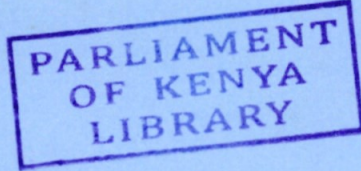


REPUBLIC OF KENYA



**REPORT**


**OF**

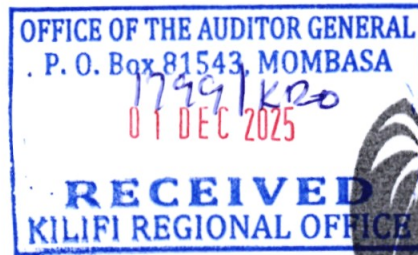
**THE AUDITOR-GENERAL**

**ON**

**PWANI UNIVERSITY**

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>DATE:</b> 11 MAR 2026	<b>DAY:</b> WED
<b>TABLED BY:</b>	DEPUTY MAJORITY PARTY WBP
<b>CLERK-AT THE-TABLE:</b>	OBIERO



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**PWANI UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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

**Pwani University**  
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**for the year ended June 30, 2025.**

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## **1. Acronyms and Definition of Key Terms**

### **A: Acronyms**

ACCA	Association of Chartered Certified Accountants
AGPO	Access To Government Procurement Opportunities
AIA	Appropriation in Aid
AIDS	Acquired Immune Deficiency Syndrome
BETA	Bottom Up Economic Transformation Agenda
BOOT	Build- Own-Operate-Transfer
BBA	Bachelor of Business Administration
BBM	Bachelor of Business Management
CEO	Chief Executive Officer
CBA	Collective Bargaining Agreement
CBK	Central Bank of Kenya
CUE	Commission for University Education
CPS(K)	Certified Public Secretaries of Kenya
CS	Cabinet Secretary
DEI	Diversity, Equity and Inclusion
Dip	Diploma
DG	Director General
DVC-AFP	Vice Chancellor-Administration, Finance & Planning
DVC-RE	Vice Chancellor-Research & Extension
DVC-ASA	Vice Chancellor-Academic & Students Affairs
ECL	Expected Credit Loss
ERM	Enterprise risk management
FIFO	First In First Out
FY	Financial Year
GOK	Government of Kenya
Grd	Graduate
HELB	Higher Education Loans Board
HIV	Human immunodeficiency virus
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communication Technologies
IPSAS	International Public Sector Accounting Standards
IRMA	Integrated Risk Management Approach
ISO	International Organization for Standardization

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KEFRI	Kenya Forestry Research Institute
KEMU	Kenya Methodist University
KEMUAA	Kenya Methodist University (KeMU) Alumni Association
KUCCPS	Kenya Universities and Colleges Central Placement Service
KSL	Kenya School of Law
LPO	Local Purchase Order
LSK	Law Society of Kenya
MD	Managing Director
MDA	Ministries, Departments and Agencies
MSC	Master of Science
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
NT	National Treasury
PUBReC	Pwani University Biosciences Research Centre
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PAYE	Pay As You Earn
PFM	Public Finance Management
PIC	Public Investment Committee
PPE	Property Plant & Equipment
PPP	Public Private Partnership
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
PU	Pwani University
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SHIF	Social Health Insurance Fund
SRC	Salaries and Remuneration Commission
SRS	Sustainability Reporting Standard
SSP	Self-Sponsored Programme
TB	Tuberculosis
UNESCO	United Nations Educational, Scientific and Cultural Organization.
VC	Vice Chancellor
WB	World Bank

**B: Definition of Key Terms**

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

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

**Academic year-**Means a period of study consisting of two semesters, and or any other period of study or research as may be prescribed in the regulations for a particular programme of study.

**Campus-**Means campus of the University as established under the statutes

**Graduate-**Means a person upon whom a degree of the University has been conferred or to whom a qualification of the University has been awarded as determined by the Senate.

## **2. Key University Information and Management**

### **(a) Background information**

Pwani University was established by Charter on 31st January 2013. The University domiciled in Kenya and 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 outreach opportunities for innovation”

The University is directed in her development agenda by her Master Plan and a 5- Year Strategic Plan 2023-2027. The University has made major strides in putting in place the required infrastructure to mount quality degree programmes.

The University has 8,631 students taking programmes 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) and the PU TVET.

The University has the requisite physical and human resource to train students in these fields and is set to grow in infrastructure, student population and staff profiles by the year 2027.

### **(b) Principal Activities**

The Principal mandate of Pwani University to provide quality education, conduct research and community outreach and provide opportunities for innovation for the advancement of the individual and society.

#### **Mission**

To generate, disseminate and apply knowledge and skills while sustaining excellence in training, research and community outreach for sustainable development.

#### **Vision**

A world class university that provides quality education, training, research, science, technology and innovation for socio-economic transformation of society.

**Key University Information and Management (continued)**

**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) Integrity
- b) Professionalism
- c) Creativity
- d) Inclusivity

**Motto**

Pursuit of Global Excellence (*Kulenga Ubora wa Kimataifa*)

**Pwani University**  
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**Key University Information and Management (continued)**

**(c) Key Management**

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

No.	Designation
1.	The University Council
2.	Vice Chancellor
3.	University Senate
4.	University Management Board

**(d) Fiduciary Management**

The University Fiduciary Management is responsible for:

- The efficient management of the human resources, programmes, facilities and finances of the University.
- Planning for the development of the University.
- Developing strategies for the generation of revenue to secure adequate financial support for the University.
- Making proposals to the Council and Senate on policies that have a University wide application.
- Provide general security to staff and students while on campus.

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

No.	Designation	Name
1.	Vice Chancellor	Prof. James H.P. Kahindi PhD.
2.	Deputy Vice Chancellor A&SA	Prof. Rose Ruto Korir PhD.
3.	Deputy Vice Chancellor AF&P	Prof. Helen O. Mondoh PhD.
4.	Deputy Vice Chancellor R&E	Prof. Halimu Shauri PhD.
5.	Legal Officer	Mr. Chris Khaemba
6.	Finance Officer	Mr. Charles Mwaringa
7.	Head of Procurement	Ms. Zuleha Kadima

**Key University Information and Management (continued)**

**(e) Fiduciary Oversight Arrangements**

**1. Audit and Risk Committee of Council**

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. The committee reviews quality assurance issues raised by both internal and external auditors as well as oversee implementation of any unsettled and unimplemented Public Investment Committees' (PIC) recommendations.

**2. Administration, Finance and Planning Committee of Council**

This Committee provides oversight by ensuring that financial reports are accurate, business and operations are conducted with integrity and in compliance with the law. It also acts on behalf of the Council except so far as the Council may wish to limit the powers of the Committee in any respect. The Committee pays regard to the necessity to refer matters of major importance to the Council for final approval.

**(f) University's Headquarters**

Pwani University  
P.O Box 195-80108,  
Mombasa-Malindi Highway  
Kilifi, Kenya.

**(g) University's Contacts**

Telephone: +254 725 91 61 45 | +254 786 727 899  
E-mail: [info@pu.ac.ke](mailto:info@pu.ac.ke)  
Website: [www.pu.ac.ke](http://www.pu.ac.ke)

**(h) University's Bankers**

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

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2. Kenya Commercial Bank  
P.O. Box 528 – 80108  
Kilifi, Kenya
3. ABSA Bank of Kenya  
P.O. Box 423 – 80108  
Kilifi, Kenya
4. Cooperative Bank of Kenya  
P.O. Box 96 – 80108  
Kilifi, Kenya
5. eCitizen (Mobile Banking)  
Harambee Avenue, Treasury Building,  
P.O Box 30007-00100  
Nairobi, Kenya  
Tel. +254 20 2252299



**(i) Independent Auditor**

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



**(j) Principal Legal Adviser**

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



### 3. The Council Members

Ref	Council Members	Details
1.	 <p style="text-align: center;"><b>Prof. Mohamed S. Badamana,</b> <b>PhD,</b> <b>Chair of Council (From 23<sup>rd</sup> May,</b> <b>2023)</b></p>	<p>Prof. Mohamed S. Badamana was appointed to the Pwani University Council on 23<sup>rd</sup> May, 2023 as a Chair of Council. He was born on 02/04/1947. He holds a Bachelor of Veterinary Medicine and Surgery from Mosul University in Iraq, Master of Science in Animal Production from Reading University (UK) and a Ph.D. in Forage Utilization by Dairy Goats from Reading University – UK. He has a second Ph.D. in Islamic Philosophy from Khartoum University. Prof has served in various capacities including being a secretary of Animal Production Society of Kenya (APSK) and a member of British Society of Animal Production. He Chairs Sheria Supervisory Boards of many Financial Institutions including Gulf African Bank, National Bank of Kenya and Amana Bank Tanzania. For nine years he served as the Chairman, Department of Animal Production, at the University of Nairobi. Professor has attended National and International Conferences and has presented over 35 Scientific papers in Animal Science and published over 25 papers in refereed journals.</p>
2.	 <p style="text-align: center;"><b>Mr. Darius Ogutu Mogaka</b> <b>Representative PS Ministry of</b> <b>Education</b> <b>(From 20<sup>th</sup> January, 2025)</b></p>	<p>Mr. Darius Mogaka Ogutu was appointed to the Pwani University Council as an alternate to the PS, Ministry of Education in January 2025. He was born on 30/06/1972. He is an accomplished educationist and policy expert with over 15 years of experience in higher education governance and administration. He currently serves as the Director of Higher Education at the State Department for Higher Education and Research, Ministry of Education, Kenya, where he is instrumental in shaping policies and strategies that advance equity, innovation, and quality in the sector. Mr. Ogutu holds a Bachelor of Education (English and Literature) from Egerton University, a Master's in</p>



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		<p>Educational Communication and Technology (Language Education) from Kenyatta University, and he is currently pursuing a Ph.D. in Education. His academic background and professional expertise span education policy analysis, curriculum development, program accreditation, and the sustainable financing of education systems.</p>
<p>3.</p>	 <p><b>Amb. Benjamin Mweri</b>  <b>Independent Council Member</b>  <b>(From 23<sup>rd</sup> May, 2023)</b></p>	<p>Amb. Benjamin Mweri was appointed to the Pwani University Council on 23<sup>rd</sup> May, 2023 as an Independent Member. He was born on 12/06/1960. Prior to his appointment to the University Council he worked as the Kenyan Ambassador to Burundi. Amb. Mweri holds a Master's degree from Wageningen University Netherlands in the Management of Agro-Eco System Analysis. He is an Expert in Conflict resolution and Result based Management. Ambassador. Mweri is the lead-Technical FFS consultant for IIRR-for a five-year project in DSL-IP for six South African countries (Zimbabwe, Namibia, Angola, Zambia, Malawi, Tanzania). He is a Result Based Management Expert and trainer in FFS extension participatory approaches in Sub Sahara Africa. He Chairs the Academic, research and extension Committee.</p>
<p>4.</p>	 <p><b>Mr. Samson Wangusi</b>  <b>Representative of CS</b>  <b>National Treasury</b>  <b>(From 04<sup>th</sup> April, 2023)</b></p>	<p>Mr. Samson Wangusi was appointed to the Pwani University Council as an alternate to the CS, The National Treasury on 4<sup>th</sup> April, 2023. He was born on 31/12/1966. He, is the Principal Administrative Secretary (PAS) at The National Treasury. He is a seasoned administrator with vast experience in Public Sector Management, spanning over 30 years. Prior to his current appointment, Mr. Wangusi was the Director of Administration at the State Department for Immigration. He has served in a similar capacity at the State Departments for: Social Protection, Industrialisation, Trade and, Public Service, Youth &amp; Gender. Mr. Wangusi has also served on various Boards as an Alternate Director to the Principal Secretary. These include: Bukura Agricultural College Board, Special</p>

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		<p>Programme on the National Cereals and Produce Board, Micro Small Enterprises Authority and, Kenya Shipyard Limited. He holds a Masters of Arts in Public Administration and a Bachelor's degree in Public Administration from Moi University and the University of Nairobi respectively.</p>
5.	 <p><b>Mr. Samuel Kaloki</b>  <b>Independent Council Member</b>  <b>(From 23<sup>rd</sup> May, 2023)</b></p>	<p>Mr. Samuel Kaloki was appointed to the Pwani University Council on 23<sup>rd</sup> May 2023 as an Independent Member. He was born on 12/06/1960. Mr. Kaloki has over 30 years of experience as a Human Resource professional with a wide range of skills in human resource management. He holds a Master's degree in Business Management. He was a Director in various Government ministries and departments, including, Interior, The National Treasury and Health for over thirty years. He has chaired several ministerial task forces and reform teams. He Chairs the Audit and Risk Committee.</p>
6.	 <p><b>Ms. Fatma Mohamed</b>  <b>Independent Council Member</b>  <b>(From 23<sup>rd</sup> May, 2023)</b></p>	<p>Fatma Mohamed was appointed to the Pwani University Council on 23<sup>rd</sup> May, 2023 as an Independent Member. She was born on 14/03/1958. Fatma has over 30 years of experience in the Communication sector. She has highly developed skills in the area of Strategic Communication, Media and Public relations. Fatma holds a master's degree in Mass Communication from the University of Leicester (UK). She has served in senior management and administrative positions in various Public institutions including Kenya Revenue Authority and Moi University.</p>


