



*Enhancing Accountability*

# REPORT

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY	
DATE: 24 NOV 2022	DAY: THUR
TABLED BY: LOM	
MARK AT THE TABLE: E-Ngini	

## THE AUDITOR-GENERAL

ON

## PWANI UNIVERSITY

### FOR THE YEAR ENDED 30 JUNE, 2021

NATIONAL ASSEMBLY  
RECEIVED  
04 OCT 2022  
DEPUTY CLERK  
P. O. Box 41842 - 00100, NAIROBI

22 FEB 2022



**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

For the Year Ended 30<sup>th</sup> June 2021

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



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

**TABLE OF CONTENTS**

<b>TABLE OF CONTENTS.....</b>	<b>1</b>
<b>UNIVERSITY STATEMENTS.....</b>	<b>2</b>
<b>BACKGROUND INFORMATION.....</b>	<b>3</b>
<b>I. KEY UNIVERSITY INFORMATION AND MANAGEMENT.....</b>	<b>4</b>
1. UNIVERSITY COUNCIL.....	7
2. UNIVERSITY MANAGEMENT.....	10
3. FIDUCIARY MANAGEMENT.....	14
4. FIDUCIARY OVERSIGHT ARRANGEMENTS.....	15
5. STATEMENT OF THE CHAIR OF COUNCIL.....	16
6. REPORT OF THE VICE CHANCELLOR.....	18
7. REVIEW OF PWANI UNIVERSITY 'S PERFORMACE FOR FY 2020/2021.....	22
8. CORPORATE GOVERNANCE STATEMENT.....	24
9. MANAGEMENT DISCUSSION AND ANALYSIS.....	26
10. ENVIRONMENT AND SUSTAINABILITY REPORT.....	32
11. REPORT OF COUNCIL.....	35
12. STATEMENT OF COUNCIL RESPONSIBILITIES.....	37
13. STATEMENT OF FINANCIAL PERFORMANCE.....	39
14. STATEMENT OF FINANCIAL POSITION.....	40
15. STATEMENT OF CHANGES IN NET ASSETS.....	41
16. STATEMENT OF CASH FLOW.....	42
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	43
18. NOTES TO THE FINANCIAL STATEMENTS.....	45
<b>II. SIGNIFICANT JUDGMENT AND SOURCES OF ESTIMATION UNCERTAINTY.....</b>	<b>53</b>
19. NOTES TO THE FINANCIAL STATEMENTS.....	55
20. PROGRESS ON FOLLOW UP OF AUDIT RECOMMENDATIONS.....	74
21. INTER ENTITY TRANSFERS.....	75



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

## **UNIVERSITY STATEMENTS**

### **OUR VISION**

A world class University in socio economic and technological advancements.

### **OUR MISSION**

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

### **OUR OBJECTIVES**

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

- i) Encouraging inclusiveness, respect for diversity of ideas, peoples and cultures.
- ii) Respecting intellectual freedom: the freedom to conduct research, teach, speak and publish, subject to the norms and standards of scholarly inquiry.
- iii) Building a cohesive university community that cherishes teamwork and partnership in the accomplishment of the University Mandate and personal development of staff and students.
- iv) Acting with honesty, integrity and mutual respect.
- v) Providing equal opportunities and access to all and encouraging continual improvement of self and the body corporate.
- vi) Supporting excellence in teaching, research and service to humanity.
- vii) Promoting civic responsibility, accountability and transparency, fidelity to the law and observing all statutory obligations in the conduct of business.
- viii) Respecting and encouraging creativity and innovativeness among its staff, students and management in order to inculcate competitiveness and improvement in service delivery.
- ix) Affirming and protecting fundamental human rights and freedoms as well as respecting college property and infrastructure.

### **OUR MOTTO**

*Shajiisho la Maendeleo Endelevu*

(Empowerment for sustainable development)



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

## **BACKGROUND INFORMATION**

Pwani University began as Kilifi Institute of Agriculture, established in 1984, and admitted the first intake of 200 students into a two-year Certificate in Agriculture and Home Economics programme. On 23<sup>rd</sup> August 2007, the Institute was upgraded to become a constituent college of Kenyatta University, and renamed Pwani University College; consequently, admitting the first batch of 200 Bachelor Degree students through the Joint Admissions Board (JAB) to join those pursuing the Certificate Programme. The University College was officially opened by H. E President Mwai Kibaki on 2<sup>nd</sup> November 2007. The College was upgraded to University status on 31<sup>st</sup> January 2013. Pwani University was established through a grant of Charter.

Pwani University is located at Kibaoni in Kilifi Town, along the Mombasa-Malindi Highway; about 60 Kilometers from Mombasa City. Its location in the heart of the Coast Province, gives it a strategic position of being one of the Public Universities in Kenya to serve the entire Coast Region hinterland from Vanga in the South to Lamu in the North, and to Voi in the West.

Currently, the University has seven (7) Schools, which together offer Postgraduate and Bachelor degree programmes in Agricultural Sciences and Agribusiness, Humanities and Social Sciences, Business Studies and Economics, Education, Environmental and Earth Sciences, Health and Human Sciences, and Pure and Applied Sciences.

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



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

## **I. KEY UNIVERSITY INFORMATION AND MANAGEMENT**

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

Pwani University was established by Charter on 31<sup>st</sup> January 2013. The Cabinet Secretary for Education Science and Technology is responsible for the general policy and strategic direction of the University.

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

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

### **(c) Key Management**

Pwani University management is under the following key organs:

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

### **(d) Fiduciary Management**

The key management personnel who held office during the financial period ended 30<sup>th</sup> September 2021 and who had direct fiduciary responsibility were

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

### **(e) Fiduciary Oversight Arrangements**

The University's fiduciary oversight is done through:

#### **1. Audit and Risk Committee**

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



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

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

**2. Parliamentary Public Investment Committee**

The Public Investment Committee of parliament examines the reports and accounts of the University, examines the reports, if any, of the Auditor General on the University; and examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices

**(f) University Headquarters**

P.O. Box 195 - 80108  
Mombasa-Malindi Highway  
Kilifi, KENYA

**(g) University Contacts**

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

**(h) Pwani University Bankers**

1. Equity Bank of Kenya  
P.O. Box 381 – 80108  
Kilifii, Kenya
2. Kenya Commercial Bank  
P.O.Box 528 -80108  
Kilifi, Kenya
3. ABSA Bank of Kenya  
P.O. Box 423 – 80108  
Kilifi, Kenya



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

4. Cooperative Bank  
P.O. Box 96 – 80108  
Kilifi, Kenya.
  
5. Safaricom Mpesa (Mobile Banking)  
P.O. Box 66827-80100  
Nairobi, Kenya.

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

## UNIVERSITY COUNCIL



**Dr. Samuel Ochola, PhD,  
Chair of Council  
(From 04/11/2020)**

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

**Ms. Narreah Olick****Council Member****(From 04/11/2020)**

Ms. Narreah Olick was appointed to the Pwani University Council as an alternate to the PS, Ministry of Education on June 2020. She is the Director of Primary Education at the Ministry of Education. Ms. Olick is an Educationist and has served in several boards. She possesses a wealth of experience in Education Administration.

