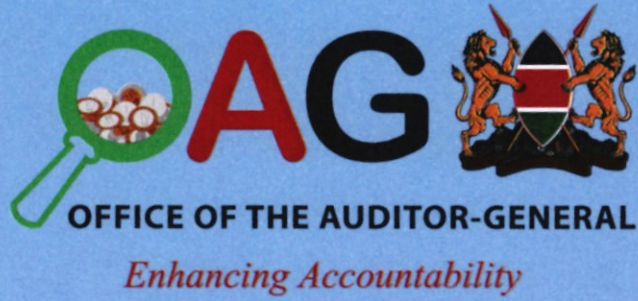


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| OF | J. Lemelle |

THE AUDITOR-GENERAL

ON

PWANI UNIVERSITY

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

OFFICE OF THE AUDITOR GENERAL
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PWANI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Pwani University
Annual Report and Financial Statements
for the year ended June 30, 2023.

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

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

B: Glossary of Terms

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

Comparative Year- Means the prior period.

2. Key University Information and Management

(a) Background Information

Pwani University was established by charter on 31st January, 2013. The Cabinet Secretary for Education is responsible for the general policy and strategic direction of the University.

(b) Principal Activities

The principal activity of the University is to generate, disseminate and apply knowledge while sustaining excellence in teaching, learning and research.

OUR VISION

A world class University.

OUR MISSION

To generate, disseminate and apply knowledge while sustaining excellence in teaching, learning and research.

OUR OBJECTIVES

In order to implement the Objectives as envisaged in our Strategic Plan, the Management, staff, students and stakeholders of Pwani University will institutionalise and inculcate values and cultures which will enable them to promote excellence and outstanding character in achieving the Mission and Vision of the University. Pwani University espouses the following values which are at the heart of all activities and planning:

- i) Encouraging inclusiveness, respect for diversity of ideas, peoples and cultures.
- ii) Respecting intellectual freedom: the freedom to conduct research, teach, speak and publish, subject to the norms and standards of scholarly inquiry.
- iii) Building a cohesive university community that cherishes teamwork and partnership in the accomplishment of the University Mandate and personal development of staff and students.
- iv) Acting with honesty, integrity and mutual respect.
- v) Providing equal opportunities and access to all and encouraging continual improvement of self and the body corporate.
- vi) Supporting excellence in teaching, research and service to humanity.

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- vii) Promoting civic responsibility, accountability and transparency, fidelity to the law and observing all statutory obligations in the conduct of business.
- viii) Respecting and encouraging creativity and innovativeness among its staff, students and management in order to inculcate competitiveness and improvement in service delivery.
- ix) Affirming and protecting fundamental human rights and freedoms as well as respecting college property and infrastructure.

CORE VALUES

- a) Excellence
- b) Respect for Intellectual freedom
- c) Creativity and innovativeness
- d) Teamwork and Partnership
- e) Honesty and Integrity

OUR MOTTO

Shajiisho la Maendeleo Endelevu

(c) Key Management

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

| No | Designation |
|----|---|
| 1. | The University Council and Senate |
| 2. | Vice Chancellor/Deputy Vice Chancellors |
| 3. | Management |

Key University Information and Management (continued)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|-------------------------------|-------------------------------|
| 1. | Vice Chancellor | Prof. James H.P. Kahindi PhD. |
| 2. | Ag-Deputy Vice Chancellor ASA | Prof. Muniru Tsanuo PhD. |
| 3. | Deputy Vice Chancellor AFP | Prof. Helen O. Mondoh PhD. |
| 4. | Ag-Deputy Vice Chancellor R&E | Prof. Mlewa Mwatete PhD. |
| 5. | Legal Officer | Mr. Chris Khaemba |
| 6. | Head of Finance | Mr. Mwinyi M. Ali |
| 7. | Head of Procurement | Mr. Lidbury M. Were |

(e) Fiduciary Oversight Arrangements

The University's fiduciary oversight is done through:

1. Audit and Risk Committee

This Committee provides oversight by ensuring that financial reports are accurate, business and operations are conducted with integrity and in compliance with the law.

This is achieved by reviewing the effectiveness of the University's financial and other internal control systems, efficiency and effectiveness and advises the Council in risk management. It reviews the external auditor's report and the scope and effectiveness of the internal auditor's work and advises Council on the appointment of both the Internal and External Auditor. It reviews regulatory requirements and the University's annual financial statements together with the accounting policies.

2. Parliamentary Public Investment Committee

The Public Investment Committee of parliament examines the reports and accounts of the University, the reports, if any, of the Auditor General on the University, and also examines, the autonomy and efficiency of the Public investments, and whether they are being

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managed in accordance with sound financial or business principles and prudent commercial practices.

(f) University Headquarters

P.O. Box 195 – 80108
Mombasa-Malindi Highway
KILIFI-KENYA

(g) University Contacts

Telephone: (+254) 41 7525 102/3/4/5
E-mail: info@pu.ac.ke
Website: www.pu.ac.ke

(h) University Bankers

1. Equity Bank of Kenya
P.O. Box 381- 80108
Kilifi Kenya

2. Kenya Commercial Bank
P.O. Box 528 – 80108
Kilifi Kenya

3. ABSA Bank of Kenya
P.O. Box 423 – 80108
Kilifi Kenya

4. Cooperative Bank of Kenya
P.O. Box 96 – 80108
Kilifi Kenya

5. Safaricom M-pesa (Mobile Banking)
P.O. Box 66827 – 80100
Nairobi, Kenya

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Key University Information and Management (continued)



(i) Independent Auditor

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



(j) Principal Legal Adviser

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




3. The University Council

| Ref. | Council Members | Details |
|------|--|---|
| 1. |  <p>Prof. Mohamed S. Badamana, PhD, Chair of Council (From 23rd May, 2023)</p> | <p>Prof. Mohamed S. Badamana was appointed to the Pwani University Council on 23rd May, 2023. He holds a Bachelor of Veterinary Medicine and Surgery from Mosul University in Iraq, Master of Science in Animal Production from Reading University (UK) and a Ph.D. in Forage Utilization by Dairy Goats from Reading University – UK. He has a second Ph.D. in Islamic Philosophy from Khartoum University. Prof has served in various capacities including being a secretary of Animal Production Society of Kenya (APSK) and a member of British Society of Animal Production. He Chairs Sheria Supervisory Boards of many Financial Institutions including Gulf African Bank, National Bank of Kenya and Amana Bank Tanzania.</p> <p>For nine years he served as the Chairman, Department of Animal Production, at the University of Nairobi. Professor has attended National and International Conferences and has presented over 35 Scientific papers in Animal Science and published over 25 papers in refereed journals.</p> |
| 2. |  <p>Ms. Narreah Olick Council Member</p> | <p>Ms. Narreah Olick was appointed to the Pwani University Council as an alternate to the PS, Ministry of Education in June, 2020. She is the Director of Primary Education at the Ministry of Education. Ms. Olick is an Educationist and has served in several boards. She possesses a wealth of experience in Education Administration. She holds a Master of Education in Education Administration and Curriculum Development</p> |



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| | | |
|----|--|---|
| 3. |  <p>Amb. Benjamin Mweri Council Member (From 23rd May, 2023)</p> | <p>Amb. Benjamin Mweri was appointed to the Pwani University Council on 23rd May, 2023. Prior to his appointment to the University Council he worked as the Kenyan Ambassador to Burundi. Amb. Mweri holds a Master's degree from Wageningen University Netherlands in the Management of Agro-Eco System Analysis. He is an Expert in Conflict resolution and Result based Management. Ambassador. Mweri is the lead-Technical FFS consultant for IIRR-for a five-year project in DSL-IP for six South African countries (Zimbabwe, Namibia, Angola, Zambia, Malawi, Tanzania). He is a Result Based Management Expert and trainer in FFS extension participatory approaches in Sub Sahara Africa.</p> |
| 4. |  <p>Mr. Samson Wangusi Representative of CS National Treasury (From 04th April, 2023)</p> | <p>Mr. Samson Wangusi was appointed to the Pwani University Council as an alternate to the CS, The National Treasury on 4th April, 2023. He, is the Principal Administrative Secretary (PAS) at The National Treasury. He is a seasoned administrator with vast experience in Public Sector Management, spanning over 30 years. Prior to his current appointment, Mr. Wangusi was the Director of Administration at the State Department for Immigration. He has served in a similar capacity at the State Departments for: Social Protection, Industrialisation, Trade and, Public Service, Youth & Gender. Mr. Wangusi has also served on various Boards as an Alternate Director to the Principal Secretary. These include: Bukuru Agricultural College Board, Special Programme on the National Cereals and Produce Board, Micro Small Enterprises Authority and, Kenya Shipyard Limited. He holds a Masters of Arts in Public Administration and a Bachelor's degree in Public Administration from Moi University and the University of Nairobi respectively.</p> |



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| | | |
|----|---|--|
| 5. |  <p>Mr. Samuel Kaloki Council Member (From 23rd May, 2023)</p> | <p>Mr. Samuel Kaloki was appointed to the Pwani University Council on 23rd May 2023. Mr. Kaloki has over 30 years of experience as a Human Resource professional with a wide range of skills in human resource management. He holds a Master’s degree in Business Management. He was director human resource management and development at the National Youth Service for over five years. He has chaired several ministerial task forces and reform teams.</p> |
| 6. |  <p>Fatma Mohamed Council Member (From 23/05/2023)</p> | <p>Fatma Mohamed was appointed to the Pwani University Council on 23rd May, 2023. Fatma has over 30 years of experience in the Communication sector. She has highly developed skills in the area of Strategic Communication, Media and Public relations. Fatma holds a master’s degree in Mass Communication from the University of Leicester (UK). She has served in senior management and administrative positions in various Public institutions including Kenya Revenue Authority and Moi University.</p> |
| 7. |  <p>David Kiptanui Sang Council Member (From 23/05/2023)</p> | <p>Mr. David Sang Kiptanui was appointed to the Pwani University Council on 23rd May, 2023. David has over 15 years of experience in the public sector. He has served in senior management and administrative positions with special focus on strategy and planning. He holds a Master’s degree in Business Administration (MBA) from Kirinyaga University. He currently serves as a Director of Strategy and Planning.</p> |



4. Key Management Team

| | Management | Details |
|----|--|--|
| 1. |  <p>Prof. James H.P. Kahindi, PhD. Vice-Chancellor</p> | <p>Prof. James H.P. Kahindi was appointed as the Deputy Vice-Chancellor (Academic and Student Affairs) of Pwani University for 1st and 2nd term on the 28th of October, 2013 and 26th June, 2018 respectively. He is a Professor of Microbiology at Pwani University. He has held various Administrative positions both in the Private and Public sectors and has presented scientific papers at several conferences and workshops, and more than 25 papers in referred journals. His expertise combines strong leadership, managerial, academic, programme management and research background with diverse knowledge in Natural Resource Management and Biodiversity Conservation. He also has over eleven years' experience in Environmental Impact Assessment and Environmental Audit, and more than fifteen years of extensive Research experience in Microbial Biotechnology, in particular, Microbial Control of Pests & Vector Insects; and Biological Nitrogen Fixation.</p> |
| 2. |  <p>Prof. Helen Mondoh, PhD,</p> | <p>Prof. Helen Mondoh was appointed as the Deputy Vice-Chancellor (Administration, Finance and Planning) on 12th July, 2018. She is a Professor of Education in the School of Education at Pwani University. Prof. Mondoh has vast experience in the Education sector, quality assurance, research and administration. She has held various administrative and leadership positions in educational institutions</p> |




