications in peer-reviewed journals	Ensure that all academic staff activate their google scholar accounts & research gate using the official CUK emails and further submit their publications to the librarian for uploading into the library repository	Forty-nine journal publications done during the FY.
	ii. Promote Research, and Dissemination of Knowledge.	Conference proceedings	Organize one international annual conference for dissemination of knowledge.	Target achieved 100% during the FY
		Trained staff	Conduct capacity building to at least 30 staff on dissemination of research findings annually.	Target achieved 100% during the FY
		Reviewed Research Policy	Review the research policy to incentivize publication in schools approved journals	Policy Developed and approved during the FY.
	v. Promote innovation and commercialization of intellectual property	Increased multidisciplinary research projects	Implement collaborative multidisciplinary research projects	Target achieved 100% during the FY, with various research projects running. For instance, WINRACK Project KRTCDP Project & The Social Network Study
		Approved Innovation and commercialization policy	Review and operationalize the IPR with an aim of incentivizing innovations within the University	Target achieved- Policy developed and approved by council
		Innovation hub established	Identify and equip an innovation hub	Target implementation ongoing with a Proposal for funding of the Ihub to send to Cooperative Bank for consideration.
		Innovation week report	Enhance innovation activities among students and staff by holding an innovation week annually	Target achieved 100% during the FY
	v. Enhance outreach to Co-operative sector and communities	Identified innovation champions	Identify innovation champions per programme	Target achieved with a total of 127 champions identified.
		Trained staff on resource mobilization	Build capacity on fundraising skills to at least 20 CUK staff annually on resource mobilization.	Target achieved with trainings done for all three schools
		Approved IGU policy	Review IGU policy to incentivize	Target achieved at 100%

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			consultancies through the University.	
3. Corporate management and Organizational Sustainability (Business process re-engineering, financial stability, Governance & Human resource capacity development)	vi. Strengthen Financial Resource base institutional growth and sustainability	Digitized Database of Cooperative networks	Develop and maintain a Cooperative Information and Research Center	Target partially achieved with the full completion scheduled to be completed in 2024/2025 FY
		15 short courses implemented	Roll out at least fifteen (15) short courses annually. Three of them targeting Transport cooperatives	Target achieved 100% during the FY
		Streamlined program catalogue management	Benchmark with other public universities and streamline the management of fee payment and program catalogue management by September 2022	Target partially achieved and due for completion
		Reviewed structure	Review the roles and functions of DACSIS and CUREMU with a view of eliminating overlaps and making them more strategic.	Target achieved 100% during the FY
		At least 120 units digitized annually	Invest Kshs 7.2M to support content digitization in support of IODEL	Target achieved 100% during the FY
	ii. Strengthen the Governance organs and Human Resource Capacity	30 additional classrooms in place	Invest Kshs 200M to construct 30 additional classrooms	Target implementation on course with 16 classrooms ongoing
		70 Acres of land acquired	Partner with both Public and private institutions to raise funds to acquire at least 70 Acres of land for expansion	Target implementation on course with correspondences to treasury and MOE on purchase of land.
		Approved disaster risk mitigation policy	Review the Disaster risk mitigation policy and plan to address emerging issues by December 2022	Target achieved 100% during the FY
		A hybrid working environment adopted	Review CUK policies and operations to provide for a hybrid (home office) work environment.	Target achieved 100% during the FY
		Harmonized and published CUK policies	Harmonize & publish existing CUK policies and develop a centralized database for all Policies for ease of retrieval and implementation June. 2023	Target achieved 100% during the FY



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4. Physical & ICT infrastructure		Approved reward and sanctions Policy document,	Develop and implement a reward and sanctions policy	Target achieved 100% during the FY
		Documented Data analytics reports	Identify and document data held by the University systems and leverage on data analytics for decision making and product development annually	Target not achieved. Target rolled over to this FY
		At least one team building activities carried out annually	Strengthen Employee /employer relations and engagement through effective communication and annual Team building events	Target achieved 100% during the FY
		Re-engineered business processes across CUK departments	Hold brainstorming sessions with all departments to redefine/identify the business processes that require review/re-engineering	Target achieved 100% during the FY
		Maintenance & Repairs schedules	Develop and implement a policy on acquisition, maintenance, replacement and modernization of university assets and facilities by June 2023	Target achieved 100% during the FY
	ii. Develop and Upgrade Physical Infrastructure	Sixteen classrooms with a capacity of 1,600	Construct sixteen (16) classrooms with a capacity of 1600 by June 2024	Target achieved 100% during the FY
		Reliable internet connectivity	Continuously maintain 100% internet uptime for learning and work environment	Target achieved 100% during the FY
		Updated website, Updated logs and Survey reports, Web ranking	Continuously update the website with relevant information and Upgrade the University Website template (Improve on the Design) to make it more Interactive, informative and easy to navigate by December 2022.	Target achieved 100% during the FY
		Developed & patented DIGI-Coop-Map software	Develop and implement Mobile /Web applications to provide for One-stop-shop for all cooperatives (DIGI-Coop-Map) by June 2024;	Target Partially achieved with the project projected to be completed in 2024/2025 FY



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		Two factor authentication to access University online systems implemented	Implement two factor authentication to access University online systems by December 2022	Target achieved 100% during the FY
		Automated workload allocation	Fully automate the workload allocation Procedure with a view of managing part time costs by December 2022;	Target implementation on course and scheduled for completion during the 2024/2025 FY
		Established and well-equipped Customer Obsession Centre	Establish, operationalize and maintain the Customer Experience / Obsession Center by December 2022	Target not achieved and rolled over to the FY 2024/2025
		Training reports	Conduct training for all staff on excellent customer experience annually	Target achieved 100% during the FY
		Developed and approved programmes brochures	All Campuses/Schools/Institutes to develop a detailed brochure on their programmes and services and upload on the website and update the same annually	Target achieved 100% during the FY
		Google Scholar/Research ID accounts created and updated for all academic staff	Create and update the google scholar/Research ID accounts for all academic staff quarterly.	Target achieved 100% during the FY
		Developed and approved Branding strategy	Mainstream and sustain a corporate branding strategy for all university events (internal and external) by July 2022	Target partially achieved with the appointment of a committee to oversee the implementation of this target. Target rolled over to the 2024/2025 FY.
		Sports/Cultural events held	Hold at least one-week sports/cultural event annually involving the neighbouring community	Target achieved 100% during the FY
		Published print Co-operator Magazine	Publish and maintain the University's Co-operator magazine annually (print and online)	Target achieved 100% during the FY
5. Customer Centricity & Brand Visibility	x. Promote customer service delivery			
	ki. Enhance CUK brand visibility and brand positioning			



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VIII. Corporate Governance Statement

The Co-operative University of Kenya (CUK) is committed to the highest standards of corporate governance and ethics. As a public institution, the governance framework is anchored on a commitment to transparency, accountability, and integrity. The University Council is responsible for ensuring compliance with the Universities Act 2012, the Mwongozo Code of Governance 2015, the University Charter, and the University Statutes of 2017; (Revised May 2023), along with any other applicable legislation.

COUNCIL MEMBERS

The Governing Council is appointed in accordance with the Universities Act, 2012 (No. 42) by the Cabinet Secretary in the Ministry of Education and comprised of nine members; the Chairman and four independent members; Representative of the Principal Secretary, National Treasury, Representative of the Principal Secretary, State Department for Higher Education and Research, Representative, Principal Secretary State Department for Co-operative Development and the Vice Chancellor who is an ex-official and Secretary to the Council. The membership of the Governing Council is as shown below;

S/No.	Name	Position	Appointment date	Expiry Date	Remarks
1.	Dr. Jeremy Bundi	Chairperson	1 st term 04/11/2020 2 nd term 23/11/2023	3/11/2023	Reappointed for a term of 3 years effective 23/11/2023
2.	Mr. Peter Kariuki Gathirwa	Independent member	04/11/2020	3/11/2023	Exited on 3/11/2023 after expiry of term
3.	Mr. Christopher Ogechi Ombati	Independent member	1 st term 04/11/2020 2 nd term 23/11/2023	3/11/2023	Reappointed for a term of 3 years effective 23/11/2023
4.	Mr. Patrick L. M. Musyimi	Independent member	04/11/2020	3/11/2023	Exited on 3/11/2023 after expiry of term
5.	Ms. Anne Chepkorir	Independent member	04/11/2020	3/11/2023	Exited on 3/11/2023 after expiry of term
6.	Mr. Peter Wanjohi Kiama	Rep. PS State dep. of Coops.	Appointment letter dated 20/09/2019	N/A	In office whole FY
7.	Ms. Susan Wanjiku Karuri	Rep. PS National Treasury	Appointment letter dated 17th July 2020	N/A	In office whole FY
8.	Ms. Peris B. Onsarigo	Independent member	29/11/2023	28/11/2026	In office effective 29/11/2023



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9	Mr. John W. Kihara	Independent member	26/01/2024	21/01/2027	In office effective 26/01/2024
10	Ms. Elizabeth Kimkung	Independent member	08/07/2022	07/07/2025	In office whole FY
11	Ms. Christine Kariuki	Rep. PS State department for University Education	Appointment letter dated 22/04/2024	N/A	In office effective 22/04/2024
12	Prof. Kamau Ngamau, PhD., EBS.	VC/Secretary	N/A		

The full Council and its Committees meet at least four times a year. The members receive all information relevant to the discharge of their obligations in an accurate, timely and clear manner so that they can guide and maintain full and effective control over strategic, financial, operational and compliance issues.

Functions of the Council

The functions and powers of the Council are;

- i. To administer the property and funds of the University in a manner and for the purpose which promotes the interest of the University.
- ii. To receive, and on behalf of the University, donations, endowment, gifts, grants or other moneys and make disbursement there from to the University or other bodies or persons.
- iii. To approve appointment criteria and the terms and conditions of service of staff.
- iv. To provide for the welfare of the staff of the University.
- v. To enter into association with other Universities, University Colleges or other Institutions of learning.
- vi. To make regulations governing the conduct and discipline of the students of the University.
- vii. To ensure that a proper management structure is in place and that the structure function to maintain corporate integrity, reputation and responsibility.
- viii. To monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University.
- ix. To constantly review the viability and financial sustainability of the University.
- x. To ensure that the University complies with all the relevant laws, regulations, governance practice, accounting and auditing standards.

Attendance of Council meetings and Membership of the Committees

The Council Committees in place includes;

1. Finance, Planning and Development Committee

Terms of reference include;

- i) Responsible for the management of the University's entire finances and recommends to Council for approval, the University's annual budget and certain items of major expenditure.
- ii) Responsible for: -
 - The administration of special funds benefactions;
 - Investment policy;



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- Staff loan schemes;
 - Financial consequences of the decisions of the terms of service committee;
 - Consideration of reports on fees revisions;
 - Ensuring the preparation of books and records of accounts of income and expenditure, assets and liabilities of the University;
 - Receipt and consideration of University Audit reports;
 - Fund raising for the University.
- iii) Co-opt other persons not exceeding three to attend meetings in an advisory capacity provided such persons shall not have any other rights.

2. Human Resource Management Committee

Terms of reference include;

- i) To consider staff and recommend to the Council for appointment and promotions into all established academic and administrative posts.
- ii) To consider changes and evidence on staff disciplinary cases and recommend to the Council the appropriate action to be taken.
- iii) To review salaries, conditions and terms of service for university staff when necessary and make recommendations to the Council.
- iv) Co-opt other persons not exceeding three to attend meetings in an advisory capacity provided such persons shall not have any other rights.

3. Audit and Risk Committee

Terms of reference

- i. Receive, review and recommend internal control mechanisms towards improving efficiency, effectiveness, transparency and accountability;
- ii. Receive and discuss internal and external audit reports and make recommendations to Council;
- iii. Review and oversee the settlement and implementation of recommendations from the Public Accounts and Public Investments Committees (PAC/PIC)
- iv. Review and regularly report to Council on the effectiveness and efficiency of the internal audit function;
- v. Review Management procedures and make proposals to Council for mainstreaming of Risk Management, Controls and Governance;
- vi. Review and submit for Council approval the Audit and Risk Management Committee and internal audit department charters, and the internal audit annual work plans;
- vii. Review and submit proposals to Council on improvement of efficiency and effectiveness of Management systems, including and not limited to high-risk areas such as public finance, human resource, academic programs, and general internal controls;
- viii. Review and submit a report to Council on compliance with policies, laws, regulations, procedures, plans, and ethics;
- ix. Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency;
- x. The Audit Committee may at its discretion, co-opt other persons not exceeding three to attend meetings in an advisory capacity provided such persons shall not have any other rights.



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4. Sealing Committee

Terms of reference

- i) To recommend to Council, the application of the University seal on documents.
- ii) Co-opt other persons not exceeding three to attend meetings in an advisory capacity provided such persons shall not have any other rights.

The Council appoints a Chairperson of each Committee. The University Council Chairperson is not a member of any other Committee.