**Mr. Samuel Nyachae****Council Member****(From 04/11/2020)**

Mr. Samuel M. Nyachae was appointed to the Pwani University Council on 10<sup>th</sup> March 2017. Prior to his appointment to the University Council he worked at the National Bank of Kenya as a Senior Manager. Mr. Nyachae has a wide experience spanning over 10 years in Banking and Finance. He holds an MBA and BS. in Business Administration.

**Ms. Susan Mucheru****Representative of CS National Treasury**

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

**Mr. Bernard Iria****Council Member****(From 18/12/2020)**

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

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

Prof. Mohamed S. Rajab was appointed as the Vice Chancellor of Pwani University and an ex-officio member of Council for the first and second terms on 20<sup>th</sup> June 2013 and 21<sup>st</sup> June 2018 respectively.

He has an extensive professional and academic track record spanning over 30 years, from the rank of a research officer, at ICIPE in 1983 to the present position of Vice Chancellor at Pwani University. He has done extensive research work and has published widely. Other institutions where he has served in various capacities includes the University of Maine (U.S.A), South Western Medical Centre, Dallas (USA), Louisiana State University (USA), Moi University and Kenyatta University. He also serves as a Board member of several institutions including the Jomo Kenyatta Foundation, the National Museums of Kenya, Sheikh Zayed Children Welfare Center and Kenya Agricultural Research Institute among others. He holds a PhD in Organic Chemistry.

## UNIVERSITY MANAGEMENT



**Prof. Mohamed S. Rajab**

**Vice Chancellor and Chair of Management Board**

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



**Prof. Helen O. Mondoh**

**Deputy Vice Chancellor (Administration, Finance and Planning)**

Prof. Helen Mondoh was appointed as the Deputy Vice-Chancellor (Administration, Finance and Planning) on 12<sup>th</sup> July 2018. She is a Professor of Education in the School of Education at Pwani University. Prof. Mondoh has vast experience in the Education sector, quality assurance and administration. She has attended and presented various scientific papers at learned conferences and workshops, and published more than 20 papers in refereed journals.



**Prof. James H.P. Kahindi, PhD**

**Deputy Vice-Chancellor, (Academic and Students Affairs)**

Prof. James H.P. Kahindi was appointed as the Deputy Vice Chancellor (Academic and Student Affairs) of Pwani University for the 1<sup>st</sup> and 2<sup>nd</sup> term on the 28<sup>th</sup> of October 2013 and 26<sup>th</sup> of June 2018 respectively. He is a Professor of Microbiology at Pwani University. He has held various Administrative positions both in the Private and Public sector and has presented scientific papers at several 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 & Vector Insects; and Biological Nitrogen Fixation.



**Prof. Muniru K. Tsanuo, PhD**

**Deputy Vice-Chancellor (Research and Extension)**

Prof. Muniru K. Tsanuo was appointed as the Deputy Vice Chancellor (Research and Extension) of Pwani University for the 1st and 2nd term on the 28th of October 2013 and 12th July 2018 respectively. He is an Associate Professor of Chemistry. He has a PhD and MSc Chemistry and B.Ed (Sc.). He has over 20 years in the education sector and has held various administrative positions His research interests include isolation and characterization of bioactive natural products, phytoremediation and plant-plant chemical interaction.



**Dr. Opiayo P. Mabubi**

**Registrar (Administration, Finance & Planning)**

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



**Mr. Nicholas C. Malau**

**Registrar (Academic & Student Affairs)**

Mr. Nicholas Malau was appointed at Pwani University as the Registrar Academic and Student Affairs on 10<sup>th</sup> October 2016. He holds a M.Ed. in Administration and B.Ed.(Sc) He has extensive experience in administration. He serves as a Lecturer in Administration since 1989 to date. He worked as Registrar (Academic and Student Affairs) at Kenyatta University.

**Dr. Hemedi Mkuzi Saha, PhD****Registrar (Research & Extension)**

Dr. Hemedi Mkuzi Saha was appointed at Pwani University as the Registrar Research & Extension on 17th December 2013. He holds a PhD in Horticulture; MSc (Soil Science) and BSc Agriculture. He is a Senior Lecturer in the Department of Crop Sciences, where he also served as the Chair of the Department from September 2012 to December 2013. He has vast experience in agricultural research and in postgraduate research supervision.

**Dr. Francis G. Wokabi, PhD****Director, Quality Assurance**

Dr. Francis G. Wokabi was appointed at Pwani University on 3rd January 2019 as the Director Quality Assurance. He is a Senior Lecturer in Philosophy and Religious Studies Department where he also served as the Chair of the Department. Dr. Wokabi is specialized in Critical Thinking, Ethics, and Philosophy of Education. He also coordinates the Technologies of Imaging in Communication Art and Social Sciences (TICASS) project between Pwani University and some European Universities.

**Mr. Ronald G. Juma****Dean of Students**

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

**Mr. Robert K. Abungu****Deputy Registrar (Academic & Student Affairs)**

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



**Mr. Mwinyi M. Ali**

**Finance Officer,  
(ICPAK No. 9996)**

Mr. Mwinyi M. Ali was appointed at Pwani University as the Finance Officer on 1st August 2014. He holds an MBA in Finance and Accounting and is a member of the Institute of Certified Public Accountants of Kenya. Before joining the University, he worked in several financial institutions where he accumulated a wealth of experience in finance and management.



**Mr. Chris W. Khaemba**

**Legal Officer**

Kenya.

Mr. Chris W. Khaemba was appointed at Pwani University on 12th April 2010 as the Legal Officer and secretary to the University Council. He has over 13 years of legal experience in the fields of law, Public Administration and Management. He holds an LLB Law, Diploma (KSL) and CPS (K). He is a member of the LSK and Institute of Certified Public Secretaries of



**Mr. Moses R. S. Isutsa**

**Librarian**

Mr. Moses R. Isutsa was appointed as the Librarian at Pwani University on 23rd February 2017. He is an Information Science Practitioner and has 25 years working experience in the Library Information Sector. He holds a Master of Library & Information Science; BTech. Degree in Library & Information Science; Diploma in Library and Information Studies. He is a qualified ISO 9001:2008 Internal QMS Auditor, and a Job Analyst.