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| | | |
|----|--|--|
| 8. |  <p>Prof. James H.P. Kahindi, PhD. Vice-Chancellor</p> | <p>Prof. James H.P. Kahindi was appointed as the Deputy Vice-Chancellor (Academic and Student Affairs) of Pwani University for 1st and 2nd term on the 28th of October, 2013 and 26th June, 2018 respectively. He is a Professor of Microbiology at Pwani University. He has held various Administrative positions both in the Private and Public sectors and has presented scientific papers at several conferences and workshops, and more than 25 papers in referred journals. His expertise combines strong leadership, managerial, academic, programme management and research background with diverse knowledge in Natural Resource Management and Biodiversity Conservation. He also has over eleven years' experience in Environmental Impact Assessment and Environmental Audit, and more than fifteen years of extensive Research experience in Microbial Biotechnology, in particular, Microbial Control of Pests & Vector Insects; and Biological Nitrogen Fixation.</p> |
| 9. |  <p>Mr. Chris W. Khaemba Secretary/Legal Officer</p> | <p>Mr. Chris W. Khaemba was appointed at Pwani University on 12th April 2010 as the Legal Officer and secretary to the University Council. He has over 13 years of legal experience in the fields of law, Public Administration and Management. He holds an LLB Law, Diploma (KSL) and CPS (K). He is a member of the LSK and Institute of Certified Public Secretaries of Kenya.</p> |




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| | | |
|-----------|---|--|
| | <p>Deputy Vice Chancellor (Administration, Finance and Planning)</p> | <p>and the University sector. She has attended and presented various scientific paper at learned conferences and workshops, and published more than 20 papers in referred journals. Prof. Mondoh holds a PhD in Education with a bias in curriculum and instruction.</p> |
| <p>3.</p> |  <p>Prof. Mlewa Mwatete, PhD Ag-Deputy Vice-Chancellor (Research and Extension)</p> | <p>Prof. Christom Mlewa was appointed as the Ag-Deputy Vice-Chancellor (Academic and Student Affairs) of Pwani University on the 22nd of June, 2023. He is a Professor of Microbiology at Pwani University. He has held various Administrative positions both in the Private and Public sectors and has presented scientific papers at several conferences and workshops, and more than 25 papers in referred journals. He is Currently serving as a Professor in Department of Biological Science, Pwani University; with over 25 years teaching experience. Have taught several undergraduate and postgraduate level courses, including participation in development of curricula at undergraduate and graduate levels. Have supervised undergraduate and graduate student research and writing of dissertation and theses.</p> |
| <p>4.</p> |  <p>Prof. Muniru K. Tsanuo, PhD</p> | <p>Prof. Muniru K. Tsanuo was appointed as the Ag-Deputy Vice Chancellor (Academic and Student Affairs) of Pwani University on the 22nd of June, 2023. He is an Associate Professor of Chemistry. He has a PhD and Msc. In Chemistry and B.Ed. (Sc.) He has over 20 years in the education sector and has held various administrative positions. His research interest includes isolation and characterization of</p> |




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| | | |
|----|--|--|
| | Ag-Deputy Vice-Chancellor (Academic and Student Affairs) | bioactive natural products, phytoremediation and plant chemical interaction. |
| 5. |  <p>Mr. Nicholas C. Malau Registrar (Academic & Student Affairs)</p> | Mr. Nicholas Malau was appointed at Pwani University as the Registrar Academic and Student Affairs on 10 th October 2016. He holds a M.Ed. in Administration and B.Ed. (Sc) He has extensive experience in administration. He serves as a Lecturer in Administration since 1989 to date. He worked as Registrar (Academic and Student Affairs) at Kenyatta University. |
| 6. |  <p>Prof. Hemedi Mkuzi Saha, PhD Ag-Registrar (Research & Extension)</p> | Prof. Hemedi Mkuzi Saha was appointed at Pwani University as the Registrar Research & Extension on 17th December 2013. He holds a PhD in Horticulture; MSc (Soil Science) and BSc Agriculture. He is a Senior Lecturer in the Department of Crop Sciences, where he also served as the Chair of the Department from September 2012 to December 2013. He has vast experience in agricultural research and in postgraduate research supervision. |
| 7. |  <p>Prof. Francis G. Wokabi, PhD Director, Quality Assurance</p> | Prof. Francis G. Wokabi was appointed at Pwani University on 3rd January 2019 as the Director Quality Assurance. He is a Senior Lecturer in Philosophy and Religious Studies Department where he also served as the Chair of the Department. Prof. Wokabi is specialized in Critical Thinking, Ethics, and Philosophy of Education. He also coordinates the Technologies of Imaging in Communication Art and |

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| | | |
|-----|--|---|
| | | Social Sciences (TICASS) project between Pwani University and some European Universities. |
| 8. |  <p>Dr. Rosaly W. Odhiambo PhD Ag. Registrar (Administration, Finance and Planning)</p> | Dr. Rosaly W. Odhiambo, was appointed at Pwani University in 2019, currently she is the Acting Registrar (Administration and Planning). She holds a Ph.D (Business Administration, MBA (Business Administration), and BBA (Accounting and Finance option). She has extensive administrative experience, having worked in various positions at JKUAT and Taita Taveta University. Her area of expertise is business and financial management |
| 9. |  <p>Dr. Patricia Mbogoh Ag. Dean of Students (From March,2023)</p> | Dr. Patricia was appointed at Pwani University as the Acting Dean of Students on March 2023. She holds a Phd. (Human nutrition). She has been a lecturer in Nutrition for over ten years. She has extensive administrative experience having worked as chair of department in the University. |
| 10. |  <p>Mr. Julius Muhatia Ag. Deputy Registrar (Examinations) (From 1st July,2022)</p> | Mr. Julius Muhatia was appointed at Pwani University as the acting deputy registrar examinations on 1st July, 2022. He holds an MBA in Strategic Management. Before joining the University, he worked in several financial institutions where he accumulated a wealth of experience in Savings and Credit including management. |

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| | | |
|-----|--|--|
| 11. |  <p>Mr. Mwinyi M. Ali Finance Officer (ICPAK No. 9996)</p> | <p>Mr. Mwinyi M. Ali was appointed at Pwani University as the Finance Officer on 1st August 2014. He holds an MBA in Finance and Accounting and is a member of the Institute of Certified Public Accountants of Kenya. Before joining the University, he worked in several financial institutions where he accumulated a wealth of experience in finance and management.</p> |
| 12. |  <p>Mr. Chris W. Khaemba Secretary/Legal Officer</p> | <p>Mr. Chris W. Khaemba was appointed at Pwani University on 12th April 2010 as the Legal Officer and secretary to the University Council. He has over 13 years of legal experience in the fields of law, Public Administration and Management. He holds an LLB Law, Diploma (KSL) and CPS (K). He is a member of the LSK and Institute of Certified Public Secretaries of Kenya.</p> |
| 13. |  <p>Mr. Moses R. S. Isutsa Librarian</p> | <p>Mr. Moses R. Isutsa was appointed as the Librarian at Pwani University on 23rd February 2017. He is an Information Science Practitioner and has 25 years working experience in the Library Information Sector. He holds a Master of Library & Information Science; BTech. Degree in Library & Information Science; Diploma in Library and Information Studies. He is a qualified ISO 9001:2008 Internal QMS Auditor, and a Job Analyst.</p> |

5. Statement of the Chair of Council



Prof. Mohamed Salim Badamana, PhD,
Council Chair

"I am delighted to present this year's annual report and financial statements. I am pleased to report that the University continues to deliver on its three key priorities; quality University Education, Research & Innovation and Extension & Community outreach."

Dear Stakeholders,

On behalf of the University Council, I am privileged to present to you the Pwani University's Annual Report and Financial Statements for the year ended 30th June 2023. The University Council is encouraged by the resilience that the University has shown during the year. The University continues to report successes in the achievement of its strategic goals. To maintain resilience in our core mandate of teaching and learning, Pwani University must continue to innovate and implement sustainable solutions to meet the needs of the students. Despite the challenges, the Council is pleased with the steady progress made and the momentum towards the Vision of the University. The Council continues to support management in its business plans, recording strong achievements in this financial year.

I would like to thank members of the outgoing University Council for their diligence and commitment during the year, in providing effective assessments and guidance for management to act upon. Their skill, wisdom and experience has added a great deal of value to the University and contributed in no small amount to its achievements in FY2022/2023. I also wish to appreciate and thank the Government of Kenya for its goodwill and invaluable support to make our goals a reality.

A handwritten signature in blue ink, appearing to read "M. Badamana".

Prof. Mohamed Salim Badamana, PhD.
Chairman

6. Report of the Vice Chancellor



Prof. James H.P.Kahindi, PhD.
VICE CHANCELLOR

Dear Stakeholders,

During the year ending 30th June, 2023 Pwani University continued to pursue its strategic objective of offering excellence in teaching and learning, research and outreach. Our strategy continues to be infrastructure led. We are pleased to have broken ground in the construction of the School of Agricultural Sciences and Agribusiness at a cost of Kshs.390 million. The University continues to align itself to the changing funding model, regulations and changing economic conditions by promoting civic responsibility, accountability and transparency, fidelity to the law and observing all statutory obligations in the conduct of business. We are innovating, operating efficiently and reducing costs by encouraging creativity and innovativeness among the University staff, students and management in order to inculcate competitiveness and improvement in service delivery. Our objective is to build a cohesive University community that cherishes team work and partnership in the accomplishment of the University Mandate.

The University continues to prudently utilize its available resources by encouraging inclusiveness, respect for diversity of ideas, people and cultures. We are optimizing the utilization of resources available to us by acting honestly and with integrity.

Operational and Financial Performance

Pwani University is delivering on its key mandate of provision of quality education, training, and research. During the period under review the university absorbed all its allocated funds. Appropriation in Aids (AIA) decreased by 7% from Kshs.497million to Kshs.461 million, this is attributable to decreased student placement by KUCCPS from 2,947 students in 2021/2022 to 1,968 students in 2022/2023 academic year.

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Compliance with Statutory Requirements

During the period under review, the University complied with all its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF, Pension and HELB within the stipulated deadlines. The University does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

Key Projects and Investment Decisions

To meet the current and future needs of the University, Pwani University's Master Plan and Strategic Plan 2014-2024 continue to be the guide in investment in state-of-the-art infrastructure. The ground breaking of the construction of the Kshs.390 million School of Agricultural Sciences and Agribusiness was performed during the year and the construction works started in earnest.

Strategic Focus

Pwani University strives to be dynamic, responsive and provide quality education, training, research, outreach and opportunities for innovation for the advancement of the individual and society. The University offers and disseminate knowledge in all disciplines relevant to the teaching, learning and research in the areas of Marine Sciences & Oceanography (harnessing the Blue Economy), Coastal & Dry Land Agriculture, Education, Coastal Culture, Art & Languages, and Tropical Medicine.

Pwani University embraces ICT in her academic, research and management functions. During the period under review phase one of the e-procurement module was activated to improve the procurement process within the University.

The University is making use of emerging technologies to provide high capacity broadband connectivity to both students and staff.

Business Continuity Management

The University has a Business Continuity Plan, which helps to achieve:

- i) Protection of life, health, and safety of all University community members and visitors;
- ii) Preservation of the viability of the Institution;
- iii) Protection of the University's reputation and public confidence; and
- iv) Restoration of general campus operations

Integrated Risk Management Report FY 2022/2023

The University continues to embrace the Integrated Risk Management Approach (IRMA) through the adoption of the Enterprise Risk Management (ERM) framework. This complies with the Public Finance

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Management Regulations 2015, on the Development and Implementation of Institutional Risk Management Policy Framework and in adherence with best practices.