The composition of the Council Committees and attendance during meetings is as follows;

S/No.	Name	Position	No. of meetings
1. Full Council (6 meetings were convened; 4 normal 2 special)			
1.	Dr. Jeremy Bundi	Chairperson	6
2.	Mr. Peter K. Gathirwa	Member	4
3.	Mr. Christopher O. Ombati	Member	6
4.	*Mr. Patrick L. M. Musyimi	Member	3
5.	*Ms. Anne Chepkorir	Member	4
6.	Mr. Peter Wanjohi	Member	5
7.	Ms. Elizabeth Kimkung	Member	6
8.	Ms. Susan Wanjiku Karuri	Member	4
9.	**Mr. John Waiganjo Kihara	Member	1
10.	*** Ms. Peris B. Onsarigo	Member	2
11.	**** Ms. Christine W. Kariuki	Member	1
12.	Prof. Kamau Ngamau, PhD., EBS.	Secretary/VC	6
2. Human Resource Management Committee (HRMCC) (4 meetings were convened)			
1.	Mr. Patrick L. M. Musyimi	Chairperson	2
2.	Mr. Christopher Ogechi Ombati	Member/Chairperson	4
3.	Ms. Susan Wanjiku Karuri	Member	4
4.	Prof. Kamau Ngamau, PhD., EBS.	Secretary/VC	4
3. Finance, Planning and Development Committee of Council (FPDCC) (4 meetings were convened)			
1.	Ms. Elizabeth Kimkung	Chairperson	4
2.	Ms. Anne Chepkorir	Member	2
3.	Ms. Peris B. Onsarigo	Member	2
4.	Ms. Christine Kariuki	Member	0
5.	Prof. Kamau Ngamau, PhD., EBS.	Secretary/VC	
4. Audit and Risk Committee (ARC) (4 meetings were convened)			
1.	Mr. John W. Kihara	Chairperson	1
2.	Mr. Peter K. Gathirwa	Chairperson	2
3.	Mr. Peter Wanjohi	Member	3
4.	Ms. Susan W. Karuri	Member	4
5. Sealing Committee (Two meetings were convened)			
1.	Mr. Christopher O. Ombati	Chairperson	1
2.	Mr. Peter Wanjohi	Member	2
3.	Ms. Elizabeth Kimkung	Chairperson (interim)	1
4.	Ms. Susan Karuri	Member (interim)	2



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* Exited on 23/11/23 after expiry of term

** Appointed effective 26/01/24

*** Appointed effective 29/11/23

**** Appointed effective 22/04/24

COUNCIL TRAINING AND RETREATS

For the period under review the institution conducted one Council training and a retreat for the Council. Attendance was as shown in Table 2 below;

S/no.	Name	Position	No. of days attended
1. Training (3 days)			
1.	Dr. Jeremy Bundi	Chairperson	3
2.	Ms. Elizabeth Kimkung	Member	3
3.	Mr. Christopher O. Ombati	Member	3
4.	Mr. John W. Kihara	Member	3
5.	Ms. Peris B. Onsarigo	Member	3
6.	Mr. Susan Karuri	Member	2
7.	Mr. Peter Wanjohi	Member	2
8.	Ms. Christine Kariuki	Member	None. Not appointed as at the dates
9.	Prof. Kamau Ngamau, PhD., EBS.	VC/Secretary	3
2. Retreat (2 days)			
1.	Dr. Jeremy Bundi	Chairperson	2
2.	Ms. Elizabeth Kimkung	Member	2
3.	Mr. Christopher O. Ombati	Member	2
4.	Mr. John W. Kihara	Member	2
5.	Ms. Peris B. Onsarigo	Member	2
6.	Mr. Susan Karuri	Member	2
7.	Mr. Peter Wanjohi	Member	2
8.	Ms. Christine Kariuki	Member	Not appointed as at the date
9.	Prof. Kamau Ngamau, PhD., EBS.	VC/Secretary	2

INTERNAL CONTROLS

The Council has the responsibility of ensuring that CUK has adequate systems and processes of accountability, risk management and internal controls. The Council has approved the Risk Management Framework and has delegated to the University Management the responsibility to implement the risk management plan.

BOARD AND MEMBER PERFORMANCE

In line with the Mwongozo Code of Governance and best practices, during the period under review, the Council undertook an annual evaluation of its performance during Council meeting on 26th July 2024. The exercise was facilitated by officers from the State Corporations Advisory Committee. An evaluation feedback report will be provided by the oversight authority within three (3) months from the date of the evaluation.



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INDUCTION, TRAINING AND DEVELOPMENT

For the period under review, three new members came on board. The members underwent an induction program focusing on the Mwongozo Code of Governance. The institution is committed to the training and development of the Council members. Members have been exposed to training sessions, workshops on governance best practices, and opportunities for professional development. One training was undertaken for continuous skills development.

CONFLICT OF INTEREST

The institution has established a framework to address and manage conflicts of interest among board members. We have implemented conflict of interest registers for both the Council and its Committees. These registers require members to declare any potential or actual conflicts of interest at the beginning of each meeting. Where a board member has declared interest, he/she is required to abstain from participating in discussions or decisions during deliberations of such agenda item. This is to ensure that decisions are made impartially and in the best interest of the institution.

GOVERNANCE AUDIT

The institution recognizes the governance audit as a critical component of best practices in corporate governance. An internal legal audit has been carried out and the process to undertake an independent governance audit by an accredited governance auditor has been initiated with the oversight authority; SCAC to ensure comprehensive evaluation and adherence to the highest standards of governance.

BOARD CHARTER, CODE OF CONDUCT AND ETHICS

The Council has a Charter which every member upon appointment is given a copy. The Charter defines the roles and responsibilities of the Council members and also the functions of the Council in the governance of the organization. The Charter is reviewed every three years.

The Code of Conduct and Ethics for CUK Council sets out expectations of behavior for the Council members and includes requirements and guidance to help Council Members to carry out their roles with integrity and in compliance with the law. Upon appointment, each Council member signs the Code of Conduct and Ethics.

BOARD REMUNERATION

The remuneration of board members is guided and executed in accordance with the directives outlined in the circulars issued by the Head of Public Service and State Corporations Advisory Committee. The total budget utilized for the period under review is Ksh7,359,635.



Dr. Jeremy Bundi
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY
OF KENYA COUNCIL



Prof. Kamau Ngamau, PhD., EBS.
VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA



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IX. Environmental And Sustainability Reporting

The Co-operative University of Kenya exists to provide education, training, research and consultancy in order to produce leaders in the fields of Co-operative Development, Community Development, Rural transformation, business, applied sciences, Information and Communication Technology for Development. This is what guides the university as we deliver our strategy. Below is an outline of the University's policies and activities that promote sustainability.

i. Sustainability Strategy and Profile, and Environmental Performance

Universities exist to create knowledge and disseminate the knowledge to improve livelihoods. CUK impacts society through education, research and innovation. The megatrends affecting higher education trends are a shift in political and economic trends and a Change in technologies. In addition to the above, SDGs affect education, research and innovation activities. Education, research and innovation are essential in sustainable development, SDGs address three broad areas: well-being, environment, and economy. Most evident: SDG 4: 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all', but other SDGs are connected to education and research agendas as well (health, climate, energy, smart cities).

Higher education has continued to experience disruptions occasioned by changes in legislation; the new funding model and government focus on Competence Based Education (CBE) and middle-level education. This has caused a significant reduction in the pool of potential students for CUK and other public and private universities.

The Co-operative University of Kenya exists to develop a globally competitive Co-operative University that is excellent in Education, Training, Research, Innovation and Outreach. This is our guide when determining how to effectively serve our customer base and other stakeholders. CUK remains committed to environmental preservation and sustainability. We have put plans in place to care both for the present and the future generations because we recognise that there are limited resources compared to our unlimited demands. Below is an outline of CUK's strategy direction on advancing the cause of environmental sustainability.

ii. Environmental Performance

The nation's economic performance has been negatively impacted by climate change, which has become an increasing cause of concern. A countrywide tree-planting campaign headed by the president seeks to plant fifteen billion trees by the close of 2024. The goal in question corresponds to SDG number 15. The university is cognisant that its business activities and way of life have been directly affected by environmental factors. Recognising the aforementioned, we have committed ourselves to making sure that our environment is conducive for students, staff members, and other stakeholders. The following initiatives have been implemented as part of our internal procedures:

1. Completing evaluations of environmental impacts before the commencement of any major building project. This is in keeping with our environmental performance plan, which seeks to safeguard the environment and humanity from potential adverse effects. NEMA standards apply to such projects.
2. The growth of 143,367 trees during the review period, which will have considerable effects on mitigating climate change and enhancing air quality, among other advantages;
3. To reduce its dependence on power, CUK utilises solar energy to heat the water in the conference centre.
4. Adequately illuminated classrooms and workplaces with large windows help save electricity;



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5. Process automation has minimised the use of paper;
6. Electronic note-taking, online meetings and online exams help cut down on paper use;
7. The University is in the process of developing an Environmental Sustainability Policy.

i. Employee Welfare

To accomplish its objectives, the University recognises that its workforce is its most significant asset. CUK is committed to drawing in the best talent in the market. To this end, it uses a competitive recruitment and selection process in addition to other employee retention strategies like competitive pay, benefits, and equity and fairness in policy implementation. The retention strategies are used to motivate and retain the current workforce.

To lessen inequality, CUK is dedicated to empowering, promoting, and levelling the playing field for all employees, regardless of their race, sex, pregnancy, marital status, health status, ethnic or social origin, colour, age, disability, religion, conscience, belief, culture, dress, language or birth. The University embraces diversity, none of the ethnic communities is beyond 33.3% of the entire population, the overall gender representation is 43.4% and 56.6% for the female and male gender respectively, and the percentage of female leaders in the top management is 50%. The average age of the current staff population is 44.5 years.

A comprehensive workplace accessibility assessment was conducted, and the results are being implemented. In addition to providing accessible infrastructure such as parking spaces, accessible toilets, and entry ramps, CUK offers additional assistance through sign language interpreters and the use of assistive technology. The University involves all stakeholders in the development and review of the Strategic Plan and Policies. Employee engagement and well-being are among our top priorities. We have offered the inclusive, safe, and healthy work environment that the Occupational Safety and Health Act of 2007 mandates. To lower the likelihood of accidents and illnesses at work, the employer is dedicated to creating a safe working environment.

The University is registered as a workplace as provided for under the Act and promotes the well-being of staff through the provision of free protective equipment including clothing and appliances to the workers involved in hazardous work and the provision of instruction, training and supervision as is necessary to ensure health and safety at work of the workers. The university investigates occupational accidents and diseases and aims to prevent recurrence; examines and tests steam boilers, and gas cylinders among other lifting equipment as a preventive measure for workplace accidents.

We keep our workspace hygienic and well-ventilated to safeguard the health of our staff. There is enough illumination and a comfortable temperature with no exposure to hazardous materials. Further, noise exposure limits, emergency evacuation, and fire safety measures are in place, and fire drills are conducted regularly. The University maintains Accident and Life Insurance as provided for under the Work Injuries Benefits Act, 2007, the cover provides for compensation in case of accidents, death or work-related diseases. The organisation has implemented a hybrid work arrangement that allows for flexible work schedules to facilitate employees' work-life balance, after the automation of operations.

Employee pay is fair and competitive; it is determined by a job analysis, and it undergoes negotiation by three parties: the Government, union representatives, and employer representatives. Additional benefits that are provided to employees include health insurance, outpatient and inpatient care, employer-funded pension plans, and scholarships for their children to attend CUK for degree programs. In addition to investing in staff training and development, CUK has created and implemented mentorship guidelines and a training and development strategy, all of which have as their primary goal enhancing



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staff motivation and productivity. Workers receive a variety of benefits, including study and exam leave in addition to other non-financial benefits. During the 2023/2024 FY over 90% of the staff underwent training, CUK leverages both on-job and off-job training to improve skills. The employees are engaged and satisfied one out of the sixteen (15) exits during the period under review.

Our well-being and mental health programs have advanced further, with ongoing staff training on mental health awareness and the addition of counselling and substance abuse treatment as benefits under medical coverage for employees struggling with drug addiction. A network of first responders in mental health has also been formed by the university. CUK upholds high standards for human rights and labour practices. We uphold ethical labour standards, forbid child labour, and guarantee the protection of workers' rights throughout the organization's operations. The staff are members of three (3) recognised trade unions. In addition to the policies on Sexual Harassment and other forms of harassment, there is a Grievance Handling procedure in place that gives guidance for handling any complaints brought by staff members. The workplace is friendly, and a room has been set aside for the breastfeeding mothers.

ii. Market Place Practices

CUK is regulated by the Public Procurement Laws. Under the Public Procurement and Disposal Act, of 2015, the University has developed and implemented Procurement Policies and the relevant Committees. The University additionally advocates for vulnerable groups and is guided by AGPO, reserving at least 30% of tenders for persons living with disabilities, women, and youth. Through the adoption of the Buy Kenya, Build Kenya initiative, CUK promotes products and services made in the nation. Contracts are honoured, the suppliers are handled with dignity, and the supply chain procedure is transparent. Our goal is to make payments to our suppliers within the allotted ninety (90) day window.

The university's main products are competitive graduates. In advertising our works, products and services, CUK is Transparent, honest and upfront about the products and services. Don't make false claims or misrepresent what you are selling. Respectful, customers are treated with respect, and we are inclusive, authentic and accountable. The university has a marketing Policy and is in the process of reviewing it. The clients are aware of the services offered as outlined in the Service Delivery Charter. CUK has implemented an Anti-Corruption and Whistleblowing Policy to fight corruption. Employees have received training on the staff code of conduct and ethics, and they report their assets and income under the Public Officer Ethics Act.

iii. Corporate Social Responsibility

The Council is aware that the university does not exist in a vacuum. CUK engages in various corporate social responsibility and community engagements. The community engagements during the year under review include; Talking to students from the neighbouring community, visiting children's homes, tree planting, Health outreach activities and Blood donations Drive



Dr. Jeremy Bundi
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY
OF KENYA COUNCIL



Prof. Kamau Ngamau, PhD., EBS.
VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA

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X. Management Discussion and Analysis

SECTION A

OPERATIONAL AND FINANCIAL PERFORMANCE

A) INCOME ANALYSIS:

The University registered a total of Kshs. 1,265,457,959 in gross revenue against a target of Kshs 1,170,082,123. This represents 108% achievement of the target revenue. In comparison to the same period in the previous financial year, CUK recorded an increase in revenue of KShs.346,903,815 which represents a 38% increase in gross revenue.