## FIDUCIARY MANAGEMENT



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



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



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



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



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



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

**FIDUCIARY OVERSIGHT ARRANGEMENTS**

The University's fiduciary oversight is done through:

**3. Audit and Risk Committee**

This Committee provides oversight by ensuring that financial reports are accurate, business and operations are conducted with integrity and in compliance with the law. This is achieved by reviewing the effectiveness of the University's financial and other internal control systems, satisfies itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and advises the Council on risk management. It reviews the external auditor's report and the scope and effectiveness of the internal auditor's work and advises Council on the appointment of both the Internal and External Auditor. It reviews regulatory requirements and the University's annual financial statements together with the accounting policies.

**4. Parliamentary Public Investment Committee**

The Public Investment Committee of parliament examines the reports and accounts of the University, examines the reports, if any, of the Auditor General on the University; and examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices

**STATEMENT OF THE CHAIR OF COUNCIL****Dr. Samuel Ochola, PhD,****Council Chair**

*The COVID-19 pandemic negatively impacted on all the activities of the University. Despite these challenges, the Council is pleased with the steady progress made and the momentum towards the Vision of the University. We are deeply thankful to all those front-line workers including our own staff who worked tirelessly to help keep others safe and our university moving forward*

Dear Stakeholders,

On behalf of the University Council, I am privileged to present to you the Pwani University's Annual Report and Financial Statements for the year ended 30th June 2021.

During the period under review, the University took prudent decisions early in the year to mitigate against the far-reaching effects of the COVID-19 pandemic which negatively impacted on all the activities of the University. Despite the challenges, the Council is pleased with the steady progress made and the momentum towards the Vision of the University.

Pwani University focused on continuity of teaching, learning and research through virtual learning and adherence to MOH protocols to keep staff and students safe. This enabled the University to maintain the Appropriation in Aid (AIA) inflows. Further, the University minimized operations and maintenance costs in order to safeguard the strength of the University's cash-flow position. Our quick and decisive response to emerging needs and events, combined with a sharper focus on operational costs contributed significantly to the step-up in competitiveness.

Despite reduced funding for capital development, the University continued to implement its Strategic Plan 2014-2024 while focusing on improvement of infrastructure by completing 70% construction of the School of Humanities and Social Sciences Complex.

I would like to thank our staff, students, alumni, partners and other stakeholders for their commitment to the University and for their support as we implement the University's Strategic Plan 2014-2024.



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

We are deeply thankful to all those front-line workers including our own staff who worked tirelessly to help keep others safe and our university moving forward.

Finally, I wish to acknowledge with gratitude the Government of Kenya for its goodwill and invaluable support to the University.

*S. A. M. L.*

**CHAIR OF COUNCIL**

## REPORT OF THE VICE CHANCELLOR



**Prof. Mohamed S. Rajab, PhD. EBS**

**VICE CHANCELLOR**

Dear Stakeholders,

In the Financial Year ending 30th June 2021, Pwani University made good progress on its strategic growth aspirations despite the challenging operating environment due to the COVID-19 pandemic.

The COVID-19 pandemic dominated the way our staff worked in 2020/2021. The University Council appointed towards the end of 2020 undertook a number of virtual meetings bringing their reflections into discussions on how Pwani University can continue in its mission of generation, dissemination and application of knowledge while sustaining excellence in teaching, learning and research during these trying times.

The COVID-19 pandemic is far from over despite encouraging developments on treatments and vaccines. Our priority remains, therefore, to protect lives and livelihoods. We will do that by focusing on the safety and well-being of our staff, students and the many we work with in the community.

The University operations continue to be anchored on Vision 2030, the University Act 2012, relevant GOK Legislations, the Big 4 Agenda, ISO 9001:2015 Standards among others, and guided by Pwani University's 10-year Strategic Plan 2014 - 2024' which aims at transforming Pwani University into a World Class University.

### **Operational and Financial Performance**

Despite the limited Appropriations in Aid (AIA) collections in the period under review, Pwani University continued engaging in operations by offering online teaching & learning. The University continued to deliver on its key mandate of provision of quality education, training, and research. During



## Annual Report & Financial Statement For the Year Ended 30<sup>th</sup> June 2021

---

the period under review the university absorbed all its allocated funds including full implementation of the 2017-2021 Collective Bargaining Agreement (CBA).

### **Compliance with Statutory Requirements**

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

### **Key Projects and Investment Decisions**

Pwani University continued to invest in state-of-the-art physical infrastructure in line with its Master Plan and Strategic Plan 2014-2024. The construction of the School of Humanities and Social Sciences is on course and due for completion in the financial year 2021/2022.

### **Strategic Focus**

Pwani University is determined to be a centre of excellence for teaching, learning and research in the areas of Marine Sciences & Oceanography (harnessing the Blue Economy), Coastal & Dry Land Agriculture, Education, Coastal Culture, Art & Languages, and Tropical Medicine.

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

Pwani University continued to take advantage of the latest advances in ICT to facilitate internal and external communication. During the period under review the ICT facilities were improved to enhance teaching, learning, research and community outreach. The University offered online classes to all the students during the closure of learning institutions to mitigate against the COVID-19. The University intends to make use of emerging technologies to enhance access and equity and improve quality in university education.

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



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

### **Business Continuity Management**

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

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

### **Integrated Risk Management Report FY 2020/2021**

The University has embraced the Integrated Risk Management Approach (IRMA) through the adoption of the Enterprise Risk Management (ERM) framework. This complies with the Public Finance Management Regulations 2015, on the Development and Implementation of Institutional Risk Management Policy Framework and in adherence with best practices.

### **Major Risks facing the University**

The University maintains a Risk Register highlighting the various levels of risks. During the period under review, the University identified three (3) major potential risks as shown in Table 1

**Table 1: Risk Register 2020/2021 FY**

S/NO	Identified High Risk	Mitigation Measures
1.	Lack of physical and human capacity to teach new programs	-Construction of Lecture Theatre and Laboratories. -Regular workshops to enhance staff skills. -Recruitment of staff with requisite skills.
2.	Occurrence of Global or National pandemic such as COVID-19	Adherence to the Government and Ministry of Health Regulations.
3.	Unauthorised introduction of courses to an academic program	Adherence to senate and CUE approved Academic Programmes and improve automation of the course registration process.

### **Key Strengths and Opportunities**

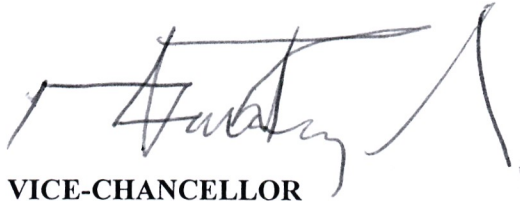
- a) The University is ISO 9001:2015 Certified.
- b) The University has a Strategic Plan (2014-2024) and Master Plan to guide further developments.
- c) The University has a receptive and supportive local community.
- d) The University is located close to the Indian Ocean within the proximity to a creek, coral deposits and marine resources, which are appropriate for learning and research.

