



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 25 JUL 2023	DAY: []
CLERK-AT THE-TABLE:	[]

REPORT

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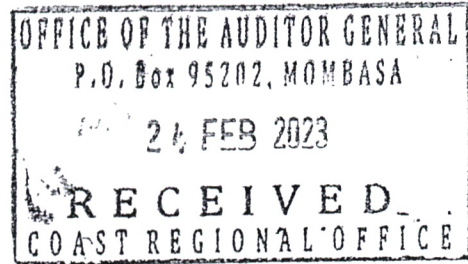
THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY	
DATE: 25 JUL 2023	DAY: TUESDAY
TABLED BY: Hon. Naomi Waga, MP Deputy Majority Whip	[]
CLERK-AT THE-TABLE: Anne Shubuta	[]

ON

PWANI UNIVERSITY

FOR THE YEAR ENDED
30 JUNE, 2022



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 30th June 2022

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

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UNIVERSITY STATEMENTS

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.
- 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

(Empowerment for sustainable development)

BACKGROUND INFORMATION

Pwani University is situated in Kilifi County in the scenic resort town of Kilifi, about 60km North of Mombasa and adjacent to the Indian Ocean. The University sits on 239 hectares of land. The University began as a constituent college of Kenyatta university through a Gazette Order issued on 23rd August 2007 with a mandate “to provide quality education, training, research and innovation for the advancement of the individual and society”.

Pwani University was established by Charter on 31st January 2013. The University is directed in her development agenda by her Master Plan and a 10- year Strategic Plan launched in 2010 and subsequently revised in 2014. The University has made major strides in putting in place the required infrastructure to mount quality degree programmes.

Since its inception to date the University has graduated a total 6839 students. Currently, the University has over 8000 students taking courses in Agriculture, Fisheries, Arts, Business Studies, Education, Environmental Sciences, Health & Human Sciences, Humanities, Hospitality & Tourism and Pure & Applied Sciences; offered in seven (7) Schools (Agricultural Sciences & Agribusiness; Business & Economics; Education; Environmental & Earth Sciences; Health & Human Sciences; Humanities & Social Sciences; Pure and Applied Sciences).

The University has the requisite physical and human resource to train students in these fields and is set to grow both in infrastructure, student population and staff profiles by the year 2024.

KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

Pwani University was established by charter on 31st January, 2013. The Cabinet Secretary for Education Science and Technology 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.

(c) Key Management

Pwani University management is under the following key organs;

- The University Council and Senate.
- Vice Chancellor/ Deputy Vice Chancellors.
- Management Board.

(d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June, 2022 and who had direct fiduciary responsibility were;

No.	Designation	Name
1.	Vice Chancellor	Prof. Mohamed S. Rajab PhD.
2.	Deputy Vice Chancellor ASA	Prof. James H. Kahindi PhD.
3.	Deputy Vice Chancellor AFP	Prof. Helen O. Mondoh PhD.
4.	Deputy Vice Chancellor R&E	Prof. Muniru K. Tsanuo PhD.
5.	Head Corporate Services	Mr. Chris Khaemba
6.	Head of Finance	Mr. Mwinyi M. Ali
7.	Head of Procurement	Mr. Lidbury M. Were

(e) Fiduciary Oversight Arrangements

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 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) Pwani 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

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

UNIVERSITY COUNCIL



Dr. Samuel Ochola, PhD.

Chair of Council

Dr. Samuel A. Ochola was appointed to the Pwani University Council in November 2020. He holds a Master of Arts in Economics from San Diego State University and a PhD in Economics from the University of Nairobi. He is the current Executive Director of the Institute for Natural Resources and Technology Studies (INRS). He has served as the Chairman of Council, Masai Mara University, Director, United Nations African Institute for Economic Development and Planning (IDEP), Dakar, Senegal. Senior Economic Affairs Officer, Regional Cooperation Integration Division (RCID), ECA, Addis Ababa, Ethiopia and also Director, MULPOC for East and Southern Africa. He served as WHO Chairman on the promotion of alternative crops to tobacco production. He prepared legal document for Kenya to control tobacco smoking, which was adopted by the GOK in 2007. He has over thirty years of work experience with the United Nations in various fields and capacities. He participated in the Institutional framework for the establishment of preferential Trade Area (PTA) and Common Market for Eastern and Central Africa (COMESA). Over the period, he devoted time carrying out research in the fields of economic integration. Trade, industrial development, economic reforms, economic policy analysis, socio-economic development and institutional building in Africa. Dr. Ochola has served as member of several key taskforces including the restructuring of the United Nations Multidisciplinary Development Advisory Teams (UNDATs), Multinational Programming and Operational Centres (MULPOCs). Dr. Ochola has published widely in international journals and is a member of the African Academy of Sciences, the Society for International Development (SID) and the Zambian Economic Association (ZEA).



Ms. Narreah Olick

Council Member

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.



Dr. Samuel Nyachae
Council Member

Dr. Samuel M. Nyachae was appointed to the Pwani University Council in March, 2017 and was reappointed in December, 2020 for a second term. Prior to his appointment to the University Council he worked at the National Bank of Kenya as a Senior Manager. Mr. Nyachae has a wide experience spanning over 10 years in Banking and Finance. He holds an PhD, MBA and BSc. In Business Administration.



Ms. Susan Mucheru
Representative of CS National Treasury

Ms. Susan Mucheru was appointed to the Pwani University Council as an alternate to the Cabinet Secretary, the National Treasury in December, 2019. She is the Director Human Resource at the National Treasury. She has over 20 years' experience in Human Resource Management and has served in different Boards of State Corporations for over 10 years.



Mr. Bernard Iria
Council Member

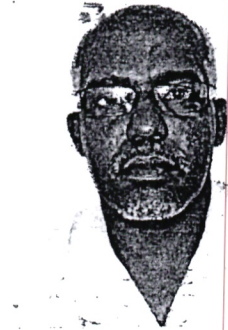
Mr. Bernard M. Iria was appointed to the Pwani University Council on 18th December, 2020. Mr. Iria has over 30 years of experience as a finance and accounting professional and business leader with a wide range of experience in food industry, retail business, motor industry, financial audit and consultancy practice. He was group finance director of a large restaurant chain with interest in East Africa region for over 10 years. He holds a Bachelor of Commerce. (Accounting) degree and a CPA qualification. He currently serves in several boards.



Prof. Mohamed Said Rajab, PhD, EBS
Ex-Officio Member and Secretary to the Council

Prof. Mohamed S. Rajab was appointed as the Vice Chancellor of Pwani University and ex-officio member of Council for the first and second terms on 20th June, 2013 and 21st June, 2018 respectively. He has extensive professional and academic track record spanning over 30 years from the rank of a research officer, at ICIPE in 1983 to the present position of Vice Chancellor at Pwani University. He has done extensive research work and has published widely. Other institutions where he has served in various capacities include the University of Maine (USA), South Western Medical Centre, Dallas (USA), Louisiana State University (USA), Moi University and Kenyatta University. He also serves as a Board member of several institutions including the Jomo Kenyatta Foundation, the National Museums of Kenya, Sheikh Zayed Children Welfare Centre and Kenya Agricultural and Livestock Research Organisation among others. He holds a PhD in Organic Chemistry.

UNIVERSITY MANAGEMENT



Prof. Mohamed S. Rajab EBS PhD.
Vice Chancellor and Chair of Management Board

Prof. Mohamed S. Rajab was appointed as the Vice Chancellor of Pwani University and an ex-officio member of council for the first and second terms on 20th June, 2013 and 21st June, 2018 respectively. He has an extensive professional and academic track record spanning over 30 years, from the rank of a research officer, at ICIPE in 1983 to the present position of Vice Chancellor at Pwani University. He has done extensive research work and has published widely. Other institutions where he has served in various capacities includes the University of Maine (USA), South Western Medical Centre, Dallas (USA), Louisiana State University (USA), Moi University and Kenyatta University. He also served as a Board member of several institutions including the Jomo Kenyatta Foundation, the National Museums of Kenya, Sheikh Zayed Children Welfare Centre and Kenya Agricultural and Livestock Research Organisation among others. He holds a PhD in Organic Chemistry.



Prof. Helen Mondoh, PhD,
Deputy Vice Chancellor (Administration, Finance and Planning)

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 and the University sector. She has attended and presented various scientific papers 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.



Prof. James H.P. Kahindi, PhD.
Deputy Vice-Chancellor (Academic and Student Affairs)

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.