Major Risks facing the University

The University maintains a Risk Register highlighting the various levels of risks. During the period under review, the University identified only one (1) major potential risks as shown in Table 1.

Table 1. Pwani University Risk Register.

| Identified High Risk | Mitigation Measures |
|---|--|
| Inability to settle financial obligations as they fall due. | -Payments to suppliers is Prioritized on FIFO (First in First Out) basis. -Payments to Contractors are matched to cash inflows by making payments in instalments. |

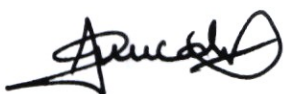
Key Strengths and Opportunities

- a) The University is ISO 9001:2015 Certified.
- b) The University has a Strategic Plan (2014-2024) and Master Plan to guide further developments.
- c) The University has a receptive and supportive local community.
- d) The University is located close to the Indian Ocean within the proximity to a creek, coral deposits and marine resources, which are appropriate for learning and research.
- e) The University owns 244.3 hectares of rich agricultural land for teaching, research and development.
- f) The University is easily accessible due to its strategic location along the Mombasa–Malindi highway.
- g) The University has a student population of approximately 8,000 which is steadily growing.
- h) The University has a staff profile of 425.

Conclusion

Finally, I call upon our stakeholders to continue partnering with Pwani University in building a world class University in line with the Bottom Up Economic Transformation Agenda (BETA). Pwani University will strive to increase access and equity to university education, especially to the vulnerable persons in the society.

I would like to appreciate the support accorded to Pwani University by the GOK through The National Treasury and the Ministry of Education.



Prof. James H.P. Kahindi PhD. FRSB.
Vice Chancellor

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7. Statement of Performance against Predetermined Objectives for FY 2022/2023

Pwani University has 3 strategic pillars within its Strategic Plan for the FY 2014/2015- 2023/2024.

These strategic pillars are as follows:

- Pillar 1: Quality University Education.
- Pillar 2: Research and Innovation.
- Pillar 3: Extension and Community Outreach.

Pwani University develops its annual work plans based on the above 3 pillars. Assessment of the University's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2022/2023 period for its 3 strategic pillars, as indicated in the Table 2.

Table 2: Performance Targets for the FY 2022/2023

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|---|--|--|---|--|
| Pillar 1: Quality University Education | Produce globally competitive graduates | Number of graduated students | Develop internationally certified programmes | With the use of blended learning (online and face-to-face teaching) the University trained and graduated on 23 rd Feb, 2023 students in various fields as follows: <ol style="list-style-type: none"> 1. Certificate (12) 2. Diploma (20), 3. Bachelors (1,133) 4. Masters (29) 5. PhD. (9) |
| Pillar 2: Research and Innovation | Foster excellence in research and innovation | Number of publications in refereed journals. | Promote research and innovation through collaboration with partners across various disciplines. | The University implemented the following: <ol style="list-style-type: none"> 1. A total of 55 publications were published in peer review journals. 2. The University attracted funding for 3 research projects from German Alliance for Global Health Research, CODE and IFAD. |

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| | | | | |
|------------------------------|---|--|---|---|
| | | | | 3. During the year under review Fourteen (14) Memorandums of understanding were signed with various University and Partners across the Globe |
| Pillar 3: Community outreach | Participate in and contribute to improvement of the wellbeing of the neighbouring communities | Number of community outreach programmes conducted during the year. | Partner with other organisations and individuals for community services | Pwani University held Outreach activities by Providing Public Health Education, Mental Health, Drug & substance abuse and Water treatment in both Sokoni Ward and Fumbini Secondary School. |

8. Corporate Governance Statement

Pwani University Council has the responsibility for the overall governance of the University and is accountable to the stakeholders for ensuring that the University complies with the law and the highest standards of best practices on corporate governance and higher education ethics, which considers the interest of all stakeholders, strengthens Council and Management accountability and helps build public trust in the University in line with Government of Kenya *Mwongozo* Code of Governance.

The Council's roles, powers, duties and functions are guided by a Council Charter approved by the Council and executed by all individual Council members. The Council has in place an annual work plan that enables it to have a panoramic view of all the divisions of the University by approval of strategy, work plans, budgets, procurement plans and financial statements. The Council receives regular reports on the University's financial and operational results.

Pwani University Council had eight (8) members as at 30th June 2023. It is expected that one more member shall be appointed in the FY 2023/2024 to bring the number to nine (9) in line with *Mwongozo*. The University has established four (4) Committees with specific Terms of Reference. The Committees together with their membership are as outlined in Table 3.

| Name of Committee | Members | Expiry/ ongoing |
|--|--|---|
| 1. Audit and Risk | <p>Former Members</p> <ol style="list-style-type: none"> 1. Mr. Samuel Nyachae 2. Mr. Bernard Iria 3. Ms. Narreah Olick 4. Ms. Susan Mucheru <p>New Members</p> <ol style="list-style-type: none"> 1. Mr. Samuel Kaloki 2. Mr. Benjamin Mweri 3. Mr. Samson Wangusi | <p>Former Members</p> <ol style="list-style-type: none"> 1. Expired 22/05/2023 2. Expired 22/05/2023 3. Ongoing from 01/06/2020 4. Expired 30/11/2022 <p>New Members</p> <ol style="list-style-type: none"> 1. Ongoing from 23/05/2023 2. Ongoing from 23/05/2023 3. Ongoing from 23/05/2023 |
| 2. Academic, research and extension | <p>Former Members</p> <ol style="list-style-type: none"> 1. Ms. Renee Agnes Muthoni 2. Mr. Bernard Iria 3. Ms. Narreah Olick 4. Ms. Susan Mucheru | <p>Former Memebers</p> <ol style="list-style-type: none"> 1. Expired 22/05/2023 2. Expired 22/05/2023 3. Ongoing from 01/06/2020 4. Expired 30/11/2022 |

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| | | |
|--|--|--|
| | New Members 1. Mr. Samuel Kaloki 2. Mr. Benjamin Mweri 3. Mr. David Sang 4. Ms. Fatma Mohamed | Former Members 1. Ongoing from 23/05/2023 2. Ongoing from 23/05/2023 3. Ongoing from 23/05/2023 4. Ongoing from 23/05/2023 |
| 3. Finance, Planning and Human Resource | Former Members 1. Mr. Bernard Iria 2. Mr. Dahir Yusuf 3. Ms. Narreah Olick 4. Ms. Susan Mucheru New Members 1. Mr. David Sang 2. Mr. Samson Wangusi 3. Ms. Narreah Olick 4. Ms. Fatma Mohamed | Former Members 1. Expired 22/05/2023 2. Expired 22/05/2023 3. Ongoing from 01/06/2020 4. Expired 30/11/2022 New Members 1. Ongoing from 23/05/2023 2. Ongoing from 23/05/2023 3. Ongoing from 23/05/2023 4. Ongoing from 23/05/2023 |

Table 3: Committees of Council

The following meetings were held during the year ending 30th June 2023 as illustrated in Table 4.

Table 4. Council Meetings

| MEETING | NUMBER OF MEETINGS | MEMBERSHIP | AVERAGE ATTENDANCE |
|--|--------------------|------------|--------------------|
| Full Council | 9 | 8 | 100% |
| Audit and Risk Committee | 3 | 4 | 100% |
| Academic, Research & Extension Committee | - | - | - |
| Finance, Planning and Human Resource Committee | 3 | 4 | 100% |

9. Management Discussion and Analysis

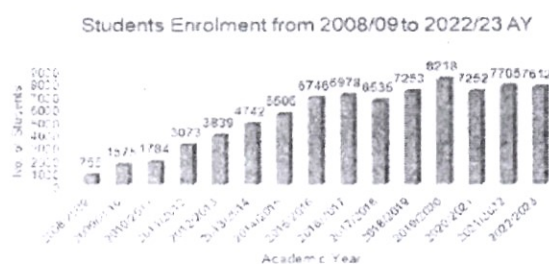
Core Business

Pwani University has the mandate to provide quality education, training, research outreach and opportunities for innovation for advancement of the individual and the society

Academic Programmes

During the period under review the University admitted a total of 1,968 KUCCPS placed students increasing the student population to 7,612 as shown in Chart 1. This has enabled the University meet its’ key mandate of expanding access to higher education.

Chart 1. Students Enrolment



The University graduated 9 PhD., 29 Masters, 1,133 Bachelors, 39 Diplomas and 12 Certificates totaling 1,203 during the 10th Graduation Ceremony held on 23rd February, 2023.

To cater for the increased students’ numbers, the University has started utilizing the space in the School of Humanities and Social Sciences Complex. To ensure quality of teaching and learning the University is systematically revising and updating its academic programs and developing news areas.

Students Affairs

Students come to Pwani University from diverse backgrounds and with varied expectations and

mind sets. The majority of these students are young adults who are still grappling with the realities of life and self-discovery. These students face challenges of peer pressure, Alcohol and Drug abuse, and HIV/AIDS among others. Pwani University has an obligation to provide an environment that will mentor these young adults to become responsible citizens. The University has therefore set up an active counseling and mentoring program.

Students Accommodation

Internal Student accommodation fee is linked to the tuition fee posing a challenge for students who are unable to pay for both fees before the start of the semester which prompts them to seek for external poor and indecent accommodation outside campus. There are few decent hostels within Kilifi town. Some students joining the university are too young to stay in off-campus accommodation. The University Dining hall sitting capacity is insufficient to cater for the current student numbers, there is an urgent need to construct a second dining hall and more students’ hostels. Moving forward, the University is exploring the possibility to engage in Public Private Partnership (PPP) to provide hostels through Build- Own- Operate-Transfer (BOOT) arrangement.

Research, Science, Technology and Innovation

The Research and Extension (RE) Division attracted 3 (three) new research grants from

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German Alliance for Global Health Research, CODE and IFAD.

Pwani University continued to seek partnerships with both the industry and academia so as to enhance the generation, adaptation and utilization of knowledge. In this regard the University signed fourteen (14) Memorandum of Understandings (MOUs) with various local and international institutions as shown in Table 6.

Funding Trends

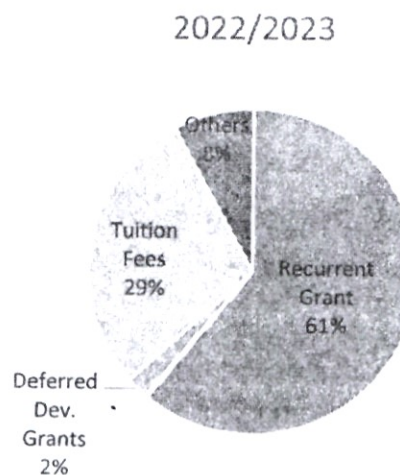
Pwani University remains focused on achieving its strategic goals by supporting innovative teaching, learning and research.

There are three sources of University funds, namely recurrent grants, capital grants and appropriations in aid. The first two being Government of Kenya grants and the third being sourced from students and other income generating activities.