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<p>7.</p>	 <p><b>Mr. David Kiptanui Sang</b>  <b>Independent Council Member</b>  <b>(From 23<sup>rd</sup> May, 2023)</b></p>	<p>Mr. David Sang Kiptanui was appointed to the Pwani University Council on 23<sup>rd</sup> May, 2023 as an Independent Member. He was born on 30/08/1979. David has over 15 years of experience in the public sector. He has served in senior management and administrative positions with special focus on strategy and planning. He holds a Master's degree in Business Administration (MBA) from Kirinyaga University. He currently serves as a Director of Strategy and Planning. He Chairs the Administration Finance &amp; Planning Committee.</p>
<p>8.</p>	 <p><b>Mr. Japhet M. Ria</b>  <b>Independent Council Member</b>  <b>(From 8<sup>th</sup> December, 2023)</b></p>	<p>Mr. Japhet Mvoyi Ria was appointed to the Pwani University Council on 8<sup>th</sup> December, 2023 as an Independent Member. He was born on 05/01/1980. He holds a Bachelor's degree in Business Administration (Finance and Accounting Option) from KEMU, ACCA and is an Accountant. He is currently pursuing MBA (Strategic Management Option) at KEMU. Mr. Ria has over 15 years of experience in both Public and Private Sector. He has held various leadership and Administrative positions like KEMUAA Coast Chapter Secretary, Chairman Board of Management (BOM)-Tzagwa Vocational Training Centre, Chairman BOM -Tzagwa Primary School, Member BOM -Tzagwa Secondary School, Treasurer Pangani- Circuit (a group of 7 Churches). He has held various Managerial Positions in the Private sector and served in various companies and he is Currently the CEO of Donnex Enterprises Ltd.</p>



<p>9.</p>	<div data-bbox="359 347 710 712" data-label="Image"> </div> <div data-bbox="331 768 740 952" data-label="Caption"> <p><b>Prof. James H.P. Kahindi, PhD.</b> <b>FRSB</b> <b>Ex-Officio Member and Secretary to the Council</b></p> </div>	<p>Prof. Kahindi is a Professor of Microbiology and the Vice Chancellor, Pwani University (PU), he was appointed on the 1<sup>st</sup> of September 2023. He was born on 13/06/1961. He holds a PhD in Microbiology from the University of Sussex, MSc in Botany (Microbiology) and BSc (Botany and Zoology) from the University of Nairobi. He has been lecturing and conducting research since 1984; and has held various Administrative positions both in the Private and Public sector which include Dean, School of Arts and Sciences at the United States International University-Africa (USIU-A), Associate DVC Academic Affairs (USIU-A), Chairman of the Board of Management of the Kenya Medical Training College (KMTC), Chairman of the Board of Management of the Consortium for National Health Research (CNHR), Chairman of the Board of Management of Strengthening Community Participation and Empowerment (SCOPE), Member of the Board of Management of the following: National Environment Management Authority (NEMA), National Council for Science and Technology (NCST), Kenya Marine and Fisheries Research Institute (KMFRI), and member of the Governing Council of the International Centre of Insect Physiology and Ecology (<i>ICIPE</i>). Prof. Kahindi has presented scientific papers at learned conferences and workshops; and published more than 25 papers in refereed journals. His expertise combines strong leadership, managerial, academic, program 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 &amp; Vector Insects; and Biological Nitrogen Fixation.</p>
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10.	 <p><b>Mr. Chris W. Khaemba</b> <b>Secretary/Legal Officer</b></p>	<p>Mr. Chris W. Khaemba was appointed at Pwani University on 12th April 2010 as the Legal Officer and Secretary to the University Council. He was born on 21/10/1977. He has over 15 years of legal experience in the fields of law, Public Administration and Management. He holds an LLB Law, Diploma (KSL) and CPS (K). He is a member of the LSK and Institute of Certified Public Secretaries of Kenya.</p>
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**4. Key Management Team**

Ref	Management	Details
1.	 <p><b>Prof. James H.P. Kahindi,</b>  <b>PhD. FRSB</b>  <b>Vice-Chancellor</b></p>	<p>Prof. Kahindi is a Professor of Microbiology and the Vice Chancellor, Pwani University (PU), he was appointed on the 1<sup>st</sup> of September 2023. The Vice Chancellor has an overall administrative and academic leadership of the University and is the accounting officer of the University. He holds a PhD in Microbiology from the University of Sussex, MSc in Botany (Microbiology) and BSc (Botany and Zoology) from the University of Nairobi.</p>
2.	 <p><b>Prof. Helen Mondoh, PhD,</b>  <b>Deputy Vice Chancellor</b>  <b>(Administration, Finance and Planning)</b></p>	<p>Prof. Helen Mondoh was appointed as the Deputy Vice-Chancellor (Administration, Finance and Planning) on 12<sup>th</sup> July, 2018. She is the head of the Administration, Finance &amp; Planning Division of the University. She is a Professor of Education in the School of Education at Pwani University. Prof. Mondoh holds a PhD in Education with a bias in curriculum and instruction.</p>




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3.	 <p><b>Prof. Rose Ruto Korir, PhD</b>  <b>Deputy Vice-Chancellor</b>  <b>(Academic and Student Affairs)</b></p>	<p>Prof. Rose Ruto Korir, PhD was appointed as the Deputy Vice-Chancellor (Academic and Student Affairs) on 1<sup>st</sup> Nov, 2024. She is the head of the Academic Division of the University. She has a Bachelor of Education Arts (Moi University), Master of Philosophy in Educational Psychology (Moi University), and a Doctor of Philosophy from the University of Pretoria in South Africa. She is an Associate Professor of Educational Psychology.</p>
4.	 <p><b>Prof. Halimu Shauri, PhD</b>  <b>Deputy Vice-Chancellor</b>  <b>(Research and Extension)</b></p>	<p>Prof. Halimu Shauri was appointed as the Deputy Vice Chancellor (Research and Extension) of Pwani University on 15<sup>th</sup> May 2025. He is the head of the Research and Extension Division of the University. He is a Professor of Sociology. He has a PhD, MA, and BA. in Sociology.</p>
5.	 <p><b>Dr. Leonard Kiti Alii</b>  <b>Ag. Registrar (Academic &amp; Student Affairs)</b></p>	<p>Dr. Leonard Kiti Alii was appointed as an Acting Registrar (Academic &amp; Student Affairs) on 1<sup>st</sup> May 2024. He oversees the smooth running of the various sections in the Academic Division. He holds a PhD (Applied Statistics), MSC(Statistics) and Bed. (Science).</p>

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6.	 <p><b>Prof. Maarifa Ali Mwakumanya, PhD Director, Quality Assurance</b></p>	<p>Prof. Maarifa Ali Mwakumanya was appointed as a Director of Quality Assurance on 3<sup>rd</sup> January 2024 as the Director Quality Assurance. He is responsible for the development of procedures and or standards for quality assurance for non-academic, administrative and other support service units of the University. He is an Associate professor of Environmental Sciences in the School of Environmental and Earth Sciences.</p>
7.	 <p><b>Dr. Rosaly W. Odhiambo PhD Registrar (Administration and Planning)</b></p>	<p>Dr. Rosaly W. Odhiambo, was appointed as a Registrar (Administration and Planning) on 07/08/2023. She oversees the smooth running of the various sections in the Administration and Planning Division. She holds a PhD (Business Administration, MBA (Business Administration), and BBA (Accounting and Finance option).</p>
8.	 <p><b>Dr. Patricia Mbogoh Dean of Students</b></p>	<p>Dr. Patricia was appointed at Pwani University as the Dean of Students on March 2023. She is responsible for the co-ordination of students' activities and welfare. She holds a PhD. (Human nutrition).</p>

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9.	 <p><b>Prof. Wilton Mbinda</b>  <b>Ag. Registrar</b>  <b>(Research &amp; Extension)</b></p>	<p>Prof. Wilton Mbinda was appointed at Pwani University an Acting Registrar (Research &amp; Extension) on 28<sup>th</sup> October 2024. He oversees the smooth running of the various sections in the Research &amp; Extension Division. He holds a PhD (Biotechnology), MSC(Biotechnology) and Bsc. (Biochemistry). He is an Associate Professor at the Department of Biochemistry and Biotechnology.</p>
10.	 <p><b>Mr. Charles K. Mwaringa</b>  <b>Finance Officer</b>  <b>ICPAK No. 11239</b></p>	<p>Mr. Charles K. Mwaringa was appointed at Pwani University as Finance Officer on 1<sup>st</sup> November 2024. He is responsible for the supervision and management of all administrative and operational functions of the Finance Department. He holds an MBA(Finance), BBM (Finance &amp; Banking) and CPA(K). He is a member of the Institute of Certified Public Accountants of Kenya and the Institute of Internal Auditors of Kenya.</p>
11.	 <p><b>Mr. Chris W. Khaemba</b>  <b>Secretary/Legal Officer</b></p>	<p>Mr. Chris W. Khaemba was appointed at Pwani University on 12<sup>th</sup> April 2010 as the Legal Officer and secretary to the University Council. He is responsible for all legal matters arising from the University's operations, governance and secretarial services to the Council. He holds an LLB Law, Diploma (KSL) and CPS (K). He is a member of the LSK and Institute of Certified Public Secretaries of Kenya.</p>

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12.	 <p><b>Mr. Moses R. S. Isutsa</b> <b>Librarian</b></p>	<p>Mr. Moses R. Isutsa was appointed as the Librarian at Pwani University on 23<sup>rd</sup> February 2017. He is responsible for the management, organization, operation and utilization of University Library Services. He holds a Master of Library &amp; Information Science; BTech. Degree in Library &amp; Information Science; Diploma in Library and Information Studies. He is a qualified ISO 9001:2008 Internal QMS Auditor, and a Job Analyst.</p>
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**5. Chairman's Statement**



**Prof. Mohamed Salim Badamana, PhD**  
**Council Chair**


*"I am glad to present this year's annual report and financial statements the year ended 30th June 2025. I am happy to report that the University continues to deliver on its three key priorities; quality University Education, Research & Innovation and Extension & Community outreach."*

Dear Stakeholders,

On behalf of the University Council, I am delighted to present this year's annual report and financial statements the year ended 30<sup>th</sup> June 2025. I am pleased to report that the University continues to deliver on its three key priorities; quality University Education, Research & Innovation and Extension & Community outreach. The University Council is encouraged by the resilience that the University has shown during the year. The University reported successes in the achievement of its strategic goals specifically in completion of the first phase School of Agricultural Sciences and Agribusiness building.

To maintain resilience in our core mandate of providing quality education, training, research outreach and opportunities for innovation, Pwani University must continue to innovate and implement sustainable solutions to meet the needs of the students and stakeholders. Despite financial challenges, the Council is pleased with the steady progress made and the momentum towards the vision of the University. The Council continues to support management in its Strategic Plan, recording strong achievements in this financial year.

I would like to thank members of the University Council for their diligence and commitment during the year, in providing effective assessments and guidance for management to implement. Their skills, wisdom and experience has added a great deal of value to the University and contributed significantly to its achievements in 2024/2025 financial year. I also wish to appreciate and thank the Government of Kenya for its goodwill and invaluable support to make our goals a reality.

  
.....  
**Prof. Mohamed Salim Badamana, PhD.**  
**Chairman**

## **6. Report of the Vice Chancellor**



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

Dear Stakeholders,

During the year ending 30<sup>th</sup> June, 2025, Pwani University continued to pursue its strategic objective of offering excellence in quality education, training, research, innovation and outreach opportunities for advancement of the individual and society. Our strategy continues to be infrastructure led. We are pleased to have completed the first phase of the School of Agricultural Sciences and Agribusiness building at a cost of Kshs.116 million. The University continues to align itself to the student-centred funding model, regulations and changing economic conditions by promoting civic responsibility, accountability and transparency, fidelity to the law and observing all statutory obligations in the conduct of business. We are innovating, operating efficiently and reducing costs by encouraging creativity and innovativeness among the University staff, students and management in order to inculcate competitiveness and improvement in service delivery. Our objective is to build a cohesive University community that cherishes team work and partnership in the accomplishment of the University's mandate.

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

### **Operational and Financial Performance**

Pwani University is delivering on its key mandate of provision of quality education, training, research, innovation and outreach opportunities for advancement of the individual and society During the period under review the university absorbed all its allocated funds. Appropriation in Aid (AIA)

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increased by 56% from Kshs.678,111,000.00 to Kshs.1,059,697,000.00, this is attributed to the student-centred funding model.

**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/SHIF, NSSF, Pension and HELB within the stipulated deadlines. The University does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

**Key Projects and Investment Decisions**

To meet the current and future needs of the University, Pwani University's Master Plan and Strategic Plan 2023-2027 continues to be the guide in investment in infrastructure. The construction of the first phase of Kshs. 116 million School of Agricultural Sciences and Agribusiness was completed in December 2024.

**Strategic Focus**

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

Pwani University embraces ICT in her academic, research and management functions. The University is making use of emerging technologies to provide high capacity broad-band connectivity to both students and staff.

**Business Continuity Management**

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

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

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**Integrated Risk Management Report FY 2024/2025**

The University continues to embrace the Integrated Risk Management Approach (IRMA) through the adoption of the Enterprise Risk Management (ERM) framework. This complies with the Public Finance Management Regulations 2015 and International Organization for Standardization (ISO) 31000, 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 Risks and Opportunities Register highlighting the various levels of risks. During the period under review, the University identified four (4) major potential risks as shown in Table 1.

**Table 1. Analysis Pwani University High Risks**

Identified High Risk	Mitigation Measures
Challenges to settle financial obligations as they fall due	<ul style="list-style-type: none"> <li>• Payments to suppliers is prioritized on FIFO (First In First Out) basis</li> <li>• Payments to Contractors are matched to cash inflows by making payments in instalments</li> </ul>
Non-compliance to wage bill threshold of 35% of the Operational budget	<ul style="list-style-type: none"> <li>• Freezing of recruitment or replacement on non-core functions</li> </ul>
Non-allocation of development budget by the GoK	<ul style="list-style-type: none"> <li>• Actively engage with the government to allocate and remit development funds for approved projects</li> </ul>
Emerging Accident Claims	<ul style="list-style-type: none"> <li>• To mitigate against this risk, the University had a valid comprehensive motor vehicle Insurance cover with Monarch Insurance Company at the time of the accident</li> <li>• Payment arrangements with the claimants</li> </ul>

**Key Strengths and Opportunities**

- a) The University is ISO 9001:2015 Certified.
- b) The University has an approved Fifth Generation Strategic Plan (2023-2027) and has a 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 is developing infrastructure for quality education, training, research, innovation and outreach opportunities for advancement of the individual and society on its 244.3 hectares.