Prof. Muniru K. Tsanuo, PhD.

Deputy Vice-Chancellor (Research and Extension)

Prof. Muniru K. Tsanuo was appointed as the Deputy Vice Chancellor (Research and Extension) of Pwani University for the 1st and 2nd term on the 28th of October, 2013 and 12th July, 2018 respectively. He is an Associate Professor of Chemistry. He has a PhD and Msc. 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 bioactive natural products, phytoremediation and plant chemical interaction.



Dr. Opiayo P. Mabubi

Registrar (Administration, Finance & Planning)

Dr. Opiayo P. Mabubi was appointed at Pwani University as the Registrar (Administration, Finance and Planning) on 1st February 2017. He holds a Post Graduate Diploma in Human Resource Management, M Ed. (Economics) and B Ed. (Arts). He has extensive administrative experience having served at Moi University, KASNEB (Kigali Rwanda) and the Ministry of Education as a senior administrator.



Mr. Nicholas C. Malau

Registrar (Academic & Student Affairs)

Mr. Nicholas Malau was appointed at Pwani University as the Registrar Academic and Student Affairs on 10th 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.



Dr. Hemedi Mkuzi Saha, PhD

Registrar (Research & Extension)

Dr. 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.



Dr. Francis G. Wokabi, PhD

Director, Quality Assurance

Dr. 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. Dr. Wokabi is specialized in Critical Thinking, Ethics, and Philosophy of Education. He also coordinates the Technologies of Imaging in Communication Art and Social Sciences (TICASS) project between Pwani University and some European Universities.



Mr. Ronald G. Juma

Dean of Students

Mr. Ronald G. Juma was appointed at Pwani University as the Dean of Students on 23rd June 2014. He holds a MSc. (Agriculture Development) and BSc (Animal Science). He has been a lecturer in Animal Production since 2007. He has extensive administrative experience. He previously worked with the MOA as a District Head.



Mr. Robert K. Abungu

Deputy Registrar (Academic & Student Affairs)

Mr. Robert K. Abungu was appointed at Pwani University as the Deputy Registrar (Academic and Student Affairs) and in-charge of Examination Department on 23rd January 2013. He holds a Dip. Hort (Egerton), M.Sc (SAUM). He has extensive experience in administration and academics.

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Mr. Mwinyi M. Ali
Finance Officer,
(ICPAK No. 9996)

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.



Mr. Chris W. Khaemba
Legal Officer

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.



Mr. Moses R. S. Isutsa
Librarian

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.

FIDUCIARY MANAGEMENT



**Prof. Mohamed S. Rajab PhD.
Vice Chancellor**



**Prof. Helen O. Mondoh PhD.
Deputy Vice Chancellor
Administration, Finance &
Planning**



**Prof. James H.P. Kahindi PhD.
Deputy Vice Chancellor
Academic & Student Affairs**



**Prof. Muniru K. Tsanuo PhD.
Deputy Vice Chancellor
Research & Extension**



**Mr. Mwinyi M. Ali
Finance Officer**



**Mr. Lidbury M. Were
Ag. Procurement Officer**

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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, satisfies itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and advises the Council on 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, examines the reports, if any, of the Auditor General on the University; and examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices

STATEMENT OF THE CHAIR OF COUNCIL



Dr. Samuel Ochola, PhD,
Council Chair

"It gives me great pleasure to present to you this year's financial statements. I am pleased to report that we are delivering on our three key priorities; quality University Education, Research & Innovation and Extension & Community outreach."

Dear Stakeholders,

On behalf of the University Council, I am for the second time privileged to present to you the Pwani University's Annual Report and Financial Statements for the year ended 30th June 2022.

During the period under review, the University continued to report successes in the achievement of its strategic goals. The University continued to record academic excellence in the face of the modern adversity of the Covid-19 pandemic and the effects of the War in Europe. Despite the challenges, the Council is pleased with the steady progress made and the momentum towards the Vision of the University.

The University leadership, faculty, staff and students are focused towards utilizing the limited resources in creating opportunities that will continue to mark the University as a Centre of excellence.

As a Council, we are fully aware that our ambitious goals cannot be achieved without the commitment of our lecturers, staff, students, suppliers and all other stakeholders. We would like to thank each and every one of them for the confidence they have shown in Pwani University. We look forward to working together to achieve greater success for the days to come.

I also wish to appreciate and thank the Government of Kenya for its goodwill and invaluable support to make our goals a reality.

Dr. Samuel Ochola PhD.
Chairman

REPORT OF THE VICE CHANCELLOR



Prof. Mohamed S. Rajab, PhD. EBS
VICE CHANCELLOR

Dear Stakeholders,

The year ending 30th June, 2022 was one of tremendous accomplishment. The University completed one of its' state-of-the-art facilities the School of Humanities and Social Sciences building complex.

We are looking forward to and are optimistic about the future. Our strategy is infrastructure led. We intend to put up the School of Agricultural Sciences and Agribusiness at a cost of Kshs.390 million by the year 2023. Reduced funding, changing regulations and changing economic conditions mean that a significant number of challenges lie ahead. We are innovating, operating efficiently and reducing costs in order to survive in these challenging times of reduced capitation in the Public Universities. Our vision is to build a healthy, robust and effective University.

We have transformed the way we manage all our functions. We are optimizing the utilization of resources available to us, laying a foundation for a leaner more agile Institution that makes a meaningful contribution to the Country.

Operational and Financial Performance

Pwani University continued to deliver 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) increased by 35% from Kshs.369million to Kshs.497million, this is attributable to increased student placement by KUCCPS from 1,757 students in 2021 to 2,947 students in 2022.

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

Pwani University continued to invest in state-of-the-art physical infrastructure in line with its Master Plan and Strategic Plan 2014-2024. The construction of the School of Humanities and Social Sciences was completed during the year and the University took possession of the Building.

Strategic Focus

Pwani University is determined to be a centre of excellence for 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.

In order to provide quality education and training, the University continued to involve stakeholders in the revision of existing and development of new academic programmes. Practical orientation and relevance to market demand has guided all the efforts in this direction. The collaboration is expected to enhance and sharpen our students' skills to make them more relevant to the job market and improve their employability.

Pwani University continued to take advantage of the latest advances in ICT to facilitate internal and external communication. During the period under review the ICT facilities were improved to enhance teaching, learning, research and community outreach. The University continued to offer online classes to all the students. The University intends to make use of emerging technologies to enhance access and equity.

The University places great emphasis on an energized and motivated workforce. In light of this, the University has embraced various incentives in line with its policy on Staff Training and Development.

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 2021/2022

The University has embraced the Integrated Risk Management Approach (IRMA) through the adoption of the Enterprise Risk Management (ERM) framework. This complies with the Public Finance 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 three (3) major potential risks as shown in Table 1

Table 1. Pwani University Risk Register.

S/NO	Identified High Risk	Mitigation Measures
1.	Unauthorised access to ICT systems	-Regular Staff sensitization on password procedures. -Installation of Internet firewalls and up to date antiviruses software. -Regular computer system audits.
2.	Failure to meet student threshold numbers to run a program	-Effective marketing of programs on offer -Regular appraisal of curricular to meet market demands.
3.	Unauthorised introduction of courses to an academic program	Adherence to senate and CUE approved Academic Programmes and improve automation of the course registration process.

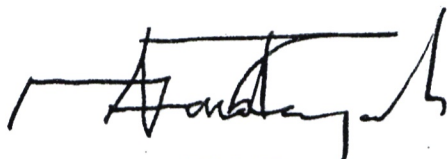
Key Strengths and Opportunities

- 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 239 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 431.

Conclusion

I take this opportunity to thank our stakeholders for their continued support and partnership in the realisation of Pwani University's mandate, which is to provide quality Teaching, Research and Community Outreach and opportunities for innovation for sustainable development. We recognise that our ability to deliver value to our stakeholders is linked to the prosperity of the societies in which we operate.

On behalf of Senate, Management, Staff and Students, I would like to appreciate the support accorded to Pwani University by the GOK through The National Treasury and the Ministry of Education.



VICE-CHANCELLOR

REVIEW OF PWANI UNIVERSITY 'S PERFORMANCE FOR FY 2021/2022

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 2021/2022 period for its 3 strategic pillars, as indicated in the Table 2.