- e) The University owns 239 hectares of rich agricultural land for teaching, research and development.
- f) The University is easily accessible due to its strategic location along the Mombasa–Malindi highway.
- g) The University has a student population of approximately 7,000 which is steadily growing.
- h) The University has a staff profile of 426.

**Conclusion**

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

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

**VICE-CHANCELLOR**



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

**REVIEW OF PWANI UNIVERSITY'S PERFORMANCE FOR FY 2020/2021**

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

Pillar 1: Quality University Education.

Pillar 2: Research and Innovation.

Pillar 3: Extension and Community Outreach.

Pwani University develops its annual work plans based on the above 3 pillars. Assessment of the University's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2020/2021 period for its 3 strategic pillars, as indicated in the Table 2.

**Table 2: Performance Targets for the FY 2020/2021**

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Quality University Education	Produce globally competitive graduates	Number of graduated students	Develop internationally certified programmes	With the use of blended learning (online and face-to-face teaching) the University trained and is set to graduate on 15 <sup>th</sup> July, 2021 students in various fields as follows: 1. Certificates (25), 2. Diploma (38), 3. Post Graduate Diploma in HRM (19) 4. Bachelors (1634) 5. Masters (45)
Pillar 2: Research and Innovation	Foster excellence in research and innovation	Number of publications in refereed journals.	Provide state of the art research facilities	The University implemented the following: 1. Published 57 peer reviewed journal papers/book chapters/books. 2. Supported research proposals for external funding by:- a) Organising one virtual Grant Writing Workshop for academic staff on 20 <sup>th</sup> and 21 <sup>st</sup> August, 2020. b) Holding three virtual sensitization workshops on available funding opportunities on 1 <sup>st</sup> , 8 <sup>th</sup> and 15 <sup>th</sup> July 2020.



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

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	3. Participated in the Virtual Workshop on “Capacity Building of University Staff on the Mainstreaming of Education for Sustainable Development and Global Citizenship Education in Universities”, held on 20 <sup>th</sup> and 21 <sup>st</sup> May, 2021.
				Two community outreach activities were conducted by staff from the Department of Crop Sciences on 4 <sup>th</sup> and 7 <sup>th</sup> May 2021, in Ganze and Magarini Sub-Counties of Kilifi County.

**CORPORATE GOVERNANCE STATEMENT**

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

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

Pwani University Council had six members as at 30<sup>th</sup> June 2021. It is expected that three more members shall be appointed in the FY 2021/2022 to bring the number to nine in line with Mwogozo. The University has established four Committees with specific Terms of Reference. The Committees together with their membership are as outlined in Table 3.

**Table 3: Committees of Council**

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

The following meetings were held during the year ending 30<sup>th</sup> June 2021 as illustrated in Table 4.

**Table 4: Council meetings held in the 2020/2021 FY**

MEETING	NUMBER OF MEETINGS	MEMBERSHIP	AVERAGE ATTENDANCE %
Full Council	4	6	100%
Audit and Risk Committee	1	4	100%
Human Resource Committee	-	-	-
Academic, Research and Extension Committee	-	-	-
Finance and Planning Committee	-	-	-

## MANAGEMENT DISCUSSION AND ANALYSIS

### Core Business

Pwani University has the mandate of teaching, research and community outreach. Teaching, learning and research take place in academic departments which make up the seven Schools of the University namely the School of:

- i. Agricultural Sciences and Agribusiness
- ii. Business and Economics
- iii. Education
- iv. Environmental and Earth Sciences
- v. Health and Human Sciences
- vi. Humanities and Social Sciences
- vii. Pure and Applied Sciences

### Academic Programs

During the 2020/2021 Financial Year, the University offered sixty-seven Bachelor Degree programmes, two Post Graduate Diploma programmes, forty-eight Master Degree programmes, and fifty-three Doctoral programmes, as shown in Table 5.

**Table 5: Courses offered during the 2020/2021 Financial Year**

LEVEL	NO. OF PROGRAMMES	MODE OF STUDY
Skill Enhancement Programs (Short Course)	02	Full Time (Max. Duration: 3 Months)
Certificate	03	Full Time
Diploma	14	Full Time and Part Time
Post Graduate Diploma	02	Full Time, and Part Time
Bachelors	67	Full Time, Institutional Based and Part Time
Masters	48	Full Time and Part Time
Doctoral	53	Full Time and Part Time.

### Student Enrolment

During the 2020/2021 Financial Year, the University had a total of 5,273 continuing students and enrolled 1,624 new Government Sponsored students and 193 Self Sponsored Students. Grand total enrollment is as shown in Table 6.

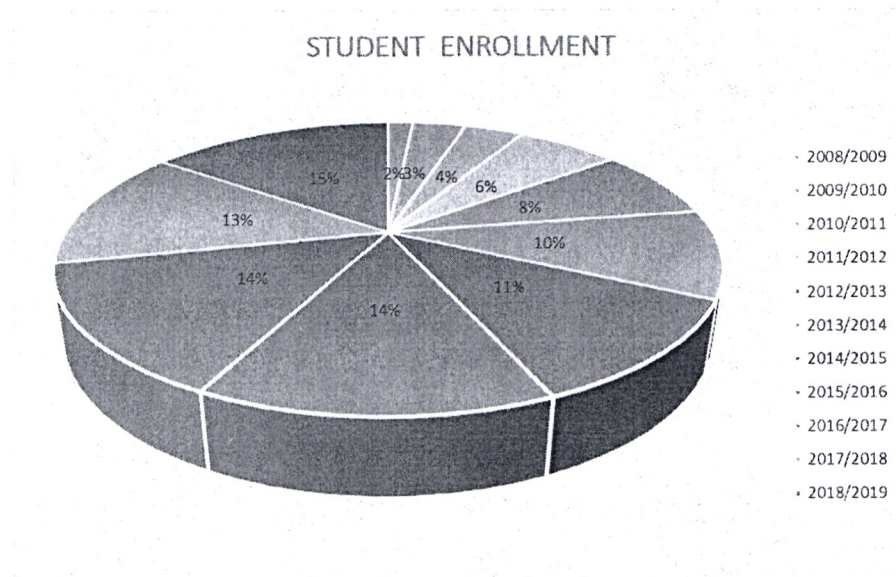
**Table 6: Student Enrolment in the 2020/2021 Financial Year**

Total number of Continuing students	No. of New students		Grand Total
	SSP	KUCCPS	
5,273	193	1,624	7,090

Pwani University has seen a steady increase in the enrolment of students since its inception. Table 7 below confirms this increase:

**Table 7. Student Enrolment trends from 2008/2009 – 2019/2020 Academic Years**

ACADEMIC YEAR	STUDENT ENROLLMENT
2008/2009	755
2009/2010	1575
2010/2011	1784
2011/2012	3073
2012/2013	3839
2013/2014	4742
2014/2015	5505
2015/2016	6746
2016/2017	6978
2017/2018	6535
2018/2019	7328
2019/2020	7090



**Figure 1: Student Enrollment trends from 2008/2009 – 2019/2020 Academic Years**

### Graduation

Pwani University has had a steady growth in the number of graduating students since it attained its charter in 2013. This is illustrated in Table 8.