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- f) The University is easily accessible due to its strategic location along the Mombasa–Malindi highway.
- g) The University has a student population of **8,631** which is steadily growing.
- h) The University has a staff profile of **420**.
- i) The University is a designated African Union Center of excellence in Aquatic Biodiversity and Eco-system Conservation.
- j) The University Pwani University Space Research and Ionospheric Laboratory and link to the Luigi Broglio Space Centre, Malindi.

**Conclusion**

Finally, I call upon our stakeholders to continue partnering with Pwani University in Pursuit of Global Excellence in line with the Bottom-Up Economic Transformation Agenda (BETA). Pwani University will strive to increase access and equity to University education, especially to the vulnerable persons in the society.

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

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

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**7. Statement of Performance against Predetermined Objectives for FY 2024/2025**

Pwani University has 3 strategic pillars within its Strategic Plan for the FY 2024/2025. 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 pillars have also been inculcated in the University’s performance contract to ensure achievement of objectives.

The University achieved its performance targets set for the FY 2024/2025 period for its 3 strategic pillars, as indicated in the Table 2.

**Table 2: Performance Targets for the FY 2024/2025**

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1: Quality University Education	Produce globally competitive graduates	Number of graduated students	Develop internationally certified programmes	The University trained and graduated high quality students in the following categories on 21 <sup>st</sup> November, 2024: <ol style="list-style-type: none"> <li>1. Certificate (14)</li> <li>2. Diploma (111)</li> <li>3. Post Grd Dip (23)</li> <li>4. Bachelors (1,521)</li> <li>5. Masters (52)</li> <li>6. PhD. (7)</li> </ol>
Pillar 2: Research and Innovation	Foster excellence in research and innovation	Number of publications in refereed journals	Promote research and innovation through collaboration with partners across various disciplines	The University implemented the following: <ol style="list-style-type: none"> <li>1. A total of 96 publications were published in peer review journals.</li> <li>2. The University attracted research funding from 24 various donors</li> <li>3. During the year under review Eight (8) Memorandums</li> </ol>

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				<p>of understanding were signed with various University and Partners across the Globe</p> <p>4. The University is a designated African Union Center of excellence in Aquatic Biodiversity and Eco-system Conservation.</p>
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	<p>Pwani University held Outreach activities by donating medical supplies to the Health Centre (Watamu-Kilifi County) and sanitary towels to St. Dominic Primary and Junior School, in Kilifi.</p> <p>The University also donated 376 books to St. Charles Lwanga High School Mombasa.</p>

## **8. Corporate Governance Statement**

The appointment and revocation of University Council members are governed by the Universities Act, 2012. The Cabinet Secretary for Education appoints nine (9) members to the Council, while the composition of the Council is further defined in the Act.

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

The Salaries and Remuneration Commission (SRC) is the primary body that guides the remuneration of University Council members.

The Council's roles, powers, duties, functions and succession plans are guided by the University's Act and a Council Charter approved by the Council and executed by Council members which includes; recruitment of staff, approval of statutes of the University, approval of policies of the University, approval of budget and procurement plan and any other function as may be prescribed by the University's Charter. The Council has in place an annual work plan that enables it to have a panoramic view of all the divisions of the University by approval of strategy, policies, work plans, budgets, procurement plans and financial statements. The Council receives regular reports on the University's financial, operational, performance and governance audits.

The Council held an induction and training on 27-31 January 2025 at the KSG Mombasa and all members were present.

Additionally, the Council held its annual self-evaluation the 5<sup>th</sup> September 2024 to ensure assessment of its performance under the guidance of the State Corporations Advisory Committee.

Notably, the Council has a succession plan which ensures that the tenures of the Council members are staggered to ensure a phased transition and that at least a third of the members are retained during a transition.

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The Council ensures that all members declare any real or perceived conflict of interest with the University during every Council meeting. The Council's remuneration is guided by the Salaries and Remuneration Commission as guided from time to time. Remarkably, the Council developed a code of conduct and ethics and ensures that all members of the institution subscribe to the code.

The University's Internal Audit function conducts Governance Audit and provides assurance through Audit and Risk Committee of Council.

The Institution has guidelines in communications, currently, this is centralized at Vice Chancellor's office through the corporate and legal affairs department. The terms of reference of Council Committees are spelt out in the Pwani University Statutes. Finally, the Council ensures that any related party transactions are disclosed to assess risk on conflict of interest.

Pwani University Council had nine (9) members as at 30<sup>th</sup> June 2024 as outlined in the table below:

S/No	Name	Position in Council	Gender	Home County & Ethnicity	Date of Appoint.	Expiry of Appoint.
1.	Prof. Mohamed Salim Badamana	Chairperson	Male	Lamu, Arab	23/05/2023	22/05/2026
2.	Amb. Benjamin Mweri	Member	Male	Kilifi, Giriama	23/05/2023	22/05/2026
3.	Ms. Fatma Mohamed Yusuf	Member	Female	Mombasa, Swahili	23/05/2023	22/05/2026
4.	David Kiptanui Sang	Member	Male	Uasin Gishu, Nandi	23/05/2023	22/05/2026
5.	Samuel Kaloki	Member	Male	Machakos, Kamba	23/05/2023	22/05/2026
6.	Japhet Mvoyi Ria	Member	Male	Kilifi, Jibana	08/12/2023	07/12/2026
7.	Samson Wangusi	Alternate Member	Male	Trans Nzoia, Luhya	04/04/2023	03/04/2026
8.	Darius Ogutu Mogaka	Alternate Member	Male	Kisii, Kisii	20/01//2025	19/01/2028
9.	Prof. James Kahindi	Ex-Officio	Male	Kilifi, Kauma	01/09/2023	08/01/2028

The University has established Three (3) Committees with specific Terms of Reference to assist in its oversight role. The Committees together with their membership are as outlined in Table 3.

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**Table 3: Committees of Council**

Name of Committee	Members	Effective Date
<b>1. Audit and Risk</b>	1. Mr. Samuel Kaloki- Chair 2. Mr. Benjamin Mweri-Member 3. Mr. Japhet Mvoyo Ria-Member 4. Mr. Samson Wangusi-Member 5. Mr. Darius Ogutu Mogaka – Member	19/06/2023 19/06/2023 12/01/2024 19/06/2023 20/01//2025
<b>2. Academic, research and extension</b>	1. Mr. Benjamin Mweri – Chair 2. Mr. Samuel Kaloki - Member 3. Ms. Fatma Mohamed-Member 4. Mr. David K. Sang - Member 5. Mr. Darius Ogutu Mogaka - Member	19/06/2023 19/06/2023 19/06/2023 19/06/2023 20/01//2025
<b>3. Administration Finance &amp; Planning</b>	1. Mr. David K. Sang – Chair 2. Ms. Fatma Mohamed – Member 3. Mr. Japhet Mvoyo Ria-Member 4. Mr. Samson Wangusi -Member 5. Mr. Darius Ogutu Mogaka - Member	19/06/2023 19/06/2023 12/01/2024 19/06/2023 20/01//2025

The following meetings, trainings and activities were held during the year ending 30<sup>th</sup> June 2025 as illustrated in Table 4.

**Table 4. Council Meetings and Activities**

MEETINGS/ACTIVITY	NUMBER OF MEETINGS/ACTIVITIES	MEMBERSHIP	AVERAGE ATTENDANCE %
Ordinary Quarterly Council Meetings	4	9	100%
Special Council Meetings	2	9	100%
<i>Adhoc</i> Committee of Council Meetings	2	9	100%
<b>Full Council Activities</b>			
Meeting to Receive Previous Council Evaluation report	1	9	100%
Annual Council Self Evaluation	1	9	100%
Graduation Ceremony & Rehearsals	2	9	100%
Induction Visit to Mombasa Resource Centre	1	9	100%
Training and Development	1	9	100%
Audit and Risk Committee	4	5	100%
Academic, Research & Extension Committee	4	5	100%
Administration Finance & Planning	4	5	100%

**9. Management Discussion and Analysis**

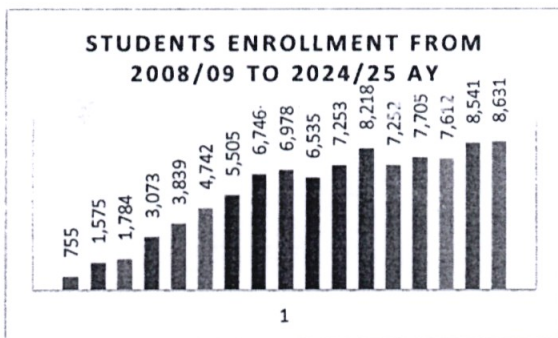
**Core Business**

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

**Academic Programmes**

During the period under review the University admitted a total of 2,007 KUCCPS placed students increasing the student population to 8,631 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 7 PhD., 52 Masters, 23 Postgraduate Diplomas, 1,521 Bachelors, 111 Diplomas and 14 Certificates totaling 1,728 during the 12<sup>th</sup> Graduation Ceremony held on 21<sup>st</sup> November, 2024.

To cater for the increased students' numbers, the University completed 1<sup>st</sup> phase of the construction of The School of Agricultural Sciences and Agribusiness complex. To ensure quality of teaching and learning, the University is systematically revising and updating its academic programs and developing new niche areas.

**Students Affairs**

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

**Students Accommodation**

Pwani University has a resident hostel with a total capacity of eight hundred and seventy bed capacity.

Due to limited bed capacity, a total of 7,761 students seek accommodation from our partners within Kilifi town.

The University Dining hall sitting capacity is insufficient to cater for the current student numbers, there is an urgent need to construct a second dining hall and more students' hostels. Moving forward, the University is exploring the possibility to engage in Public Private Partnership (PPP) to expand its hostel and dining infrastructure through Build-Own-Operate-Transfer (BOOT) arrangement.

**Research, Science, Technology and Innovation**

During the reporting period, the Research and Extension (RE) Division successfully attracted

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twenty-four new research grants from diverse funding agencies. These grants are expected to significantly strengthen the University’s research capacity, support postgraduate training, enhance staff development, and promote international visibility through collaborative projects addressing critical regional and global challenges.

In addition, Pwani University advanced its strategic partnership agenda by engaging both industry and academia to foster the generation, adaptation, and utilization of knowledge. Consequently, eight (8) Memoranda of Understanding (MoUs) were signed with various local and international institutions. These MoUs provide a framework for joint research initiatives, student and staff exchanges, co-supervision of postgraduate students, and capacity-building programmes, thereby reinforcing the University’s role as a hub for innovation, scholarship, and community impact.

Looking ahead, the Research and Extension Division will continue to prioritize the attraction of high-impact grants and the establishment of strategic partnerships that align with the University’s Strategic Plan (2023–2027). Particular emphasis will be placed on interdisciplinary research, commercialization of innovations, and the translation of research outputs into practical solutions that address societal needs at the county, national, and global levels.

**Funding Trends**

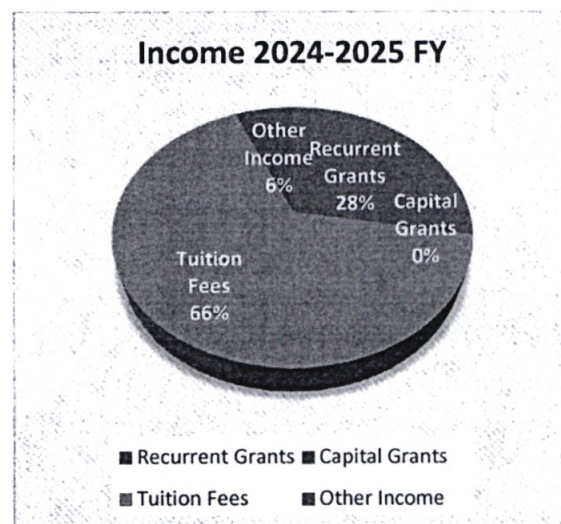
Pwani University remains focused on achieving its strategic goals by supporting innovative teaching, learning and research.

There are three (3) sources of University funds, namely recurrent grants, capital grants and appropriations in aid as shown in Table 6. The first two (2) are 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	2024/25	2023/24	2022/23
Income(KES)	'000'	'000'	'000'
Recurrent Grant	409,328	607,944	784,105
Capital Grants	0	7,500	26,813
Tuition Fees	969,133	582,269	351,359
Other Income	85,153	95,842	111,321
<b>Totals</b>	<b>1,463,614</b>	<b>1,293,555</b>	<b>1,273,598</b>

**Figure 2. Income Sources**



Despite the limited GOK Capitation, during the year under review Pwani University complied with all its statutory obligations including remittance of PAYE, NHIF/SHIF, 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.

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**Major Risks**

The major risks facing the University includes:

- Challenges to settle financial obligations as they fall due
- Non-compliance to wage bill threshold of 35% of the Operational budget
- Non-allocation of development budget by the GoK
- Emerging Accident Claims

## **10. Environmental and Sustainability Reporting**

In line with Pwani University's core mandate and fulfilment of Corporate Social Responsibility and IPSAS SRSI, 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:

### **i) *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 continues 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, and currently the University has installed six (6No) individual street solar lighting systems with an illumination capacity of 20 square meters and will continue to expand its capacity. Further the University operates three (3No) biodigesters unit of capacity 12mtr cubed, 24mtr, and 25mtr cubed that supplies biogas to various units within the university.