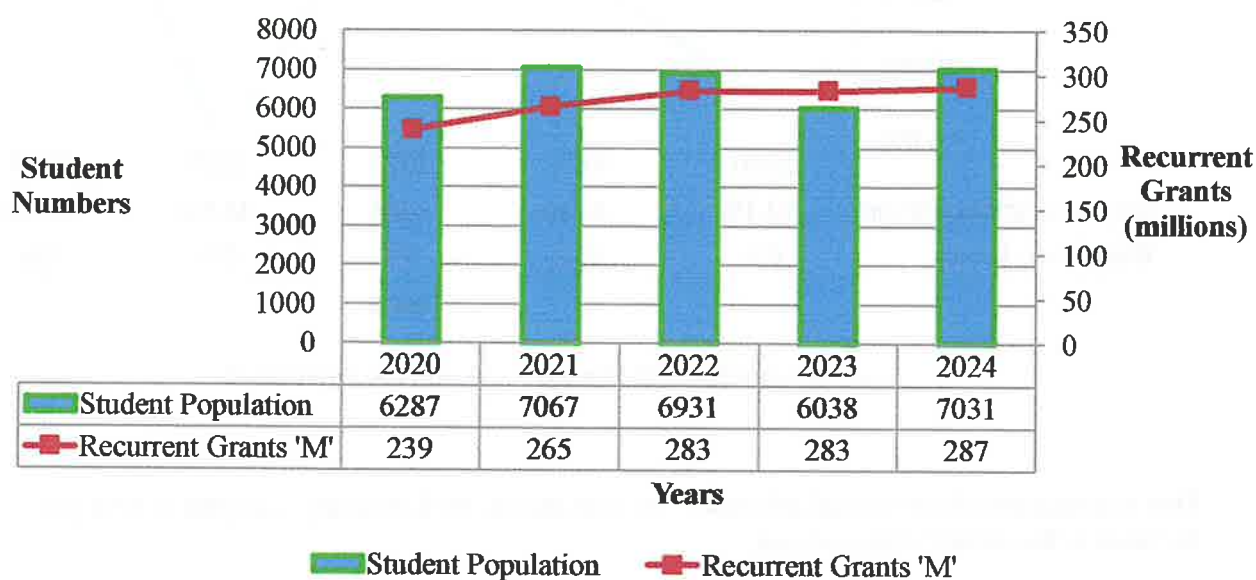
The major drivers of performance were the tuition income accounting for 70% of total revenue.

The tuition fee income for the period is Kshs 894,731,616 compared to the same period of 2022/2023 of Kshs 526,789,731. This is a 70% increase from the previous financial year. This was occasioned by the new funding model that increased the income receivable from tuition services.

CUK registered a surplus of Kshs 165,999,242 against 2022/2023 deficit of Kshs. 142,027,738.

Over the last 4 years, recurrent grants from the GoK have been almost constant despite the growth in personnel costs and increase in student population, especially the government sponsored students. This is illustrated in the graph below.

Student Numbers Against Recurrent Grants



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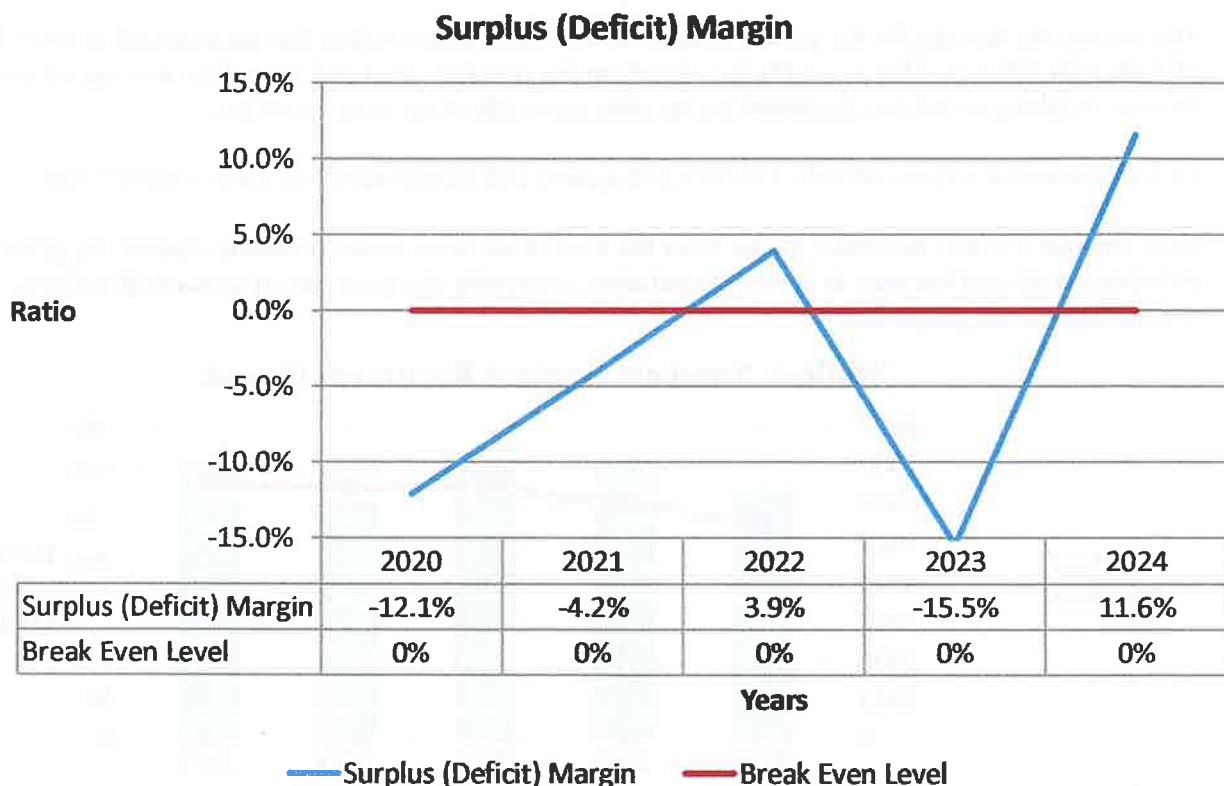
For The Year Ended June 30, 2024

B) EXPENDITURE ANALYSIS.

As at June 30, 2024, CUK registered total operating expenditure of Kshs 1,096,675,148 against previous year's expenditure of Kshs 1,014,524,509, an increase of Kshs 101,843,249 representing 8.1% increase in expenditure.

Employee Costs took 54% of the total income; Remuneration of Council members 0.6%, Depreciation and amortisation expense 3.7%, Repairs and Maintenance 2.1%, Use of Goods 21.5%, Contracted Services of 1.8%, and Research costs 3.4% of the total income.

In summary, the University has registered a surplus of Kshs 165,999,242 as a result of the increased tuition income in the financial year. The financial performance is as summarised below.



This is a measure of operational efficiency. As seen above, the University's surplus margin has declined in the current financial year.

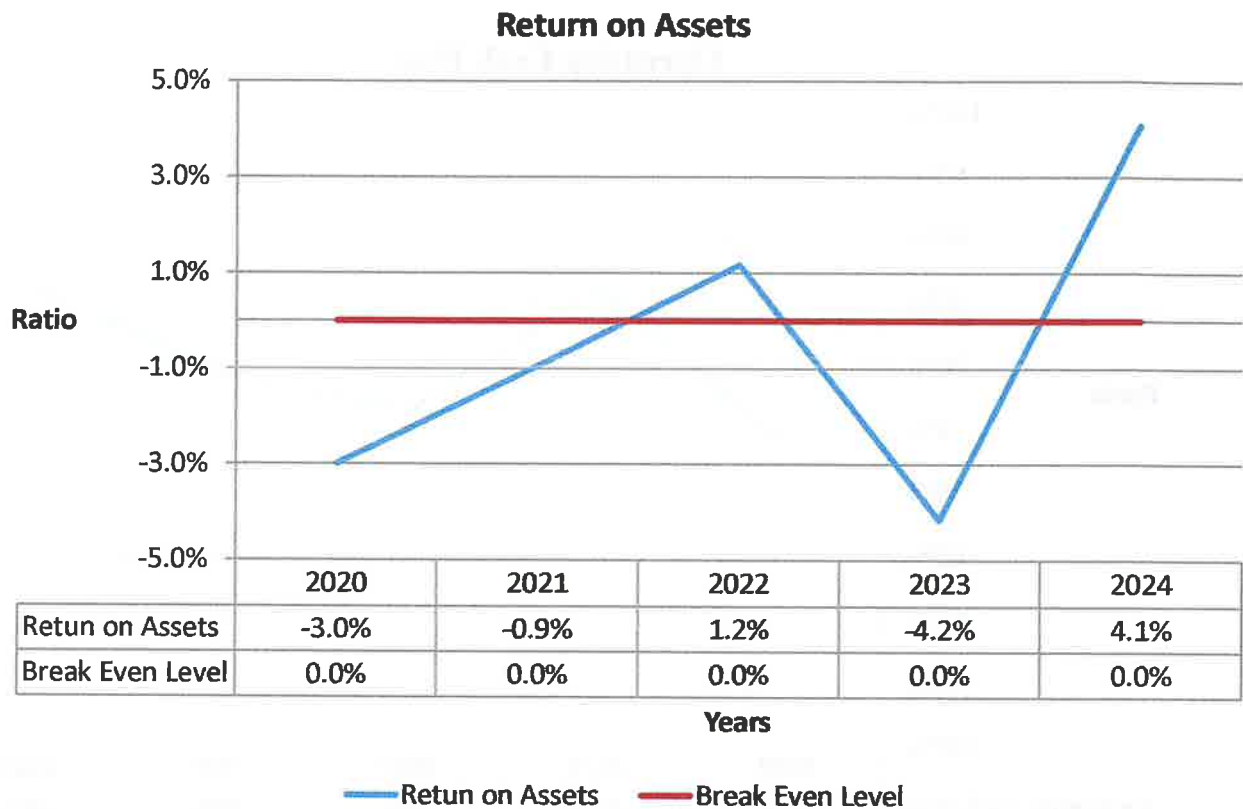
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C) STATEMENT OF THE FINANCIAL POSITION.

The statement of financial position indicates that the university closed the year with Total assets of Kshs. 3,585,049,889. This is against Kshs 3,419,226,967 registered in the financial year 2022/2023.



This is a measure of how profitable the University's assets are by comparing net income to the Net Assets. As can be seen above, the University's Return on Assets had improved due to the performance during the current financial year.



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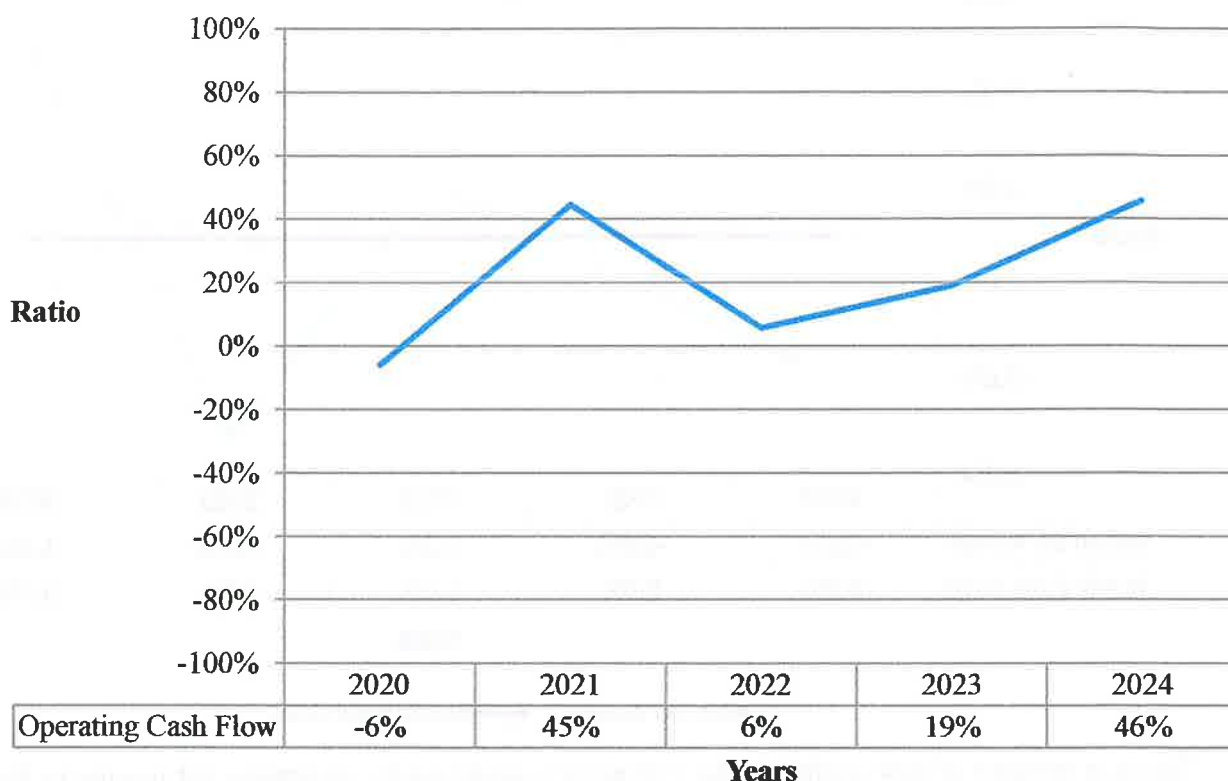
For The Year Ended June 30, 2024

D) STATEMENT OF CASHFLOWS

As at 30 June 2024, the University had net cash generated from operating activities of Kshs 119,424,881. This is the net amount utilized by the University to facilitate operations.

The net change in cash and cash equivalents was Kshs 80,812,710 closing the year with Kshs 157,263,930.

Operating Cash Flow



Operating cash flow ratio is cash from operating activities as a percentage of current liabilities in a given period. It is a measure of the University's liquidity.

As can be seen above, the operating cash flow is less than an ideal 100%; this means that the University has generated less cash in the period than it needs to pay off its short-term liabilities. This signals a need for more capital.