Table 6. Actual Recurrent, Development and AIA

| Financial Year | 2022/2023 | 2021/2022 | 2020/2021 |
|-----------------------|------------------|------------------|------------------|
| INCOMES (KES) | 000' | 000' | 000' |
| Recurrent Grant | 784,105 | 780,900 | 712,472 |
| CBA Grants | 0 | 3,258 | 35,843 |
| Deferred Dev Grants | 28,384 | 28,176 | 19,077 |
| Tuition Fees | 351,359 | 367,791 | 278,223 |
| Other Incomes | 109,925 | 100,765 | 72,133 |
| Totals | 1,273,773 | 1,280,890 | 1,117,748 |

Figure 2. Income Trends



Despite the limited GOK Capitation, during the year under review Pwani University complied with all its statutory obligations including remittance of PAYE, NHIF, NSSF, Pension and HELB within the stipulated deadlines. The University does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

10. Environmental and Sustainability Reporting

In line with Pwani University's core mandate and fulfilment of Corporate Social Responsibility, the University recognises that its ability to deliver value to stakeholders is inextricably linked to the prosperity of the societies in which the University operates. It's what guides Pwani University to deliver its strategy, which is putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

Below is a brief highlight of Pwani University's achievements:

1. Sustainability Strategy and Profile

Pwani University seeks to strengthen its financial sustainability and to maximise the resources available for investment in research and teaching. Key to achieving this will be the University's ability to deliver more efficient and effective services, as well as the continued growth of diversified income streams. The University will continue to set itself the highest standards of energy efficiency in the building and maintenance of its estate in order to minimise its impact on the environment.

2. Environmental performance

To manage resources to ensure the Pwani University's long-term financial and environmental sustainability. The University is providing an environment which promotes world class research and education and at the same time minimizing on environmental impact, conserving old buildings, and improving on space utilization. The University has installed a Bio-gas digester which has reduced consumption of firewood for cooking that has substantially curtailed pollution of the environment. During the long rainy season, the University planted a total of 3,168 tree seedlings of different species in various sites within the campus grounds.

3. Employee welfare

The University seeks to attract, recruit and retain the best research and teaching staff from around the Country. Pwani University attracts employees from diverse ethnic communities and groups. The University has attained the proportionate representation of majority of the ethnic communities in line with Section 10 of the Public Service (Values and Principles) Act, 2015. The University recognises the importance of diversity among its staff and is actively working to increase this. The University has attained and exceeded the minimum gender representation. Out of 425 members of Staff, 269 (63.29%) are Male while 156 (36.71%) are Female. Table 7 provides Pwani University Staff gender representation.

Table 7. Staff Gender Representation

| Category | Male | Percentage (%) | Female | Percentage (%) | Total |
|-----------------|-------------|-----------------------|---------------|-----------------------|--------------|
| Teaching Staff | 148 | 72.55 | 56 | 27.45 | 204 |

| | | | | | |
|--------------|-----|-------|-----|-------|-----|
| Non-Teaching | 121 | 54.75 | 100 | 45.25 | 221 |
| Total | 269 | 63.29 | 156 | 36.71 | 425 |

The University takes staff safety and health matters seriously and has developed policies in line with the Occupational Safety and Health Act of 2007, (OSHA). Regular fire, safety and terrorism prevention drills are conducted to improve staff awareness and security.

4. Market place practices

Pwani University ensures that it practices best procurement practices by fully complying with the Public Procurement and Asset Disposal Act 2015.

a) Responsible competition practice

The University ensures responsible competition practices by:

- i. Rotating the list of registered suppliers when inviting tenders,
- ii. Reserving tendering for certain categories to AGPO groups and
- iii. Providing feedback on results of tender to successful & unsuccessful bidders.

b) Responsible Supply chain and supplier relations

Pwani University maintains good business practices by ensuring that Contracts/LPOs are issued prior to performance or delivery by suppliers and that payments for delivery/work done is paid promptly upon invoicing (within 90 days).

c) Responsible marketing and advertisement

Pwani University ensures responsible marketing and advertisement by advertising and publishing tenders in government portal, University website and newspapers.

d) Product stewardship

Pwani University ensures that goods and services delivered are genuine products by constituting and carrying out inspection and verification.

5. Corporate Social Responsibility / Community Engagements

In the year 2022/2023 Pwani University's research division managed extension services, both for the purpose of dissemination of technologies and information as part of the University's corporate social responsibility. The University held Outreach activities by Providing Public Health Education on Mental Health, Drug & substance abuse and Water treatment in both Sokoni Ward and Fumbini Secondary School.

11. Report of the Council

The Council submits its report together with the unaudited financial statements for the year ended 30th June 2023 which shows the state of affairs for Pwani University.

Principal Activities

The principal activities of the University as provided for in the Pwani University Charter 2013 include:

- a) To provide directly or in collaboration with the other institutions of higher learning, facilities for University education and research including technological, scientific and professional education.
- b) Conduct research and create knowledge
- c) To determine who may teach and what may be taught and how it may be taught in the University.
- d) Conduct examinations.
- e) Grant degrees, diplomas, certificates and other awards.
- f) Participate in commercial ventures and activities that promote the objectives of the University
- g) Provide opportunities for development and further training for staff of the institution and promote community service.
- h) Play an effective role in social development and expansion of opportunities in line with the University's aims and objectives.

Results

The results of the University for the Year ended June 30th 2023 are set out on pages 1 to 5.

Council

The members of the University Council who served during the year in accordance with the regulation of the Pwani University Statutes 2013 are shown on pages X and XXIV.

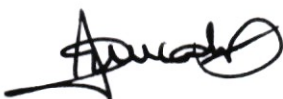
Surplus Remission

Pwani University being a wholly owned Government not for profit entity does not pay dividends to the Government of Kenya. Pwani University did not make any remittances to the Consolidated Fund.

Auditors

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

By Order of the Council,



**PROF. JAMES H.P KAHINDI, PHD.
VICE CHANCELLOR**

12. Statement of Councils Responsibilities

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

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

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

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

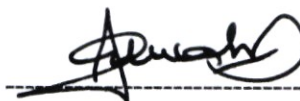
Nothing has come to the attention of the Council to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The University's financial statements were approved by the Council on^{23/02/}....., 2024 and signed on its behalf by



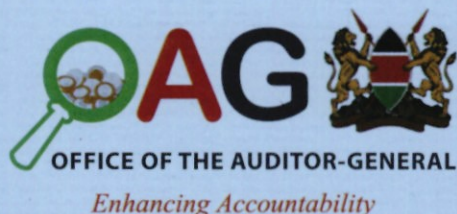
**Prof. Mohamed Salim Badamana PhD.
CHAIR OF COUNCIL**



**Prof. James H.P. Kahindi. PhD.
VICE CHANCELLOR**

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NAIROBI

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure that 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk Management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Pwani University set out on pages 1 to 50, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets,

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Pwani University as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities (Amendment) Act, 2016.

Basis for Qualified Opinion

Inaccuracy in Refundable Deposits from Customers Balance

The statement of financial position and Note 25 to the financial statements reflect refundable deposits from customers balance of Kshs.20,648,000 in respect of caution money fees. However, the caution money bank account reflects a balance of Kshs.7,306,000 resulting to an unexplained variance of Kshs.13,342,000.

In the circumstances, the accuracy and completeness of the refundable deposits from customers balance of Kshs.20,648,000 could not be confirmed.

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

Emphasis of Matter

1. Material Uncertainty in Relation to Sustainability of Services

The statement of financial position reflects current liabilities balance of Kshs.222,668,000 which exceeded the total current assets balance of Kshs.188,151,000, resulting in a negative working capital amount of Kshs.34,517,000. This is an indication that the University may not be able to settle its short-term obligations as and when they fall due. Therefore, there is existence of a material uncertainty, which may cast doubt on the University's ability to sustain its services and its existence is dependent on continued support from Government and creditors.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis totalling to Kshs.1,219,105,000 and Kshs.1,275,169,000

respectively resulting to under-collection of Kshs.56,064,000 or 4% of the budget. Further, the statement reflects total actual expenditure of Kshs.1,304,105,000 against an approved budget of Kshs.1,271,916,000 resulting to an over-expenditure of Kshs.32,189,000 or 3% of the budget. The over-expenditure was mainly recorded on the employee costs component. However, the approval for the over-expenditure was not provided contrary to the resolution of Special Council meeting of 20 September, 2022 which approved the revised annual budget.

In the circumstances, the over-expenditure may have affected the performance of some expenditure components due to reallocation of financial resources to cater for the over-expenditure.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, one (1) issue was raised under the Report on Financial Statements. However, Management has not indicated how the issue was resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Appoint a University Chancellor

Review of the records revealed that, the Senate of the University in consultation with the Alumni Association of the University identified and recommended for the re-appointment of the former Chancellor for one further term of six (6) years on 2 February, 2018. However, the request was not approved by the Cabinet Secretary, Ministry of Education Science and Technology for appointment by the President as a result of which Pwani University has been operating for more than five (5) years without a Chancellor. This is contrary to section 38(1) of the University Act, 2012 which states that every University

shall have a Chancellor, who shall be appointed in the case of a Public University, by the President in accordance with the procedure set out in the Second Schedule and in the case of a Private University, in accordance with the Charter of that University.

In the circumstances, the University is operating in breach of the law.

2. Irregular Payment of Provisional Sum and Unaccounted for Project Computers

Review of procurement and payment records revealed that the bills of quantities amounts for construction of the school of humanities complex totalling Kshs.232,547,264 included a provisional sum of Kshs.15,800,000 which was to be measured on completion and priced in accordance with the rates contained in the bills of quantities or prorate thereto or deducted in whole if not required. The construction commenced on 22 April, 2019 and was completed on 21 October, 2021. However, the payment of the provisional sum was not justified or supported by Management. This is contrary to Section 139(2) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer of a procuring entity, on the recommendation of an evaluation committee, may approve the request for use of provisional sums, which request shall be accompanied by a certificate from the tenderer making a justification for such cost.

Further, the Bills of Quantities provided for the purchase of five (5) MacBook Pro 15 Inch computers valued at Kshs.2,415,000 to be used by the project manager. However, the computers were not accounted for by way of an assets register or listing or stores records in respect of receipt and issue of the computers.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter 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 overall governance were not effective.

Basis for Conclusion

Long Outstanding Employees Benefit Obligations Balance

The statement of financial position reflects employees benefit obligation balance of Kshs.50,000,000 as disclosed in Note 31 to the financial statements. The balance

includes an amount of Kshs.1,347,000 in respect of net salaries payable out of which a balance of Kshs.370,751 owed to ten (10) employees has been outstanding for a long time dating back to December, 2021.