### **ii) *Environmental performance***

To manage resources to ensure Pwani University's long-term financial and environmental sustainability. The University is providing an environment which promotes world class research and education and at the same time minimizing on environmental impact, conserving old buildings, and improving on space utilization. The University has installed a Bio-gas digester which has reduced consumption of firewood for cooking that has substantially curtailed pollution of the environment. During this financial year, the University has been involved in the *Panda miti* initiative to conserve the environment. So far, the University planted terrestrial trees and mangrove tree seedlings totalling to 14,080 indigenous species within the University and at the Kilifi Creek (Mangroves). In addition, the University allocated five (5) acres of land to be used for Agroforestry activities. Additionally, the University is a member of national committee on The United Nations Decade of the Ocean.

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**iii) Diversity, Equity and Inclusion**

The University seeks to attract, recruit and retain the best research and teaching staff. 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 compliance on Diversity, Equity and Inclusion (DEI). The University has attained and exceeded the minimum gender representation. Within the staff population of 420 at least 31 are your youth. Notably, 7 staff are Persons living with disability. Out of 420 members of Staff, 264 (62.86%) are Male while 156 (37.14%) are Female. Table 7 provides Pwani University Staff representation.

**Table 7. Staff Representation**

<b>Category</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Percentage%</b>
Faculty	141	54	195	46.43
Administrative/Technical staff directly supporting Teaching & Learning	50	58	108	25.71
Non-Teaching	73	44	117	27.86
<b>Total</b>	<b>264</b>	<b>156</b>	<b>420</b>	<b>100</b>

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.

**iv) Appraisal and Reward System**

The University has an appraisal system that evaluates employee performance in relation to attainment to University strategic objectives. The University has in place a reward system where members of staff are promoted based on performance.

**v) Market place practices**

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

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**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 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.

**vi) Service Delivery Charter**

The University is committed to providing the following services in a timely manner, efficiently and effectively:

Service	Requirement	Charges(Ksh)	Time Line
Response to phone calls during official hours(Landline or any other official line)	Phone call	Free	15 seconds
Response to enquiry by Walk-in clients during official working hours	Walk-in and make the enquiry	Free	1 minute
Response to correspondence	Written correspondences	Free	5 working days [excluding weekends and public holidays]
Response to public complaints and grievances	Make a complaint	Free	1 working day [excluding weekends and public holidays]
Resolution of complaints	Make a verbal or written complaint	Free	14 Working days [excluding weekends and public holidays]
Processing of tenders	Submit bids for goods and services	Free	90 days
Notification of successful and unsuccessful bidders	Access e-procurement portal for notification	Free	1 working day
Payment for goods and services received	-LPO -Invoice -Certificate of	Free	90 days from the date of receipt of the invoice

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	Completion/Delivery note -Goods/services received		
Disposal of obsolete items	-Submission of bids	Free	60 days from the date of advertisement
Public participation policy-making process	Familiarization with issues and active participation	Free	1 working day
Recruitment of staff	Make a formal application based on the advert	Free	90 days
Processing of request for information	Make a request for information	Free	21 days
Student Admission	Complete and submit the Admission form	Specified Fee	48 working days from the date of receipt of the completed form
Course Registration	Complete and submit the registration forms	Semester/ session fees	10 working days after reporting date
Issuance of Examination results slip/Transcript	Upon request	Free	10 working days upon receipt of request
Graduation	Completion of the course	Specified fees	As per academic calendar
Issuance of certificates	Completion of the course	Free	48 working days after graduation
Teaching/Learning	Upon registration	Specified fees as per programme	As per Almanac
Payment of goods and services	Delivery, acceptance & Invoice	Free	Within 90 days after invoice date
Issuance of support letters to researchers	Request for support letter and project proposal.	Free	10 working days upon receipt of request and project proposal
Signing of memorandum of understanding (MoU)	An agreed MoU and a brief on the MoU	Free	10 working days upon receipt of an agreed MoU and a brief on the MoU
Signing of Research Contract Agreements	An agreed Research Contract Agreement	Free	5 working days upon receipt of an agreed Research Contract Agreement

**vii) Corporate Social Responsibility / Community Engagements**

In the 2024/2025 financial year, Pwani University's Research Division successfully managed extension services aimed at disseminating technologies and information, thereby reinforcing the University's commitment to corporate social responsibility. Under the leadership of the Deputy Vice-Chancellor, Research and Extension (DVC-RE), the Division organized a community outreach initiative themed "Yes! We Can End TB", held on 14th April 2025 at Lovers Park, Pwani University. The outreach focused on tuberculosis (TB) screening and sensitization. Participants included members of the School of Health and Human Sciences, the Pwani University Health Unit team, the Kilifi County TB team, and student volunteers.

The University also donated sanitary towels to St. Dominic Primary and Junior School, in Kilifi and 376 books to St. Charles Lwanga High School Mombasa.

## **11. Report of the Council**

The Council submits its report together with the audited financial statements for the year ended 30<sup>th</sup> June 2025 which shows the state of affairs for Pwani University.

### **i) 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.

### **ii) Results**

The results of the University for the Year ended 30<sup>th</sup> June 2025 are set out on pages 1 to 7.

### **iii) 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 ix and xiii.

### **iv) Surplus remission**

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

**Pwani University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025**

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**v) Auditors**

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

**By Order of the Council,**



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

## **12. Statement of Councils Responsibilities**

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

The Council members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for the period and as at the end of the financial year ended on 30<sup>th</sup> June, 2025. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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, 2025, 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.

**Pwani University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025**

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**Approval of the financial statements**

The University's financial statements were approved by the Council on ...01/12/25... and signed on its behalf by



Prof. Mohamed Salim Badamana PhD.  
CHAIR OF COUNCIL



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

# REPUBLIC OF KENYA

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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON PWANI UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Pwani University set out on pages 1 to 64, which comprise of the statement of financial position as at 30 June, 2025

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

In my opinion, except for the 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, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities (Amendment) Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Inaccuracies in Receivables from Exchange Transactions Balance**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.58,445,000 as disclosed in Note 18 to the financial statements. Included in the balance is Kshs.38,110,000 in respect of student debtors out of which a balance of Kshs.28,398,536 relates to fees owed by six hundred and fifty-one (651) students carried forward from prior years and for which no payments were received during the year under review. In addition, review of records revealed that the six hundred and fifty-one (651) students were not invoiced during the year under review, an indication that they may have either deferred, discontinued or graduated casting on the recoverability of the debt.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.28,398,536 could not be confirmed.

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

#### **Material Uncertainty Related to Going Concern**

The statement of financial position reflects total current assets balance of Kshs.175,962,000 against total current liabilities balance of Kshs.291,723,000 resulting to a negative working capital of Kshs.115,761,000. As previously reported, operating on negative working capital implies that the University may not be able to meet all its short-term financial obligations as and when they fall due. Even though a significant improvement has been noted in the year under review in which the University realized a

net surplus of Kshs.22,021,000 as opposed to the previous year's deficit of Kshs.66,485,000, there was a drop in the University's current assets and an increase in current liabilities. This scenario poses risk of material uncertainty related to going concern.

In the circumstances, the University's ability to continue as a going concern is dependent on support from the Government, donors and creditors.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the prior year's audit report, several issues were raised under the Report on the Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Effectiveness on Internal Controls, Risk Management and Governance respectively. Review of the status during audit of the University in 2024/2025 revealed that the following five (5) issues remained unresolved as at 30 June, 2025:

<b>S/No</b>	<b>Audit Issue</b>
1	Inaccurate Receivables from Exchange Transaction Balance
2	Budgetary Control and Performance
3	Unsustainable Wage Bill
4	Stall Construction Works on Perimeter Fence
5	Illegal Encroachment

### **Other Information**

The Management is responsible for the Other Information set out on page vi to xlii which comprise of Key University Information and Management, the Council Members, Key Management Team, Chairman's Statement, Report of the Vice Chancellor, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council and the Statement of Councils Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the University's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit

or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-compliance with Affirmative Action on Employment**

Review of payroll records revealed that the University had a total of four hundred and twenty (420) employees out of which seven (7) were persons living with disability. The persons living with disability represents 2% of the total workforce. This was contrary to Section 21(2)(a) of the Persons with Disabilities Act, 2025 which states every employer who has at least twenty (20) employees, shall reserve at least five (5%) per cent direct employment opportunities for persons with disabilities to secure employment.

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

#### **2. Excessive Wage Bill**

The statement of financial performance reflects employee costs of Kshs.1,118,465,000 as disclosed in Note 12 to the financial statements. This represents seventy-six (76%) percent of the total revenue amount of Kshs.1,463,614,000 comprising of revenue from both exchange and non-exchange transactions. Even though the University is a service institution and its operations are mainly recurrent in nature, the high wage bill negates the Government's effort to reduce wage bill to sustainable levels. This was therefore contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the National Government pursuant to Article 209(4) of the Constitution.

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

### **3. Stalled Construction of Perimeter Fence**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,798,744,000 as disclosed in Note 21 to the financial statements. The balance includes buildings net book balance of Kshs.1,517,370,000 out of which Kshs.45,399,251 was incurred on the construction of the University's perimeter fence. As was reported in the previous year, although substantial progress had been made, approximately three (3) kilometers of the wall were incomplete and the project had stalled thereby posing a risk of access to the Institution by unauthorized persons.

In the circumstances, value of money incurred on the project could not be confirmed.

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

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

##### **Conclusion**

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

##### **Basis for Conclusion**

##### **Encroachment to University's Land**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,798,744,000. Included in the balance is Kshs.116,680,000 in respect of land. As previously reported, Management sued and was given an order to evict intruders. However, inspection of the land during audit revealed that the property had intruders who were yet to be evicted. Although Management had sought help from the Ministry of Education and the County Commissioner, the issue had not been resolved.

In the circumstances, the effectiveness of measures put in place to safeguard the University's land could not be confirmed.

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

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

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**Nairobi**


**15 December, 2025**


**Pwani University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**

**14. Statement of Financial Performance for the year ended 30 June 2025**

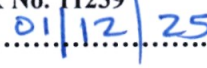
	Notes	2024-2025	2023-2024
		Kshs '000'	Kshs '000'
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	409,328	607,944
		<b>409,328</b>	<b>607,944</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	7	969,133	582,269
Rental revenue from facilities and equipment	8	9,074	8,647
Finance income	9	792	912
Other income	10	75,287	86,283
<b>Sub total</b>		<b>1,054,286</b>	<b>678,111</b>
<b>Total Revenue</b>		<b>1,463,614</b>	<b>1,286,055</b>
<b>Expenses</b>			
Use of goods and services	11	209,893	189,722
Employee costs	12	1,118,465	1,055,897
Council Expenses	13	15,272	11,339
Depreciation and amortization expense	14	83,964	86,693
Repairs and maintenance	15	20,064	17,792
Contracted services	16	31,618	29,794
<b>Total expenses</b>		<b>1,479,276</b>	<b>1,391,237</b>
<b>Other gains/(losses)</b>			
Deferred Income	21	38,699	38,697
<b>Surplus/ (deficit) before tax</b>		<b>23,037</b>	<b>-66,485</b>
Taxation	30 b)	(1,016)	(381)
<b>Surplus/(deficit) for the period/year</b>		<b>22,021</b>	<b>-66,866</b>
Remission to National Treasury		0	0
<b>Net Surplus for the year</b>		<b>22,021</b>	<b>-66,866</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	0
Surplus/(deficit) attributable to owners of the controlling Entity		<b>22,021</b>	<b>-66,866</b>

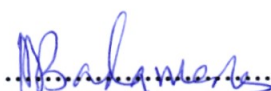
The notes set out on pages 8 to 72 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Council by:

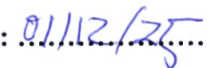
  
 .....  
 Prof. James H.P. Kahindi PhD.  
 Vice Chancellor

Date:  .....

  
 .....  
 CPA. Charles K. Mwangi  
 Finance Officer

ICPAK No. 11239  
 Date:  .....

  
 .....  
 Prof. Mohamed Badamana PhD  
 Chairman of Council


Date:  .....