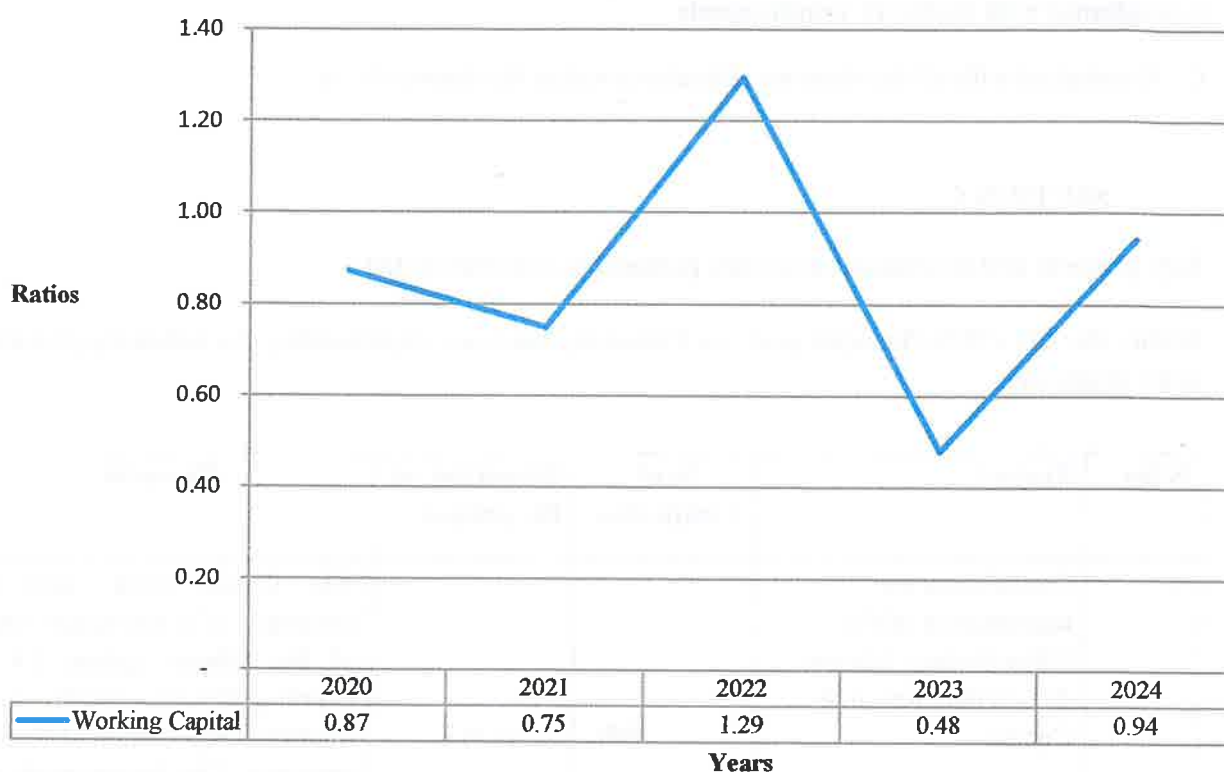


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Working Capital



Working capital is a measure of both the University's operational efficiency and its short-term financial health. The working capital ratio (current assets/current liabilities), or current ratio, indicates whether the University has enough short-term assets to cover its short-term debt. A good working capital ratio is considered anything between 1.2 and 2.0.

The University's working capital position has improved in the current financial year ending with a working capital ratio of 0.94 during the current financial year.

E) STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS

CUK attained its revenue target projections in most of its revenue lines. Overall, the variance between actual revenue and the budget was Kshs 95,375,836 representing utilization of 108% revenue by 30 June, 2024.

In expenditure projections, the university was below target by Kshs 35,888,950. This is 97% utilization of the target expenditure.



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SECTION B

Compliance with statutory requirements

CUK complied with all the statutory obligations within the financial year.

SECTION C

Key projects and investment decisions planned and implemented

Within the 2023/2024 financial year, the University has been implementing the following projects in order of priority.

S/No	Project	% of Completion	Financing of the project	Remarks
1	Consultancy for construction of the Ultra-Modern Library & Learning resource Centre	49%	G.O.K	The design works and the tendering of construction works of the Library (phase 1A of Learning Resource Centre) were finalized. Supervision of Phase 1 on-going. The design work and preparation of the Bill of Quantities for Phase 1B for advertisement is set to begin.
2	Construction of the Ultra-Modern Library & Learning resource Centre	99%	G.O.K	Learning Resource Centre contractor is working on connection of the sewer line so as to do complete handover of phase 1A. Partial handover of the project was done.
3	Construction of Classrooms (Lecture III Annex)	82%	CUK	• Construction of Phase I of the project has resumed. • Phase II of the project is complete.



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SECTION D

Major Risks Facing the University

TYPE OF RISK	RISK DESCRIPTION	RISK MITIGATION STATUS.	PENDING ISSUES	ACTION OFFICER	TIMELINE	STATUS AS AT 30/06/2024
Operational risks	Likely loss arising from shortfalls in revenue targets for Tuition fees, CRCC income and Students cafeteria.	- Implementation of online learning). - Implementation and control of 2023/2024 budget to ensure the university operates within its means	- 2023/2024 budget implementation.	- VC	- June 2024	- Revenue targets achieved
	Likely loss due to inability to facilitate normal operations and extension of semester.	- Revision of budget and income estimates to ensure the university operates within its means.	2023/2024 budget implementation.	- VC	- June 2024	- Surplus as the end of the quarter.
	Likely loss arising from Classroom space Crises from September 2023 to May 2024.	- Immediate construction of classrooms based on savings from the lecture theatre project. This will be done after approval of supplementary budget by MOE and National treasury	- Construction of classrooms	- DVC FPA	- June 2024	- Construction is has started, Phase II is complete.



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TYPE OF RISK	RISK DESCRIPTION	IMPLEMENTATION STATUS.	PENDING ISSUES	ACTION OFFICER	TIME LINE	STATUS AS AT 30/06/2024
Government policy risks Government policy risks	Loss of revenue as a result of lack of funding for Diploma Programs	- Sourcing of funds from the state Department of TVET when TVET funding board is established - Met with PS state department of TVET to table our request for additional funding - Met with UFB to table our request for additional funding	- Reversing the trend of the declining student enrolment due to competition from TVET institutions that are funded for their diplomas	- DVC - FPA	- June 2024	- Purchasing of TVET programs done - Launch of TVET programs - Purchasing additional TVET Programs
Market Risks	Likely loss due to declined performance in the University sector arising from COVID - 19 Pandemic	- University preparing Business continuity Plans to ensure resumption and continuity of learning	- Implementation of Business Continuity Plans	- VC	- Continuous	- Online learning in progress for about 60% of students



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TYPE OF RISK	RISK DESCRIPTION	IMPLEMENTATION STATUS.	PENDING ISSUES	ACTION OFFICE	TIME LINE	STATUS AS AT 30/06/2024
Market Risks	Loss of Brand/ image/ Mandate in Co-operative Training	- Increase the number of Diploma Programs which would then form the market for the degree programs. - Increase the variety of market driven programs	- The school of Co-operative development is the oldest as per Mandate; however, the school has been overtaken in the following areas. - Number of Diploma Programs - Number of degree programs - Enrolment as per KUCCPS admission is wanting - Loss of Market for Co-operative degree programs - Programs and Population Ratios.	- DVC ACDRI	- June 2024	- Development of market driven Co-operative programs on-going - A committee appointed to make recommendations to revamp cooperative programs
	Likely loss arising from Poor enrolment of Post Graduate Programs in CUK	- Development of post graduate programs on-going - Development of PHD programs on-going.	- Poor Completion rate for Master of Cooperative Management. - Poor/ No Marketing strategy for Postgraduate programs.	- DVC ACDRI	June 2024	- Development of post graduate programs on-going



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TYPE OF RISK	RISK DESCRIPTION	IMPLEMENTATION STATUS.	PENDING ISSUES	ACTION OFFICER	TIMELINE	STATUS AS AT 30/06/2023
Credit Risks	Revenue shortfalls leading to failure to meet financial obligations.	- Implementation of blended learning (Face to face and online learning) to mitigate against COVID -19 Pandemic.	-Registration of Semester three of the 2023/2024 academic year	- VC - DVC - ACDRI	- June 2024	60% of students registered for online learning
Liquidity Risks	Inadequate Cash flow	- Implementation of 2023/2024 budget to manage cash flow. - Reduction of current liabilities through effective budget management	- Delayed remittance of government scholarships, loans and funds for the new undergraduate KUCCPS students under the new University funding model	- VC	- Continuous	- Follow ups on application by students to Universities Fund
Capital Risks	Loss of working capital due to idle capacity in Nairobi Campus	- Restructuring of Nairobi Campus - Deployment of new management of the campus	- Implementation of the new initiatives by the new management to revive the campus	- VC - DVC FPA - DVCACDRI	- June 2024	- Nairobi Campus registered financial deficits.



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SECTION E

Material arrears in statutory/financial obligations

As at June 30, 2024, CUK did not have any material arrears in statutory or financial obligations.

SECTION F

Financial probity and serious governance issues

- i) CUK does not have any financial improbity as reported by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight.
- ii) There are no governance issues among the Board or members of the Board and top management including conflict of interest.



THE CO-OPERATIVE UNIVERSITY OF KENYA

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For The Year Ended June 30, 2024

XI. Report of The University Council

The University Council submits their report together with the financial statements for the year ended June 30, 2024 which show the state of the Co-operative University of Kenya's affairs.

Principal activities

The principal activity/mission of CUK is to provide innovative education, training, research, and consultancy services for sustainable community empowerment.

Results

The results of the entity for the year ended June 30, 2024 are set out on page 1 of the Annual Report and Financial Statements.

The results indicate that CUK registered a total of Kshs. **1,265,457,959** in gross revenue against a target of Kshs. 1,170,082,123. This represents 108% of the target revenue. In comparison to the previous financial year, CUK recorded a 38% increase in revenue. At the same time, CUK registered total expenditure of Kshs **1,099,458,717** against a target of KShs.1,135,347,667. This represents 97% of the target expenditure. In comparison to the previous financial year, CUK recorded an 8% increase in expenditure.

Over the last five (5) years, recurrent grants from the GoK have remained almost constant despite the growth in personnel costs and increase in student population especially the Government Sponsored Students. Since 2013, CUK has been receiving over a thousand GoK students annually with no commensurate increase in government funding. This has greatly affected the expected growth.

The Council is pleased to report that the Charter was granted on 7th October 2016 by His Excellency the President of the Republic of Kenya, Hon. Uhuru Kenyatta. Strategies implemented on award of the Charter have borne fruit with an increase in the number of students in postgraduate and undergraduate programs. This will see an increase in gross revenue.

Directors

The members of the University Council who served are;

1. Dr. Jeremy Bundi	Chairperson.
2. Mr. Peter Gathirwa	Member
3. Mr Patrick Musyimi	Member
4. Ms Anne Chepkorir	Member.
5. Mr Christopher Ombati	Member.
6. Ms Elizabeth Kimkung	Member.
7. Ms Susan Karuri	Member.
8. CPA Peter Wanjohi Kiama	Member.
9. Mrs. Peris B. Onsarigo	Member
10. Mr. John W. Kihara	Member
11. Ms. Christine Kariuki	Member
12. Prof. Kamau Ngamau, PhD., EBS.	Secretary.



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Auditors

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

By Order of the University Council.



Prof. Kamau Ngamau, PhD., EBS.

VICE CHANCELLOR, THE CO-OPERATIVE UNIVERSITY OF KENYA



THE CO-OPERATIVE UNIVERSITY OF KENYA

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XII. Statement of University Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act; require the Council to prepare Financial Statements which give a true and fair view of the state of affairs of the University at the end of the Financial Year and the operating results for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institution. The Council is also responsible for safeguarding the assets of the Co-operative University of Kenya (CUK).

The Council is responsible for the preparation and presentation of the Financial Statements, which give a true and fair view of the state of affairs of the University as at the end of the Financial Year ended on June 30, 2024. This responsibilities 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 institution; (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 Co-operative University of Kenya; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the 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 Standard (IPSAS), and in the manner required by the PFM Act, the State Corporations Act and Public Sector Accounting Standard Board. The Council is of the opinion that CUK's financial statements give a true and fair view of the state of the institution's transactions during the financial year ended June 30, 2024, and the financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the 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 CUK 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 Co-operative University of Kenya's financial statements were approved by the Council on the 26th of July 2024, and signed on its behalf by:



Dr. Jeremy Bundi
CHAIRPERSON, THE CO-OPERATIVE UNIVERSITY
OF KENYA COUNCIL



Prof. Kamau Ngamau, PhD., EBS.
VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA



REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON CO-OPERATIVE UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2024

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.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Cooperative University of Kenya set out on pages 1 to 32, which comprise the statement of financial position as at 30 June,

2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Cooperative University of Kenya as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act No. 42 of 2012.

Basis for Qualified Opinion

1. Inconsistencies in Cash and Cash Equivalents

The statement of financial position and as further disclosed in Note 21 to the financial statements reflects cash and cash equivalents balance of Kshs.157,263,930 which includes an amount of Kshs.68,390,933 held in the fees collection account. However, during the board of survey, a cashbook balance of Kshs.73,105,325 was confirmed against the reported amount of Kshs.68,390,933 resulting to a variance of Kshs.4,714,392 which was not explained or supported.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.157,263,930 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and Note 22 to the financial statements reflects receivables from exchange transactions balance totaling Kshs.88,033,420. However, the following anomalies were noted;

2.1 Student Debtors

Included in the student debtors balance of Kshs.86,685,345 are debtors amounting to Kshs.25,225,784 that have been outstanding for more than four semesters despite being collectable within one financial year. This is an indication that the debts may remain uncollected and Management did not give a proper explanation as to why the debts were not recovered. Further, there was no documentary evidence provided in form of correspondences made by Management to recover the outstanding amounts from the debtors. In addition, the debt management policy was not provided for audit review.

2.2 Cooperative Retreat Conference Centre Debtors

Included in the seminar Cooperative Retreat Conference Centre (CRCC) debtors balance of Kshs.14,586,286 is an amount of Kshs.2,026,320 due from the Nairobi City County

dating back to the year, 2015. No correspondences were provided to show efforts by the University to recover the long outstanding debts. Further, the debtors listing also includes unpaid invoices for training staff from Kajiado County Government amounting to Kshs.5,632,048. These balances have been outstanding for over three (3) years.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.88,033,420 could not be confirmed.

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

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page iv to xlix which comprise of Key Entity Information and Management, The University Council, The University Management Board, Chairperson's Statement, Vice Chancellor's Report, Review of the University Performance for the financial year, Corporate Governance Statement, Environmental and Sustainability Reporting, Management Discussion and Analysis, Report of the University Council and Statement of University Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Cooperative University of Kenya 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 and 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. Outstanding Imprest

Review of receivables from exchange transactions listing reflects imprest outstanding totalling Kshs.529,522 as disclosed in Note 22 to the financial statements, which includes an amount of Kshs.449,524 which had been outstanding for more than one month. This was contrary to Regulation 92 of the Public Finance Management (National Government) Regulations, 2015 which requires that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station.

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

2. Inconsistencies in Personnel Information and Data

The University maintains both bio data and Uniplus Personnel Information Management System, a system used to manage human resource and payroll information for employees. Analysis of the payroll data revealed that there were three hundred and eight (308) non-teaching employees as at 30 June, 2024, while the bio data had two hundred and eighty-one (281) employees and the draft staff establishment provided reflected two hundred and seventy-seven (277) staff. Further, analysis of the draft data and information provided revealed that thirty (30) employees were included in the payroll and not in the bio data. In addition, there were employees in the payroll who were not in the EFT bank payment drawing gross salary totalling Kshs.92,521,871 resulting in inaccurate personnel information and data.