Table 2: Performance Targets for the FY 2021/2022

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 26 th May, 2022 students in various fields as follows: 1. Diploma (39), 2. Bachelors (1,487) 3. Masters (28) 4. PhD. (8)
Pillar 2: Research and Innovation	Foster excellence in research and innovation	Number of publications in refereed journals.	Provide state of the art research facilities	The University implemented the following: 1. The University attracted funding for 3 research projects from Olive Ridley, NSF-Bread and The World Academy of Sciences. 2. During the year under review Eleven (11) Memorandums of understanding were signed with various University from Europe and the USA.
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 an Outreach and Vaccination Campaign in Kibarani, Mnarani and Takaungu, Kilifi North Sub County: The Department of Animal Sciences in conjunction with Veterinary staff from County Government of Kilifi, carried out the vaccinations on 17 th November 2021. A total of 384 head of cattle, 345 sheep/goats and 17 dogs were vaccinated. In addition to administering the vaccines to livestock and pets, the students dewormed a total of 50 vulnerable stock.

CORPORATE GOVERNANCE STATEMENT

Pwani University has engrained the principles of Corporate Governance in its institutional framework and is committed to promote consistently the highest standards of governance, which considers the interest of all stakeholders, strengthens Council and Management accountability and helps build public trust in the University. The Council of Pwani University has overall responsibility for overseeing the effective management and control of the University on behalf of Pwani University's stakeholders and supervising executive management's conduct of the University's affairs within a laid down framework, which is designed to enable effective risk assessment and monitoring.

In implementing the Corporate Governance tenets, the Council seeks to add value through constructive dialogue and engagement with stakeholders as well as management with a strong focus on the University's strategic agenda. The Council embraces and recognizes the benefits of diversity in skills and experience in its compositions and this engenders the effective discharge of the Council strategic oversight function.

Pwani University Council had six members as at 30th June 2022. It is expected that three more members shall be appointed in the FY 2022/2023 to bring the number to nine in line with Mwongozo. The University has established four Committees with specific Terms of Reference. The Committees together with their membership are as outlined in Table 3.

Table 3: Committees of Council

Name of committee	Members	Expiry/ ongoing
1. Audit and Risk	1. Mr. Samuel Nyachae 2. Mr. Bernard Iria 3. Ms. Narreah Olick 4. Ms. Susan Mucheru	1. Ongoing from 04/11/2020 2. Ongoing from 18/12/2020 3. Ongoing from 01/06/2020 4. Ongoing from 30/09/2019
2. Human Resource	1. Vacant 2. Vacant 3. Vacant 4. Vacant	
2. Academic, research and extension	1. Vacant 2. Vacant 3. Vacant 4. Vacant	
3. Finance and Planning	1. Vacant 2. Vacant 3. Vacant 4. Vacant	

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The following meetings were held during the year ending 30th June 2022 as illustrated in Table 4.

Table 4. Council Meetings

MEETING	NUMBER OF MEETINGS	MEMBERSHIP	AVERAGE ATTENDANCE, %
Full Council	6	6	100%
Audit and Risk Committee	4	4	100%
Human Resource Committee	-	-	-
Academic, Research and Extension Committee	-	-	-
Finance and Planning Committee	-	-	-

MANAGEMENT DISCUSSION AND ANALYSIS

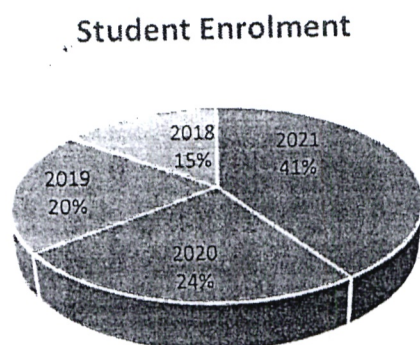
Core Business

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 2,947 KUCCPS placed students increasing the student population to 7,244 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 8 PhD., 28 Masters, 1,487 Bachelors and 39 Diplomas totaling 1,562 during the 9th Graduation Ceremony held on 26th May, 2022.

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.

Research, Science,

Technology and Innovation

The Research and Extension (RE) Division attracted new research grants as shown in Table 5.

Table 5. New Research Grants

S/N	Project Title	Principal Investigator	Funding Agent	Amount of Grant
1.	Identifying genetic drivers of Fibropapillomatosis in Green Sea Turtles (<i>Chelonia mydas</i>) in Kenya	Dr. Sammy Wambua	Olive Ridley Project	USD.13,211 BMGF
2.	Development of essential genetic and genomic resources for finger millet	Prof. Suhaila Hashim	Nssf-Bread Project	USD.44,000 University of Georgia
3.	Deciphering the metagenomics of microbial communities associated with disease and mycotoxins in cashew nuts.	Dr. Everlyne Isoe	The World Academy of Sciences	Kes.284,686 UNESCO

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 eleven (11) Memorandum of Understandings (MOUs) with various local and international institutions as shown in Table 6.

Table 6. MOUs Signed in 2021/2022

SN	INSTITUTION	COUNTRY	DATE SIGNED
1.	Czech University of Life Sciences (Prague)	Czech Republic	07.09.21
2.	CORDIO & Wageningen University	Netherlands	27.09.21
3.	Basic Needs Basic Rights	Kenya	14.10.21
4.	Ghent University	Belgium	26.01.22
5.	CORVUS HEALTH	USA	08.02.22
6.	Olive Ridley Project	UK	15.02.22
7.	Mtree	USA	25.02.22
8.	Grain Industries	Kenya	11.03.22
9.	Revital Health (EPZ) Ltd.	Kenya	21.03.22
10.	KALRO	Kenya	23.03.22
11.	Technical University of Mombasa (TUM)	Kenya	23.06.22

In the year 2021/2022 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. Vaccination Campaigns were held in kibarani, Mnarani and Takaungu in Kilifi County on 17th November, 2021. Among the diseases the outreach sought to address were rabies, lumpy skin and contagious caprine pleuropneumonia.

Funding Trends

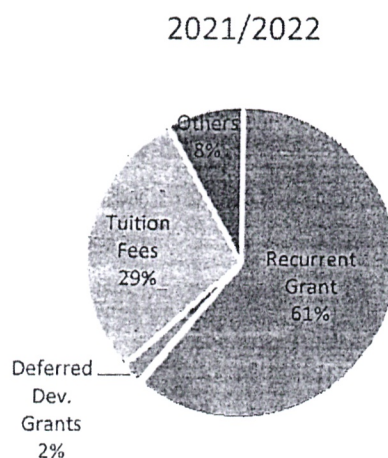
Pwani University remains focused on achieving its strategic goals by supporting innovative teaching, learning and research.

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	2021/22	2020/21	2019/20
INCOMES (KES)	000'	000'	000'
Recurrent Grant	780,900	712,472	724,248
CBA Grants	3,258	35,843	107,528
Deferred Dev Grants	28,176	19,077	23,988
Tuition Fees	367,791	278,223	294,451
Other Incomes	100,765	72,133	84,346
Totals	1,280,890	1,117,748	1,234,561

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.

ENVIRONMENT AND SUSTAINABILITY REPORT

In line with Pwani University's core mandate and fulfillment 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.

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 431 members of Staff, 267 (61.95%) are Male while 164 (38.05%) are Female. Table 7 provides Pwani University Staff gender representation.

Table 7. Staff Gender Representation

Category	Male	Percentage (%)	Female	Percentage (%)	Total
Teaching Staff	143	69.42	63	30.58	206
Non-Teaching	124	55.11	107	44.89	225
Total	267	61.95	164	38.05	431

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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

The University carried out animal Vaccinations against Rabies and other animal diseases in Kibarani, Mnarani and Takaungu in Kilifi North Sub-county. The University participated in the Kilifi Youth Peace Walk and facilitated a Surgical Skills Training for Kilifi County Medical Staff

REPORT OF COUNCIL

The Council submits its report together with the unaudited financial statements for the year ended 30th June 2022, 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 2022 are set out on pages 1 to 5.

Dividends

Pwani University being a wholly owned Government not for profit entity does not pay dividends to the Government of Kenya.

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 viii and x.


Dividends / Surplus Remission

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,


Dr. Samuel A. Ochola. PhD

CHAIR OF COUNCIL, PWANI UNIVERSITY

Date. 21/09/2022

STATEMENT OF COUNCIL 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, 2022. 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, 2022, 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.