In the circumstances, the effectiveness of internal controls related to employees benefit obligations could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

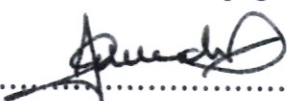
19 April, 2024


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14. Statement of Financial Performance for the year ended 30 June 2023

| | Notes | 2022-2023 | 2021-2022 |
|--|-------|------------------|------------------|
| | | K.shs. '000 | K.shs. '000 |
| Revenue from non-exchange transactions | | | |
| Transfers from other governments entities | 6 | 784,105 | 784,158 |
| | | 784,105 | 784,158 |
| Revenue from exchange transactions | | | |
| Rendering of services | 7 | 351,359 | 367,791 |
| Rental revenue from facilities and equipment | 8 | 9,092 | 8,731 |
| Finance income | 9 | 752 | 1,316 |
| Other income | 10 | 101,477 | 90,779 |
| Total revenue | | 1,246,785 | 1,252,775 |
| Expenses | | | |
| Use of goods and services | 11 | 171,132 | 191,276 |
| Employee costs | 12 | 1,007,753 | 945,404 |
| Board Expenses | 13 | 6,123 | 7,374 |
| Depreciation and amortization expense | 14 | 78,499 | 59,745 |
| Repairs and maintenance | 15 | 14,887 | 21,109 |
| Contracted services | 16 | 25,711 | 40,496 |
| Total expenses | | 1,304,105 | 1,264,684 |
| Other gains/(losses) | | | |
| Gain/Loss on foreign exchange transactions | | - | - |
| Gain /Loss on fair value of investments-Deferred Income | 27 | 28,384 | 28,176 |
| Impairment loss | | - | - |
| Surplus/ (deficit) before tax | | (28,936) | 15,547 |
| Taxation | | - | - |
| Surplus/(deficit) for the period/year | | (28,936) | 15,547 |
| Net Surplus for the year | | (28,936) | 15,547 |
| Attributable to: | | | |
| Surplus attributable to owners of the controlling University | | (28,936) | 15,547 |

The notes set out on pages 7 to 52 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Council by:


 Prof. James H.P. Kahindi PhD.
 Vice Chancellor


 Mwinyi M. Ali
 Finance Officer
 ICPAK No. 9996


 Prof. Mohamed Badamana PhD
 Chairman of Council

Date: 23rd February, 2024

Date: 23rd February, 2024


Date: 23rd February 2024

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15 Statement of Financial Position as at 30 June 2023

| Statement of Financial Position | | | |
|--|----|------------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 17 | 138,620 | 177,252 |
| Receivables from Exchange Transactions | 18 | 35,816 | 39,760 |
| Receivables from Non-Exchange Transactions | 19 | 9,813 | 0 |
| Inventories | 20 | 3,902 | 3,434 |
| Total Current Assets | | 188,151 | 220,446 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 21 | 1,824,643 | 1,879,461 |
| Intangible Assets | 22 | 17,030 | 22,361 |
| Biological Assets | 23 | 10,626 | 8,190 |
| Total Non- Current Assets | | 1,852,299 | 1,910,012 |
| Total Assets | | 2,040,450 | 2,130,458 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 24 | 144,183 | 206,400 |
| Refundable Deposits from Customers | 25 | 20,648 | 19,546 |
| Current Provision | 26 | 7,837 | 7,008 |
| Employee Benefit Obligation | 28 | 50,000 | 49,215 |
| Total Current Liabilities | | 222,668 | 282,169 |
| Total Liabilities | | 222,668 | 282,169 |
| Net Assets | | | |
| Reserves | | 206,528 | 206,528 |
| Accumulated Surplus | | 59,635 | 88,571 |
| Capital Fund | | 1,551,619 | 1,553,190 |
| Total Net Assets | | 1,817,782 | 1,848,289 |
| Total Net Assets and Liabilities | | 2,040,450 | 2,130,458 |


The financial statements set out on pages 1 to 6 were signed on behalf of the Council by:


 Prof. James Kahindi PhD.
 Vice Chancellor

Date: 23rd February, 2024


 Mwinyi M. Ali
 Finance Officer
 ICPAK No. 9996

Date: 23rd February, 2024


 Prof. Mohamed Badamana
 PhD. Chairman of Council

Date: 23rd February 2024

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16. Statement of Changes in Net Assets for the year ended 30 June 2023

| | Kshs. '000' | Kshs. '000' | Kshs. '000' | Kshs. '000' | Kshs. '000' |
|--|----------------|-------------|---------------|------------------|------------------|
| As at July 1, 2021 | 82,952 | - | 73,024 | 1,531,366 | 1,687,342 |
| Total comprehensive income | 123,576 | - | (12,629) | - | 110,947 |
| Revaluation gain | - | - | - | - | - |
| Transfer of excess depreciation on revaluation | - | - | - | - | - |
| Fair value adjustment on investments | - | - | - | - | - |
| Surplus/ deficit for the year | - | - | - | - | - |
| Capital/development grants received during the year | - | - | - | 50,000 | 50,000 |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | 28,384 | (28,384) | - |
| As at June 30, 2022 | 206,528 | - | 88,571 | 1,553,190 | 1,848,289 |
| As at July 1, 2022 | 206,528 | - | 88,571 | 1,553,190 | 1,848,289 |
| Total comprehensive income | - | - | (57,320) | - | (57,320) |
| Revaluation gain | - | - | - | - | - |
| Transfer of excess depreciation on revaluation | - | - | - | - | - |
| Fair value adjustment on investments | - | - | - | - | - |
| Surplus/ deficit for the year | - | - | - | - | - |
| Capital/development grants received during the year | - | - | - | 26,813 | 26,813 |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | 28,384 | (28,384) | - |
| As at June 30, 2023 | 206,528 | - | 59,635 | 1,551,619 | 1,817,782 |

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17. Statement of Cash Flows for the year ended 30 June 2023

| | Notes | 2022-2023 | 2021-2022 |
|---|--------|------------------|------------------|
| | | Kshs. '000' | Kshs. '000' |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other governments entities | 6 | 784,105 | 813,708 |
| Rendering of services | 7 | 351,359 | 367,791 |
| Rental revenue from facilities and equipment | 8 | 9,092 | 8,731 |
| Finance income | 9 | 752 | 1,316 |
| Other income | | 93,171 | 91,232 |
| Total receipts | | 1,238,479 | 1,282,778 |
| Payments | | | |
| Use of goods and services | 11 | 231,101 | 191,850 |
| Employee costs | 12 | 1,007,753 | 945,404 |
| Board Expenses | 13 | 6,123 | 7,374 |
| Repairs and maintenance | 15 | 14,887 | 21,109 |
| Contracted services | 16 | 25,711 | 40,496 |
| Total payments | | 1,285,575 | 1,206,233 |
| Net cash flows from/(used in) operating activities | | (47,096) | 76,545 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of PPE and Intangible assets | 21, 22 | (18,349) | (104,572) |
| Proceeds from sale of PPE | | - | - |
| Purchase of investments | | - | - |
| Net cash flows from/(used in) investing activities | | (18,349) | (104,572) |
| | | | |
| Cash flows from financing activities | | | |
| Receipts of Development Grants (GoK) | 6 | 26,813 | 50,000 |
| Net cash flows from financing Activities | | 26,813 | 50,000 |
| | | | |
| Net increase/(decrease) in cash & Cash equivalents | | (38,632) | 21,973 |
| Cash and cash equivalents at 1 July | 17 | 177,252 | 155,279 |
| Cash and cash equivalents at 30 June | 17 | 138,620 | 177,252 |

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|--|------------------|-------------|------------------|----------------------------|------------------------|------------------|
| | Kshs.'000' | Kshs.'000' | Kshs.'000' | Kshs.'000' | Kshs.'000' | |
| | a | B | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| Revenue | | | | | | |
| Transfers from Other Governments entities | 784,105 | - | 784,105 | 784,105 | 0 | 0% |
| Rendering of Services | 303,324 | - | 303,324 | 351,359 | 48,035 | 16% |
| Rental Revenue from Facilities and Equipment | 9,497 | - | 9,497 | 9,092 | (405) | -4% |
| Other Income | 122,179 | - | 122,179 | 130,613 | 8,434 | 7% |
| Total Income | 1,219,105 | - | 1,219,105 | 1,275,169 | 56,064 | 5% |
| Expenses | | | | | | |
| Use of Goods and Services | 171,770 | - | 171,770 | 171,132 | 638 | 0% |
| Employee costs | 978,479 | - | 978,479 | 1,007,753 | (29,274) | -3% |
| Remuneration of Directors | 7,600 | - | 7,600 | 6,123 | 1,477 | 19% |
| Repairs and Maintenance | 19,665 | - | 19,665 | 14,887 | 4,778 | 24% |
| Contracted Services | 32,000 | - | 32,000 | 25,711 | 6,289 | 20% |
| Depreciation and amortization expense | 62,402 | - | 62,402 | 78,499 | (16,097) | -26% |
| Total Expenditure | 1,271,916 | - | 1,271,916 | 1,304,105 | (32,189) | -3% |
| Surplus for the period | | | | (28,936) | | |
| Capital Expenditure | | | | | | |

Government Grants

No variance

Rendering of Service

Actual fee income more than the annual budget by Kshs.48m due to increase in number of first year students admitted. Budgeted first year intake was 1,200 students however the number that was placed by KUCCPS was 1,968.

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Other Incomes

Other income more than annual budget by Kshs.8m due to increased sales in the University IGUs.

Employee Costs

Actual more than the annual budget of by Kshs. 29m resulting from payment of accumulated Part Time payments.

Remuneration of Directors

There was no Council during the fourth quarter of the FY 2022/2023, thus reduction in expenditure

19. Notes to the Financial Statements

1. General Information

Pwani University is established by and derives its authority and accountability from the University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide quality education, training, research, outreach and opportunities for innovation for the advancement of the individual and society.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *University*. The financial statements have been prepared in accordance with the PFM Act, section 14 of the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

| Standard | Effective date and impact: |
|---|--|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an University's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an University's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting University provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> |

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| Standard | Effective date and impact: |
|---|--|
| | <ol style="list-style-type: none"> 1. The nature of such social benefits provided by the University. 2. The key features of the operation of those social benefit schemes; and 3. The impact of such social benefits provided on the University's financial performance, financial position and cash flows. |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> 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. |
| <p>Other improvements to IPSAS</p> | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. |

Notes to the Financial Statements (Continued)

ii New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

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

iii Early adoption of standards

The University did not early – adopt any new or amended standards in the financial year or *the University adopted the following standards early (state the standards, reason for early adoption and impact on University's financial statements)*

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *University* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The *University* recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The *University's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *University* and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a lease term period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *University*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *University* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *University* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Impairment

The University assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The University recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

b) Financial liabilities

Classification

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

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the *University* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *University* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

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

m) Contingent liabilities

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

n) Contingent assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements as follows:

- Capital Grant Reserve – Maintained for acquisition of Capital Assets
- Accumulated surplus reserve Maintained for posting of surplus and deficits
- Revaluation reserve Maintained for revaluation of assets.

p) Changes in accounting policies and estimates

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

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

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

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

t) Related parties

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

u) Service concession arrangements

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The University based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

| Description | 2022-2023 | 2021-2022 |
|-----------------------------------|----------------|----------------|
| | Kshs. '000 | Kshs. '000 |
| Unconditional Grants | | |
| Operational Grant | 784,105 | 784,158 |
| Total Unconditional Grants | 784,105 | 784,158 |

| Description | 2022-2023 | 2021-2022 |
|---|----------------|----------------|
| | Kshs. '000 | Kshs. '000 |
| Conditional Grants amortised/ transferred to revenue | | |
| Other Organizational Grants (Development) | 26,813 | 50,000 |
| Total Government Grants and Subsidies | 810,918 | 834,158 |

The development grant was for construction of school of agricultural sciences & agribusiness building which commenced in the year 2023/2024

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Notes to the Financial Statements (Continued)

7. Rendering of Services

| Description | 2022-2023 KSh'000 | 2021-2022 KSh'000 |
|---|----------------------|----------------------|
| Tuition fees KUCCPS | 112,983 | 120,377 |
| Tuition fees SSP | 75,091 | 80,439 |
| Activity fees | 7,492 | 8,037 |
| Examination fees | 38,953 | 41,133 |
| Library fees | 11,766 | 12,647 |
| Registration fees | 11,510 | 12,343 |
| Id-University card fees | 1,382 | 1,765 |
| Medical fees | 15,358 | 16,408 |
| Pwani University Student Association (PUSA) | 3,870 | 4,560 |
| Accreditation Fees | 1,718 | 2,647 |
| Material development | 217 | 343 |
| Teaching practice | 10,412 | 12,343 |
| Field attachment fees | 17,512 | 10,497 |
| Facilities and material | 1,700 | 1,640 |
| Thesis development | 184 | 218 |
| Thesis examination | 184 | 218 |
| Computer/ Internet fees | 29,878 | 31,965 |
| Transport | 1,494 | 1,242 |
| KUCCPS Placement fees | 2,357 | 3,780 |
| Nursing students Placement fees | 6,135 | 4,775 |
| Swimming and Diving | 240 | 225 |
| Studio courses | 88 | 179 |
| Indexing fee | 0 | 10 |
| Workshop fee | 835 | - |
| Total Revenue from the Rendering of Services | 351,359 | 367,791 |