This was contrary to Regulations 23(1) of the Public Finance Management Regulations, 2015 which requires that the Accounting Officers shall, in accordance with Article 226(2) of the Constitution and Section 68(1) of the Act, be accountable to the National Assembly- (a) for management of their department's public finances, including whether sufficient resources have been allocated to a particular program. (b) for ensuring the most effective means of achieving desired program outcomes are used; (c) for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

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

3. Irregular Payments of Acting Allowances

Examination of payroll records provided revealed that during the year under review, the University paid acting allowances to nine (9) officers for a period of twelve (12) months without proper authorization. This was contrary to the University's Human Resource Policy 2.3.4 of the Cooperative University of Kenya Human Resource Policy, 2017 which requires that: 1) An acting appointment maybe made where a vacancy arises that is not substantively filled or where the incumbent is incapacitated or unavailable for official reason. 2) The acting appointment period shall not exceed three (3) consecutive months. This can however be extended for another three (3) months with the approval of the Deputy Vice Chancellor (FPA) or the University Council.

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

4. Missing Receipts and Invoices

Analysis of receipt data from the Student Management Information System (SMIS) for the financial year 2023/2024 revealed one thousand nine hundred and sixty-seven (1,967) gaps in the receipt number sequence in the system generated reports. Further, analysis of invoice data from the SMIS for the financial year 2023/2024 for Government-Sponsored Students and Self-Sponsored students revealed one thousand three hundred and forty-five (1,345) gaps in the Invoice Identification. Sequence is one way of controlling and tracking accountable documents, helping to ensure integrity of records and detection of errors.

This was contrary to Regulation 118(1) of the Public Finance Management (National Government) Regulations, 2015 which requires accountable documents, whether manual or electronic, to be under strict control. Further, Regulation 118(3) provides that where accountable documents are in electronic form, the Accounting Officer shall ensure appropriate mechanisms are put in place for safeguarding and tracking them.

In the circumstances, a system that allows gaps in document sequences makes it difficult to detect instances where transactions take place but are not recorded or posted, or where non-existent transactions are added, whether erroneously or fraudulently, which in turn creates a risk of misstatement of revenue.

5. Irregularities in Drug Store Records

During the financial year under review, it was noted that the drug store still uses manual processes for issuing and receiving inventory, whereas other stores are computerized. There were discrepancies in stock records in that the information on preprinted stock sheets did not match the store's records, and the quantities on the stock sheets were not pre-written, making it difficult to compare with physical counts during stock take exercises. Further, there are no designated personnel to control access to the drug store, increasing the risk of unauthorized access, theft, and misuse of University inventory.

Further, it was noted that the University receives stocks in the store and expenses them when the store items have been issued, however, the items in the drug store were

expensed when purchased which means all stocks unissued and still held in the drug store are not accounted for. No explanation was provided as to why the drug store is not automated as the other stores in the University contrary to Section 162(1) of the Public Procurement and Asset Disposal Act, 2015 which requires that an Accounting Officer of a procuring entity shall ensure that all inventory, stores and assets purchased are received, but shall not be used until taken on charge and as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity.

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

6. Library Expenses

Review of records provided revealed that the University purchased text books from three (3) suppliers of Kshs.206,400, Kshs.262,980 and Kshs.177,733 paid vide voucher numbers SB001-00075-24, SB001-100764-24 and SB001-00309-24 respectively totalling Kshs.647,113. It was noted that there were no quotations, opening and evaluation committee minutes, professional opinion and inspection and acceptance committee minutes and thus it was not possible to verify that the books were competitively bought and if the quantity and quality delivered was as per the specifications ordered.

Further, it was noted that the University engaged another supplier to relocate the library materials, furniture and fittings to the Learning Resource Centre at a cost of Kshs.457,996 paid vide voucher no SB001-00810-24. However, there was no inspection and acceptance committee to confirm that the items were moved as required. This was contrary to Section 48(4) of the Public Procurement and Asset Disposal Act, 2015 which requires that the inspection and acceptance committee shall - (a) ensure that the correct quantity of the goods is received; (b) ensure that the goods, works or services meet the technical standards defined in the contract ensure that the goods, works or services have been delivered or completed on time, or that any delay has been noted.

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

7. Unspent Bursary Allocation

During the audit, it was noted that the University had a sum of Kshs.8,601,399 as an unspent bursary allocation from various Constituencies to help needy students. No explanation was provided as to why the amounts remained unspent. Further, it was not possible to verify if the amount is still intact and unspent as it was still held in the University fees collection account. This was contrary to Regulation 43(b) of the Public Finance Management Regulation, 2015 which provides that an Accounting Officer shall - (b) ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the National Assembly.

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

8. Delay in the Completion and Handing over of Projects

8.1 Learning Resource Centre

As disclosed in the prior year, review of records on construction of an Ultra-Modern Learning Resource Centre revealed that the project contract sum was revised from Kshs.373,091,295 to Kshs.448,187,369, being a variation of Kshs.75,096,074 or 20% of the initial contract sum. The contract period was 65 weeks commencing on 21 March, 2019, however, the period was revised later to end on 30 December, 2022. Physical verification of the project conducted in the month of October, 2024, revealed that the project was 95% complete and partially handed over to the University. A sum of Kshs.339,867,205 or 76% of the revised contract price had been paid. Management did not provide explanation for delayed completion and a variation of 20% which is above the allowable variation threshold of 15%. Further, no evidence of extension of the contract period was provided.

8.2 Access Control System

The installation of Access Control System for the University gate project at a cost of Kshs.5,151,724 commenced on 12 July, 2020 and was practically complete but had not yet been handed over although in use. No reason was provided for failure to hand over the project and capitalized it in the books of accounts.

In the circumstances, value for money on the expenditure of Kshs.345,018,929 on the project could not be confirmed and the Management was in breach of the law.

9. Failure to Appoint University Chancellor

Scrutiny of the Cooperative University of Kenya Charter indicated that the University shall have a Chancellor appointed by the President who shall confer degrees and grant diplomas, certificates and other awards of the University. However, it was noted that the University has not had a Chancellor for long period of time, contrary to Section 13(1) of the University Charter on Chancellors appointment. It is not clear and Management has not explained when and if the University is in the process of having a Chancellor.

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

10. Non-Compliance with Fiscal Responsibility Principles

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects an amount of Kshs.677,567,942 in respect of employee costs. This expenditure amounts to 54% of the total revenue amount of Kshs.1,265,457,959 received in the year under review. This is contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which provides for a maximum expenditure on compensation of employees of 35% of the Organizations total revenue.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Understaffing in Internal Audit Department

During the year under review, it was noted that the Internal Audit Department was understaffed due to increased turnover of staff to other departments. The department was projected to have seven (7) employees as per the CUK staff establishment, however, it only had five (5) staff. This may have led to insufficient audit coverage thus undetected non-compliance with regulations, laws, or internal policies which is contrary to Section 73(1) of the Public Finance Management Act, 2012 which states that every National Government entity shall ensure that it complies with this Act and - (a) has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the effectiveness of internal controls in the University could not be confirmed.

2. Lack of Approved Risk Management Policy

During the financial year under review, the University did not have an approved risk management policy and risk assessment on key risky areas which include expenditure was not carried out contrary to Regulation 165(1)(a)(b) of the Public Finance Management (National Government) Regulations, 2015. Risk management policy should have indicated the purpose of the policy, the scope, those who are involved in risk management, risk management process, risk categories and reporting of risk.

In the circumstances, the effectiveness of risk management in the University could not be confirmed.

3. Weaknesses in the University Fees Payment Policy

Review of sampled student fees statements for the financial year 2023-2024 indicated that, one hundred and forty-one (141) students were invoiced and had an accumulated fees arrears amounting to Kshs.2,088,110 which were outstanding as at the end of the semester. This led to an increase in existing students' fees balances contrary to the University fees payment policy that requires a student to pay full tuition fee at start of semester or by eighth (8th) week in case of installments. This further implies that the students sat for the end of semester examination without clearing the fees arrears, an indication of the internal control system override or weakness.

In the circumstances, the Institution is exposed to internal control override on payment of fee.

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 the University Council

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

In preparing the financial statements, Management is responsible for assessing the Universities 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 Institution'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 for 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 IFPP 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

27 December, 2024

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For The Year Ended June 30, 2024

XIV. Statement of Financial Performance for The Year Ended 30 June 2024

	Note	2023-2024 Kshs	2022-2023 Kshs
Revenue from non-exchange transactions			
Unconditional Grants	6	287,598,006	283,060,752
Research Funds	7	40,969,024	44,831,288
		328,567,030	327,892,040
Revenue from exchange transactions			
Rendering of Services - Tuition Income	8	894,731,616	526,789,731
Income from Co-operative Retreat & Conference Centre	9	25,281,504	30,795,553
Rental revenue from facilities and equipment	10	2,991,187	3,078,853
Finance income	11	67,176	1,174,579
Other income	12	13,819,446	28,823,388
Total Revenue from exchange transactions		936,890,929	590,662,104
Total revenue		1,265,457,959	918,554,144
Expenses			
Use of goods and services	13	272,109,043	232,470,815
Employee Cost	14	677,567,942	650,974,111
Board expenses	15	7,359,635	6,334,340
Depreciation and amortization expense	16	46,931,770	42,261,871
Repairs and Maintenance	17	27,090,084	22,002,705
Contracted Services	18	22,313,996	23,265,905
Research Expenses	19	43,302,678	37,214,762
Total expenses		1,096,675,148	1,014,524,509
Other Gains/(Losses)			
Loss on Disposal of Assets	20	-	(347,525)
Bad Debts recovered / (Written Off)	22 (b)	(16,789,912)	71,360
(Increase) / Decrease in Provision	22 (b)	15,546,385	(47,174,693)
Foreign Exchange Gain / (Loss)	21	(1,540,042)	1,393,485
Surplus/(Deficit) for the period		165,999,242	(142,027,738)

The notes set out on pages 7 to 29 form an integral part of the Financial Statements



THE CO-OPERATIVE UNIVERSITY OF KENYA

Annual Report and Financial Statements

For The Year Ended June 30, 2024

XV. Statement of Financial Position as at 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	21	157,263,930	76,451,220
Receivables from exchange transactions	22	88,033,420	56,032,501
Receivables from non-exchange transactions	23	24,972,465	14,001,140
Inventories	24	3,077,394	1,697,134
		273,347,209	148,181,995
Non-current assets			
Property, plant and equipment	26	2,785,066,117	2,731,226,006
Investments	25	8,425,530	8,425,530
Intangible Assets	27	12,011,620	14,966,066
Work In Progress	28	506,199,413	516,427,370
		3,311,702,680	3,271,044,972
Total assets		3,585,049,889	3,419,226,967
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	29	218,168,640	253,371,538
Trade and other payables from non-exchange transactions	30	41,570,613	55,521,342
		259,739,253	308,892,880
Long term liabilities			
Long term liabilities	31	29,211,242	29,532,080
		29,211,242	29,532,080
Total liabilities		288,950,495	338,424,960
Net Assets			
Capital fund	32	1,632,146,511	1,584,022,818
Revaluation Reserves	33	1,718,751,795	1,718,751,795
Accumulated Deficit	34	(54,798,912)	(221,972,606)
Total net assets		3,296,099,394	3,080,802,007
Total net assets and liabilities		3,585,049,889	3,419,226,967

The Financial Statements set out on pages 1 to 6 were signed on behalf of the University Council by:


Dr. Jeremy Bundi
CHAIRPERSON, THE CO-OPERATIVE
UNIVERSITY OF KENYA COUNCIL


Prof. Kamau Ngamau, PhD., EBS.
VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA


CPA. Maxwel Nyaga
ICPAK No. 11419
FINANCE OFFICER,
THE CO-OPERATIVE
UNIVERSITY OF KENYA

THE CO-OPERATIVE UNIVERSITY OF KENYA

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XVI. Statement of Changes in Net Assets for The Year Ended 30 June 2024

	Accumulated Deficit Kshs	Capital Reserve Fund Kshs	Revaluation Reserve Kshs	Total Kshs
Notes	34	32	33	
Balance as at 30 JUNE 2022	(108,199,445)	1,548,890,111	1,748,157,035	3,188,847,701
Surplus for the period	(142,027,738)	-	-	(142,027,738)
Excess Depreciation on revaluation	29,405,240	-	(29,405,240)	-
Additions in the year	(1,150,663)	35,132,707		33,982,044
Balance as at 30 JUNE 2023	(221,972,606)	1,584,022,818	1,718,751,795	3,080,802,007
Surplus for the period	165,999,242	-	-	165,999,242
Excess Depreciation on revaluation	-	-	-	-
Additions in the year	1,174,452	48,123,693	-	49,298,145
Balance as at 30 JUNE 2024	(54,798,912)	1,632,146,511	1,718,751,795	3,296,099,394



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XVII. Statement Of Cash Flows for The Year Ended 30 June 2024

		30.06.2024	30.06.2023
<u>Cash flows from Operating activities</u>	Notes	Kshs	Kshs
Receipts			
Transfers from other governments entities		276,489,212	270,203,048
Research Grants		40,969,024	44,831,288
Rendering of services		880,898,419	537,313,695
Sale of goods		26,175,356	32,295,416
Rental revenue from facilities and equipment		2,857,730	2,417,578
Finance income		67,176	1,174,579
Other income		12,569,797	30,299,880
Total receipts		<u>1,240,026,714</u>	<u>918,535,484</u>
Payments			
Use of goods and services		315,830,254	146,616,941
Employee costs		704,705,186	623,934,512
Board Expenses		7,359,635	6,334,340
Repairs and maintenance		27,090,084	22,002,705
Contracted services		22,313,996	23,265,905
Research costs		43,302,678	37,214,762
Total payments	35	<u>(1,120,601,833)</u>	<u>(859,369,165)</u>
Net cash flows from Operating activities		119,424,881	59,166,319
 <u>Cash flows from investing activities</u>			
Purchase of Property, Plant & Equipment	26	(97,817,435)	(15,896,077)
Proceeds from Disposal of Assets	26	-	134,131
Work in progress	28	10,227,957	(136,689,064)
Net cash flows from investing activities		<u>(87,589,478)</u>	<u>(152,451,010)</u>
 <u>Cash flows from financing activities</u>			
Capital Reserve fund	32	48,123,693	35,132,707
Accumulated Deficit	34	1,174,452	(1,150,663)
Decrease in Long-term Liabilities	31	(320,838)	5,823,417
Net cash flows from financing activities		<u>48,977,307</u>	<u>39,805,461</u>
 Net change in cash and cash equivalents		80,812,710	(53,479,230)
Opening cash and cash equivalent	21	<u>76,451,220</u>	<u>129,930,450</u>
Closing cash and cash equivalent	21	<u>157,263,930</u>	<u>76,451,220</u>