**Table 8: Graduation Numbers from 2012/2013 to 2019/2020 Academic Years**

ACADEMIC YEAR	TOTAL NUMBER OF GRADUANDS
2012/2013	450
2013/2014	438
2014/2015	1054
2015/2016	1053
2016/2017	1030
2017/2018	956
2018/2019	1743
2019/2020	1842
<b>TOTAL</b>	<b>8566</b>

## Research, Science, Technology and Innovation

The Research and Extension (RE) Division is mandated to oversee all research activities in the University and create the necessary environment to encourage research initiatives to start and thrive. In addition, the Division is expected to seek partnerships with both the industry and academia so as to enhance the generation, adaptation and utilization of knowledge. The Division also manages extension services, both for the purpose of dissemination of technologies and information as part of the University's corporate social responsibility.

### Research Grants

#### (a) Internal Research Grants

The University runs a competitive internal research fund (the Pwani University Research Fund, PURF) to enable successful applicants conduct research in their various disciplines. These internally funded research projects have resulted in enhancing Pwani University capacity building and increase number of publications.

The following are the current projects PURF Project that addresses the Food Security and Improved Health of the Big Four Agenda:

- (i) Effectiveness of participatory approaches in the development of coastal communities in Kenya.
- (ii) Effects of feeding different grasses on feed intake, growth and performance of *galla* goats raised under confinement.
- (iii) Improving cassava production in coastal Kenya: understanding the causes of variability in the quality of new, high yielding cassava varieties.
- (iv) Understanding poverty within small- scale marine fisheries in selected sites within Kilifi County.

#### (b) External Research Grants

The University Staff compete for external research grants through submission of research proposals individually and jointly with collaborative partners.

During the 2020/21 FY, a total of 14 proposals/concept notes were submitted to various funding agencies by staff of Pwani University, in collaboration with researchers from other universities.

Six (6) research grants were received during the 2020/21 FY, totaling to about KES 49.7M

In the 2020/2021 financial year, the following Research Programmes were on going.

- (i) National Research Funded Multi-Disciplinary Research Project entitled Optimizing small-scale biogas technology for household energy and improvement of soil fertility within coffee-dairy production systems in Kiambu and Machakos Counties. Collaborating Institutions being Pwani University, KALRO and HIVOS-Kenya Biogas.
- (ii) National Institutes of Health (NIH, USA) entitled Eastern Africa Network for Bioinformatics Training - (EANBiT) through which PU receives Bioinformatics infrastructure and full scholarships for 4 to 9 students per year. Collaborating Institutions being the International Centre for Insect Physiology and Ecology (*icipe*), Pwani University, Makerere University (Uganda) Muhimbili University of Health and Allied Sciences (MUHAS, Tanzania) and KEMRI-WTRP (Kenya)
- (iii) National Science Foundation Programme for Basic Research to Enhance Agricultural Research (NSF-BREAD, USA) Research Project entitled BREAD ABRDC: Development of Essential Genetic and Genomic Resources for Finger Millet. Collaborating Institutions being Pwani University, University of Georgia (USA), ICRISAT-Nairobi (Kenya), Maseno University (Kenya), Addis Ababa University (Ethiopia) and Tanzania Agriculture Research Institute (TARI)

### **Publications.**

Publication in peer reviewed journal form an important University research output. In the 2020/2021 Financial Year the Pwani University published a total of 57 Publications against a target of 55.

### **Conferences/Workshops and Seminars**

The University support a number of Conference attendance both locally and internationally through Individually Sourced Funding Support, Joint Funded Projects and University Budget Allocations during the period under review, Pwani University facilitated twelve (12) workshops and seminars as follows:

- Three virtual sensitization workshops on available funding opportunities were held on 1<sup>st</sup>, 8<sup>th</sup> and 15<sup>th</sup> July 2020.
- One virtual Grant Writing Workshop for PU academic staff from all departments was held on 20<sup>th</sup> and 21<sup>st</sup> August 2020.
- Youth Entrepreneurship Webinar was held on 26<sup>th</sup> March 2021.

- Six virtual seminars were held at the Pwani University Biosciences Research Centre (PUBReC) between January and June 2021.
- Virtual Workshop on “Capacity Building of University Staff on the Mainstreaming of Education for Sustainable Development and Global Citizenship Education in Universities,” held on 20<sup>th</sup> and 21<sup>st</sup> May, 2021.
- One PU researcher attended a virtual conference on “North-South partnership in research and education for the transformation of food systems,” held on 29<sup>th</sup> March, 2021.

### **Institutional linkages**

The University has continued to collaborate with its stakeholders and other partners in enhancing economic growth and industrialization. PU is actively engaged in fostering partnership and Linkages with other institution of higher learning, research organization, industry and the private sector as demonstrated in the collaborative research activities above.

A total of six MoUs were signed between Pwani University and both local and international institutions/organizations as outlined below:

<b>S/No.</b>	<b>INSTITUTION</b>	<b>COUNTRY</b>	<b>DATE SIGNED</b>
1.	Karlsruhe University of Applied Sciences	Germany	23.07.2020
2.	PU, Generation Kenya and Jumuiya ya Kaunti za Pwani	Kenya	11.08.2020
3.	Retirement Benefits Authority	Kenya	24.09.2020
4.	NACADA	Kenya	07.12.2020
5.	Kenya Meteorological Department	Kenya	15.12.2020
6.	Plan International	Kenya	15.12.2020
7.	Waata Community	Kenya	21.12.2020

### **Community Outreach/Extension.**

The Pwani University participates in and contribute to improvement of the wellbeing of the neighbouring communities, partner with other organisations and individuals for community services and took part in two community outreach activities conducted by staff from the Department of Crop Sciences on 4<sup>th</sup> and 7<sup>th</sup> May 2021, in Ganze and Magarini Sub-Counties of Kilifi County.

## **ENVIRONMENT AND SUSTAINABILITY REPORT**

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

Below is a brief highlight of our achievements:

### **1. Sustainability Strategy and Profile**

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

### **2. Environmental performance**

To manage our resources to ensure the Pwani University's long-term financial and environmental sustainability. The University is providing an environment which promotes world class research and education and at the same time minimizing our environmental impact, conserving our old buildings, and improving our space utilization. The University continues to invest in information technology capability to enhance the quality and security of our research and education and to streamline our administrative processes.