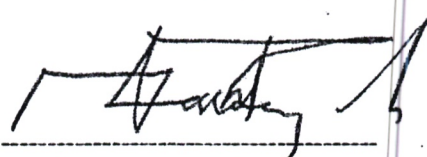
Nothing has come to the attention of the Council to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

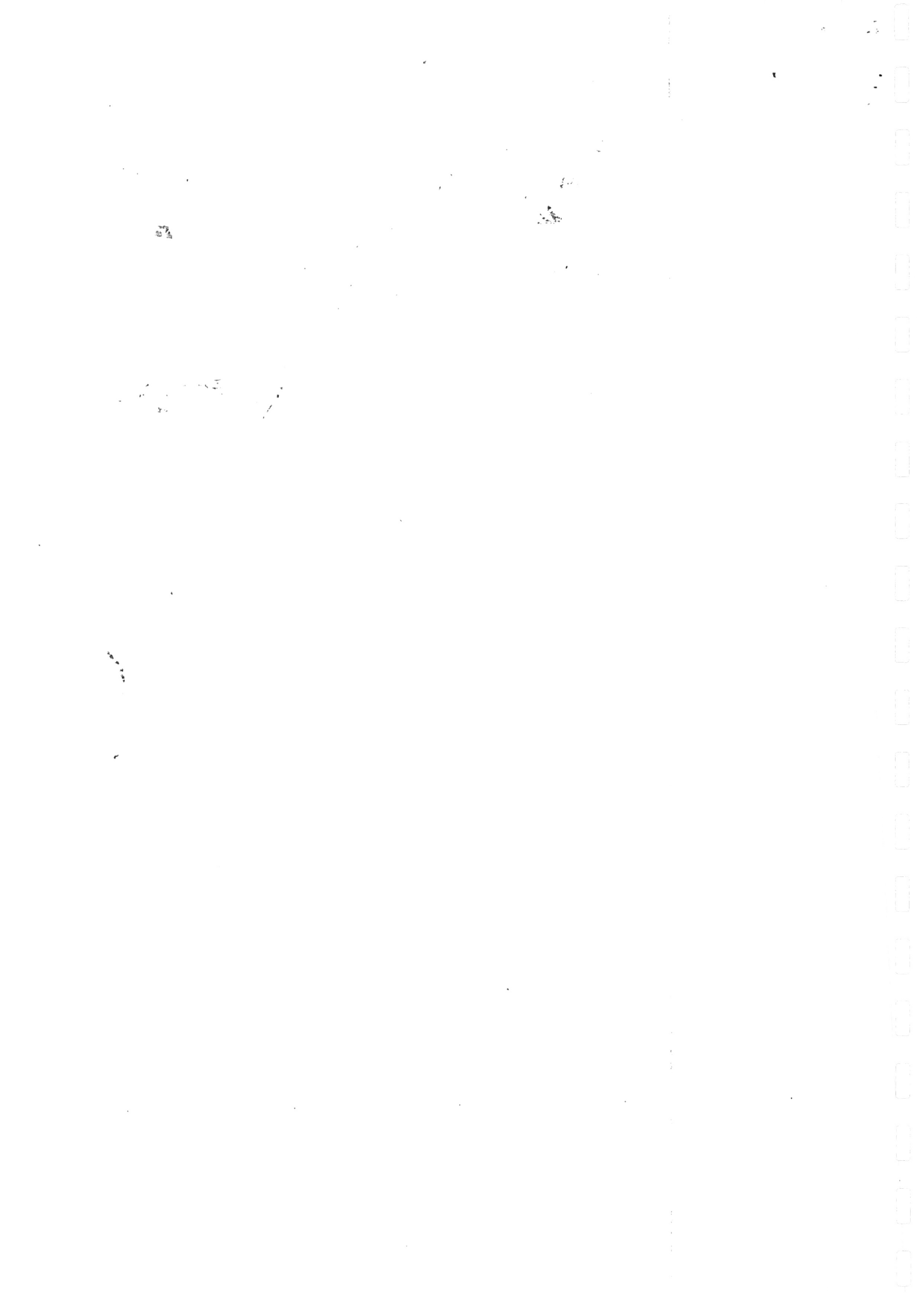
The University's financial statements were approved by the Council on 20th September, 2022 and signed on its behalf by



Dr. Samuel A. Ochola PhD.
CHAIR OF COUNCIL



Prof. Mohamed S. Rajab. PhD EBS.
VICE CHANCELLOR



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON PWANI UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2022

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 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 30, which comprise the statement of financial position as at 30 June, 2022, 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, 2022, 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

Failure to Disclose Material Uncertainty in Relation to Sustainability of Services

The statement of financial position reflects current liabilities balance of Kshs.282,169,000 as at 30 June, 2022 which exceeded the total current assets of Kshs.220,446,000, resulting in a negative working capital of Kshs.61,723,000. This is an indication that the University may not be able to settle its obligations as and when they fall due and the 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.

However, this material uncertainty relating to sustainability of services and measures taken to mitigate the undesirable financial position have not been disclosed in the financial statements.

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.

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, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any

explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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, 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

Non Compliance with Unclaimed Financial Assets Act, 2011

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.206,400,000, out of which Kshs.60,905,334 relates to student fees as disclosed in Note 28 to the financial statements. However, review of the students' status report as at 30 June, 2022 from the ERP system reflected an amount Kshs.3,858,846 in respect of balances/overpayment by different sponsors of students who had left Pwani University through transfers, expulsion, dropping out, death and those who graduated (alumni) for the past two (2) years and above.

Management has informed the sponsors in writing of the situation in compliance with Section 9 and 19(1) of the Unclaimed Financial Assets Act, 2011 which states that "a deposit made by a subscriber with a utility to secure provision of services or any sum paid in advance for utility services to be furnished, that remains unclaimed by the owner for more than two years after termination of the services for which the deposit or advance payment was made shall be presumed abandoned and a holder of assets to which this Act applies shall make all reasonable efforts to locate the owner and to notify the owner about those assets". However, no responses had been received as at the time of audit in January, 2023.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the University Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 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.

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how the 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 the 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 March, 2023

Pwani University
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STATEMENT OF FINANCIAL PERFORMANCE

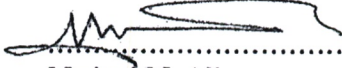
For the Year ended 30 June 2022

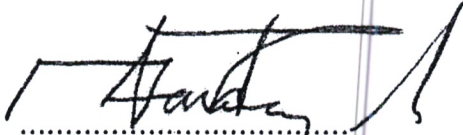
	Note	2021-2022	2020-2021
		Kshs.'000	Kshs.'000
REVENUE			
Revenue from non-exchange transactions			
Transfers from other government gifts and services in kind	3-A	784,158	748,315
Sub-Total		784,158	748,315
Revenue from exchange transactions			
Rendering of services	4	367,791	278,223
Rental revenue from facilities and equipment	5-A	8,731	9,497
Deferred Grant Income	5-B	28,176	19,077
Other Income	6	92,095	62,636
Sub-Total		496,793	369,433
Total Revenue		1,280,951	1,117,748
EXPENSES			
Employee Costs	7	945,404	911,964
Depreciation and Amortization Expenses	8	59,745	72,607
Repairs & Maintenance	9	21,109	19,739
Research expenses	10	6,093	5,008
Operating expenses	11	87,715	71,568
Administration expenses	12	4,411	6,634
Teaching expenses	13	38,004	32,115
Catering expenses	14	29,213	12,656
Library expenses	15	4,079	2,706
Health Centre expenses	16	6,993	1,501
Student expenses	17	20,700	11,807
Farm expenses	18	4,599	4,247
Council expenses	19	7,374	1,505
General expenses	20	29,965	30,553
Total Expenses		1,265,404	1,184,610
Surplus/(Deficit) for the period		15,547	(66,862)