**Pwani University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**


**15 Statement of Financial Position as at 30 June 2025**

	Notes	2024-2025	2023-2024
		Kshs '000'	Kshs '000'
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	17	115,022	113,028
Receivables from Exchange Transactions	18	58,445	50,028
Receivables from Non-Exchange Transactions	19	0	50,662
Inventories	20	2,495	4,103
<b>Total Current Assets</b>		<b>175,962</b>	<b>217,821</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	21	1,798,744	1,809,378
Intangible Assets	22	6,618	11,539
Biological Assets	23	13,440	10,665
<b>Total Non- Current Assets</b>		<b>1,818,802</b>	<b>1,831,582</b>
<b>Total Assets (A)</b>		<b>1,994,764</b>	<b>2,049,403</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	24	221,626	274,408
Refundable deposits	25	38,173	48,664
Current Provision	26	4,938	5,195
Employee Benefit Obligation	28	26,986	1,417
<b>Total Current Liabilities</b>		<b>291,723</b>	<b>329,684</b>
<b>Total Liabilities (B)</b>		<b>291,723</b>	<b>329,684</b>
<b>Net Assets (A-B)</b>		<b>1,703,041</b>	<b>1,719,719</b>
<b>Represented by:</b>			
Reserves		206,528	206,528
Accumulated Surplus		14,790	-7,231
Capital Fund		1,481,723	1,520,422
<b>Net Assets</b>		<b>1,703,041</b>	<b>1,719,719</b>


The financial statements set out on pages 1 to 7 were signed on behalf of the Council by:

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

Date: 01/12/25

  
 .....  
 CPA. Charles K. Mwaringa  
 Finance Officer  
 ICPAK No. 11239

Date: 01/12/25

  
 .....  
 Prof. Mohamed Badamana PhD  
 Chairman of Council

Date: 01/12/25

Pwani University  
Annual Report and Financial Statements  
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16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>As at July 1, 2022</b>	<b>0</b>	<b>206,528</b>	<b>0</b>	<b>88,571</b>	<b>0</b>	<b>1,553,190</b>	<b>1,848,289</b>
Issued new capital	0	0	0	0	0	0	0
Revaluation gain	0	0	0	0	0	0	0
Transfer of excess depreciation on revaluation	0	0	0	0	0	0	0
Deferred tax on excess depreciation	0	0	0	0	0	0	0
Fair value adjustment on investments	0	0	0	0	0	0	0
Surplus/ (deficit) for the year	0	0	0	(57,320)	0	0	(57,320)
Capital/development grants received during the year	0	0	0	0	0	26,813	26,813
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	28,384	0	(28,384)	0
Dividends paid	0	0	0	0	0	0	0
Interim dividends paid	0	0	0	0	0	0	0
Proposed final dividends	0	0	0	0	0	0	0
<b>As at June 30, 2023</b>	<b>0</b>	<b>206,528</b>	<b>0</b>	<b>59,635</b>	<b>0</b>	<b>1,551,619</b>	<b>1,817,782</b>
<b>As at July 1, 2023</b>	<b>0</b>	<b>206,528</b>	<b>0</b>	<b>59,635</b>	<b>0</b>	<b>1,551,619</b>	<b>1,817,782</b>
Issue of new share capital	0	0	0	0	0	0	0
Revaluation gain	0	0	0	0	0	0	0
Transfer of excess depreciation on revaluation	0	0	0	0	0	0	0
Deferred tax on excess depreciation	0	0	0	0	0	0	0
Fair value adjustment on investments	0	0	0	0	0	0	0
Surplus/ (deficit) for the year	0	0	0	(66,866)	0	0	(66,866)

Pwani University  
Annual Report and Financial Statements  
for the year ended June 30, 2025.

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
Capital/development grants received during the year	0	0	0	0	0	7,500	7,500
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0	(38,697)	(38,697)
Dividends paid	0	0	0	0	0	0	0
Interim dividends paid	0	0	0	0	0	0	0
Proposed final dividends	0	0	0	0	0	0	0
<b>As at June 30, 2024</b>	<b>0</b>	<b>206,528</b>	<b>0</b>	<b>(7,231)</b>	<b>0</b>	<b>1,520,422</b>	<b>1,719,719</b>
<b>As at July 1, 2024</b>	<b>0</b>	<b>206,528</b>	<b>0</b>	<b>(7,231)</b>	<b>0</b>	<b>1,520,422</b>	<b>1,719,719</b>
Issue of new share capital	0	0	0	0	0	0	0
Revaluation gain	0	0	0	0	0	0	0
Transfer of excess depreciation on revaluation	0	0	0	0	0	0	0
Fair value adjustment on investments	0	0	0	0	0	0	0
Surplus/ (deficit) for the year	0	0	0	22,021	0	0	22,021
Capital/development grants received during the year	0	0	0	0	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0	(38,699)	(38,699)
<b>As at June 30, 2025</b>	<b>0</b>	<b>206,528</b>	<b>0</b>	<b>14,790</b>	<b>0</b>	<b>1,481,723</b>	<b>1,703,041</b>

**Pwani University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**

**17. Statement of Cash Flows for the year ended 30 June 2025**

	Notes	2024-2025	2023-2024
		Kshs '000'	Kshs '000'
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	409,328	607,944
Rendering of services	7	969,133	582,269
Rental Revenue from facilities and equipment	8	9,074	8,647
Finance Income	9	792	912
Other income	10E	77,388	192,775
<b>Total Receipts</b>		<b>1,465,715</b>	<b>1,392,547</b>
<b>Payments</b>			
Use of Goods and services	11	209,893	244,880
Compensation of employees	12	1,118,465	1,055,897
Council Expenses	13	15,272	11,339
Repairs and Maintenance	15	20,064	17,792
Contracted services	16	31,618	29,794
<b>Total Payments</b>		<b>1,395,312</b>	<b>1,359,702</b>
<b>Net cash flows from operating activities</b>	31	<b>70,403</b>	<b>32,845</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and intangible assets	21, 22	(68,409)	(65,937)
Proceeds from sale of property, plant and Equipment			
<b>Net cash flows used in investing activities</b>		<b>(68,409)</b>	<b>(65,937)</b>
<b>Cash flows from financing activities</b>			
Increase in Development Grants		0	7,500
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>7,500</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,994</b>	<b>(25,592)</b>
Cash and cash equivalents at 1 July 2025	17	113,028	138,620
<b>Cash and cash equivalents at 30 June 2025</b>	17	<b>115,022</b>	<b>113,028</b>

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	D	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	0	0	0	113,028	-113,028	100%
<b>Receipts</b>						
Transfers from other governments entities	343,186	66,142	409,328	409,328	0	100%
Rendering of services	961,901	142,474	1,104,375	969,133	135,242	88%
Rental Revenue from facilities and equipment	9,000	0	9,000	9,074	-74	101%
Finance Income	750	0	750	792	-42	106%
Other income	62,979	29,000	91,979	77,388	14591	84%
<b>Total Receipts</b>	<b>1,377,816</b>	<b>237,616</b>	<b>1,615,432</b>	<b>1,465,715</b>	<b>149,717</b>	<b>91%</b>
<b>Payments</b>						
Use of Goods and Services	205,348	25,445	230,793	209,893	20,900	91%
Employee costs	1,070,712	106,406	1,177,118	1,118,465	58,653	95%
Council Expenses	12,202	3,550	15,752	15,272	480	97%
Repairs and Maintenance	24,955	3,015	27,970	20,064	7,906	72%
Contracted services	29,099	5,200	34,299	31,618	2,681	92%
Depreciation	0	90,000	90,000	0	90,000	0%
<b>Total Payments</b>	<b>1,342,316</b>	<b>233,616</b>	<b>1,575,932</b>	<b>1,395,312</b>	<b>180,620</b>	<b>89%</b>
					0	
<b>Net Surplus/(Deficit)</b>	<b>35,500</b>	<b>4,000</b>	<b>39,500</b>	<b>183,431</b>	<b>-143,931</b>	<b>464%</b>
Capital Expenditure Payments	35,500	4,000	39,500	-68,409	107,909	-173%
<b>Surplus(deficit) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>115,022</b>	<b>-115,022</b>	<b>100%</b>

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**Budget notes**

- **Under collection-Rendering of Services**

This was occasioned by deferments, transfers out and drop-outs by students during the year.

- **Over collection- Finance Income**

This was occasioned by favourable bank interest rates.

- **Under collection-Other Income**

This was occasioned by partial closure of the guest house and unfavourable weather conditions affecting farm produce.

- **Underutilization-Use of Goods and Services**

This mostly relates to unavailability of funds for utilization as a result of delayed remittances from Universities Fund and HELB.

- **Underutilization-Employee cost**

This was occasioned by freezing of recruitment on non-core services to cut down on employee cost in compliance to wage bill threshold of 35% of the operational budget.

- **Underutilization of Council Expenses**

The was occasioned by limited cashflow for utilization during the period.

- **Underutilization-Repairs and Maintenance**

The was occasioned by limited cashflow for utilization during the period.

- **Underutilization-Contracted services**

The was occasioned by limited cashflow for utilization during the period.

- **Underutilization-Depreciation and Amortization**

This is a non-cash item, its expenditure is not included in the statement of budget and actual amounts

- **Overutilization on capital expenditure**

This is relating to non-allocation of development grants on active approved construction project-School of Agricultural Sciences and Agribusiness complex

**19. Notes to the Financial Statements**

**1. General Information**

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

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

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

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

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**Notes to the Financial Statements (Continued)**

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

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

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	<ul style="list-style-type: none"> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

***iii. Early adoption of standards***

The University did not early – adopt any new or amended standards in the financial year.

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

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

**1. Revenue from exchange transactions**

**Rendering of services**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for the Current FY was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University recorded additional appropriations of Kshs. 237,616,000.00 on the 2024/25 FY budget following the governing body's approval.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

The University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

**c) Taxes**

**Current income tax**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable University and the same taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

*Sales tax*

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

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

**d) Investment property**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**e) Property, plant and equipment**

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

**f) Leases**

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**g) Intangible assets**

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

**h) Biological Assets**

The University recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the University, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i) Research and development costs**

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

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

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

**j) Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

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

**Summary of Significant Accounting Policies (Continued)**

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Fair value through surplus or deficit**

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

**Impairment**

The University assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The University recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 18.

**b) Financial liabilities**

**Classification**

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

**k) Inventories**

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

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**l) Provisions**

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

**m) Social Benefits**

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

**n) Contingent liabilities**

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

**o) Contingent assets**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**p) Nature and purpose of reserves**

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

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

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

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

**r) Employee benefits**

**Retirement benefit plans**

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

**s) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**t) Borrowing costs**

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

**u) Related parties**

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

**v) Service concession arrangements**

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

**w) Cash and cash equivalents**

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

**x) Comparative figures**

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

**y) Subsequent events**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 26. 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. Provision for doubtful debts are recognized at 5% on student debtors.

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**Notes to the Financial Statements (Continued)**

**6. Transfers from Other Government entities**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>Unconditional Grants</b>		
Operational Grant	409,328	607,944
<b>Total Unconditional Grants</b>	<b>409,328</b>	<b>607,944</b>
<b>Conditional Grants amortised/ transferred to revenue</b>		
Development grants	0	7,500
<b>Total Government Grants and Subsidies</b>	<b>409,328</b>	<b>615,444</b>

**Note:**

The operational grant is for University operational expenses while the development grant was for construction of school of agricultural sciences & agribusiness building which commenced in the year 2023/2024.

This reduction in operational grant from previous financial year was a result of transitioning to the students centred funding model, while development grant was not allocated during the year.

**c) Transfers from Ministries, Departments and Agencies (MDAs)**

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2024-2025	Total transfers 2023-2024
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Ministry of Education/State Department	409,328	38,699	0	448,027	654,141
<b>Total</b>	<b>409,328</b>	<b>38,699</b>	<b>0</b>	<b>448,027</b>	<b>654,141</b>

**Pwani University**  
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**Notes to the Financial Statements (Continued)**

**7. Rendering of Services**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Tuition fees KUCCPS	62,347	91,487
Tuition fees SSP	56,852	55,375
Activity fees	4,265	6,000
Examination fees	24,252	31,840
Library fees	7,094	9,675
Registration fees	12,839	11,744
University ID card fees	549	511
Medical fees	8,992	12,403
Pwani University Student Association (PUSA)	1,699	2,506
Laboratory Fees	330	17
Accreditation Fees	105	188
Material development fees	166	186
Alumni Student income	0	0
Teaching practice fees	5,274	8,797
Field attachment fees	5,758	11,837
Facilitates and material development fees	2,240	1,855
Thesis development fees	259	180
Thesis examination fees	259	180
Computer / internet fees	17,034	23,926
Transport fees	972	1,330
Clinical Placement Fees	3,875	5,215
Nursing student's placement fees	0	0
KUCCPS Placement fees	402	396
Swimming and Diving fees	120	42
Studio courses	55	78
Workshop fees	570	795
Tuition Fees New Funding Model GoK	703,901	282,833
Tuition Fees New Funding Model SSP	48,767	22,870
Student Benevolent Fund	16	0
PUSA Membership	80	2
PUSA Subscription	61	1
<b>Total revenue from the rendering of services</b>	<b>969,133</b>	<b>582,269</b>

This category of revenue relates to students' fees, the increase from previous financial year was a result of transitioning to the students centred funding model.

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**Notes to the Financial Statements (Continued)**

**8. Rental Revenue from Facilities and Equipment**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Operating Lease Revenues	919	851
Staff Houses	8,155	7,796
<b>Total Rentals</b>	<b>9,074</b>	<b>8,647</b>

This includes rent from staff houses and mobile telecommunication network masts, the increase was a result of annual increase on lease rates and increase in occupancy of staff houses.

**9. Finance Income**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Interest income from Commercial Bank	792	912
<b>Total finance income</b>	<b>792</b>	<b>912</b>

These includes interest income from commercial bank deposits, the reduction was as result of decrease on bank's interest rates on deposits.

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**Notes to the Financial Statements (Continued)**

**10. Other Income**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>Summary Other income</b>		
Student income 10 A	39,762	44,451
Farm income 10 B	6,960	7,785
Guesthouse income 10 C	14,107	22,694
General Income 10 D	14,458	11,353
<b>Total Other Income</b>	<b>75,287</b>	<b>86,283</b>
<b>10A-Student Income</b>		
Application fee	1,033	1,101
Accommodation fee	10,535	8,441
Sale of food- Students	9,922	12,151
Academic field activity fee	11,758	17,151
Retake fee	6,507	5,530
Other student income	0	0
Library income	7	77
<b>Subtotal – Student Income</b>	<b>39,762</b>	<b>44,451</b>
<b>10B-Farm Income</b>		
Sale of crop products	248	397
Nursery plants	25	12
Sale of cattle	643	799
Sale of milk	3,593	4,350
Sale of chicken	1,804	1,657
Sale of eggs	2	59
Pilot farm	266	246
Sale of Mushroom	0	0
Sale of pigs	78	135
Sale of sheep/goat	247	80
Miscellaneous farm income	22	18
Bio-Fertilizer Project	1	13
Sale of Rabbits	31	19
<b>Subtotal-Farm Income</b>	<b>6,960</b>	<b>7,785</b>
<b>10C-Income Guest house</b>		
Hire of conference centre	1,790	2,286
Sale of food- guest house	10,346	12,203
Hire of rooms guest house	1,909	7,425
Sale of food- Buffalo	0	0
Food GH – Ala-carte	62	780
<b>Subtotal-Income Guest house</b>	<b>14,107</b>	<b>22,694</b>

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<b>10D-General income</b>		
Hire of other halls	22	20
Hire of sports ground	80	94
Campus tours fees	0	0
Hire of Gowns	8,529	6,450
Hire of Equipment	0	0
Project levies	1,526	2,184
Research Income	0	21
Convocation fee	28	19
Sale of obsolete items	0	0
Interest Income	0	0
Foreign exchange gain	0	0
Msc income	640	1,805
Ethics review fee	858	721
Gain /Loss Fair Value/Disposal	2,775	39
Donations	0	0
<b>Subtotal-General Income</b>	<b>14,458</b>	<b>11,353</b>
<b>Total other income</b>	<b>75,287</b>	<b>86,283</b>

**Note**

The under collection on Other income resulted from adverse weather(drought) conditions affecting produce at the farm, and stiff competition on the Guest House hospitality services, including partial closure of the guest house to necessitate renovations.