### **3. Employee welfare**

We seek to attract, recruit and retain the best research and teaching staff from around the Country. Pwani University attracts employees from diverse ethnic communities and groups. The University has attained the proportionate representation of majority of the ethnic communities in line with Section 10 of the Public Service (Values and Principles) Act, 2015. The University recognises the importance of diversity among its staff and is actively working to increase this. The University has attained and exceeded the minimum gender representation. Out of 426 members of Staff, 267 (62.68%) are Male while 159 (37.32%) are Female. Table 10 provides Pwani University Staff gender representation.

**Table 10. Staff Gender Representation.**

<b>Category</b>	<b>Male</b>	<b>Percentage (%)</b>	<b>Female</b>	<b>Percentage (%)</b>	<b>Total</b>
Teaching Staff	135	69.95	58	30.05	193
Non-Teaching	132	56.65	101	43.35	233
<b>Total</b>	<b>267</b>	<b>62.68</b>	<b>159</b>	<b>37.32</b>	<b>426</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.

**4. Market place practices**

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

**a) Responsible competition practice**

The University ensures responsible competition practices by:

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

**b) Responsible Supply chain and supplier relations**

Pwani University maintains good business practices by ensuring that Contracts/LPOs are issued prior to performance or delivery by suppliers and that payments for delivery/work done is paid promptly upon invoicing (within 30 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.



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

**5. Corporate Social Responsibility / Community Engagements**

The University donated foodstuff to the County Emergency response initiative during the cessation of movement to mitigate against the COVID-19 pandemic.

## **REPORT OF COUNCIL**

The Council submits its report together with the unaudited financial statements for the year ended June 2021, which shows the state of affairs for Pwani University.

### **Principal activities**

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

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

### **Results**

The results of the University for the Year ended June 30th 2021 are set out on pages 39 to 45.

### **Dividends**

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

### **Council**

The members of the University Council who served during the year in accordance with the regulation of the Pwani University Statutes 2013 are shown on pages 7 and 9.

### **Dividends / Surplus remission**

Pwani University did not make any surplus during the year (FY2020/2021) and hence no remittances to the Consolidated Fund.



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

**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,

*S. A. Ochola*

**Dr. Samuel A. Ochola. PhD**

**CHAIR OF COUNCIL, PWANI UNIVERSITY**

Date... *18/02/2022* .....

## STATEMENT OF COUNCIL RESPONSIBILITIES

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

The Council members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2021. 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, 2021, 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 members to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.



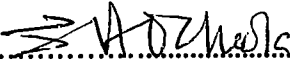
**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

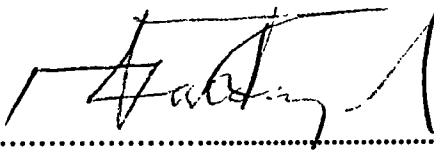
**Approval of the financial statements**

The University's financial statements were approved by the Council on and signed on its behalf by

20/09/2021

..........

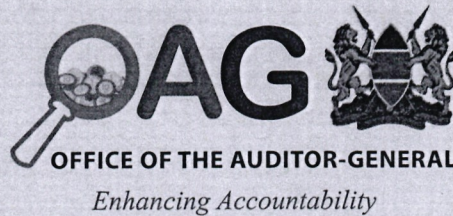
**Dr. Samuel A. Ochola.      PhD**  
**CHAIR OF COUNCIL**

..........

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

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON PWANI UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2021

---

### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Pwani University set out on pages 39 to 74, which comprise of the statement of financial position as at 30 June, 2021,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Pwani University as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities (Amendment) Act, 2016.

### **Basis for Qualified Opinion**

#### **1. Fully Depreciated Assets**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,727,908,000 which as disclosed in Note 25 to the financial statements and the assets register, includes two thousand three hundred and seventy-two (2,372) assets with an initial cost of Kshs.230,989,000, which are fully depreciated. However, Management has not explained why the University had not revalued or reviewed the depreciation methods of the assets in conformity with Paragraphs 43 and 44 of the International Public Sector Accounting Standards (IPSAS)17 to reflect the correct balances in the financial statements given that the assets were still in use and generating revenue.

In the circumstances, accuracy, completeness and fair presentation of the property, plant and equipment balance of Kshs.1,727,908,000 could not be confirmed.

#### **2. Failure to Disclose Material Uncertainty in Relation to Sustainability of Services**

The statement of financial position reflects current liabilities balance of Kshs.282,809,000 against current assets of balance of Kshs.228,091,000 resulting to a negative working capital of Kshs.54,718,000. Further, the University recorded a deficit amount of Kshs.66,862,000 which depleted the revenue reserves by the same amount.

This material uncertainty in relation to sustainability of services and mitigating measures to reverse the undesirable precarious financial position have not been disclosed in the financial statements.

The University is therefore not in a position to meet its current financial obligations as they fall due and depends on creditors and Governments grants to meet its day to day operations.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pwani University Management in

accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Irregular Use of Labour Based Contract for Construction of Perimeter Wall**

Included in work-in-progress balance of Kshs.422,184,000 as disclosed in Note 25 to the financial statements, is an expenditure of Kshs.4,774,039 on construction of a perimeter fence at the University and whose total budget was Kshs.100 million. The project is to be implemented in phases with the first phase being allocated Kshs.17 million. According to the procurement plan, open tender was the preferred procurement method for implementing the project.

However, the project is being implemented using labor-based method which does not meet the prescribed threshold for use of labour based contract contrary to Section 109 (2)(a) of the Public Procurement and Asset Disposal Act, 2015 which states that, "a procuring entity may use force account by making recourse to the state or public officers and using public assets, equipment and labour which are competitive and where quantities of work involved are small and scattered or in remote locations for which qualified construction firms are unlikely to tender at reasonable price and the quantities of works cannot be defined in advance".

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

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

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant

legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

30 August, 2022

**STATEMENT OF FINANCIAL PERFORMANCE**



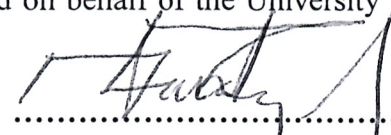
**For the Year ended 30 June 2021**

	Note	2020-2021	2019-2020
		Kshs.'000	Kshs. '000
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
Transfers from other government -gifts and services in kind	3-A	748,315	831,776
<b>Sub Total</b>		<b>748,315</b>	<b>831,776</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	4	278,223	294,451
Rental revenue from facilities and equipment	5-A	9,497	9,171
Deferred Grant Income	5-B	19,077	23,988
Other Income	6	62,636	75,175
<b>Sub Total</b>		<b>369,433</b>	<b>402,785</b>
<b>Total Revenue</b>		<b>1,117,748</b>	<b>1,234,561</b>
<b>EXPENSES</b>			
Employee costs	7	911,964	959,262
Depreciation and amortization expense	8	72,607	88,878
Repairs and maintenance	9	19,739	14,517
Research expenses	10	5,008	5,812
Operating expenses	11	71,568	83,183
Administration expenses	12	6,634	6,492
Teaching expenses	13	32,115	27,710
Catering expenses	14	12,656	14,627
Library expenses	15	2,706	2,560
Health Centre expenses	16	1,501	2,723
Student expenses	17	11,807	12,679
Farm expenses	18	4,247	4,476
Council expenses	19	1,505	9,420
General expenses	20	30,553	31,100
<b>Total Expenses</b>		<b>1,184,610</b>	<b>1,263,439</b>
<b>Deficit for the period</b>		<b>(66,862)</b>	<b>(28,878)</b>