THE CO-OPERATIVE UNIVERSITY OF KENYA

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For The Year Ended June 30, 2024

XVIII. Statement of Comparison of Budget and Actual Amounts

Revenue	Original budget 2024 Kshs	Adjustments 2024 Kshs	Final budget 2024 Kshs	Actual on Comparable Basis 2024 Kshs	Performance Difference 2024 Kshs	% of Utilization
Unconditional Grants	283,060,756	4,537,250	287,598,006	287,598,006	-	100%
a) Research Funds	29,000,000	33,819,633	62,819,633	40,969,024	21,850,609	65%
Tuition fees & Other Levies	500,950,000	273,514,484	774,464,484	894,731,616	(120,267,132)	116%
Rental revenue from facilities and equipment	2,000,000	-	2,000,000	2,991,187	(991,187)	150%
Income from Co-operative Retreat & Conference Centre	40,000,000	(10,000,000)	30,000,000	25,281,504	4,718,496	84%
b) Other income	11,050,000	2,150,000	13,200,000	13,886,622	(686,622)	105%
Total income	866,060,756	304,021,367	1,170,082,123	1,265,457,959	(95,375,836)	108%
Expenses						
Use of Goods and Services	181,662,407	100,206,168	281,868,575	272,109,043	9,759,532	97%
Employee Cost	550,334,715	130,422,040	680,756,755	677,567,942	3,188,813	100%
Board Expenses	8,000,000	-	8,000,000	7,359,635	640,365	92%
Depreciation and amortization expense	38,744,116	13,155,884	51,900,000	46,931,770	4,968,230	90%
c) Repairs and Maintenance	18,900,000	19,570,000	38,470,000	27,090,084	11,379,916	70%
Contracted Services	27,700,000	(3,300,000)	24,400,000	22,313,996	2,086,004	91%
d) Research Expenses	25,919,518	24,032,819	49,952,337	43,302,678	6,649,659	87%
e) Other Gains /Losses	-	-	-	2,783,569	(2,783,569)	0%
Total expenditure	851,260,756	284,086,911	1,135,347,667	1,099,458,717	35,888,950	97%
Surplus (Deficit) for the period	14,800,000		34,734,456	165,999,242		



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Explanation of Material Variances on Statement of Comparison of Budget and Actual Amounts

a Research Funds

The Research Funds income budgeted for the year included funds from National Research Fund which were expected but not remitted during the financial year.

b Tuition Fees and Other levies

The student-centred new funding model for the first-year students increased the budgeted tuition fees and other levies for the financial year.

c Income from Co-operative Retreat and Conference Center

The income from Co-operative Retreat and Conference center was greatly affected by low business turnout in the financial year with a major effect in the fourth quarter of the financial year brought about by political instability in the months of May and June 2024.

d Repairs and Maintenance

The repairs and maintenance cost includes the cost of major repairs to the university motor vehicles during the financial year which was not budgeted for.

e Research Expenses

Research expenses were below budget for the financial year due to reduced research activities brought about by the low realization of development funds budgeted for.

f Other Gains and Losses

Other Gains/Losses includes a Provision for bad and doubtful debts relating to student debtors, and foreign exchange losses from the University's USD account. These had not been factored in the budget for the year



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NOTES TO THE FINANCIAL STATEMENTS

XIX. Notes to the Financial Statements

1. General Information

The Co-operative University of Kenya (CUK) is a chartered public university that is established and derives its authority and accountability from the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7th October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4th November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E). The University is wholly owned by Government of Kenya and is domiciled in Kenya.

The principal activity of CUK continues to be the provision of Co-operative Education, Business, and Information Technology and related Disciplines for various stakeholders including the Co-operative movement and the Government. CUK serves as a Centre of academic excellence in the Co-operative Movement in Kenya, together with other mandates as stipulated under the Universities Act No. 42 of 2012, and the Co-operative University of Kenya Charter of 7th October 2016.

2. Statement of Compliance and Basis of Preparation

The Co-operative University of Kenya's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), the State Corporations Act and the PFM Act. The preparation of financial statements in conformity with IPSAS allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The financial statements are presented in Kenya shillings, which is the accepted functional and reporting currency and all values are rounded to the nearest shilling. The accounting policies have been consistently applied to all the years presented.

Basis of preparation

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

a) New and amended standards and interpretations in issue effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.



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Standard	Effective date and impact:
	IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.



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b) New and amended standards in issue but not yet effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows 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 Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

c) Early adoption of Standards

The University did not early-adopt any new or amended standards in year 2023/2024.

4. Summary Of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions

- **Unconditional Grants**

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).



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This recognition is only 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 Co-operative University of Kenya and can be measured reliably.

- **Conditional Grants**

Conditional grants are treated as a liability and credited to the income and expenditure statement when the activities for which they were provided for have been undertaken.

ii) **Revenue from Exchange Transactions**

- **Rendering of Services - Tuition Fees**

Revenue from tuition fees is recognized at the beginning of the semester when the student has met all the admission and registration requirements for that particular semester. Tuition fees are accounted for on accrual basis over the period of instruction to which they relate. Fees paid in advance are carried forward as liabilities at the end of each reporting period.

- **Sale of Goods and Services**

Revenue from the sale of goods and services from the Co-operative Retreat and Conference Centre is recognised 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 University.

- **Rental Income**

Rental income arising from provision of housing is recognized as the income earned in accordance with the terms of the tenancy agreement.

b) Budget Information

The University's budget is not 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. Similarly, the budget is prepared on accrual basis. 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.

Additionally, 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.

c) 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 their cognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.



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Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Investment properties are derecognized either when they have been disposed off 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.

d) Property, Plant and Equipment

All properties, 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 Co-operative University of Kenya recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a reducing balance method for all other categories of assets except for land which is not depreciated. The applied depreciation rates are as shown below:

• Land	Nil
• Building, Sewer and Water works	2.5%
• Plant and Machinery	10%
• Furniture and Fitting	12.5%
• Motor Vehicles	25%
• Office Equipment	12.5%
• Computer and Accessories	30%
• Telecommunication Equipment	20%
• Kitchen Equipment and Cutlery	10%
• Tools	10%

e) 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.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, if that 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 Co-operative University of Kenya.

f) Provisions

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



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

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

- **Contingent liabilities**

The Co-operative University of Kenya 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.

g) Nature and Purpose of Reserves

The Co-operative University of Kenya creates and maintains reserves in terms of specific requirements.

- **Capital Fund**

This fund is composed of development grants sourced from the Government and Development Partners, which are used in capital projects by the Co-operative University of Kenya. The Co-operative University of Kenya recognizes any expenditure incurred of a capital nature and those funds are transferred to the capital fund upon incurring such expenditure.

- **Accumulated Fund**

These are the funds that are retained by the Co-operative University of Kenya. These funds are cumulative and are increased by the surplus or decreased by the deficit in a particular accounting period.

- **Revaluation Reserve**

Beginning in 2014, the revaluation surplus reserves include the results of a revaluation (from historic cost to fair value) of the assets owned by the institution. The fair value has been determined by an independent valuation.

h) Changes in Accounting Policies and Estimates

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

i) Cash and Cash Equivalents

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

j) 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



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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.

Amortization is calculated on a reducing balance method for all categories of intangible assets. The applied amortization rates are as shown below:

- | | |
|---------------|-----|
| • Software | 30% |
| • Master plan | 2% |

k) Foreign Currency Transactions

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

l) Financial Instruments

i. Financial assets

• Initial recognition and measurement

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Co-operative University of Kenya determines the classification of its financial assets at initial recognition.

• Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost.

ii. Financial liabilities

• Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Co-operative University of Kenya determines the classification of its financial liabilities at initial recognition.

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

m) Related Parties

The Co-operative University of Kenya regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. These related parties include: The Government of Kenya and Members of key management comprising the University Council and the University Management Board.



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n) Leases

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.

o) Employee Benefits.

Retirement Benefit Plans

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate entity (The Co-operative University of Kenya Staff Provident 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 period in which they become payable.

The University does not have any defined benefit plans.

p) Comparative Figures

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

q) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Co-operative University of Kenya'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, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Changes in estimates are reflected in the period in which they become known.



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6. Transfers from Other Government entities	2023-2024	2022-2023
a) Unconditional grants	Kshs	Kshs
Government of Kenya Recurrent Grant	287,598,006	283,060,752
Total government grants and subsidies	287,598,006	283,060,752

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending the Grant	Note	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognized in capital fund.	Total transfers 23/24 FY	Total transfers 22/23 FY
		Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	6	287,598,005	-	17,130,493	304,728,498	318,193,462
Ministry of Education (New Funding Model)	8	250,797,085	-	-	250,797,085	-
Total		538,395,090	-	17,130,493	555,525,583	318,193,462

7. Research Funds	2023-2024	2022-2023
	Kshs	Kshs
Projects (LFC)	4,182,396	1,591,453
Research Grants	36,786,628	43,239,835
Total Research Funds	40,969,024	44,831,288

8. Rendering of Services - Tuition Fees	2023-2024	2022-2023
	Kshs	Kshs
Main Campus	875,552,589	512,902,134
Nairobi CBD Campus	18,986,130	13,817,641
Meru Campus	-	69,956
a) Total revenue from Tuition fees	894,731,616	526,789,731

a) Total revenue from Tuition fees	Kshs	Kshs
Government Grants (New Student-Centered Funding Model Scholarships and Loan)	643,934,531	-
Appropriations in Aid	250,797,085	526,789,731
Total revenue from Tuition fees	894,731,616	526,789,731



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9. Sale of Services - Co-operative Retreat & Conference Centre

	2023-2024	2022-2023
	Kshs	Kshs
Sales from CRCC	25,281,504	30,795,553
Total from CRCC	25,281,504	30,795,553

The income from the Co-operative Retreat and Conference Centre declined during the financial year due to reduced business and political instability in the 4th quarter of the financial year.

10. Rental revenue from facilities

	2023-2024	2022-2023
	Kshs	Kshs
Rent Income	2,991,187	3,078,853
Total Rental Income	2,991,187	3,078,853

The rental income is rent from staff houses to the University's members of staff and office space let to ATC, a company owned by the University's guarantee and The Co-operative Alliance of Kenya.

11. Finance income

	2023-2024	2022-2023
	Kshs	Kshs
Interest income from call deposit	67,176	1,174,579
Total Interest Income	67,176	1,174,579

This income is the interest the University earned from monies placed in a call deposit account at the Co-operative Bank of Kenya.

12. Other income

	2023-2024	2022-2023
	Kshs	Kshs
Catering	6,720,855	8,871,378
Dispensary	54,210	88,766
Contributions from ATC	1,200,000	1,200,000
Water and Electricity	942,248	710,572
Sale of Farm Produce	-	100
Co-operator Magazine Income	-	469,828
a) Special Grants - Income from		
Consultancies	2,006,970	2,101,291
Co-operative Movement Annual Stakeholders		
Conference	102,600	6,608,306
Miscellaneous Income	2,792,563	8,773,147
Total other income	13,819,446	28,823,388

a) Special Grants. This is the income from consultancies carried out by the Co-operative Development Research and Innovation (CDRI) Division of the University.



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13. Use of Goods and Services:	2023-2024	2022-2023
Central Services	Kshs	Kshs
Electricity expenses	16,940,984	16,779,446
Water expenses	2,862,298	1,507,262
Vehicle licenses & insurance	1,323,326	45,000
Vehicle fuel and oil	8,929,084	5,616,299
Publishing & Printing	133,290	468,814
Advertising and Publicity	4,862,892	6,173,366
Telephone expenses	520,498	429,958
Postal & Courier services	75,795	149,079
Conferences/workshops and seminars	18,261,418	9,087,410
Catering cost	21,109,341	26,687,096
Cleaning materials	3,567,533	3,885,998
External travelling	4,011,424	4,984,553
Gas and fuel	3,848,590	6,297,547
Training expenses/Staff training	4,812,960	1,187,234
Subscription to professional bodies	2,856,560	2,583,559
Utensils & Crockery	1,106,670	1,070,840
Performance Contract	4,351,210	685,200
Booked meals for staff	6,892,134	3,844,881
Newspapers	244,025	402,080
Internet services	14,310,638	16,679,952
ISO certification & maintenance	625,400	406,000
Staff welfare	2,918,110	3,743,205
Fumigation services	2,504,638	1,264,203
Generator expenses	-	-
Rent & rates	5,370,336	8,365,196
Purchase of uniforms	1,005,169	369,700
Purchase of Drugs	2,410,552	2,441,245
Stationery & stores	7,899,136	6,965,927
Purchase of production materials	4,004,136	3,663,697
a) Medical scheme	34,131,240	27,379,433
General insurance	1,112,545	851,488
Staff group personal accident	981,823	826,317
Student group personal accident	40,180	390,220
Set up of ICT infrastructure	12,003,907	8,209,857
Students Welfare		
Inter university games	6,527,530	4,882,019
Sports equipment	15,000	242,090
Practical Materials and Reagents	336,742	-
Students Fee Waivers	1,591,686	4,209,387
Academic Costs		
Corporate social responsibility	221,750	270,250
Shows & Exhibitions	1,295,390	909,223
Library books/e-library/journals	3,595,568	2,995,250
Curriculum Development	1,860,900	294,000
Alumni association	91,000	416,000
Examination expenses	873,821	465,430



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Graduation expenses	8,611,196	11,094,903
Use of Goods and Services Cont.	2023-2024	2022-2023
	Kshs	Kshs
Leadership for change	4,655,279	1,809,774
HIV/AIDS Control Unit	284,754	292,600
KUCCPS/CUE Accreditation	24,302,429	6,275,200
Administrative Costs		
Audit Expenses	870,000	870,000
Travelling and accommodation	14,341,900	12,581,033
Bank charges/interest	2,342,646	2,418,141
Task Force/Facilitation Allowances	374,090	1,614,000
Official Entertainment	490,926	217,815
VAT Expense	2,207,689	2,260,524
CRCC Rebates	478,785	408,488
Outsourced Accommodation	-	3,708,900
Hire of Machinery & Equipment	712,120	793,726
Total	272,109,043	232,470,815

a) Medical Scheme. This is the medical insurance that the University has entered into with the National Hospital Insurance Fund (NHIF) for provision of medical services to staff members. This is budgeted under insurance and medical expenses in the University's budget.