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Notes to the Financial Statements (Continued)

8. Rental Revenue from Facilities and Equipment

| Description | 2022-2023 | 2021-2022 |
|--------------------------|--------------|--------------|
| | Kshs, '000 | Kshs, '000 |
| Operating Lease Revenues | 9,092 | 8,731 |
| Total Rentals | 9,092 | 8,731 |

9. Finance Income

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|------------|--------------|
| | Kshs, '000 | Kshs, '000 |
| Interest income from Bank Deposits | 752 | 1,316 |
| Total finance income | 752 | 1,316 |

10. Other Income

| Description | 2022-2023 | 2021-2022 |
|-----------------------------|----------------|---------------|
| | Kshs, '000 | Kshs, '000 |
| Other income | | |
| Student income 10 A | 44,402 | 52,711 |
| Farm income 10 B | 7,727 | 8,050 |
| Guesthouse income 10 C | 24,925 | 15,001 |
| General Income 10 D | 24,423 | 15,017 |
| Total Other Income | 101,477 | 90,779 |
| 10A Student Income | | |
| Application fee | 936 | 775 |
| Accommodation fee | 7,559 | 5,831 |
| Sale of food- Students | 7,717 | 14,888 |
| Academic field activity fee | 21,475 | 23,208 |
| Retake fee | 6,529 | 7,067 |
| Other Student Income | 186 | 942 |
| Total Student Income | 44,402 | 52,711 |
| 10B. Farm Income | | |
| Sale of crop products | 410 | 211 |
| Nursery plants | 137 | 126 |
| Sale of cattle | 883 | 1,824 |

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| | | |
|---------------------------------|----------------|---------------|
| Sale of milk | 4,185 | 2,318 |
| Sale of chicken | 1,694 | 2,073 |
| Sale of eggs | 73 | 978 |
| Pilot farm | 0 | 0 |
| Sale of pigs | 130 | 157 |
| Sale of sheep/goat | 151 | 282 |
| Miscellaneous farm income | 36 | 52 |
| Bio-fertilizer project | 28 | 29 |
| Total Farm Income | 7,727 | 8,050 |
| 10C. Income Guest house | | |
| Hire of conference Centre | 1,583 | 1,017 |
| Sale of food- guest house | 18,864 | 11,360 |
| Hire of rooms guest house | 4,478 | 2,624 |
| Sale of food- Buffalo | 0 | 0 |
| Total Guest house Income | 24,925 | 15,001 |
| 10D. General income | | |
| Hire of motor vehicles | 0 | 0 |
| Hire of other halls | 38 | 0 |
| Hire of sports ground | 125 | |
| Campus tours fees | 0 | 0 |
| Hire of Gowns | 6,786 | 6,599 |
| Hire of Equipment | 11 | 467 |
| Project levies | 4,272 | 1,559 |
| Msc income | 9,007 | 5,692 |
| Ethics review fee | 351 | 700 |
| Fair value gain of livestock | 2,436 | 0 |
| Foreign Exchange Gain | 1,397 | 0 |
| Total general income | 24,423 | 15,017 |
| Total Other income | 101,477 | 90,779 |

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Notes to the Financial Statements (Continued)

11. Use of Goods and Services

| Description | | |
|--------------------------------------|---------------|---------------|
| 11A. Research expenses | | |
| Research expenses | 2,504 | 3,108 |
| Botanical garden | 280 | 726 |
| Biotechnology | 335 | 499 |
| Biogas farm outreach | 433 | 988 |
| Pubrec | 491 | 772 |
| Total research expenses | 4,043 | 6,093 |
| | | |
| 11B. Operating expenses | | |
| Stationery expenses | 4,878 | 6,223 |
| protective clothing | 229 | 0 |
| Publishing and printing | 149 | 69 |
| Cleaning material | 1,502 | 1,184 |
| Office expenses | 1,706 | 2,207 |
| Telephone | 627 | 638 |
| Courier and postage | 272 | 471 |
| Electricity | 16,594 | 17,139 |
| Sanitary services | 382 | 68 |
| Water and sewerage | 10,468 | 7,000 |
| Subscriptions | 219 | 398 |
| Admission expenses | 320 | 725 |
| Conferences, seminars and workshops | 599 | 640 |
| Graduation expenses | 5,586 | 6,400 |
| Fuelling of motor vehicles | 4,065 | 3,954 |
| Corporate social expenses | 9 | 103 |
| Total Operating expenses | 47,605 | 47,219 |
| | | |
| 11C. Administration expenses | | |
| Quality Assurance/ ISO certification | 1,387 | 1,211 |
| Audit Fees | 812 | 812 |
| Provision for Bad Debts | 1,481 | 1,692 |
| Bank Charges | 635 | 696 |
| Total Administrative expenses | 4,315 | 4,411 |
| | | |
| | | |

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| Description | 2022-2023 | 2021-2022 |
|--|---------------|---------------|
| | Kshs. '000 | Kshs. '000 |
| 11D. Teaching expenses | | |
| Teaching materials | 1,728 | 1,806 |
| Field course expenses | 1,596 | 3,484 |
| Laboratory materials | 1,175 | 931 |
| Examination expenses | 6,796 | 3,795 |
| External examiners | 4,261 | 3,375 |
| Teaching practice expenses | 9,000 | 10,575 |
| Field attachment expenses | 4,750 | 6,833 |
| Inspection fees | 23 | 0 |
| Accreditation fees / Programme Development | 1,280 | 1,810 |
| Indexing fees | 0 | 190 |
| Quality Assurance –Students Expenses | 1,485 | 5,205 |
| Programme Development | 115 | 0 |
| Swimming & Diving expenses | 114 | 0 |
| Workshop expenses | 403 | 0 |
| Total teaching expenses | 32,726 | 38,004 |
| 11E. Catering expenses | | |
| Gas and fuel - main kitchen | 623 | 789 |
| Gas and fuel - guest house | 381 | 269 |
| Foodstuff - main kitchen | 10,353 | 18,393 |
| Foodstuff - guest house | 10,215 | 7,335 |
| Cutlery and crockery - main kitchen | 324 | 213 |
| Cutlery and crockery - guest house | 44 | 32 |
| Beds, beddings, linen - guest house | 0 | 0 |
| Consumables kitchen | 51 | 24 |
| Consumables guest house | 320 | 168 |
| Other guest house expenses | 1,113 | 1,990 |
| Total catering expenses | 23,424 | 29,213 |
| 11F. Library expenses | | |
| Newspapers and magazines | 625 | 658 |
| Library books and journals | 488 | 1,842 |
| Library subscriptions | 2,168 | 1,579 |
| Repair of books | 87 | 0 |
| Total Library expenses | 3,368 | 4,079 |
| 11G. Health Centre expenses | | |
| Medicines | 4,120 | 6,370 |

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| | | |
|--------------------------------------|---------------|---------------|
| Other medical expenditures | 626 | 623 |
| Total Health expenses | 4,746 | 6,993 |
| 11H. Student expenses | | |
| Sports games and tournaments | 2,796 | 3,500 |
| Student welfare | 2,703 | 3,370 |
| Student activities | 0 | 0 |
| PUSA expenses | 4,079 | 4,312 |
| Student medical expenses | 31 | 13 |
| Bursary awards | 500 | 800 |
| Aids control unit | 522 | 400 |
| Students placement KUCCPS | 2,442 | 3,737 |
| Studio Courses | 0 | 348 |
| Student Identification cards | 466 | 0 |
| Nursing Clinical Placements | 3,230 | 4,220 |
| Total student expenses | 16,769 | 20,700 |
| 11I. Farm expenses | | |
| Farm maintenance | 4,234 | 4,399 |
| Purchase of animal feeds | 0 | 200 |
| Vet services and supplies | 0 | 0 |
| Total farm expenses | 4,234 | 4,599 |
| 11J. General expenses | | |
| Insurance expenses | 13,440 | 8,649 |
| Legal services | 537 | 53 |
| Advertising and publicity | 756 | 862 |
| Internet connection | 12,087 | 14,977 |
| Graduate supervision expenses | 0 | 26 |
| Senate Expenses | 501 | 40 |
| Departmental meeting | 276 | 224 |
| Funeral Expenses | 112 | 492 |
| Staff development | 328 | 659 |
| Staff fees subsidy | 699 | 290 |
| Miscellaneous expenses | 38 | 647 |
| Foreign Exchange Loss | 0 | 0 |
| Fair Value Loss on Biological Assets | 0 | 453 |
| Ethics review | 331 | 233 |
| Management Board Meetings | 66 | 41 |

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| | 2022-2023 | 2021-2022 |
|--|----------------|----------------|
| | Kshs, 000 | Kshs, 000 |
| Academic regalia | 98 | 832 |
| Land Rates | 0 | 0 |
| Fines and Penalties | 0 | 767 |
| KRA Taxes | 633 | 1,487 |
| Total general expenses | 29,902 | 30,732 |
| TOTAL USE OF GOODS AND SERVICES | 171,132 | 191,276 |

12. Employee Costs

| | 2022-2023 | 2021-2022 |
|---|------------------|----------------|
| | Kshs, 000 | Kshs, 000 |
| Employee Employees Costs | | |
| Employee related costs-salaries and wages | 558,710 | 534,005 |
| Employee related costs-contributions to pension & medical aid | 153,336 | 121,672 |
| Travel, accommodation, subsistence and other allowances | 3,628 | 3,718 |
| Housing benefits and allowances | 292,079 | 286,009 |
| Total employee costs | 1,007,753 | 945,404 |

13. Council Expenses

| | 2022-2023 | 2021-2022 |
|-------------------------------|--------------|--------------|
| | Kshs, 000 | Kshs, 000 |
| Chairman/Directors' Honoraria | 1,020 | 1,020 |
| Sitting Allowances | 1,497 | 1,390 |
| Induction and Training | 0 | 2,475 |
| Travel and Accommodation | 3,606 | 2,489 |
| Total Council Expense | 6,123 | 7,374 |

14. Depreciation and Amortization Expense

| | 2022-2023 | 2021-2022 |
|--|---------------|---------------|
| | Kshs, 000 | Kshs, 000 |
| Property, plant and equipment | 71,369 | 57,902 |
| Intangible assets | 7,130 | 1,843 |
| Total depreciation and amortization | 78,499 | 59,745 |

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Notes to the Financial Statements (Continued)

15. Repairs and Maintenance

| Description | 2022-2023 | 2021-2022 |
|--------------------------------------|---------------|---------------|
| Property | 6,560 | 10,492 |
| Equipment | 5,443 | 8,862 |
| Vehicles | 2,598 | 1,433 |
| Other | 286 | 322 |
| Total Repairs and Maintenance | 14,887 | 21,109 |

16. Contracted Services

| Description | 2022-2023 | 2021-2022 |
|----------------------------------|---------------|---------------|
| Security | 17,632 | 18,035 |
| Cleaning services | 8,079 | 22,461 |
| Total Contracted Services | 25,711 | 40,496 |