The notes set out on pages 45 to 75 form an integral part of the Financial Statements

The Financial Statements set out on pages 39 to 44 were signed on behalf of the University

Council by:


 ..... <b>Dr. Samuel. A. Ochola PhD</b> Chair of Council	 ..... <b>Mwinyi M. Ali</b> Finance Officer ICPAK No. 9996	 ..... <b>Prof. Mohamed S. Rajab,</b> PhD.EBS Vice Chancellor
--	---	---


## STATEMENT OF FINANCIAL POSITION

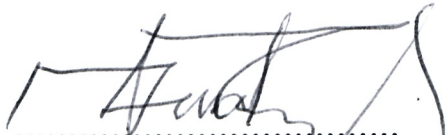
As at 30 June 2021

	Note	2020-2021 Kshs.'000	2019-2020 Kshs.'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalent	21	155,279	142,633
Current portion of receivable from exchange transactions	22	69,311	87,446
Receivable from non-exchange transactions	24	0	107,528
Inventories	23	3,501	4,147
<b>Total Current Assets</b>		<b>228,091</b>	<b>341,754</b>
<b>Non-current assets</b>			
Property, plant and equipment – Tangible	25	1,727,908	1,726,633
Property, plant and equipment – Intangible	26	5,509	7,087
Biological assets	27	8,643	8,837
<b>Total Non- Current Assets</b>		<b>1,742,060</b>	<b>1,742,557</b>
<b>Total Assets</b>		<b>1,970,151</b>	<b>2,084,311</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	28	200,124	232,374
Refundable deposits from customers	29	20,801	16,852
Current Provisions	30	10,975	1,624
Employee benefit obligations	31	50,909	83,942
<b>Total Current Liabilities</b>		<b>282,809</b>	<b>334,792</b>
<b>Non-current Liabilities</b>			
Capital Grants	32	1,531,366	1,526,681
<b>Sub Total</b>		<b>1,531,366</b>	<b>1,526,681</b>
<b>Reserves</b>			
Accumulated surplus		73,024	139,886
Revaluation reserve		82,952	82,952
<b>Total Reserves</b>		<b>155,976</b>	<b>222,838</b>
<b>Total Reserves and Liabilities</b>		<b>1,970,151</b>	<b>2,084,311</b>

The Financial Statements set out on pages 39 to 44 were signed on behalf of the University Council by:

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

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

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

## STATEMENT OF CHANGES IN NET ASSETS

For the Year ended 30 June 2021

	Revaluatio n reserve	Retained earnings	Capital/ Developmen t Grants/Fund	Total
	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
At July 1, 2018	31,698	209,788	1,402,919	1,644,405
Total comprehensive income	-	(65,012)	-	(65,012)
Capital/Development grants received during the year	-	-	54,038	54,038
Transfer of depreciation/amortisation from capital fund to retained earnings	-	23,988	(23,988)	-
At June 30, 2019	31,698	168,764	1,432,969	1,633,431
Total comprehensive income	51,254	(52,866)	117,700	116,088
Transfer of depreciation/amortisation from capital fund to retained earnings	-	23,988	(23,988)	-
At June 30, 2020	82,952	139,886	1,526,681	1,749,519
Total comprehensive income	-	(85,939)	-	(85,939)
Capital/Development grants received during the year	-	-	23,762	23,762
Transfer of depreciation/amortisation from capital fund to retained earnings	-	19,077	(19,077)	-
At June 30, 2021	82,952	73,024	1,531,366	1,687,342

**STATEMENT OF CASH FLOW**
**For the Year ended 30 June 2021**

	NOTE	2020- 2021	2019- 2020
		Kshs.'000	Kshs.'000
<b>Cash flows from operating activities Receipts</b>			
Government grants and subsidies	3A ,3B	772,077	949,476
Rendering of services	4	278,223	294,451
Other income, rentals and agency fees	5-A,6	72,133	83,134
<b>Total Receipts</b>		<b>1,122,433</b>	<b>1,327,061</b>
<b>Payments</b>			
Compensation of employees	7	911,964	959,262
Goods and services		125,518	326,498
<b>Total Payments</b>		<b>1,037,482</b>	<b>1,285,760</b>
<b>Net cash flows from operating activities</b>		<b>84,951</b>	<b>41,301</b>
Purchase of property, plant, equipment and intangible assets	25,26	(72,305)	(70,148)
<b>Net cash flows used in investing activities</b>		<b>(72,305)</b>	<b>(70,148)</b>
<b>Cash flows from financing activities</b>		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,646</b>	<b>(28,847)</b>
Cash and cash equivalents at 1 JULY	21	142,633	171,480
<b>Cash and cash equivalents at 30 JUNE</b>	<b>21</b>	<b>155,279</b>	<b>142,633</b>

**STATEMENT OF COMPARISON OF BUDGET AND  
 ACTUAL AMOUNTS**

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference	% of Utilisation
	2021	2021	2021	2021	2021	2021
	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
	2021	2021	2021	2021	2021	2021
	A	B	C=(a+b)	D	E=(C-D)	E=(C-D)
<b>Revenue</b>						
Transfers from other governments entities	748,315	-	748,315	748,315	0	-
Rendering of services	332,659	-	332,659	278,223	54,436	83.64%
Rental revenue from facilities and equipment	8,857		8,857	9,497	-640	107.22%
Other incomes	93,659	-	93,659	62,636	31,023	66.87%
<b>Total income</b>	<b>1,183,490</b>	<b>-</b>	<b>1,183,490</b>	<b>1,098,671</b>	<b>84,819</b>	<b>92.83%</b>
<b>Expenses</b>						
<b>Use of goods and services</b>	134,457		134,457	145,406	-10,949	108.14%
Employee Costs	919,579		919,579	911,964	7,615	99.17%
Remuneration of directors	4,000		4,000	1,505	2,495	37.62%
Depreciation and amortization expense	68,104		68,104	72,607	-4,503	106.61%
Repairs and maintenance	27,350		27,350	19,739	7,611	72.17%
Contracted services	30,000		30,000	33,389	-3389	111.30%
<b>Total expenditure</b>	<b>1,183,490</b>		<b>1,183,490</b>	<b>1,184,610</b>	<b>-1,120</b>	<b>97.26%</b>
<b>Surplus for the period</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-66,862</b>	<b>7,152</b>	<b>-</b>

**Government Grants**

No variance

**Rendering of Service**

Actual fees income less than budgeted due to closure of learning institutions due to the Covid-19 pandemic mitigation.