14. Employee costs	2023-2024	2022-2023
	Kshs	Kshs
Basic Salaries	273,400,293	274,240,209
Casual workers	2,183,944	1,434,399
Part time teaching	125,749,443	108,966,253
Gratuity	7,425,702	16,658,200
b) Pension	54,740,621	44,288,214
House to Office allowance	31,034,672	31,761,314
Other personnel allowances	67,525,510	62,108,471
Group life insurance	8,068,799	7,914,050
Leave allowance	5,574,701	4,938,116
New recruits, passage & Baggage	128,421	1,045,264
Affordable Housing Levy	6,482,330	-
House allowances	95,253,506	97,619,621
Employee costs	677,567,942	650,974,111

a) The Employee Costs for the financial year 2023/2024 has increased mainly as a result of the increase in part time teaching costs, due to increased programs, and the increase in basic salaries to due implementation of the CBA.



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15. Board Expenses

	2023-2024	2022-2023
	Kshs	Kshs
Sitting Allowance	3,200,000	3,240,000
Travelling Allowance	581,291	428,847
Subsistence Allowance	2,054,070	760,400
Medical Scheme	428,973	672,373
Co-opted Members Allowance	131,968	212,720
Chairperson's Honoraria	963,333	1,020,000
Total Board Expenses	7,359,635	6,334,340

16. Depreciation and amortization expense

	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	43,977,324	38,085,997
Intangible asset	2,954,446	4,175,874
Total depreciation and amortization	46,931,770	42,261,871

17. Repairs and maintenance

	2023-2024	2022-2023
	Kshs	Kshs
Motor Vehicle repairs	2,938,890	2,222,993
Maintenance of Sewerage and water	479,020	2,018,900
Maintenance of Buildings and station	13,201,797	10,857,909
Maintenance of Roads	567,280	1,355,064
Maintenance of computers/printer	2,035,326	1,555,564
Maintenance of plant & equipment	7,867,771	3,992,275
Total repairs and maintenance	27,090,084	22,002,705

The increase in repairs and maintenance expense is due to maintenance works on the University roads that had not been carried out in the previous financial year.

18. Contracted Services

	2023-2024	2022-2023
	Kshs	Kshs
Contracted professional services	5,156,986	7,778,988
Outsourced Cleaning Services	15,899,902	9,299,569
Legal Expenses	1,257,108	6,187,348
Total Contracted Services	22,313,996	23,265,905

19. Research Expenses

	2023-2024	2022-2023
	Kshs	Kshs
Research Production and Extension	41,702,625	28,941,920
Co-operative Movement Annual Stakeholders Conference	1,600,053	8,272,842
Total Research Expenses	43,302,678	37,214,762



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20. Loss on Disposal of Assets

	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	-	347,525
Total Loss on Disposal of Assets	-	347,525

21. Cash and cash equivalents

	2023-2024	2022-2023
	Kshs	Kshs
Current Accounts	156,765,771	64,661,187
On-Call Deposits	-	11,535,880
Fixed Deposits Accounts	106,760	106,760
Others	391,399	147,393
Total cash and cash equivalents	157,263,930	76,451,220

a) Current account

Standard Chartered Bank (Account No. 01020448587500)	12,788,126	1,590,698
Co-operative Bank Business Account (Account No. 01136062663600)	16,942,153	6,392,841
Co-operative Bank WE-Effect Project Account (Account No. 01136082663601)	1,311,143	532,194
Co-operative Bank Research Grants Account (USD) (Account No.02120062663600)	12,072,380	8,852,583
Co-operative Bank Research & Projects Account (Account No. 01120125033500)	343	9,647,371
Equity Bank GIVE Project Account (Account No. 1630278965967)	125	812,784
Equity Bank KRTCDP Project (Account No. 1630280550859)	8,917,375	4,110,646
Co-operative Bank Fees Collection Account (Account No. 01129062663600)	68,390,933	4,654,516
Co-operative Bank HELB Collection Account (Account No. 01129062663601)	11,183,067	1,231,916
Co-operative Bank WINRACK Account (Account No. 01109062663600)	24,169,664	23,382,517
Equity Bank Fees Collection Account (Account No. 1250277107862)	990,462	3,453,121
Sub- total	156,765,771	64,661,187

b) On- Call deposits

Co-operative Bank Call Deposit Account	-	11,535,880
Sub- total	-	11,535,880

c) Fixed deposits account

Co-operative Bank Collateral Account (Account No. 01246062663600)	106,760	106,760
Sub- total	106,760	106,760

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NOTES TO THE FINANCIAL STATEMENTS

d) Others

Cash in hand	391,399	147,393
Sub- total	391,399	147,393
Grand total	157,263,930	76,451,220

i) Foreign Exchange gain

The Co-operative Bank Research Grants Account (USD) (Account No.02120062663600) is a dollar account for Research money received by the University. Translation of this account at the end of the financial year 2022/2023 generated a foreign exchange gain of Kshs. 1,393,485. In the financial year 2023/2024, the translation generated a foreign exchange loss of Kshs. 1,540,042.

22. Receivables from exchange transactions

	2023-2024	2022-2023
	Kshs	Kshs
Current receivables		
Student debtors	86,685,345	71,052,328
Seminar (CRCC) debtors	14,586,286	15,480,138
Rent & water bills outstanding	3,250,639	3,117,182
Imprest outstanding	529,522	3,382,278
Rent, Electricity & Telephone Deposits	3,551,200	3,551,200
Prepaid Expenses	12,123,706	9,362,033
Institute of Co-operative Development Debtors	229,789	462,804
Co-operator Magazine Debtors	50,000	340,393
Laptop Debtors	56,153	105,658
E-Citizen Collections Account	2,245,908	-
(a) Less: Provision for Bad Debts	(35,275,129)	(50,821,513)
Total receivables	88,033,420	56,032,501

a) Provision for Bad Debts

Provision for Bad and debts is a specific provision for bad debts on the student debtors and seminar (CRCC) debtors.

The student debtors were assessed based on debts older than the period of study and level of completion to determine their recoverability, whereas the provision for bad Seminar debtors is made where the debts are older than 360 days as at the end of the financial year.

b) Movement in provisions for Bad Debts

	Seminar (CRCC) debtors	Student debtors	Total
	Kshs	Kshs	Kshs
Balance Brought Forward	10,401,506	40,420,007	50,821,513
Additional Provisions	373,080	5,312,186	5,685,266
Provision Utilised / Written Off	(1,661,658)	(16,789,912)	(18,451,570)
Provisions recovered / Current Debt	-	(2,780,081)	(2,780,081)
Balance at the end of the year	9,112,928	26,162,201	35,275,129

23. Receivables from Non-exchange Transactions

	2023-2024	2022-2023
	Kshs	Kshs
Salary advances outstanding	1,005,967	1,143,436



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a) Grants Receivable	23,966,498	12,857,704
Total current receivables	24,972,465	14,001,140

- a) Grants receivable relates to Development Grants received in July 2023 for the financial year ended 2022/2023, and recurrent grants received in July 2024 for the financial year 2023/2024.

24. Inventories	2023-2024	2022-2023
	Kshs	Kshs
Dry & perishable foods	157,068	181,861
Production materials	184,358	244,210
General stationery	1,090,954	215,330
Cleaning materials	497,958	357,927
Electrical and hardware	1,146,456	697,201
Drugs	600	600
Total inventories	3,077,394	1,697,129

25. Investments

	2023-2024	2022-2023
	Kshs	Kshs
Opening Balance	8,425,530	8,425,530
Total investments	8,425,530	8,425,530

The investment in Agri. And Co-operative Training and Consultancy Services (ATC) which is a Company owned by the Co-operative University of Kenya and registered under Certificate No. 142828 was as at 30th June 2007 worth Kshs 2,825,530, which was capital injected by Donor Partners through the University.

During the financial year 2020-2021, the University Council approved the conversion of debt amounting to Kshs. 5,600,000 owed from ATC into capital. This has increased the investment in ATC to Kshs. 8,425,530 which is the amount carried in these financial statements.



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26. Property, Plant & Equipment	<u>LAND</u>	<u>BUILDING AND SEWER</u>	<u>PLANT & EQUIPMENT</u>	<u>FURNITUR E & FITTING</u>	<u>COMPUTER & ACCESSORI ES</u>	<u>MOTOR VEHICLES</u>	<u>TOOLS</u>	<u>OFFICE EQU</u>	<u>TEL. EQU</u>	<u>KITCHEN</u>	<u>TOTAL</u>
<u>2024</u>	99 YRS	2.5%	10.0%	12.5%	30%	25%	10%	12.5%	20%	10%	
VALUATION AS AT 01/07/2023	1,766,664,000	1,054,046,446	17,298,507	71,750,428	57,788,143	34,348,800	13,682,384	5,524,908	19,389,192	3,561,621	3,044,054,428
ADDITIONS IN THE PERIOD	-	68,660,447	258,000	360,600	24,828,036	-	-	199,899	65,306	3,445,147	97,817,435
DISPOSALS	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2024	1,766,664,000	1,122,706,893	17,556,507	72,111,028	82,616,178	34,348,800	13,682,384	5,724,807	19,454,498	7,006,768	3,141,871,863
DEPRECIATION											
AS AT 30/6/2023	-	162,159,859	6,852,059	41,182,526	45,222,681	28,381,973	9,978,362	3,119,598	13,771,086	2,160,279	312,828,422
CHARGE FOR THE PERIOD	-	24,013,676	1,070,445	3,866,063	11,218,049	1,491,707	370,402	325,651	1,136,682	484,649	43,977,324
DEPRECIATION ON DISPOSAL	-	-	-	-	-	-	-	-	-	-	-
AS AT 30/06/2024	-	186,173,535	7,922,504	45,048,588	56,440,730	29,873,680	10,348,764	3,445,249	14,907,768	2,644,928	356,805,746
NET BOOK VALUE AS AT 30- 06-2024	1,766,664,000	936,533,358	9,634,003	27,062,440	26,175,448	4,475,120	3,333,620	2,279,558	4,546,730	4,361,840	2,785,066,117



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Property, Plant & Equipment

	<u>LAND</u>	<u>BUILDING AND SEWER</u>	<u>PLANT & EQUIPMENT</u>	<u>FURNITURE & FITTING</u>	<u>COMPUTER & ACCESSORIES</u>	<u>MOTOR VEHICLES</u>	<u>TOOLS</u>	<u>OFFICE EQUIPMENT</u>	<u>TELEPHONE</u>	<u>KITCHEN</u>	<u>TOTAL</u>
<u>2023</u>	99 YRS	2.5%	10.0%	12.5%	30%	25%	10%	12.5%	20%	10%	
VALUATION AS AT 01/07/2022	1,766,664,000	1,044,750,079	14,909,395	71,929,273	54,108,013	34,348,800	13,826,244	5,727,908	19,389,192	3,709,655	3,029,362,558
ADDITIONS IN THE PERIOD	-	9,296,367	2,649,050	176,130	3,743,030	-	-	31,500	-	-	15,896,077
DISPOSALS	-	-	(259,938)	(354,975)	(62,900)	-	(143,860)	(234,500)	-	(148,034)	(1,204,207)
AS AT 30/06/2023	1,766,664,000	1,054,046,446	17,298,507	71,750,428	57,788,143	34,348,800	13,682,384	5,524,908	19,389,192	3,561,621	3,044,054,428
DEPRECIATION											
AS AT 30/6/2022	-	139,290,972	5,795,989	37,039,421	39,892,842	26,393,031	9,668,945	2,932,424	12,366,560	2,084,795	275,464,978
CHARGE FOR THE PERIOD	-	22,868,887	1,160,717	4,366,848	5,385,198	1,988,942	411,558	343,616	1,404,526	155,704	38,085,997
DEPRECIATION ON DISPOSAL	-	-	(104,647)	(223,743)	(55,359)	-	(102,142)	(156,442)	-	(80,220)	(722,552)
AS AT 30/06/2023	=	162,159,859	6,852,059	41,182,526	45,222,681	28,381,973	9,978,362	3,119,598	13,771,086	2,160,279	312,828,422
NET BOOK VALUE AS AT 30- 06-2023	1,766,664,000	891,886,587	10,446,448	30,567,902	12,565,462	5,966,827	3,704,022	2,405,310	5,618,106	1,401,342	2,731,226,006



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Revaluation of Property Plant and Equipment

On April 1st2014, the University's Property, Plant and Equipment were revalued (from historic cost to fair value). This has resulted in a revaluation surplus in some classes of Property, Plant and Equipment, leading to a revaluation Surplus Reserve. Other classes of Property, Plant and Equipment have had a Revaluation Loss which has been reflected in the statement of financial performance. The fair value has been determined by an independent valuation by Kenval Realtors (EA) Limited. The basis of revaluation was the Open Market Value.

27. Intangible Assets	2023-2024	2022-2023
	Kshs	Kshs
Valuation		
As At the Beginning of the Financial Year	37,580,381	37,580,381
Additions In the Period	-	-
Transfers	-	-
As At the End of the Financial Year	37,580,381	37,580,381
Amortization		
As At the Beginning of the Financial Year	22,614,315	18,438,441
Charge of the period	2,954,446	4,175,874
As At the End of the Financial Year	25,568,761	22,614,315
Net Book Value at the End of the Financial Year	12,011,620	14,966,066

Intangible assets are composed of: Unified Threat Management Solution (Firewall), Enterprise Resource Planning (ERP) Software and Master Plan. The Firewall and ERP software have been amortized at 30% reducing balance. The University Master plan has been amortized at 2% reducing balance.