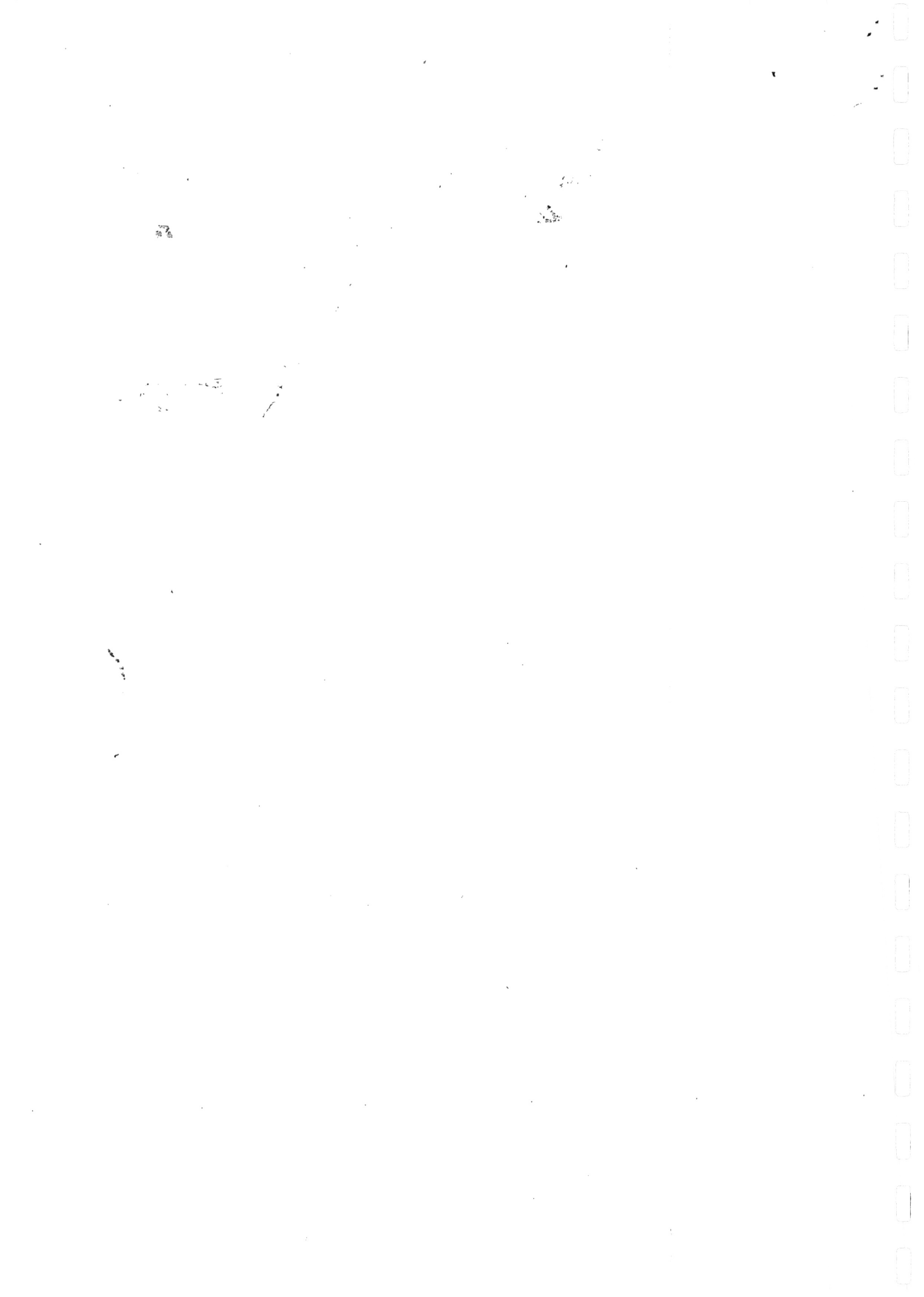
The notes set out on pages 6 to 30 form an integral part of the Financial Statements

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


.....
Dr. Samuel A. Ochola PhD
Chair of Council


.....
Mwinyi M. Ali
Finance Officer
ICPAK No. 9996


.....
Prof. Mohamed S. Rajab, PhD. EBS.
Vice Chancellor




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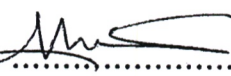
STATEMENT OF FINANCIAL POSITION

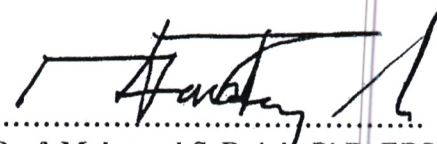
As at 30 June 2022

ASSETS	Note	2021-2022 Kshs.'000	2020-2021 Kshs.'000
Current Assets			
Cash and cash equivalent	21	177,252	155,279
Current portion of receivable from exchange transactions	22	39,760	69,311
Receivable from non-exchange transactions	24	0	0
Inventories	23	3,434	3,501
Total Current Assets		220,446	228,091
Non-current assets			
Property, plant and equipment – Tangible	25	1,879,461	1,727,908
Property, plant and equipment – Intangible	26	22,361	5,509
Biological assets	27	8,190	8,643
Total Non- Current Assets		1,910,012	1,742,060
Total Assets		2,130,458	1,970,151
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange transactions	28	206,400	200,124
Refundable deposits from customers	29	19,546	20,801
Current Provisions	29	7,008	10,975
Employee benefit obligations	31	49,215	50,909
Total Current Liabilities		282,169	282,809
Non-current Liabilities			
Capital Grants	32	1,553,190	1,531,366
Sub Total		1,553,190	1,531,366
Reserves			
Accumulated surplus		88,571	73,024
Revaluation reserve		206,528	82,952
Total Reserves		295,099	155,976
Total Reserves and Liabilities		2,130,458	1,970,151

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


.....
Dr. Samuel A. Ochola PhD
Chair of Council


.....
Mwinyi M. Ali
Finance Officer
ICPAK No. 9996


.....
Prof. Mohamed S. Rajab, PhD. EBS
Vice Chancellor

Pwani University
Annual Report and Financial Statements
For the year ended June 30, 2022
STATEMENT OF CHANGES IN NET ASSETS

For the Year ended 30 June 2022

	Revaluation Reserve Kshs.000	Retained Earnings Kshs.000	Capital/Development Grant/Fund Kshs.000	Total Kshs.000
At June 30, 2019	31,698	168,764	1,432,969	1,633,431
Total comprehensive income	51,254	(52,866)	117,700	116,088
Transfer of depreciation/amortisation from capital fund to retained earnings		23,988	(23,988)	-
At June 30, 2020	82,952	139,886	1,526,681	1,749,519
Total comprehensive income	-	(85,939)	-	(85,939)
Capital/Development grants received during the year	-	-	23,762	23,762
Transfer of depreciation/amortisation from capital fund to retained earnings	-	19,077	(19,077)	-
At June 30, 2021	82,952	73,024	1,531,366	1,687,342
Total comprehensive income	123,576	(12,629)	-	110,947
Capital/Development grants received during the year	-	-	50,000	50,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	28,176	(28,176)	-
At June 30, 2022	206,528	88,571	1,553,190	1,848,289

Pwani University
Annual Report and Financial Statements
For the year ended June 30, 2022

STATEMENT OF CASH FLOW

For the Year ended 30 June 2022

	NOTE	2021-2022 Kshs.'000	2020-2021 Kshs.'000
Cash flows from operating activities Receipts			
Government grants and subsidies	3A ,3B	784,158	748,315
Rendering of services	4	367,791	278,223
Other income, rentals and agency fees	5A,6,33	129,802	146,460
Total Receipts		1,281,751	1,172,998
Payments			
Compensation of employees	7	945,404	911,964
Goods and services	33B	259,802	199,845
Total Payments		1,205,206	1,111,809
Net cash flows from operating activities		76,545	61,189
Purchase of property, plant, equipment and intangible assets	25,26	(104,572)	(72,305)
Net cash flows used in investing activities		(104 ,572)	(72,305)
Cash flows from financing activities		50,000	23,762
Net cash flows used in financing activities		50,000	23,762
Net increase/(decrease) in cash and cash equivalents		21,973	12,646
Cash and cash equivalents at 1 JULY	21	155,279	142,633
Cash and cash equivalents at 30 JUNE	21	177,252	155,279

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference	% of Utilisation
	2022 Kshs.'000 A	2022 Kshs.'000 B	2022 Kshs.'000 C=(A+B)	2022 Kshs.'000 D	2022 Kshs.'000 E=(C-D)	2022 Kshs.'000 E=(C-D)
Revenue						
Transfers from other governments entities	780,899	3,259	784,158	784,158	0	-
Rendering of services	273,321	31,354	304,675	367,791	63,116	20%
Rental revenue from facilities and equipment	9,782	0	9,782	8,731	(1,052)	11%
Other incomes	83,861	45,857	129,718	120,271	(9,447)	7.2%
Total income	1,147,863	80,470	1,228,333	1,280,951	52,618	4.28%
Expenses						
Use of goods and services	156,055	36,204	192,259	191,276	983	0.5%
Employee Costs	911,460	27,931	939,391	945,404	(9,013)	0.95%
Remuneration of directors	5,500	2,000	7,500	7,374	126	1.68%
Depreciation and amortization expense	62,402	0	62,402	59,745	2,648	4.2%
Repairs and maintenance	16,900	5,536	22,436	21,109	1,327	5.9%
Contracted services	33,000	1,000	34,000	40,496	(6,496)	16.04%
Total expenditure	1,185,317	72,671	1,257,988	1,265,404	(7,416)	0.55%
Surplus for the period				15,547		

Government Grants

No variance

Rendering of Service

Actual fee income more than the annual budget of Kshs.304.6M due to increase in number of first year students admitted. Budgeted first year intake was 1,800 students however the number that was placed by KUCCPS was 2,947.