**10E-Other Income Receipts-Working Capital Adjustment**

	<b>Kshs '000'</b>
<b>Total Other Income</b>	<b>75,287</b>
Less Gain on revaluation	(2,775)
Less Tax	(1,016)
<b>A-Adjusted Profit</b>	<b>71,496</b>
<b>Working Capital Adjustment</b>	
Decrease/(increase) in inventories	1,608
Decrease/(increase) in receivable from exchange transaction	(8,417)
Decrease/(increase) in receivable from non-exchange transaction	50,662
Decrease/(increase) in Biological Assets	0
Increase /(Decrease )in payable	(37,961)
<b>B-Adjusted Working Capital Adjustment</b>	<b>5,892</b>
<b>Total Receipts A+B</b>	<b>77,388</b>

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**11. Use of Goods and Services**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>11A Research expenses</b>		
Research expenses	5,140	2,813
Botanical garden	52	169
Biotechnology	0	1,059
Biogas farm outreach	39	251
PUBReC	426	465
<b>Total Research expenses</b>	<b>5,657</b>	<b>4,757</b>
<b>11B Operating expenses</b>		
Stationery expenses	7,639	7,868.00
Protective clothing	307	345.00
Publishing and printing	174	138
Cleaning material	1,463	1,439
Office expenses	4,448	4,039
Telephone	535	694
Courier and postage	251	362
Electricity	17,871	21,200
Sanitary services	630	425
Water and sewerage	12,310	11,916
Subscriptions	147	471
Admission expenses	675	547
Conferences, seminars and workshops	14	621
Graduation expenses	6,417	5,951
Fuelling of motor vehicles	3,859	3,982
Corporate social expenses	165	227
<b>Total Operating expenses</b>	<b>56,905</b>	<b>60,225</b>
<b>11C. Administration expenses</b>		
Quality Assurance expenses	1,479	913
Provision for Bad debts	1,905	1,640
Audit fees	812	812
Bank Charges	631	820
<b>Total Administrative expenses</b>	<b>4,827</b>	<b>4,185</b>
<b>11D. Teaching expenses</b>		
Teaching material	1,852	3,045

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Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Field course expenses	3,659	1,081
Laboratory materials	2,001	1,897
Examination expenses	7,514	6,839
External examiners	2,112	2,536
Teaching Practice expenses	8,572	9,000
Field attachment expenses	6,288	5,534
Accreditation fees	680	953
Inspection fees	29	39
Quality Assurance (student)expenses	2,043	3,019
Indexing expenses	0	0
Programme Development	488	126
Swimming & Diving expenses	292	50
Workshop expenses	375	397
TVET Centre Expenses	2,530	0
<b>Total Teaching expenses</b>	<b>38,435</b>	<b>34,516</b>
<b>11E. Catering expenses</b>		
Gas and fuel -main kitchen	517	1,020
Foodstuff - main kitchen	9,493	13,222
Cutlery and crockery- main kitchen	302	194
Consumables kitchen	3	19
Gas ad fuel - guest house	264	290
Foodstuff - guest house	5,543	8,462
Cutlery and crockery- guest house	38	52
Beds, beddings, linen-guest house	0	259
Consumables guest house	252	374
External accommodation - guest house	0	0
Perishables	0	0
Other Guest house expenses	1,003	664
<b>Total Catering expenses</b>	<b>17,415</b>	<b>24,556</b>
<b>11F. Library expenses</b>		
Newspapers and magazines	397	387
Library books and journals	242	635
Library subscriptions	1,609	1,856
Repair of books	0	63
<b>Total Library expenses</b>	<b>2,248</b>	<b>2,941</b>
<b>11G. Health centre expenses</b>		
Drugs	4,149	3,880
Other medical expenditures	553	657
<b>Total Health centre expenses</b>	<b>4,702</b>	<b>4,537</b>

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Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>11H. Student expenses</b>		
Sports games and tournaments	2,338	1,787
Student welfare	2,711	1,817
PUSA expenses	4,577	4,414
Student medical expenses	0	20
Bursary awards	500	500
Aids Control Unit	500	570
Students placement	3,081	3,504
Studio Courses	0	98
Student identification expenses	30	425
Nursing Clinical Placement expenses	4,460	3,800
<b>Total Student expenses</b>	<b>18,197</b>	<b>16,935</b>
<b>11I. Farm expenses</b>		
Farm maintenance	3,781	4,072.00
Purchase of animal feeds	0	0
Vet services and supplies	0	0
<b>Total Farm expenses</b>	<b>3,781</b>	<b>4,072</b>
<b>11J. General expenses</b>		
Insurance expenses	15,633	14,118
Legal services	0	240
Advertising and publicity	1041	1,003
Networking and software	0	0
Internet connection	18,250	13,942
Graduate supervision	0	0
Senate expenses	0	518
Departmental meetings	0	127
Funeral expenses	0	31
Staff development	400	1,122
Staff fees subsidy	1,189	897
Foreign exchange loss	10,384	485
Miscellaneous expenses	15	28
Office furnishings	0	0
Ethics review expenses	218	311
Management board meetings	343	74
Academic Regalia	773	0
Land rates	0	0
Fines and penalties	9,221	0
Loss on disposal	0	0
Staff Welfare	260	102
KRA Taxes	0	0
<b>Total General Expenses</b>	<b>57,727</b>	<b>32,998</b>
<b>Total Use of Goods and Services</b>	<b>209,893</b>	<b>189,722</b>

**Notes**

Increase in costs mostly relates to economic inflationary changes, accident claims and University expansion of activities. Previous period KRA taxes of Kshs. 381,000 have been reclassified and disclosed under note 30 (b)

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**12. Employee Costs**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Salaries and wages	579,353	531,677
Employer contribution to health insurance schemes	52,301	60,443
Employer contribution to pension schemes	84,666	67,084
Travel, motor car, accommodation, subsistence, and other allowances	9,204	6,038
Housing benefits and allowances	376,578	347,853
Social contributions	6732	18,012
Gratuity	9,631	24,790
<b>Employee costs</b>	<b>1,118,465</b>	<b>1,055,897</b>

**Notes**

- Travel, accommodation and subsistence allowances had been budgeted under employee costs
- Employee costs includes all Personnel emoluments.
- Increase in costs relates to salary annual increments and implementation of CBA.

**13. Council Expenses**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Chairman/Directors' Honoraria	1,044	1,044
Sitting Allowances	5,623	3,195
Induction and Training	885	1,262
Travel and Accommodation	7,720	5,838
<b>Total</b>	<b>15,272</b>	<b>11,339</b>

**Notes**

Increase from previous year was as a result of:

- The Council was not fully constituted on part of the previous financial year resulting to variations in costs.
- Increased Council activities as a result of special University events

**14. Depreciation and Amortization Expense**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Property, plant and equipment	77,329	79,224
Intangible assets	6,635	7,469
<b>Total depreciation and amortization</b>	<b>83,964</b>	<b>86,693</b>

- Less assets were acquired during the year.

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**Notes to the Financial Statements (Continued)**

**15. Repairs and Maintenance**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Property	9,132	7,602
Equipment	3,790	6,436
Vehicles	3,847	2,962
Other(Computer, Staff Quarter, Sewerage, Roads, Ground)	3,295	792
<b>Total Repairs and Maintenance</b>	<b>20,064</b>	<b>17,792</b>

**Notes**

Increase from previous year was as a result of:

- Increased repairs & maintenance activities on old buildings, stations and old vehicles.
- Market inflations on products and services

**16. Contracted Services**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Security	17,981	18,317
Cleaning services	13,637	11,477
<b>Total Contracted Services</b>	<b>31,618</b>	<b>29,794</b>

**Note**

- Market inflations on products and services resulted to increase in costs compared to previous year

**17. Cash and Cash Equivalents**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Current Account	112,689	108,574
Savings Account	0	0
On - Call Deposits	0	0
Fixed Deposits Account	0	0
Others (E-Citizen control)	2,129	4,159
Others (Cash)	204	295
<b>Total Cash and Cash Equivalents</b>	<b>115,022</b>	<b>113,028</b>

- Enhanced awards form research grants resulted to increase in cashflow.

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**Notes to the Financial Statements (Continued)**

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2024-2025	2023-2024
		Kshs. '000	Kshs. '000
<b>a) Current Account</b>			
Equity Bank Main Account	0460291566381	21,835	14,285
Equity Bank Collection Account	0460291566407	2,164	13,938
Equity Bank Sterling Pound	1060282496444	187	173
ABSA Bank Payment Account	2030242370	8,871	225
ABSA Bank Caution Money	0191068378	15,562	20,648
ABSA Bank Collection Account	0191046501	2,446	3,174
Kenya Commercial Collection Account	1109893868	564	3,695
Kenya Commercial Research Account	1114479950	10,732	10,699
Kenya Commercial Niche/Ken Account Euro	1164789988	11,037	14,559
Kenya Commercial USD Account	1173114157	38,362	23,651
Kenya Commercial Afya Pwani	1224008103	839	845
Cooperative Bank – Collection Account	01129465157200	90	2,682
E-citizen control Account		2,129	4,159
Petty Cash		204	295
<b>Grand Total</b>		<b>115,022</b>	<b>113,028</b>

**18. Receivables from Exchange Transactions**

**(a) Receivables from Exchange Transactions (Current)**

Description	2024-2025	2023-2024
	Kshs. '000	Kshs. '000
<b>Receivables</b>		
Student debtors	38,110	32,806
Provision bad debts	(1,905)	(1,640)
Imprest debtors	12,190	8,326
Other debtors	2,610	7,148
Refundable deposits	1,148	1,106
Pre-paid Insurance	5,871	2,282
Other Control Accounts (Salary Advance, Caution)	421	0
<b>Total current receivables</b>	<b>58,445</b>	<b>50,028</b>

Notes

- Increase in debtors resulted from delayed remittances from HELB and UF.
- Prepaid insurances relate to more insurance contracts overlapping two financial years.

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**(b) Receivables from Exchange Transactions (Long-term)**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>Total receivables</b>		
Specify	0	0
Less: impairment allowance	(0)	(0)
<b>Total receivables</b>	0	0
Current portion transferred to current receivables	(0)	(0)
<b>Total non-current receivables</b>	0	0
<b>Total receivables (a+b)</b>	0	0

**(c) Ageing analysis for Receivables from exchange transactions**

Description	2024-2025		2023-2024	
	Kshs.'000		Kshs.'000	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	31,090	53%	17,756	35%
Between 1- 2 years	0	%	32,272	65%
Between 2-3 years	0	%	0	0
Over 3 years	27,355	47%	0	0
<b>Total (a+b)</b>	<b>58,445</b>	<b>100%</b>	<b>50,028</b>	<b>100%</b>

**(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions**

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
At the beginning of the year	<b>50,028</b>	<b>35,816</b>
Additional provisions during the year	31,090	17,756
Recovered during the year	(22,673)	(3,544)
Written off during the year	0	0
At the end of the year	<b>58,445</b>	<b>50,028</b>

Provision for doubtful debts is estimated at 5% on students' debtors

**19. Receivables from Non-Exchange Transactions**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Other debtors (non-exchange transactions)	0	50,662
Less: impairment allowance	0	0
<b>Total receivables from non- exchange transactions</b>	<b>0</b>	<b>50,662</b>

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Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	0	%	50,662	100%
Between 1-2 years	0	%	0	0
Over 3 years	0	%	0	0
<b>Total</b>	<b>0</b>		<b>50,662</b>	<b>100%</b>

**Reconciliation for Impairment Allowance on Receivables from non-exchange transactions**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
At the beginning of the year	0	0
Additional provisions during the year	0	50,662
Recovered during the year	0	(50,662)
Written off during the year	0	0
<b>At the end of the year</b>	<b>0</b>	<b>0</b>

**20. Inventories**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Stationery	474	983
Maintenance stores general	887	1,768
Health unit stores	520	1,055
Main kitchen stores	0	128
Cleaning material store	123	82
Electrical stores	72	87
Farm inputs and feeds	419	0
<b>Total inventories at the lower of cost and net realizable value</b>	<b>2,495</b>	<b>4,103</b>

**Note**

Inventories relates to items in stores as at close of period

**Detailed disclosure on inventories**

	2024-2025 FY Kshs '000'
Opening balance	4,103
Additional Inventory in the year	18,646
Inventory expensed in the year	(20,254)
Write-downs in the year	0
Others specify	0
<b>Closing balance</b>	<b>2,495</b>

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21. Property, Plant and Equipment

Cost Depreciation Rate	LAND	WORK IN PROGRESS	BUILDINGS	MOTOR VEHICLES	GENERAL EQUIPMENT	FURNITURE & FITTINGS	COMPUTERS	TOTALS
			2%	25%	12,50%	12,50%	33%	
<b>Balance as at 1<sup>st</sup> July 2023</b>	116,680	61	1,844,901	177,767	212,590	91,527	140,941	2,584,467
Additions during the year	0	43,822	0	599	9,742	3,726	6,070	63,959
Disposals	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0
<b>Balance as at 30 June 2024</b>	116,680	43,883	1,844,901	178,366	222,332	95,253	147,011	2,648,426
Additions during the year	0	51,345	0	0	6,086	2,530	6,937	66,695
Disposals	0	0	0	0	0	0	-203	0
Transfers/Adjustments	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0
<b>Balance as at 30 June 2025</b>	116,680	95,228	1,844,901	178,366	228,418	97,783	153,745	2,715,121
<b>Depreciation and Impairment</b>								
<b>As at 1<sup>st</sup> July 2023</b>	0	0	250,135	148,106	167,197	69,789	124,597	759,824
Depreciation for the year	0	0	38,697	10,986	12,952	5,007	11,582	79,224
Impairment	0	0	0	0	0	0	0	0
Transfers/ Adjustments	0	0	0	0	0	0	0	0
<b>As at 30 June 2024</b>	0	0	288,832	159,092	180,149	74,796	136,179	839,048
Depreciation for the year	0	0	38,699	11,152	12,395	4,085	10,998	77,329
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfers/ Adjustments	0	0	0	0	0	0	0	0
<b>As at 30 June 2025</b>	0	0	327,531	170,244	192,544	78,881	147,177	916,377
<b>Net Book Values</b>								
NET BOOK VALUE June 2024	116,680	43,883	1,556,069	19,274	42,183	20,457	10,832	1,809,378
NET BOOK VALUE June 2025	116,680	95,228	1,517,370	8,122	35,874	18,902	6,568	1,798,744

Work in Progress (WIP) relates to ongoing works for the Proposed Erection and Completion of School of Agriculture and Agribusiness Complex and construction of perimeter wall.