28. Work In Progress	BAL B/F	ADDITIONS	TRANSFERS	TOTAL
Access Control System	5,151,724	-	-	5,151,724
Construction of Catering and Hospitality Workshop	2,132,127	2,428,615.00	(4,560,742)	-
Construction of New Lecture Theatre Annex	49,257,991	18,807,091.00	(59,864,069)	8,201,013
a) Construction of Ultra-Modern Learning Resource Centre	450,653,566	-	-	450,653,566
b) KRTCDP Project	9,231,962	32,961,148	-	42,193,110
Balance carried down	516,427,370	54,196,854	(64,424,811)	506,199,413

- a) Construction of Ultra-Modern Learning Resource Centre: The project is on Phase 1A which includes Construction of Library, Gate house and Sports field.



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- b) The Kenya Rural Transformation Centers Digital Platform is an African Development Bank research project carried out by the University. The costs incurred in the project are capitalized as work in progress.

29. Trade and other payables from exchange transactions	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	55,684,002	88,120,265
Student Creditors	106,964,789	88,375,057
Unallocated Bursaries	8,597,649	2,819,772
Caution Money	9,002,000	8,999,000
Student Union Fees	5,483,400	5,483,400
Payroll Liabilities	31,566,800	58,704,044
Provision for Audit Fees Current year	870,000	870,000
Total trade and other payables	218,168,640	253,371,538

30. Trade and other payables from non-exchange transactions	2023-2024	2022-2023
	Kshs	Kshs
Development Payables	41,570,613	55,521,342
Total development payables	41,570,613	55,521,342

Payables from Non-Exchange Transactions relate to capital projects which have been contracted, approved, certificate issued, but not yet settled.

31. Long Term Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Capital Projects Retentions	29,211,242	29,532,080
Total Long-term liabilities	29,211,242	29,532,080

Long term liabilities relate to capital project retentions for certificates paid.

32. Capital Reserve Fund	2023-2024	2022-2023
	Kshs	Kshs
At start of Year	1,584,022,818	1,548,890,111
a) Government of Kenya	3,750,000	35,132,707
b) African Development Bank	44,373,693	-
At end of the Year	1,632,146,511	1,584,022,818

a) This is composed of development grants from the Government of Kenya for capital projects by the Co-operative University of Kenya. The Co-operative University of Kenya recognizes any expenditure incurred of a capital nature and those funds are transferred to the capital fund upon incurring such expenditure.

b) This fund is composed of funds disbursed through the development vote from The African Development Bank towards The Kenya Rural Transformation Centers Digital Platform project.



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Kshs.13,380,493 was disbursed through CUK's standard chartered bank account, whereas Kshs.30,993,200 was paid directly by ADB to the consulting firms in the project.

33. Revaluation Reserves	2023-2024	2022-2023
	Kshs	Kshs
At start of Year	1,718,751,795	1,748,157,035
Excess Depreciation on Revaluation	-	(29,405,240)
At end of the Year	1,718,751,795	1,718,751,795

Excess depreciation on Revaluation: This refers to the excess depreciation raised as a result of revaluation of the assets.

34. Accumulated Deficits	2023-2024	2022-2023
	Kshs	Kshs
At start of Year	(221,972,606)	(108,199,445)
a) Excess Depreciation on Revaluation	-	29,405,240
b) Changes During the Year	1,174,452	(1,150,663)
Surplus/(Deficit) for the Year	165,999,242	(142,027,738)
At end of the Year	(54,798,912)	(221,972,606)

- a) **Excess depreciation on Revaluation:** This refers to the excess depreciation raised as a result of revaluation of the assets.
- b) **Changes during the Year:** The current year figures relate to internal debtors erroneously captured as expenses in the previous financial year. This has now been corrected.
The amount for the comparative period refers to retention amount on development payables that had not been captured as a payable in the previous financial year.

35. Cash Generated from Operations.

		30.06.2024	30.06.2023
<u>Cash flows from Operating activities</u>	Notes	Kshs	Kshs
Surplus for the period		165,999,242	(142,027,738)
Adjustment for:			-
Profit/Loss on Disposal of Assets	20	-	347,525
Depreciation and amortization	16	46,931,770	42,261,871
Operating Profit before Working Capital Changes		212,931,012	(99,418,342)
Change in Working Capital			
(Increase)/Decrease in inventories	24	(1,380,260)	878,814
(Increase)/Decrease in receivables from Exchange transactions	22	(32,000,919)	36,344,058
(Increase)/Decrease in receivables from non-Exchange transactions	23	(10,971,325)	(13,401,002)
Increase/(Decrease) in payables from Exchange transactions	29	(35,202,898)	79,555,800
Increase/(Decrease) in payables from non-Exchange transactions	30	(13,950,729)	55,206,991
Net cash generated from operating activities		119,424,881	59,166,319



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NOTES TO THE FINANCIAL STATEMENTS

36. Financial Risk Management Disclosure.

The Institution is exposed to certain liquidity and credit risks. The Institution does not have significant exposure to liquidity risk as it has substantial unrestricted cash resources which are replenished from the results of its operations.

The Institution's Accounts Receivable is almost exclusively from its operations with its students and therefore risks related to credit are considered minor. A provision has been made against asset value of Accounts Receivables relating to Cooperative Retreat and Conference Centre to reflect Receivables for which payment is not anticipated in the short-term.

37. Related Party Balances.

a) Nature of related party relationships

Entities and other parties related to the Co-operative University of Kenya include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

The entity is related to

- i) The National Government;
- ii) The Ministry of Education;
- iii) The University Council;
- iv) The University Management Board;

b) Related party transactions

	2023-2024 Kshs	2022-2023 Kshs
Transfers from related parties'	286,810,755	343,531,891
At end of the Year	286,810,755	343,531,891

This refers to the amounts received from the Ministry of Education.

c) Key management remuneration

	2023-2024 Kshs	2022-2023 Kshs
University Council	7,359,635	6,334,340
University Management Board	73,599,553	80,364,061
At end of the Year	80,959,188	86,698,401

This refers to the Remuneration & Allowances paid to the University Council and the University Management.



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d) Due from related parties	2023-2024 Kshs	2022-2023 Kshs
Due from Ministry of Education	23,966,498	-
Due from other Ministries SC's & SAGA's	-	-
At end of the Year	23,966,498	-

This refers to the amounts that are receivable from the Ministry of Education and other State-Owned Entities.

38. Employees.

The University has a staff population of two hundred and eighty-two (282), composed of two hundred and twenty (220) Permanent and Pensionable, and sixty-two (62) on contract. This comprises seventy-seven (77) Academic members of staff and two hundred and five (205) Administrative, Technical and Information Science members of staff. The University operates a defined contribution scheme for permanent and pensionable employees.

39. Going Concern.

The University's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of 30 June 2024, the University registered a surplus of Kshs. 179,379,723 and closed the year with a negative working capital of Kshs. 13,607,956.

40. Reporting Currency.

The University's Principal activities are carried out in the Republic of Kenya and the Accounts are reported in Kenya Shillings.

41. Events after the Reporting Period.

There are no material non adjusting events after the reporting date.

42. Ultimate and Holding Entity

The University is a chartered public university established by the Kenya Government under the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7th October 2016. Its ultimate parent is the Government of Kenya.



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XX. Appendices

Appendix I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FOR 2022/2023 FINANCIAL YEAR

The following is the summary of issues raised by the External Auditor, and Management comments that were provided to the Auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue	Status:	Timeframe:
REPORT ON FINANCIAL STATEMENTS					
1	Inaccuracies in Statement of Financial Statements	Excess depreciation schedule is provided in the financial statements.	VICE CHANCELLOR	On-going	2023-2024 Financial Year
2	Unconfirmed Receivable balance	Collection measures for the Long-outstanding debts relating to the Nairobi County Government are on-going.	VICE CHANCELLOR	On-going	2024-2025 Financial Year
3	Material Uncertainty in Relation to Going Concern	The University has registered a surplus for the financial year 2023/24, and improved its negated working capital position to negative Kshs.16M.	VICE CHANCELLOR	Resolved	2023-2024 Financial Year
4	Long Outstanding Trade and other payables from Exchange Transactions	The University has registered improved financial performance for the financial year 2023/24, and improved performance is projected moving forward enabling clearance of outstanding payables.	VICE CHANCELLOR	On-going	2024-2025 Financial Year
5	Prior Year Audit Matters				
5.1	Long-Outstanding Accounts Receivables Prior Year Audit Matters	Collection measures for the Long-outstanding debts relating to the Nairobi County Government are on-going.	VICE CHANCELLOR	On-going	2024-2025 Financial Year
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES					



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Ref	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue	Status:	Timeframe:
5.2	Non-compliance with University Charter Prior Year Audit Matters	The University has submitted names for appointment as required by the University's Act, to the Ministry of Education and is awaiting appointment.	VICE CHANCELLOR	On-going	2024-2025 Financial Year
5.3	Officers working beyond sixty (60) years. Prior Year Audit Matters	Clarification provided to the Auditor General on CUK terms and conditions of service, and the retirement age of the member of staff.	VICE CHANCELLOR	Resolved	2023-2024 Financial Year
5.4	Unutilized Enterprise Resource Planning System (ERP) Prior Year Audit Matters	The University demonstrated availability and access of full staff bio-data within the ERP.	VICE CHANCELLOR	Resolved	2023-2024 Financial Year
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE					
5.5	Poor stores management Prior Year Audit Matters	The procurement and supplies department has been allocated adequate and appropriate store space in the 2023/2024 financial year on upon the completion of new facilities.	VICE CHANCELLOR	Resolved	2023-2024 Financial Year
5.6	Untagged Assets Prior Year Audit Matters	Revaluation and tagging assets to be carried out in the 2023/2024 financial year.	VICE CHANCELLOR	On-going	2024-2025 Financial Year
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES					
6	Non-compliance with Fiscal Responsibility Policy	The employee costs as a percentage of total revenue for the University has improved from 71% to 53%. The University has complied with Regulation 26 of PFM, within the Strategic Plan period.	VICE CHANCELLOR	On-going	2024-2025 Financial Year
7	Delay in Completion of Learning Resource Centre (LRC)	Delays in completion of the LRC has been occasioned by	VICE CHANCELLOR	On-going	2024-2025 Financial Year



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Ref	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue	Status:	Timeframe:
		inadequate development funding over the period of the project.			
8	Irregular Payment of Acting Allowance	The University has made efforts to fill the positions that had not been substantively filled.	VICE CHANCELLOR	On-going	2024-2025 Financial Year
9	Unauthorized Over-Expenditure	The University has registered improved financial performance for the financial year 2023/24, and improved performance is projected moving forward to allow all planned and budgeted activities to take place.	VICE CHANCELLOR	Resolved	2023-2024 Financial Year
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE					
10	Failure to Tag Fixed Assets	Revaluation and tagging assets to be carried out in the 2023/2024 financial year.	VICE CHANCELLOR	On-going	2024-2025 Financial Year
11	Poor Management of Stores	The procurement and supplies department has been allocated adequate and appropriate store space in the 2023/2024 financial year on upon the completion of new facilities.	VICE CHANCELLOR	Resolved	2023-2024 Financial Year



Dr. Jeremy Bundi
CHAIRPERSON, THE CO-OPERATIVE
UNIVERSITY OF KENYA COUNCIL



Prof. Kamau Ngamau, PhD., EBS.
VICE CHANCELLOR, THE CO-OPERATIVE
UNIVERSITY OF KENYA



CPA. Maxwell Nyaga
ICPAK No. 11419
FINANCE OFFICER,
THE CO-OPERATIVE
UNIVERSITY OF
KENYA



Appendix II: PROJECTS IMPLEMENTED BY THE ENTITY

S. No.	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1	Consultancy for Construction of Ultra-Modern Library & Learning Resource Centre	98,000,000	47,741,958	49%	15,000,000	3,750,000	GOK
2	Construction of Ultra-Modern Library & Learning Resource Centre	893,100,000	402,911,608	45%			
3	Construction of Classrooms (New Lecture Theatre Annex)	88,000,000	72,300,719	82%	65,000,000	16,250,000	CUK
4	Kenya Rural Transformation Centers Digital Platform project	89,275,100	43,913,224	49%	80,000,000	20,000,000	ADB
Total		1,168,375,100	540,241,267		160,000,000	40,000,000	



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Appendix III: INTER-ENTITY TRANSFERS

THE CO-OPERATIVE UNIVERSITY OF KENYA						
Inter-Entity Transfers Reconciliation Form						
Name of the Entity sending the grant	Amount recognized to statement of comprehensive income	Amount deferred under deferred Income	Amount recognized in capital fund	Total grant income during the year	2023-2024	
Ministry of Education	514,428,590	-	17,130,493	531,559,083	531,559,083	
Total	514,428,590	-	17,130,493	531,559,083	531,559,083	
Breakdown of Transfers from State Department for University Education						
FY:2023/2024						
	DIFFERENTIATED UNIT COST					
a)	Recurrent Grants	Bank Statement Date	Amount (Kshs)	FY to Which the Amounts Relate	Bank	
		10/8/2023	23,966,501.00	2023-2024	Standard Chartered	
		30/08/2023	23,966,501.00	2023-2024	Standard Chartered	
		12/9/2023	23,966,499.00	2023-2024	Standard Chartered	
		01/11/2023	23,966,501.00	2023-2024	Standard Chartered	
		13/12/2023	23,966,501.00	2023-2024	Standard Chartered	
		8/1/2024	23,966,500.00	2023-2024	Standard Chartered	
		12/2/2024	23,966,501.00	2023-2024	Standard Chartered	
		13/03/2024	23,966,501.00	2023-2024	Standard Chartered	
		12/4/2024	23,966,499.00	2023-2024	Standard Chartered	
		17/05/2024	23,966,501.00	2023-2024	Standard Chartered	
		12/6/2024	23,966,500.00	2023-2024	Standard Chartered	
		Total	263,631,505.00			
b)	Development Grants	Bank Statement Date	Amount (Kshs)	FY to Which the Amounts Relate		
		12/2/2024	3,750,000.00	2023-2024	Standard Chartered	
		12/4/2024	13,380,492.80	2023-2024	Standard Chartered	
		Total	17,130,492.80			



Annual Report and Financial Statements

For The Year Ended June 30, 2024



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