Other Incomes

Other income less than annual budget of Kshs.129.7M due to low sales in the University IGUs in the first half of the year due to Covid 19 closure of learning Institutions.

Compensation of Employees

Actual more than the annual budget of Kshs. 939.3M resulting from payment of accumulated Part Time payments.

Goods and services

Actual expenditure lower than the annual budget of Kshs.192.2M due to implementation of cost reduction measures.

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 University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

a) **IPSAS 40: Public Sector Combinations**- The University did not have any trans- actions resulting from business combinations and therefore the Standard does not apply to the University.

b) **IPSAS 41: Financial Instruments**

The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29 standard on its effective date of 1st January 2022.

IPSAS 42: Social Benefits

The objective, of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess

- (a) The nature of such social benefits provided by the entity;
 - (b) The key features of the operation of those social benefit schemes; and
 - (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
- The University intends to adopt this standard on its effective date of 1st January 2022

Early adoption of standards

The University did not early adopt any new or amended standards in year 2021

4. SIGNIFICANT ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the University and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding discounts, rebates and sales taxes or duty. The following specific recognition criteria must be met before revenue is recognized:

- i) **Revenue from non-exchange transactions (Transfer from other government entities)**

Transfer from other National Government entities are measured at fair value and recognized on obtaining

control of the asset (only amounts received or receivable in relation to the current financial year). Capital grant is recognized as deferred income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. [IAS 20.12]

(i) Revenue from exchange transactions

a) Rendering of services

Revenue from rendering of services recognized at the stage when the outcome of the transaction can be estimated reliably. Student fees are recognized when the student register for the semester

b) Sale of goods

Revenue from the sale of goods is recognized when it is probable that the economic benefits or service potential associated with the transaction will flow to the University

c) Interest income

Interest income is accrued using the effective yield method

d) Rental income

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

ii) Budget information

The annual budget is prepared on accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University.

iii) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses or professional valuation. 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 fair value.

Depreciation of property, plant and equipment is expensed to statement of financial performance in the following manner:

Furniture and equipment - 2.5% on straight line basis

Buildings - 2% on straight line basis

Motor vehicles - 25% on straight line basis
Computers - 33.3% on straight line basis

iii) **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 carried at cost less any accumulated amortization and accumulated impairment losses.

iv) **Biological Assets**

Immature Orchard crops relates mainly to Casuarina trees. This crop takes approximately 4 years before harvesting can begin and it has a productive life of approximately 20 years.

Significant assumptions made in determining the fair value of biological assets are:

- Mango and coconut plants will have an average productive life of 30 years.
- Future production and sales estimates are based on budgets approved by the

University Council and which are reviewed

- and amended on a regular basis to reflect changes in operational and market conditions.
- The expected market price of mangoes and coconuts will remain constant based on the average price realized over a number of years.

Current market prices are used to determine the fair value of short-term crop.

Financial instruments

Initial recognition and measurement

Financial assets and liabilities are recognized when the University becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from fair value of the assets as liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified at fair value through surplus or deficit at initial recognition.

Loans and receivables after initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment.

Impairment of financial assets

The University assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

Financial liabilities

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

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Inventories

Inventory is measured at cost upon initial recognition. 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. Inventory like library books are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

Research grants

Research funds received from external donors for research purposes, are treated as payables.

Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) due to a past event. Bad and doubtful debts are provided for after carrying out impairment review to determine the

recoverability of the receivable and any associated allowance at a rate of 5%.

Contingent liabilities

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

Contingent assets

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

Nature and Purpose of reserves

The Pwani 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.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and other 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 the future periods

i) Changes in accounting policies and estimates

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

ii) Foreign currency transactions

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

iii) 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. Further borrowing costs are charged to the statement of financial performance.

iv) Related parties

A related party is a person or institution with the ability to exert control individually or jointly, or to exercise significant influence over the University and vice versa. The Government of Kenya and members of key management are regarded as related parties.

v) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash at bank and short-term deposits on call 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. For the purpose of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/ or institutions which were not surrendered or accounted for at the end of the financial year.

vi) Comparative figures

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

II. SIGNIFICANT JUDGMENT AND

SOURCES OF ESTIMATION

UNCERTAINTY

Estimates and assumptions

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

Useful lives and residual values

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

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

- Changes in the market in relation to the asset

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 32.

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

Subsequent events

Events after the reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. The University has no material non-adjusting events after the reporting date. There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS

NOTE		2021-2022	2020-2021
		Kshs.'000	Kshs.'000
3	Unconditional grants		
	Operational grant	784,158	748,315
3 A	Conditional grants	0	0
3B	Other Capital grants –Development	50,000	23,762
	Total government grants and subsidies	834,158	772,077
4	Rendering of services		
	Tuition fees JAB	120,377	84,539
	Tuition fees SSP	80,439	73,294
	Activity fees	8,037	5,793
	Examination fees	41,133	29,921
	Library fees	12,647	9,086
	Registration fees	12,343	8,936
	Identity card fees	1,765	1,209
	Medical fees	16,408	11,848
	Pwani University Student Association (PUSA)	4,560	3,275
	Accreditation Fees	2,647	1,577
	Material development	343	306
	Teaching practice	12,343	9,498
	Field attachment fees	10,497	6,385
	Facilities and material	1,640	1,305
	Thesis development	218	187
	Thesis examination	218	199
	Computer/ Internet fees	31,965	22,993
	Transport	1,242	911
	KUCCPS Placement fees	3,780	3,360
	Nursing students Placement fees	4,775	2,797
	Swimming and Diving	225	230
	Studio courses	179	334
	Indexing fee	10	240
	Total	367,791	278,223
5-A	Rental revenue from facilities and equipment		
	Straight line operating lease receipts	8,731	9,497
5-B	Deferred Grant Income		
	Deferred income	28,176	19,077

Pwani University
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NOTES TO THE FINANCIAL STATEMENTS Cont..

		2021-2022	2020-2021
		Kshs '000'	Kshs '000'
6	Other income		
	Student income 6 A	52,711	33,970
	Farm income 6 B	8,050	5,791
	Guesthouse income 6 C	15,001	6,882
	General Income 6 D	16,333	15,993
	Total Other Income	92,095	62,636
6 A	Student Income		
	Application fee	775	673
	Accommodation fee	5,831	5,963
	Sale of food- Students	14,888	7,070
	Academic field activity fee	23,208	16,707
	Retake fee	7,067	3,402
	Other Student Income	942	155
	Total Student Income	52,711	33,970
6 B	Farm Income		
	Sale of crop products	211	180
	Nursery plants	126	261
	Sale of cattle	1,824	1,587
	Sale of milk	2,318	1,723
	Sale of chicken	2,073	1,140
	Sale of eggs	978	128
	Pilot farm	0	420
	Sale of pigs	157	150
	Sale of sheep/goat	282	150
	Miscellaneous farm income	52	40
	Bio-fertilizer project	29	12
	Total Farm Income	8,050	5,791
6 C	Income Guest house		
	Hire of conference Centre	1,017	500
	Sale of food- guest house	11,360	5,476
	Hire of rooms guest house	2,624	906
	Sale of food- Buffalo	0	0
	Total Guest house Income	15,001	6,882

NOTES TO THE FINANCIAL STATEMENTS Cont...

		2021-2022	2020-2021
		Kshs '000'	Kshs '000'
6 D	General income		
	Hire of motor vehicles	0	0
	Hire of other halls	0	0
	Campus tours fees	0	0
	Hire of Gowns	6,599	6,082
	Hire of Equipment	467	193
	Project levies	1,559	3,857
	Research Income	0	0
	Convocation fee	0	0
	Sale of obsolete items	0	0
	Interest Income	1,316	905
	Msc income	5,692	4,146
	Ethics review fee	700	405
	Hire of sports grounds	0	0
	Fair value gain of livestock	0	0
	Foreign Exchange Gain	0	405
	Total general income	16,333	15,993
7	Employee costs		
	Employee related costs-salaries and wages	534,005	496,219
	Employee related costs-contributions to pension & medical aid	121,672	127,311
	Travel, accommodation, subsistence and other allowances	3,718	2,130
	Housing benefits and allowances	286,009	286,304
	Total employee costs	945,404	911,964
8	Depreciation and amortization expense		
	Property, plant and equipment	57,902	70,195
	Amortization	1,843	2,412
	Total depreciation and amortization	59,745	72,607
9	Repairs and maintenance		
	Property	10,492	9,771
	Equipment	8,862	6,475
	Vehicles	1,433	2,430
	Other	322	1,063

NOTES TO THE FINANCIAL STATEMENTS Cont...