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**Valuation**

Land and buildings/ Equipment were valued at cost, there was no revaluation during the year.

**21 (a) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs '000'	Kshs '000'	Kshs '000'
Land	116,216	0	116,216
Buildings	1,844,901	327,532	1,517,369
Motor Vehicles, Including Motorcycles	178,366	170,244	8,122
General Equipment	228,419	192,544	35,875
Office Equipment, Furniture, And Fittings	97,783	78,881	18,902
Computers Accessories	153,745	147,177	6,568
<b>Total</b>	<b>2,619,430</b>	<b>916,378</b>	<b>1,703,052</b>

**21 (b) Property plant and Equipment includes the following assets that are fully depreciated:**

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	0	0
Motor Vehicles including Motorcycles	0	0
Computers and Related Equipment	0	0
Office Equipment, Furniture and Fittings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**22. Intangible Assets-Software**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>Cost</b>		
<b>At beginning of 1<sup>st</sup> July</b>	<b>69,415</b>	<b>67,437</b>
Additions	1,714	1,978
<b>At end of the year/ period 30<sup>th</sup> June</b>	<b>71,129</b>	<b>69,415</b>
Additions—internal development	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>
<b>Amortization and impairment</b>		
<b>At beginning of 1<sup>st</sup> July</b>	<b>57,876</b>	<b>50,407</b>
Amortization	6,635	7,469
<b>At end of the year/ period 30 June</b>	<b>64,511</b>	<b>57,876</b>
Impairment loss	0	0
<b>NET BOOK VALUE 30<sup>th</sup> June</b>	<b>6,618</b>	<b>11,539</b>

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**23. Biological Assets**

	2024-2025	2023-2024
	Ksh.'000	Ksh.'000
Carrying amount at start of the year		
Immature livestock	795	983
Mature livestock	5,404	4,951
<b>Total livestock</b>	<b>6,199</b>	<b>5,934</b>
Immature orchards	1,881	2156
Mature orchards	2,585	2,536
<b>Total orchards</b>	<b>4,466</b>	<b>4,692</b>
	<b>10,665</b>	<b>10,626</b>
Gain arising from changes in fair value attributable to price changes of livestock	218	265
Gain/ (Loss) arising from changes in fair value attributable to physical changes of orchards	2,557	-226
<b>Net fair value gain/(loss)</b>	<b>2,775</b>	<b>39</b>
Carrying amount at end of June		
Immature livestock	808	795
Mature livestock	5,609	5,404
<b>Total livestock</b>	<b>6,417</b>	<b>6,199</b>
Immature orchards	1,939	1,881
Mature orchards	5,084	2,585
<b>Total orchards</b>	<b>7,023</b>	<b>4,466</b>
<b>Totals</b>	<b>13,440</b>	<b>10,665</b>

**24. Trade and Other Payables**

Description	2024-2025		2023-2024	
	Kshs.'000		Kshs.'000	
Trade payables	62,668		16,842	
Employee payables	0		0	
Prepaid Student Fees	63,482		180,886	
Other payables (Research Funds, VAT, Unallocated)	95,476		76,680	
<b>Total trade and other payables</b>	<b>221,626</b>		<b>274,408</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the Total</b>
	Kshs.'000		Kshs.'000	
Under one year	221,626	100%	274,408	100%
1-2 years	0	%		0
2-3 years	0	%		0
Over 3 years	0	%		0
<b>Total (tie to above total)</b>	<b>221,626</b>	<b>100%</b>	<b>274,408</b>	<b>100%</b>

The payables relate to the current financial year.

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**25. Refundable Deposits**

Description	2024-2025		2023-2024	
	Kshs.'000		Kshs.'000	
Caution money fees	15,552		18,178	
Insurance Claims	4,729		10,776	
Other Deposits (Alumni, CDF & HELB)	17,892		19,710	
<b>Total deposits</b>	<b>38,173</b>		<b>48,664</b>	
Ageing analysis: (Refundable deposits)	2024-2025 Kshs.'000	% of the Total	2023-2024 Kshs.'000	% of the Total
Under one year	0	0%	0	0
1-2 years	22,621	59%	48,664	100%
2-3 years	15,552	41%	0	0
Over 3 years	0	0%	0	0
<b>Total</b>	<b>38,173</b>	<b>100%</b>	<b>48,664</b>	<b>100%</b>

Caution money is refundable after graduation and clearance from the University

**26. Current Provisions**

Description	Audit Fees	Teaching Practice	Field Attachment	Field Course	Clinical Nursing	Total
	Kshs.'000'	Kshs.'000'	Kshs.'000'	Kshs.'000'	Kshs.'000'	Kshs.'000'
<b>Balance b/f</b>	<b>1,624</b>	<b>964</b>	<b>2,548</b>	<b>0</b>	<b>59</b>	<b>5,195</b>
Additional provisions	812	864	1,870	580	0	4,126
Provision utilised	(812)	(964)	(2,548)	0	(59)	(4,383)
Change due to discount and time value for money	0	0	0	0	0	0
Transfers from non-current provisions	0	0	0	0	0	0
<b>Total provisions year end</b>	<b>1,624</b>	<b>864</b>	<b>1,870</b>	<b>580</b>	<b>0</b>	<b>4,938</b>

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The deferred income movement is as follows:

**27. Deferred Income**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Deferred Income (Buildings)	38,699	38,697
<b>Total Deferred Income</b>	<b>38,699</b>	<b>38,697</b>

The deferred Income movement is as follows;

	National government	International funders	Others Specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	0	0	0	0
Additions	38,699	0	0	38,699
Transfers to Capital Fund	0	0	0	0
Transfers to Income Statement	(38,699)	0	0	(38,699)
Other Transfers	0	0	0	0
Balance Carried Forward	0	0	0	0

**28. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024-2025	2023-2024
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Current Benefit Obligation	0	0	26,986	26,986	1,417
Non-Current Benefit Obligation	0	0	0	0	0
<b>Total Employee Benefits Obligation</b>	<b>0</b>	<b>0</b>	<b>26,986</b>	<b>26,986</b>	<b>1,417</b>

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**Retirement benefit Asset/ Liability**

The University also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The University's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 480 per employee per month. Other than NSSF the University also has a defined contribution scheme operated by Pwani University Staff Retirement Benefit Scheme Managed by Jubilee Insurance. Employees contribute either 5%, 7.5% or 10% while the employer doubles by contributing either 10%, 15% or 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**29. a) Borrowings**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>a) External borrowings</b>		
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Repayments of during the year	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>
<b>b) Domestic borrowings</b>	<b>0</b>	<b>0</b>
Balance at beginning of the year	0	0
Domestic borrowings during the year	0	0
Repayments during the year	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>
<b>Balance at end of the period- domestic and External borrowings c = a+b</b>	<b>0</b>	<b>0</b>

The analyses of both external and domestic borrowings are as follows:

	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organisation'	0	0
Sterling Pound Denominated Loan From 'Y Organisation'	0	0
Euro Denominated Loan from Z Organisation'	0	0
<b>Domestic Borrowings</b>	<b>0</b>	<b>0</b>
Kenya Shilling Loan From KCB	0	0

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Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Total Balance at End of The Year	0	0

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

**30. Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Pwani University being a wholly owned Government and not for profit entity does not pay dividends to the Government of Kenya. Pwani University did not make any remittances to the Consolidated Fund.

The Surplus Remission has been computed as follows:

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Surplus for the period	22,021	(66,866)
Less: Allowable deductions by NT	22,021	(66,866)
90% Computation (Included in Statement of Financial Performance)	0	0

**30 a) Surplus Remission Payable**

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Payable at the beginning of the year	0	0
Paid during the year	0	0
<b>Payable at end of the year</b>	<b>0</b>	<b>0</b>

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**30 b) Taxation**

Description	2024-2025	2023-2024
	Kshs 000	Kshs 000
Current income tax charge	1,016	381
Tax charged on rental income	0	0
Tax charged on interest income	0	0
<b>Deferred tax: [note 53]</b>	0	0
Original and reversal of temporary differences	0	0
<b>Income tax expense reported in the statement of financial performance</b>	<b>1,016</b>	<b>381</b>

Taxation is on Guest House revenue which is a taxable Income Generating Unit at the University.

Notably, comparative year tax has been reclassified and disclosed under this note.

**31. Cash Generated from Operations**

Description	2024-2025	2023-2024
	Kshs '000	Kshs '000
<b>Surplus (Deficit) from Year</b>	<b>22,021</b>	<b>(66,866)</b>
Adjustment for Depreciation	83,964	86,693
Adjustment for deferred income	(38,699)	(38,697)
Gain in sale of biological assets	(2,775)	(39)
Loss on disposal	0	0
Adjusted cash balance	64,511	(18,909)
<b>Working Capital Adjustment</b>		
Decrease/(increase) in inventories	1,608	(201)
Decrease/(increase) in receivable from exchange transaction	(8,417)	(14,212)
Decrease/(increase) in receivable from non-exchange transaction	50,662	(40,849)
Decrease/(increase) in Biological Assets	0	0
Increase /(Decrease )in payable	(37,961)	107,016
Sub Total	5,892	51,754
<b>Net Cash Generated from (used in ) Operations</b>	<b>70,403</b>	<b>32,845</b>

**32. Financial Risk Management**

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

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credit is only extended to customers with an established credit history. The University's financial risk management objectives and policies are detailed below:

**i) Credit risk**

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

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	58,445	58,445	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	115,022	115,022	0	0
<b>Total</b>	<b>173,467</b>	<b>173,467</b>	<b>0</b>	<b>0</b>
Description	Total amount	Fully performing	Past due	Impaired
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	50,028	50,028	0	0
Receivables from non-exchange transactions	50,662	50,662	0	0

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Bank balances	113,028	113,028	0	0
<b>Total</b>	<b>213,718</b>	<b>213,718</b>	<b>0</b>	<b>0</b>

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The University has significant concentration of credit risk on amounts due from students' debtors. The Council sets the University's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>As at 30<sup>th</sup> June 2025</b>				
Trade payables	0	62,668	0	62,668
Provisions	4,938	0	0	4,938
Deferred income	38,699	0	0	38,699
Employee benefit obligation	26,986	0	0	26,986
<b>Total</b>	<b>70,623</b>	<b>62,668</b>	<b>0</b>	<b>133,291</b>
<b>As at 30<sup>th</sup> June 2024</b>			0	
Trade payables	16,842	0	0	16,842
Current portion of borrowings	0	0	0	0
Provisions	5,195	0	0	5,195
Deferred income	38,697	0	0	38,697
Employee benefit obligation	1,417	0	0	1,417

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>Total</b>	<b>62,151</b>	<b>0</b>	<b>0</b>	<b>62,151</b>

**Financial Risk Management**

**iii) Market risk**

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

**a) Foreign currency risk**

The University has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The University manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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**Financial Risk Management**

The carrying amount of the University foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**2024-2025 FY**

Description	In Kshs	Other currencies	Total
	Kshs '000'	Kshs '000'	Kshs '000'
<b>As at 30<sup>th</sup> June 2025</b>			
<b>Financial Assets</b>			
Investments	0	0	0
Cash	92,013	0	92,013
Debtors	0	0	0
<b>Total Financial Assets</b>	<b>92,013</b>	<b>0</b>	<b>92,013</b>
<b>Financial Liabilities</b>			
Trade and Other Payables	92,013	0	92,013
Borrowings	0	0	0
<b>Total Financial Liabilities</b>	<b>92,013</b>	<b>0</b>	<b>92,013</b>
<b>Net Foreign Currency Asset/(Liability)</b>	<b>92,013</b>	<b>0</b>	<b>92,013</b>

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Financial Risk Management**

**Sensitivity analysis**

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on

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the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 7,920 (Current FY: Kshs 792,000). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 39,600 (Current FY – Kshs 792,000)

**Financial Risk Management**

**Fair value of financial assets and liabilities**

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

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

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The University considers relevant and observable market prices in its valuations where possible.