17. Cash and Cash Equivalents

Detailed Analysis of the Cash and Cash Equivalents

| Financial Institution | Account Number | 2022-2023 | 2021-2022 |
|---------------------------------------|----------------|----------------|----------------|
| a) Current Account | | | |
| Equity Bank Main Account | 0460291566381 | 183 | 6,919 |
| Equity Bank Collection Account | 0460291566407 | 73,236 | 94,048 |
| ABSA Bank Payment Account | 2030242370 | 3,258 | 5,368 |
| ABSA Bank Caution Money | 0191068378 | 7,306 | 19,553 |
| ABSA Bank Collection Account | 0191046501 | 16,553 | 3,390 |
| Kenya Commercial Collection Account | 1109893868 | 429 | 1,374 |
| Kenya Commercial Research Account | 1114479950 | 11,906 | 19,192 |
| Kenya Commercial Niche/Ken Account | 1164789988 | 9,663 | 3,874 |
| Kenya Commercial USD Account | 1173114157 | 13,027 | 18,411 |
| Cooperative Bank – Collection Account | 01129465157200 | 921 | 1,407 |
| Kenya Commercial Afya Pwani | 1224008103 | 851 | 0 |
| b) Petty Cash | | 415 | 667 |
| Mpesa | | 872 | 3,049 |
| Grand Total | | 138,620 | 177,252 |

Notes to the Financial Statements (Continued)

18. Receivables from Exchange Transactions

| Description | 2022-2023 | | 2021-2022 | |
|----------------------------------|-----------|---------------|-----------|---------------|
| | Kshs.'000 | | Kshs.'000 | |
| Receivables | | | | |
| Student debtors | | 29,629 | | 33,847 |
| Provisions for Doubtful Debts | | (1,481) | | (1,692) |
| Net Student Debtors | | 28,148 | | 32,155 |
| Imprest debtors | | 1,139 | | 218 |
| Refundable Deposits | | 1,106 | | 1,106 |
| Pre-Paid Insurance | | 1,090 | | 715 |
| Other Debtors | | 4,333 | | 5,566 |
| Total current receivables | | 35,816 | | 39,760 |

Ageing analysis for Receivables from exchange transactions

| Description | 2022-2023 | | 2021-2022 | |
|--------------------|---------------|----------------|----------------|----------------|
| | Kshs.'000 | | Kshs.'000 | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 35,816 | 100% | 39,760 | 100% |
| Between 1- 2 years | 0 | 0 | 0 | 0 |
| Between 2-3 years | 0 | 0 | 0 | 0 |
| Over 3 years | 35,816 | 100% | 39,760 | 100% |
| Total (a+b) | 35,816 | 100% | 39,760 | 100% |

19. Receivables from Non-Exchange Transactions

| Description | 2022-2023 | | 2021-2022 | |
|--|-----------|--------------|-----------|----------|
| | Kshs.'000 | | Kshs.'000 | |
| Grants Ministry of Education June grant-Recurrent | | 9,813 | | 0 |
| Total receivables from non- exchange transactions | | 9,813 | | 0 |

Notes to the Financial Statements (Continued)

Ageing analysis for Receivables from non-exchange transactions

| Description | Current FY | % of the total | Comparative FY | % of the total |
|--|-------------|----------------|----------------|----------------|
| Ageing Analysis- Receivables from non-exchange transactions | | | | |
| Less than 1 year | 9813 | 37% | - | 37% |
| Total | 9813 | 37% | - | 37% |

20. Inventories

| Description | Current FY | Comparative FY |
|--|--------------|----------------|
| Finance stores –stationery | 1,006 | 1,507 |
| Maintenance stores general | 1,943 | 498 |
| Main kitchen stores | 275 | 157 |
| Health unit stores | 399 | 816 |
| Electrical stores | 110 | 163 |
| Cleaning material store | 87 | 236 |
| Farm inputs and feeds | 82 | 57 |
| Total inventories at the lower of cost and net realizable value | 3,902 | 3,434 |

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Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

| NOTE 21 | LAND | WORK IN PROGRESS | BUILDINGS | MOTOR VEHICLES | GENERAL EQUIPMENT | FURNITURE & FITTINGS | COMPUTERS | TOTALS |
|-----------------------------------|----------------|------------------|------------------|----------------|-------------------|----------------------|----------------|------------------|
| | | | 2% | 25% | 12.50% | 12.50% | 33% | |
| Balance as at 30 June 2020 | 116,045 | 715,349 | 985,307 | 139,459 | 154,388 | 79,048 | 106,287 | 2,295,883 |
| Additions during the year | 171 | 51,527 | 0 | 0 | 8,692 | 2,182 | 8,899 | 71,471 |
| Transfer | | (344,692) | 344,692 | 0 | 0 | 0 | 0 | 0 |
| Balance as at 30 June 2021 | 116,216 | 422,184 | 1,329,999 | 139,459 | 163,080 | 81,230 | 115,186 | 2,367,354 |
| Additions during the year | 0 | 82,241 | 0 | 4,150 | 5,829 | 3,210 | 4162 | 99,592 |
| Revaluation | 0 | 0 | 0 | 43,050 | 41,535 | 5,548 | 19,730 | 109,863 |
| Adjustments | 0 | -10,481 | 10481 | 0 | 0 | 0 | 0 | 0 |
| Balance as at 30 June 2022 | 116,216 | 493,944 | 1,340,480 | 186,659 | 210,444 | 89,988 | 139,078 | 2,576,809 |
| Additions during the year | 464 | - | 10,538 | - | 2,146 | 1,539 | 1,863 | 16,550 |
| Transfer | - | (493,883) | 493,883 | - | - | - | - | - |
| Disposal | - | - | - | (8,892) | - | - | - | (8892) |
| Balance as at 30 June 2023 | 116,680 | 61 | 1,844,901 | 177,767 | 212,590 | 91,527 | 140,941 | 2,584,467 |
| Depreciation / Impairment | | | | | | | | |
| As at 30 June 2020 | - | - | 174,498 | 124,472 | 128,844 | 50,754 | 90,682 | 569,250 |
| Charge for the year | - | - | 19,077 | 10,090 | 18,468 | 8,725 | 13,836 | 70,196 |
| As at 30 June 2021 | - | - | 193,575 | 134,562 | 147,312 | 59,479 | 104,518 | 639,446 |
| Charge for the year | - | - | 28,176 | 9,618 | 7,887 | 4,788 | 7,433 | 57,902 |
| As at 30 June 2022 | - | - | 221,751 | 144,180 | 155,199 | 64,267 | 111,951 | 697,348 |
| Disposal | - | - | - | (8,892) | - | - | - | (8,892) |
| Charge for the year | - | - | 28,384 | 12,818 | 11,998 | 5,522 | 12,646 | 71,368 |
| As at 30 June 2023 | - | - | 250,135 | 148,106 | 167,197 | 69789 | 124597 | 759,824 |
| NET BOOK VALUE June 2022 | 116,216 | 493,944 | 1,118,729 | 42,479 | 55,245 | 25,721 | 27,127 | 1,879,461 |
| NET BOOK VALUE June 2023 | 116,680 | 61 | 1,594,766 | 29,661 | 45393 | 21,738 | 16,344 | 1,824,643 |

Work in progress includes construction of a perimeter wall.

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Notes to the Financial Statements (Continued)

22. Intangible Assets

| Description | Amount |
|-----------------------------------|-----------------|
| Intangible Assets | SOFTWARE |
| Depreciation Rates | 33% |
| | Ksh.'000 |
| Cost/ Valuation | |
| Balance as at June 2019 | 44,926 |
| Additions | 1,183 |
| Balance as at June 2020 | 46,109 |
| Additions | 834 |
| Balance as at June 2021 | 46,943 |
| Additions | 4,980 |
| Revaluation | 13,715 |
| Balance as at June 2022 | 65,638 |
| Additions | 1,799 |
| Balance as at June 2023 | 67,437 |
| Impairment | |
| Balance as at 30 June 2019 | 31,625 |
| Charge for the year | 7,397 |
| Balance as at 30 June 2020 | 39,022 |
| Charge for the year | 2,412 |
| Balance as at 30 June 2021 | 41,434 |
| Charge for the year | 1,843 |
| Balance as at 30 June 2022 | 43,277 |
| Charge for the year | 7,130 |
| Balance as at 30 June 2023 | 50,407 |
| NET BOOK VALUE June 2019 | 13,301 |
| NET BOOK VALUE June 2020 | 7,087 |
| NET BOOK VALUE June 2021 | 5,509 |
| NET BOOK VALUE June 2022 | 22,361 |
| NET BOOK VALUE June 2023 | 17,030 |

Notes to the Financial Statements (Continued)

23. Biological assets

Biological assets are measured at fair value less cost to sell. Plants are stated at fair value on the escalated average cost, using inflation rate of 10%, of each year of remaining expected life. Livestock was characterized as mature or immature. Market comparison technique was applied in determining the fair value. Market price of livestock of similar age, weight, breed and genetic make-up was used.

| | 2022-2023 | 2021-2022 |
|--|------------------|------------------|
| | Ksh.'000 | Ksh.'000 |
| Carrying amount at start of the year | | |
| Immature livestock | 1,414 | 1,217 |
| Mature livestock | 3,395 | 4,727 |
| Total livestock | 4,809 | 5,944 |
| Immature orchards | 915 | 767 |
| Mature orchards | 2,466 | 1,932 |
| Total orchards | 3,381 | 2,699 |
| Gain arising from changes in fair value attributable to price changes of livestock | 1,125 | (1,135) |
| Gain/ (Loss) arising from changes in fair value attributable to physical changes of orchards | 1,311 | 682 |
| Net fair value gain/(loss) | 2,436 | (453) |
| Carrying amount at end of June | | |
| Immature livestock | 983 | 1,414 |
| Mature livestock | 4,951 | 3,395 |
| Total livestock | 5,934 | 4,809 |
| Immature orchards | 2,156 | 915 |
| Mature orchards | 2,536 | 2,466 |
| Total orchards | 4,692 | 3,381 |
| Totals | 10,626 | 8,190 |

24. Trade and Other Payables

| | 2022-2023 | 2021-2022 |
|---------------------------------------|------------------|------------------|
| | Ksh.'000 | Ksh.'000 |
| Trade creditors | 29,465 | 55,777 |
| Student fees | 45,174 | 60,905 |
| Other control accounts | 3,073 | 16,110 |
| Other liabilities | 66,471 | 73,608 |
| Total trade and other payables | 144,183 | 206,400 |

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Ageing Analysis of Refundable Deposit

| Ageing analysis: (Trade and other payables) | 2022-2023 Kshs.'000 | % of the Total | 2021-2022 Kshs.'000 | % of the Total |
|---|------------------------|----------------------|------------------------|----------------------|
| Under one year | 194,183 | 100 % | 255,615 | 100 % |
| 1-2 years | 0 | 0 | 0 | 0 |
| 2-3 year | 0 | 0 | 0 | 0 |
| Over 3 years | 0 | 0 | 0 | 0 |
| Total Trade and Other Payables | 194,183 | 100% | 255,615 | 100% |

25. Refundable Deposits and Prepayments from Customers

| Description | 2022-2023 Kshs.'000 | 2021-2022 Kshs.'000 |
|----------------------|------------------------|------------------------|
| Caution money fees | 20,648 | 19,546 |
| Total Deposit | 20,648 | 19,546 |

| Ageing Analysis of Refundable Deposit | | | | |
|--|---------------------|---------------|---------------|----------------------|
| Description | 2022-2023 Kshs.'000 | % of Total | 2021-2022 | % of the Total |
| Under one year | 20,648 | 100% | 19,546 | 100% |
| 1-2 years | 0 | 0 | 0 | 0 |
| 2-3 year | 0 | 0 | 0 | 0 |
| Over 3 years | 0 | 0 | 0 | 0 |
| Total Refundable Deposits | 20,648 | 100% | 19,546 | 100% |