		2021-2022	2020-2021
		Kshs '000'	Kshs '000'
	Total repairs and maintenance	21,109	19,739
10	Research expenses		
	Research expenses	3,108	2,365
	Botanical garden	726	513
	Biotechnology	499	537
	Biogas farm outreach	988	788
	Pubrec	772	805
	Total research expenses	6093	5,008
11	Operating expenses		
	Stationery expenses	6,223	6,088
	protective clothing	0	1,045
	Publishing and printing	69	106
	Cleaning material	1,184	1,021
	Office expenses	2,207	1,329
	Telephone	638	566
	Courier and postage	471	389
	Electricity	17,139	14,219
	Sanitary services	68	67
	Water and sewerage	7,000	5,574
	Security	18,035	16,981
	Subscriptions	398	253
	Admission expenses	725	495
	Conferences, seminars and workshops	640	683
	Graduation expenses	6,400	4,043
	Fueling of motor vehicles	3,954	2,176
	Corporate social expenses	103	125
	Cleaning Services	22,461	16,408
	Total Operating expenses	87,715	71,568
12	Administration expenses		
	Quality Assurance/ ISO certification	1,211	2,027
	Audit Fees	812	812
	Provision for Bad Debts	1,692	3,219

NOTES TO THE FINANCIAL STATEMENTS Cont...

	2021-2022	2020-2021
	Kshs '000'	Kshs '000'
Bank Charges	696	576
13 Teaching expenses	4,411	6,634
Teaching materials	1,806	2,600
Field course expenses	3,484	1,815
Laboratory materials	931	644
Examination expenses	3,795	2,756
External examiners	3375	2,407
Teaching practice expenses	10,575	13,179
Field attachment expenses	6,833	6,930
Inspection fees	0	35
Accreditation fees / Programme Development	1,810	365
Indexing fees	190	10
Quality Assurance –Students Expenses	5,205	1,374
Total teaching expenses	38,004	32,115
14 Catering expenses		
Gas and fuel - main kitchen	789	648
Gas and fuel - guest house	269	119
Foodstuff - main kitchen	18,393	9,511
Foodstuff - guest house	7,335	1,243
Cutlery and crockery - main kitchen	213	0
Cutlery and crockery - guest house	32	0
Beds, beddings, linen - guest house	0	0
Consumables kitchen	24	2
Consumables guest house	168	129
Other guest house expenses	1990	1,004
Total catering expenses	29,213	12,656
15 Library expenses		
Newspapers and magazines	658	652
Library books and journals	1,842	70
Library subscriptions	1,579	1,984
Repair of books	0	0
Total Library expenses	4,079	2,706

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 NOTES TO THE FINANCIAL STATEMENTS Cont..

		2021-2022	2020-2021
		Kshs '000'	Kshs '000'
16	Health Centre expenses		
	Medicines	6,370	898
	Other medical expenditures	623	603
	Total Health expenses	6,993	1,501
17	Student expenses		
	Sports games and tournaments	3,500	2,631
	Student welfare	3,370	2,121
	Student activities	0	0
	PUSA expenses	4,312	2,506
	Student medical expenses	13	0
	Bursary awards	800	1,000
	Aids control unit	400	360
	Students placement KUCCPS	3,737	1,938
	Studio Courses	348	751
	Student Identification cards	0	500
	Nursing Clinical Placements	4,220	0
	Total student expenses	20,700	11,807
18	Farm expenses		
	Farm maintenance	4,399	3,619
	Purchase of animal feeds	200	518
	Vet services and supplies	0	110
	Total farm expenses	4,599	4,247
19	Council expenses	7,374	1,505
20	General expenses		
	Insurance expenses	8,649	6,602
	Legal services	53	411
	Advertising and publicity	862	1,516
	Internet connection	14,977	11,475

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NOTES TO THE FINANCIAL STATEMENTS Cont....

	2021-2022	2020-2021
	Kshs '000'	Kshs '000'
Graduate supervision expenses	26	731
Senate Expenses	40	20
Departmental meeting	224	346
Funeral Expenses	492	212
Staff development	659	968
Staff fees subsidy	290	1,178
Miscellaneous expenses	647	156
Foreign Exchange Loss	0	0
Fair Value Loss on Biological Assets	453	194
Ethics review	233	286
Management Board Meetings	41	66
Academic regalia	832	0
Land Rates	0	0
KRA Taxes	1,487	6,392
Covid-19 Mitigation Expenses	0	0
Total general expenses	29,965	30,553

21 Cash and Cash Equivalent

Financial Institution	Account Name	Account Number	2021-2022	2020-2021
			Kshs '000'	Kshs '000'
a) Current Account				
Equity Bank	Main Account	0460291566381	6919	33,806
Equity Bank	Collection Account	0460291566407	94,048	38,122
ABSA Bank	Payment Account	2030242370	5,368	1,792
ABSA Bank	Caution Money	0191068378	19,553	20,379
ABSA Bank	Collection Account	0191046501	3,390	3,638
Kenya Commercial	Collection Account	1109893868	1,374	3,749
Kenya Commercial	Research Account	1114479950	19,192	29,382
Kenya Commercial	Niche/Ken Account	1164789988	3,874	8,823
Kenya Commercial	USD Account	1173114157	18,411	6,443
Cooperative Bank –	Collection Account	01129465157200	1,407	4,782
Mpesa – Account	Utility Account	986450	3,049	4,031
Petty Cash			667	330
Kenya Commercial	Afya Pwani	1224008103	0	2
Totals			177,252	155,279

NOTES TO THE FINANCIAL STATEMENTS Cont..

	2021-2022	2020-2021
	Kshs '000'	Kshs '000'
22	Receivable from exchange transactions	
	33,847	64,380
	(1,692)	(3,219)
	32,155	61,161
	218	3,169
	1,106	1,106
	715	575
	0	0
	5,566	3,300
	39,760	69,311
23	Inventories	
	1,507	1,356
	498	289
	157	584
	816	476
	163	372
	236	285
	57	139
	3,434	3,501
24	Receivables from non-exchange transaction	
	0	0
	0	0
	Total receivables from non-current exchange transactions	

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NOTES TO THE FINANCIAL STATEMENTS Cont...

NOTE 25

	LAND	WORK IN PROGRESS	BUILDINGS	MOTOR VEHICLES	GENERAL EQUIPMENT	FURNITURE & FITTINGS	COMPUTERS	TOTALS
Depreciation Rates			2%	25%	12.50%	12.50%	33%	
Balance as at 30 June 2019	116,045	663,456	985,307	131,220	130,422	62,800	86,417	2,175,667
Additions during the year	-	51,893			3,205	8,013	5,851	68,962
Revaluation	-	-	-	8,239	20,042	8,235	14,738	51,254
Adjustments	-	-	-	-	719	-	-719	-
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
Depreciation / Impairment								
As at 30 June 2019	-	-	150,510	111,943	108,737	39,635	76,947	487,772
Charge for the year	-	-	23,988	12,529	20,107	11,119	13,735	81,478
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	9618	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
NET BOOK VALUE June 2020	116,045	715,349	810,809	14,987	25,543	28,293	15,605	1,726,633
NET BOOK VALUE June 2021	116,216	422,184	1,136,424	4,897	15,768	21,751	10,668	1,727,908
NET BOOK VALUE June 2022	116,216	493,944	1,118,729	42,479	55,245	25,721	27,127	1,879,461

425 assets with a total value of Kshs,33,380,429- are fully depreciated and are not in usable state, the assets are earmarked for disposal as scrap.
346 assets with a total value of Kshs,43,055,343- are fully depreciated but still in usable state, the assets are earmarked for revaluation

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 NOTES TO THE FINANCIAL STATEMENTS Cont...