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**Notes to the Financial Statements (Continued)**

**iv) Capital Risk Management**

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

Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
Revaluation Reserve	206,528	206,528
Retained Earnings	14,790	(7,231)
Capital Reserve	1,481,723	1,520,422
<b>Total Funds</b>	<b>1,703,041</b>	<b>1,719,719</b>
Total Borrowings	0	0
Less: Cash and Bank Balances	115,022	113,028
Net Debt/(Excess Cash And Cash Equivalents)	115,022	113,028
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**33. Related Party Disclosures**

**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.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the University, holding 100% of the University's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the University, both domestic and external.

**Other related parties include:**

- i) The Parent Ministry.
- ii) Key management.
- iii) Council Members.

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Description	2024-2025	2023-2024
	Kshs.'000	Kshs.'000
<b>Transactions with related parties</b>		
<b>a) Grants /transfers from the government</b>		
Grants from national govt	409,328	607,944.00
<b>Total</b>	<b>409,328</b>	<b>607,944.00</b>
<b>b) Key management compensation</b>		
Council emoluments	15,272	11,339
Compensation to key management	53,088	44,055
<b>Total</b>	<b>68,360</b>	<b>55,394</b>

**34. Capital Commitments**

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	51,345	88,683
<b>Total</b>	<b>51,345</b>	<b>88,683</b>

Ongoing construction of Proposed Erection and Completion of School of Agriculture and Agribusiness Complex

**35. Events after the Reporting Period**

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

**36. Ultimate and Holding Entity**

The University is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**37. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs 1,000.

20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Misclassification of Expenditure</b> The statement of financial performance reflects expenditure on contracted services totalling Kshs.29,794,000. The expenditure includes Kshs.11,477,000 in respect of cleaning services out of which Kshs.1,956,750 was in respect of casual wages and statutory deductions wrongly classified as cleaning services instead of employee costs.</p>	<ul style="list-style-type: none"> <li>i. The University uses programme/activity-based budget approach in its budgeting process.</li> <li>ii. The institution had budgeted for Contracted Cleaning Services for Kshs. 13,000,000</li> <li>iii. During the year under review the University had a contracted cleaning services, this contract expired in March 2024 three months to the end of financial year.</li> <li>iv. As a stop-gap measure, the University hired casuals for three months to undertake the cleaning services under the cleaning services budget.</li> <li>v. The casual expenses were subsequently charged under</li> </ul>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		the cleaning service programme/activity budget.		
2	<p><b>Inaccurate Receivables from Exchange Transactions</b>            The statement of financial position and Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.50,028,000. Included in the balance is Kshs.31,806,000 in respect of student debtors out of which a balance of Kshs.26,871,612 relates to fees owed by five hundred and seventy-nine (579) students carried forward from prior years and for which no payments were received during the year under review. In addition, review of records revealed that the five hundred and seventy-nine (579) students were not invoiced during the year an indication that they may have either deferred,</p>	<p><b>Long outstanding debtors</b>            As at the beginning of the Financial Year 2023-24 student debtors were Kshs. 29,629,000. The University implemented its collection strategies and recovered Kshs. 2,757,388. The University is keen to ensure more funds are collected as students resume to proceed with their studies.</p> <p><b>Un-invoiced 579 students</b>            University did not provide services to the 1,290 students; therefore, we do not have enforceable right and an enforceable obligation to recognize revenue.</p> <ul style="list-style-type: none"> <li>i. The management of student fees at the University is guided by the Student Fee Payment Policy.</li> <li>ii. Section 2.1.2 to 2.1.3 of the policy states that “All semester fees shall be paid prior to the semester or latest by the fourth week of the</li> </ul>	Unresolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	discontinued or previously graduated making the debt recoverability doubtful.	<p>semester. Failure to clear full fees by the fourth week, the student will be deemed to have deferred the semester on financial grounds. A student who has deferred will not be required to pay fees during the period he/she is out of the University. Fees partly paid by deferred student will NOT be refunded but forwarded to be considered as part of the fees for the semester the student re-joins on reporting back from deferment”.</p> <p>iii. The University has two levels of registration i.e semester registration (this is an intention to undertake studies during the semester) and courses registration (registration of units and undertaking of studies by bonafide students).</p> <p>iv. The University charges student fees after registration of units.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>v. The 8,847 students as submitted by the Registrar relates to students who expressed interest in the 1st Semester of 2024/2025 academic year while the 7,557 students as submitted by finance relates to students who cleared fees and registered for courses in the 2nd Semester of 2024/2025 academic year.</p> <p>vi. The difference of 1,290 students not billed relates to students who expressed interest to study for the semester but they did not register for units during the year.</p> <p>vii. Therefore, the 1,290 could not be billed and any partial payments were recognized as liability and moved forward to be considered as part of fees/income once the students report back.</p> <p>N/B</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		We have since initiated the process of aligning the Pwani University Finance Policy and Procedures Manual with the Pwani University Students Fee Payment Policy.		
3	<p><b>Budgetary Performance and Control</b> The summary statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis of Kshs.1,342,121,000 and Kshs.1,286,055,000 respectively, resulting to a budget under funding of Kshs.56,066,000 representing 4% of the budget. Similarly, the University spent Kshs.1,391,618,000 against actual receipts of Kshs.1,286,055,000 resulting to over absorption of Kshs.105,563,000</p>	<p><b>Management Response</b></p> <ul style="list-style-type: none"> <li>i. The under-funding resulted on fees from unregistered students under the New Funding Model who could not proceed with studies.</li> <li>ii. The over-utilization resulted on depreciation of Kshs. 86,693,000 on increased University assets. This is a non-cash item, it does not involve any cash outflow and it is not funded by the exchequer.</li> </ul>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	representing 8% of the receipts.			
4	<p><b>Unsustainable Wage Bill</b>  The statement of financial performance reflects expenditure on employee costs totalling Kshs.1,055,897,000 and as disclosed in Note 12 to the financial statements. This represents 82% of the total revenue amount of Kshs.1,286,055,000 comprising revenue from both exchange and non-exchange transactions contrary to the Regulation 26(1) of the Public Finance Management (National Government) Regulations, 2015 which limits the expenditure on wages and remuneration allowances to a</p>	<p>The University is a service industry, human capital being its major resource for service delivery. Staff requirement is set by regulators, CUE, regulatory bodies (Nursing Council, Medical Board, PHOTEC, KNDI) and is based on student numbers. Therefore, the workforce is engaged in the delivery of University core mandate which require a minimum staffing level to maintain service delivery standards as guided by CUE University's Standards and Guidelines (2014) on faculty to students' ratios, academic programme to adequate full-time staff, University workload policy and other regulations It was also attributed to salary adjustments resulting from the implementation of the union's (UASU, KUSU &amp; KUDHEIHA) return-to-work formula. This notwithstanding, the University is employing the following strategies</p>	Unresolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	maximum of 35% of the total receipts.	<p>to manage and bring the wage bill to the required thresh-hold</p> <ul style="list-style-type: none"> <li>i. Staff rationalization process, including a freeze on non-essential recruitment, replacing staff who exited only in critical areas and where possible at entry level grades, use of temporary staff, Job enlargement and enrichment, redeployment of staff from less demanding areas to critical areas, utilizing adjunct academic staff to supporting teaching and research, and interns in other areas.</li> <li>ii. The University has a plan to automate more of its processes to improve efficiency and reduce reliance on manual operations that require high staffing levels — for example, through the use of the ODeL Learning Management System</li> <li>iii. Stagger implementation of Strategic Plan: Implement the</li> </ul>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Strategic Plan on staff establishment in phases by gradually recruiting staff over time rather than all at once. This approach will help prevent a sudden increase in the wage bill, aligns staffing levels with revenue growth, supports budget flexibility, and allows for adjustments or delays in hiring based on financial constraints		
5	<p><b>Stalled Construction Works of Perimeter Fence</b></p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.1,809,378,000. The balance includes buildings net book value of Kshs.1,556,069,000 out of which Kshs.45,399,251 was incurred on the construction of the University's perimeter fence. Physical inspection revealed that, although substantial progress had been</p>	The University has budgeted a total of KShs.43 million in the FY2025/2026 from AIA to construct the remaining part of the perimeter fence.	Unresolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	made, approximately three (3) kilometres of the wall coverage remains incomplete and the project is stalled thereby posing a risk of access of the institution by unauthorized persons.			
6	<p><b>Illegal Encroachment</b> The statement of financial position reflects property, plant and equipment balance of Kshs.1,809,378,000. Included in the balance is Kshs.116,680,000 in respect of land on which the university occupies. As previously reported, Management sued and were given order to evict intruders. Physical inspection of the land revealed that the property has intruders who are yet to be evicted. Although Management had sought help from the Ministry of Education and the County</p>	<p>Although Management had sought help from the Ministry of Education and the County Commissioner, the issue was yet to be resolved and therefore in the alternative:</p> <ol style="list-style-type: none"> <li>1. The University has contacted the court bailiff who was ceased with the matter previously, to give vacant possession of University land pursuant to the orders in HCC suit No. 70 of 2009, Nelson Kazungu Chai &amp; 9 others Vs Pwani University, with the aim to</li> </ol>	Unresolved	December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Commissioner, the issue was yet to be resolved.	<p>fully evict the intruders/encroachers and grant vacant possession to the University as per the eviction and permanent injunction orders and resultant warrants to give possession.</p> <p>The University will make necessary budgetary/financial provisions in FY2025/2026 to facilitate the full eviction of the intruders/encroachers by the court Bailiff.</p>		
7	<p><b>Gaps in the Receipt Sequential Numbering</b> The statement of financial performance reflects revenue from exchange transactions totalling Kshs.1,286,055,000 out of which Kshs.44,451,000 is in respect of other income. Review of</p>	<p>i. The University has an ERP system and the three points of sales are automated in the ERP.</p> <p>ii. The missing receipts mostly relates to voided receipts at the Student's Main Kitchen which has the most traffic.</p> <p>iii. Voided receipts are unposted receipts that results from customers changing orders</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>revenue records revealed that the university operated a point-of-sale receipting machines at three (3) revenue points including the main kitchen, guest house and the farm. The receipting report revealed that the receipt numbers were not in a sequential order or in a chronological sequence as some of the receipts were missing. No records have been produced to confirm the receipts were voided or cancelled.</p>	<p>before payment but after a certain order is processed.</p> <p>iv. The change of orders occurs mostly when the ordered food is out of stock.</p> <p>v. The point of sale system generates the next number once a receipt is voided while the sales report excludes the voided receipts when a report is generated.</p> <p>Notably, we have since rectified the problem in the ERP and that all receipts are now fully captured in the system.</p>		

.....  
  
 VICE CHANCELLOR-PWANI UNIVERSITY

Date: 01/14/25

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**Appendix II: Projects implemented by Pwani University**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Proposed Erection and Completion of School of Agriculture and Agribusiness Complex	PU/OT/12/2022/ 2023	GOK	23 <sup>rd</sup> March to 31 <sup>st</sup> December 2024	None	No	Yes
Construction of Perimeter Wall	2	GOK	14 <sup>th</sup> July 2011	None	No	Yes

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Status of Projects completion

SN	Project	Total project Cost. Kshs '000'	Total expended to date. Kshs '000'	Completion % to date. Kshs '000'	Budget Kshs '000'	Actual	Sources of funds
PU/OT/12/2022/2023	Proposed Erection and Completion of School of Agriculture and Agribusiness Complex	116,745,468.20	106,409,192.39	99%	0	0	GOK
2	Construction of Perimeter Wall	103,318,215.00	58,318,215.00	60%	0	0	GOK

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KShs	Where Recorded/recognized					Total Transfers KShs
	As per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department MOE&HL	28/06/2025	Recurrent	66,142,261.00	Statement of Financial Performance	0	0	0	0	66,142,261.00
State Department MOE&HL	12/06/2025	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	02/05/2025	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	10/04/2025	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	13/03/2025	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	10/02/2025	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	07/01/2025	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	06/01/2025	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	05/12/2024	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00

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State Department MOE&HL	08/11/2024	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	08/10/2024	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	11/09/2024	Recurrent	28,598,796.00	Statement of Financial Performance	0	0	0	0	28,598,796.00
State Department MOE&HL	13/08/2024	Recurrent	28,598,796.05	Statement of Financial Performance	0	0	0	0	28,598,796.05
<b>Total</b>			<b>409,327,813.05</b>		0	0	0	0	<b>409,327,813.05</b>

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**Appendix V- Inter-Entity Confirmation Letter**


**Name of Transferring entity: State Department MOE&HL**

**Name of Beneficiary entity: Pwani University**

Confirmation of amounts received by Pwani University as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
REC_377519	28/06/2025	66,142,261.00	0	66,142,261.00	Recurrent Grant
REC_377505	12/06/2025	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_377024	02/05/2025	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_373680	10/04/2025	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_365668	13/03/2025	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_361270	10/02/2025	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_359502	07/01/2025	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_359500	06/01/2025	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_350032	05/12/2024	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_347349	08/11/2024	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_345062	08/10/2024	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_339863	11/09/2024	28,598,796.00	0	28,598,796.00	Recurrent Grant
REC_333712	13/08/2024	28,598,796.05	0	28,598,796.05	Recurrent Grant
REC_377519					
<b>Total</b>		<b>409,327,813.05</b>			

I confirm that the amounts shown above are correct as of the date indicated.

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Head of Accounts Department - Disbursing Entity:		
Name .....	Sign .....	Date .....
Head of Accounts Department - Beneficiary Entity:		
Name CHARLES K. MWARINGA .....	Sign  .....	Date 01/12/2025 .....

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Planting of terrestrial trees and mangrove tree seedlings No. 14,080	To increase tree cover and meet environmental and tree-growing goals.	Planting of terrestrial trees and mangrove tree seedlings	2,400	1,000	1,000	9,680	GoK	Community

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	0	N/A