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26. Current Provisions

| Description | Leave provision Kshs | Bonus provision Kshs | Gratuity Provision Kshs | Other provision Kshs | Total Kshs |
|---|-------------------------|-------------------------|----------------------------|-------------------------|---------------|
| Balance b/f 01/07/2022 | - | - | - | 7,008 | 7,008 |
| Additional provisions | - | - | - | 6,213 | 6,213 |
| Provision utilised | - | - | - | (5,384) | (5,384) |
| Change due to discount and time value for money | - | - | - | - | - |
| Transfers from non-current provisions | - | - | - | - | - |
| Total provisions year end | - | - | - | 7,837 | 7,837 |

The deferred income movement is as follows:

27. Deferred Income

| Description | 2022-2023 Kshs,000 | 2021-2022 Kshs,000 |
|------------------------------|-----------------------|-----------------------|
| Deferred Income (Buildings) | 28,384 | 28,176 |
| Total Deferred Income | 28,384 | 28,176 |

28. Employee Benefit Obligations

| Description | Defined benefit plan | Post-employment medical benefits | Other Benefits | 2022-2023 Kshs,000 | 2021-2022 Kshs,000 |
|----------------------------|----------------------|----------------------------------|----------------|-----------------------|-----------------------|
| Current Benefit Obligation | - | - | - | 50,000 | 49,212 |
| N.H.I.F | - | - | - | 643 | 640 |
| N.S.S.F | - | - | - | 816 | 149 |
| P.A.Y.E | - | - | - | 15,908 | 15,417 |
| Welfare Associations | - | - | - | 80 | 109 |
| Training Fund | - | - | - | 72 | 72 |
| H.E.L.B.- | - | - | - | 45 | 59 |
| Bank Loans | - | - | - | 11,849 | 11,765 |
| Pension Fund | - | - | - | 9,097 | 9,232 |
| KCB - Save As You Earn | - | - | - | 3 | 0 |
| Co-operative Societies | - | - | - | 8,834 | 8,237 |
| Insurance Premiums | - | - | - | 405 | 481 |
| Net Salaries Payables | - | - | - | 1,347 | 857 |
| Professional Bodies | - | - | - | 3 | 3 |

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| | | | | | |
|---|---|---|---|---------------|---------------|
| KUSU | - | - | - | 294 | 293 |
| Pwani Housing | - | - | - | 0 | 330 |
| U A S U | - | - | - | 604 | 464 |
| Salary Arrears | - | - | - | 0 | 1,107 |
| Non-Current Benefit Obligation | - | - | - | - | - |
| Total Employee Benefits Obligation | - | - | - | 50,000 | 49,215 |

Retirement benefit Asset/ Liability

The University operates a defined contribution scheme for all full-time employees from 1st January, 2010.

The scheme is administered by Jubilee Insurance who are the custodians of the scheme.

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Notes to the Financial Statements (Continued)

29. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. *In line with this legal requirement the University did not make any surplus during the year (Previous FY Nil) and hence no remittance to the Consolidated Fund.*

The Surplus Remission has been computed as follows:

| Description | 2022_2023 Kshs.'000 | 2021_2022 Kshs.'000 |
|--|------------------------|------------------------|
| Surplus for the period | (28,936) | 15,547 |
| Less: Allowable deductions by NT | (28,936) | - |
| 90% Computation (Included in Statement of Financial Performance) | - | - |

The University is a non-profit making institution

Surplus Remission Payable

| Description | 2022_2023 Kshs.'000 | 2021_2022 Kshs.'000 |
|--------------------------------------|------------------------|------------------------|
| Payable at the beginning of the year | - | - |
| Paid during the year | - | - |
| Payable at end of the year | - | - |

Notes to the Financial Statements (Continued)

30. Cash Generated from Operations

| Description | | |
|--|-----------------|---------------|
| Surplus for the year before tax | (28,936) | 15,547 |
| Adjusted for: | | |
| Depreciation | 78,499 | 59,745 |
| Adjustment for Deferred income | (28,384) | (28,176) |
| Contributed assets | (-) | (-) |
| Impairment | - | - |
| (Gains)/Loss on disposal of Biological assets | (2,436) | 453 |
| Contribution to provisions | - | - |
| Contribution to impairment allowance | - | - |
| Working capital adjustments | | |
| Increase in inventory | (468) | 67 |
| Decrease in receivables | 3,944 | 29,550 |
| Increase in deferred income | - | - |
| Decrease in payables | (59,501) | (641) |
| Increase in payments received in advance | - | - |
| Net cash flow from operating activities | (37,282) | 76,545 |

31. Financial Risk Management

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

i) Credit risk

The University's has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net

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of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

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

| Description | Total amount | Fully performing | Past due | Impaired |
|--|----------------|------------------|---------------|--------------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30th June 2023 | | | | |
| Receivables from exchange transactions | 35,883 | 7,669 | 29,699 | 1,485 |
| Receivables from non-exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 138,620 | 138,620 | 0 | 0 |
| Total | 174,503 | 146,289 | 29,699 | 1,485 |
| As at 30 June 2022 | | | | |
| Receivables from exchange transactions | 39,760 | 6,197 | 33,563 | 1,692 |
| Receivables from non-exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 177,252 | 177,252 | 0 | 0 |
| Total | 217,012 | 183,449 | 33,563 | 1,692 |

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Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University's directors, who have built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the University under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| Description | Less than 12 months | Between 12-36 months | Over 36 months | Total |
|--|---------------------|----------------------|----------------|----------------|
| | KSh | KSh | KSh | KSh |
| As at 30th June 2023 | | | | |
| Trade payables | 29,465 | 0 | 0 | 29,465 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 28,384 | 0 | 0 | 28,384 |
| Employee benefit obligation | 50,000 | 0 | 0 | 50,000 |
| Total | 107,849 | 0 | 0 | 107,849 |
| As at 30th June 2022 | | | | |
| Trade payables | 55,777 | 0 | 0 | 55,777 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 28,176 | 0 | 0 | 28,176 |
| Employee benefit obligation | 49,215 | 0 | 0 | 49,215 |
| Total | 133,168 | 0 | 0 | 133,168 |

Notes to the Financial Statements (Continued)

iii) Market risk

The University Council has put in place an internal audit function to assist it in assessing the risk faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The University's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the University's exposure to market risks or the way it manages and measures the risk.

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Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

| Description | 2023 | 2022 |
|---|------------------|------------------|
| Revaluation Reserve | 206,528 | 206,528 |
| Retained Earnings | 59,635 | 88,571 |
| Capital Reserve | 1,551,619 | 1,553,190 |
| Total Funds | 1,817,782 | 1,848,289 |
| Total Borrowings | - | - |
| Less: Cash and Bank Balances | 138,620 | 177,252 |
| Net Debt/(Excess Cash And Cash Equivalents) | 138,620 | 177,252 |
| Gearing | 0% | 0% |

32. Related Party Disclosures

a) Nature of related party relationships

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

The University is related to

- i) The National Government
- ii) The Ministry of Education
- iii) Key management
- iv) University Council

Related party transactions

| Description | 2023 | 2022 |
|------------------------------------|----------------|----------------|
| a) Grants from national govt | 810,918 | 834,158 |
| Transfers to related parties | 0 | 0 |
| Total | 810,918 | 834,158 |
| Key management compensation | | |
| b) Council expenses | 6,123 | 7,374 |
| Key Management compensation | 44,476 | 44,082 |
| Total | 50,599 | 51,456 |

33. Contingent Assets and Contingent Liabilities

The University has over 50 pending court cases against it resulting from a fatal road accident involving one of its buses registration no. KCP 318K. The loss from the accident is estimated at Kshs. 20 million. To mitigate against this risk the University had a valid comprehensive motor vehicle Insurance cover with Monarch Insurance Company.at the time of the accident.

34. Capital Commitments

The University Council did not make any capital commitments during the year 2022/2023

35. Events after the Reporting Period

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

36. Currency

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


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Appendices

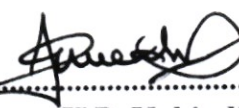
Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditors, and management responses 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

| | | | | |
|---|--|--|--|--------------|
| 1 | University is yet to obtain Title deed for its Land | The University has obtained the Land Title Deed and the Lease document. | Prof. James Kahindi Vice Chancellor and PS, Ministry of Lands | Resolved |
| 2 | Failure to Disclose Material Uncertainty in Relation to Sustainability of Services | The University has requested for supplementary budget to mitigate against the Negative working Capital | Prof. James Kahindi Vice Chancellor and PS, State Department for University Education | Not Resolved |


 Prof. Mohamed Salim Badamana. PhD.
CHAIR OF COUNCIL

Date: 23rd February, 2024


 Prof. James H.P. Kahindi, PhD. FRSB
VICE CHANCELLOR

Date: 23rd February, 2024

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Appendix II: Projects implemented by Pwani University

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

| | | | | | | |
|------|--|--|--|--|--|--|
| | | | | | | |
| None | | | | | | |
| | | | | | | |

Status of Projects completion

| | | | | | | | |
|------|--|--|--|--|--|--|--|
| | | | | | | | |
| None | | | | | | | |
| | | | | | | | |
| | | | | | | | |

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Appendix III: INTER ENTITY TRANSFERS

a) Recurrent Grants

| Bank Date | Statement | RECEIPT NUMBER | Amount | F/Y |
|---------------------------|------------------|-----------------------|--------------------|------------|
| 27/06/2023 | | REC_281073 | 65,342,108 | 2022/2023 |
| 09/06/2023 | | REC_280580 | 65,342,108 | 2022/2023 |
| 05/05/2023 | | REC_280066 | 65,342,108 | 2022/2023 |
| 14/04/2023 | | REC_275233 | 65,342,105 | 2022/2023 |
| 17/03/2023 | | REC_272069 | 65,342,108 | 2022/2023 |
| 03/02/2023 | | REC_264571 | 65,342,108 | 2022/2023 |
| 30/12/2022 | | REC_259744 | 65,342,108 | 2022/2023 |
| 09/12/2022 | | REC_259704 | 65,342,108 | 2022/2023 |
| 10/11/2022 | | REC_253356 | 65,342,107 | 2022/2023 |
| 03/10/2022 | | REC_246791 | 65,342,107 | 2022/2023 |
| 08/09/2022 | | REC_240693 | 65,342,107 | 2022/2023 |
| 03/08/2022 | | REC_238826 | 65,342,107 | 2022/2023 |
| Total Recurrent | | | 784,105,289 | |
| Development Grants | | | | |
| 30/09/2023 | | REC_244466 | 17,000,000 | 2022/2023 |
| 04/07/2023 | | REC_281910 | 9,812,841 | 2022/2023 |
| Total Development | | | 26,812,841 | |

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Appendix IV: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | Quarter | | | | Source of Funds | Implementing Partner |
|--------------|---------------------|--------------------|--------------------|---------|----|----|----|-----------------|----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| None | | | | | | | | | |
| | | | | | | | | | |

Appendix VII: Reporting on Disaster Management Expenditure

| Column I | Column II | Column III | Column IV | Column V | Column VI | Column VII |
|-----------|---------------|---------------|--|------------------|----------------|------------|
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
| None | - | - | - | - | - | - |
| | | | | | | |