NOTE

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Intangible Assets Depreciation Rates	SOFTWARE 33% Ksh.'000
Cost/ Valuation	
Balance as at 30 June 2017	33,935
Additions	5,900
Balance as at 30 June 2018	39,835
Additions	5,091
Balance as at 30 June 2019	44,926
Additions	1,183
Balance as at 30 June 2020	46,109
Additions	834
Balance as at 30 June 2021	46,943
Additions	4,980
Revaluation	13,715
Balance as at 30 June 2022	65,638
Impairment	
Balance as at 30 June 2018	22,161
Charge for the year	9,463
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
NET BOOK VALUE June 2018	17,674
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

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27. 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.

	2021-2022	2020-2021
	Ksh.'000	Ksh.'000
Carrying amount at start of the year		
Immature livestock	1,217	1,182
Mature livestock	4,727	4,918
Total livestock	5,944	6,100
Immature orchards	767	1,105
Mature orchards	1,932	1,632
Total orchards	2,699	2,737
Loss arising from changes in fair value attributable to changes in Livestock	(1,135)	(156)
Gain/ (Loss) arising from changes in fair value attributable to physical changes of orchards	682	(38)
Net fair value gain/(loss)	(453)	(194)
Carrying amount at end of June		
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
Totals	8,190	8,643

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NOTES TO THE FINANCIAL STATEMENTS (Continued)		2021-2022 Kshs.'000	2020-2021 Kshs.'000
28	Trade and other payables from exchange transactions		
	Trade creditors	55,777	28,985
	Student fees	60,905	77,764
	Other control accounts	16,110	13,873
	Other liabilities	73,608	79,502
	Total payables	206,400	200,124
29	Refundable deposit from customers		
	Caution money fees	19,546	20,801
	Total Deposit	19,546	20,801
30	Current provisions		
	Audit fees	1,624	1,624
	Library Expenses	1,267	3,397
	Teaching Practice Expense	3,155	4,699
	Field Attachment	962	1,255
	Total current provisions	7,008	10,975
31	Employees Benefit Obligations		
	N.H.I.F	640	634
	N.S.S.F	149	149
	P.A.Y.E	15,417	19,031
	Welfare Associations	109	123
	Training Fund	72	72
	H.E.L.B.-	59	62
	Bank Loans	11,765	11,885
	Pension Fund	9,232	8,052
	Co-operative Societies	8,237	7,565
	Insurance Premiums	481	361
	Net Salaries Payables	857	782
	Professional Bodies	3	3
	KUSU	293	289
	Pwani Housing	330	371
	U A S U	464	423
	Salary Arrears	1,107	1,107
	Total Employee benefits obligations	49,215	50,909
32	Capital Grants		
	Opening Balance	1,531,366	1,526,681
	Additions during the year	50,000	23,762
	Sub Total	1,581,366	1,550,443
	Transfer to income Statement	-28,176	-19,077
	Balance as at 30 June	1,553,190	1,531,366
33	Working capital adjustments:		
	Decrease / (increase) in inventories	.67	646
	Decrease / (increase) in receivables from exchange transactions	29,550	18,135
	Decrease / (increase) in receivables from non-exchange transactions	0	107,528
	Increase / (decrease) in payables	-641	-51,983
	Decrease / (increase) in Biological Assets	0	0
	Net working capital adjustment	28,976	74,326

	2021-2022	2020-2021
	Kshs '000'	Kshs '000'
33B Goods and Services Payments		
Total Expenses	1,265,404	1,184,610
Less: Depreciation & Amortization	(59,745)	(72,607)
Fair-value loss Biological Assets	(453)	(194)
Employee costs	(945,404)	(911,964)
	259,802	199,845

34. Financial Risk Management

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

i) Credit risk

The entity has exposure to credit risk, which is the risk that a counter party 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, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Council Members. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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	Total amount	Fully performing	Past due	Impaired
	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
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
At 30 June 2021				
Receivables from exchange transactions	69,312	22,031	44,062	3,219
Receivables from non-exchange transactions	0	0	0	0
Bank balances	155,279	155,279	0	0
Total	224,591	177,310	44,062	3,219
At 30 June 2020				
Receivables from exchange transactions	87,446	83,902	0	3,544
Receivables from non-exchange transactions	107,528	107,528	0	0
Bank balances	142,633	142,633	0	0
Total	337,607	334,063	0	3,544

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

NOTES TO THE FINANCIAL STATEMENTS Cont...

ii) Liquidity risk management

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

The table below represents cash flows payable by the 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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Totals Kshs
At 30 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
At 30 June 2021				
Trade payables	28,985	0	0	28,985
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	19,077	0	0	19,077
Employee benefit obligation	50,909	0	0	50,905
Total	98,971	0	0	98,967
At 30 June 2020				
Trade payables	32,363	0	0	32,363
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	23,988	0	0	23,988
Employee benefit obligation	83,942	0	0	83,942
Total	140,293	0	0	140,293

iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Committee.

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

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 entity capital structure comprises of the following funds:

	2021-2022	2020-2021
	Kshs.'000	Kshs.'000
Revaluation reserve	206,528	82,952
Retained earnings	88,571	73,024
Capital reserve	1,553,190	1,531,366
Total funds	1,848,289	1,687,342
Total borrowings	-	-
Less: cash and bank balances	177,252	(155,279)
Net debt/(excess cash and cash equivalents)	177,252	(155,279)
Gearing	0%	0%

35. Related Party Balances

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 entity is related to

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

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a) Related party transactions

	2021-2022	2020-2021
	Kshs.'000	Kshs.'000
Transfers from related parties'	834,158	772,077
Transfers to related parties	0	0
	<u> </u>	<u> </u>

b) Key management remuneration

Council expenses	7,374	1,505
Key Management compensation	44,082	45,557
	<u> </u>	<u> </u>

c) Due from related parties

Due from Parent Ministry	0	0
Due from SC or SAGA	0	0
	<u> </u>	<u> </u>
	0	0
	<u> </u>	<u> </u>

e) Due to related parties

Due to the parent Ministry	0	0
Due to SC or SAGA	0	0
	<u> </u>	<u> </u>
	0	0
	<u> </u>	<u> </u>

36. Contingent assets and contingent liabilities

The University had no pending court cases against it or issued no guarantee to any entity or person during the reporting period.

37. Capital Commitments

The University Council did not make any capital commitments during the year 2021/2022

38. Events after the reporting period

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


39. Currency

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

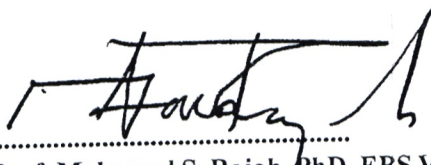
PROGRESS ON FOLLOW UP OF AUDIT RECOMMENDATIONS

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.

Reference No. on the external audit report	Issue observations from auditor	Issue observations from auditor	Focal Point person to resolve the issue (Name and designation)	Status (Resolved / Not Resolved)	Time frame (Put a date when you expect the issue to be resolved)
1	University is yet to obtain Title deed for its Land	The University has evicted the squatters and it is currently fencing the area. Processing of the title deed is at an advanced stage and it is expected to be issued in the near future.	Prof.M.S. Rajab Vice Chancellor and PS,Ministry of Lands	Not Resolved	Next Twelve months



 Dr. Samuel A. Ochola. PhD
 CHAIR OF COUNCIL



 Prof. Mohamed S. Rajab, PhD. EBS VICE
 CHANCELLOR

INTER ENTITY TRANSFERS

a) Recurrent Grants

Bank Statement Date	RECEIPT NUMBER	Amount	F/Y
06/06/2022	REC_236082	66,704,154.00	2021/2022
06/06/2022	REC_236080	66,704,154.00	2021/2022
28/04/2022	REC_234122	65,074,944.00	2021/2022
01/04/2022	REC_233534	65,074,944.00	2021/2022
02/03/2022	REC_232204	65,074,944.00	2021/2022
01/02/2022	REC_226199	65,074,944.00	2021/2022
28/12/2021	REC_215640	65,074,944.00	2021/2022
26/11/2021	REC_212083	65,074,944.00	2021/2022
02/11/2021	REC_209597	65,074,944.00	2021/2022
29/09/2021	REC_206339	65,074,944.00	2021/2022
01/09/2021	REC_204479	65,074,944.00	2021/2022
03/08/2021	REC_195808	65,074,944.00	2021/2022
Total Recurrent		784,157,748.00	
Development Grants			
16/03/2022	REC_233164	25,000,000.00	2021/2022
12/08/2022	REC_196340	25,000,000.00	2021/2022
Total Development		834,157,748.00	