**Other Incomes**

Actual incomes less compared to the budget due to non-collection of revenues from University's Income Generating Units resulting from closure of learning institutions to mitigate against Covid-19 pandemic.

**Compensation of Employees**

Actual less than budgeted amount due to horizontal implementation of CBA 2017/2021 in compliance with SRC and Court guidelines

**Goods and services**

Lower due to non-purchase of supplies to support teaching, student catering and Resource Centre during the University Closure.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

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

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

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

### **3. ADOPTION OF NEW AND REVISED STANDARDS**

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

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

b) **IPSAS 41: Financial Instruments**

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

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

**c) IPSAS 42: Social Benefits**

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

- (a) The nature of such social benefits provided by the entity;
- (b) The key features of the operation of those social benefit schemes; and
- (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

The University intends to adopt this standard on its effective date of 1st January 2022

**ii. Early adoption of standards**

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

**4. SIGNIFICANT ACCOUNTING POLICIES****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) Revenue recognition**

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

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

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

**ii) Revenue from exchange transactions****a) Rendering of services**

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

**b) Sale of goods**

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

**c) Interest income**

Interest income is accrued using the effective yield method

**d) Rental income**

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

**iii) Budget information**

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

**iv) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses or professional valuation. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at fair value.

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

Furniture and equipment - 12.5% on straight line basis

Buildings - 2% on straight line basis

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

**iv) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets carried at cost less any accumulated amortization and accumulated impairment losses.

**v) Biological Assets**

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

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

- Mango and coconut plants will have an average productive life of 30 years.
- Future production and sales estimates are based on budgets approved by the University Council and which are reviewed and amended on a regular basis to reflect changes in operational and market conditions.
- The expected market price of mangoes and coconuts will remain constant based on the average price realized over a number of years.

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

**Financial instruments****Initial recognition and measurement**

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

i) **Financial assets**

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

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

**Impairment of financial assets**

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

ii) **Financial liabilities**

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

iii) **Loans and borrowings**

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

iv) **Inventories**

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Inventory like library books are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

v) **Research grants**

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

**vi) Provisions**

Provisions are recognized when the University has a present obligation (legal or constructive) due to a past event. Bad and doubtful debts are provided for after carrying out impairment review to determine the recoverability of the receivable and any associated allowance at a rate of 5%.

***Contingent liabilities***

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

***Contingent assets***

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

**vii) Nature and Purpose of reserves**

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

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

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of

revenues, expenses, assets and liabilities, and other disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods

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

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

ix) **Foreign currency transactions**

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

x) **Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired. Further borrowing costs are charged to the statement of financial performance.

xi) **Related parties**

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

xii) **Cash and cash equivalents**

Cash and cash equivalents comprises of cash on hand, cash at bank and short-term deposits on call with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of these

financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/ or institutions which were not surrendered or accounted for at the end of the financial year.

xiii) **Comparative figures**

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

## **II. SIGNIFICANT JUDGMENT AND SOURCES OF ESTIMATION**

### **UNCERTAINTY**

#### ***Estimates and assumptions***

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

#### ***Useful lives and residual values***

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

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

#### ***Provisions***

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 32.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material

***Subsequent events***

Events after the reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. The University has no material non-adjusting events after the reporting date. There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

NOTE	2020-2021	2019-2020
<b>3</b>	<b>Kshs.'000</b>	<b>Kshs.'000</b>
<b>3 A</b>	<b>Unconditional grants</b>	
	Operational grant	748,315 831,776
<b>3 B</b>	<b>Conditional grants</b>	
	Other Capital grants –Development	0 117,700
	<b>Total government grants and subsidies</b>	<b>772,077 949,476</b>
<b>4</b>	<b>Rendering of services</b>	
	Tuition fees JAB	84,539 76,157
	Tuition fees SSP	73,294 100,487
	Activity fees	5,793 5,446
	Examination fees	29,921 31,982
	Library fees	9,086 8,658
	Registration fees	8,936 8,438
	Identity card fees	1,209 1,771
	Medical fees	11,848 11,220
	Pwani University Student Association (PUSA)	3,275 3,043
	Accreditation Fees	1,577 1,633
	Material development	306 411
	Teaching practice	9,498 8,854
	Field attachment fees	6,385 5,758
	Facilities and material	1,305 1,618
	Thesis development	187 188
	Thesis examination	199 188
	Computer/ Internet fees	22,993 21,544
	Transport	911 931
	KUCCPS Placement fees	3,360 2,289
	Nursing students Placement fees	2,797 3,074
	Swimming and Diving	230 205
	Studio courses	334 446
	Indexing fee	240 110
	<b>Total</b>	<b>278,223 294,451</b>
<b>5-A</b>	<b>Rental revenue from facilities and equipment</b>	
	Straight line operating lease receipts	9,497 9,171
<b>5-B</b>	<b>Deferred Grant Income</b>	
	Deferred income	19,077 23,988
<b>6</b>	<b>Other income</b>	
	Student income 6 A	33,970 40,988
	Farm income 6 B	5,791 6,038
	Guesthouse income 6 C	6,882 9,468
	General Income 6 D	15,993 18,681
	<b>Total Other Income</b>	<b>62,636 75,175</b>

<b>6 A</b>	<b>Student Income</b>	<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs.'000</b>	<b>Kshs'000</b>
	Application fee	673	926
	Accommodation fee	5,963	7,838
	Sale of food- Students	7,070	8,433
	Academic field activity fee	16,707	15,535
	Retake fee	3,402	1,587
	Other Student Income	155	6,669
	<b>Total Student Income</b>	<b>33,970</b>	<b>40,988</b>
<b>6 B</b>	<b>Farm Income</b>		
	Sale of crop products	180	259
	Nursery plants	261	150
	Sale of cattle	1,587	715
	Sale of milk	1,723	2,143
	Sale of chicken	1,140	1,500
	Sale of eggs	128	458
	Pilot farm	420	181
	Sale of pigs	150	140
	Sale of sheep/goat	150	214
	Miscellaneous farm income	40	278
	Bio-fertilizer project	12	0
	<b>Total Farm Income</b>	<b>5,791</b>	<b>6,038</b>
<b>6 C</b>	<b>Income Guest house</b>		
	Hire of conference Centre	500	389
	Sale of food- guest house	5,476	7,250
	Hire of rooms guest house	906	1,805
	Sale of food- Buffalo	0	24
	<b>Total Guest house Income</b>	<b>6,882</b>	<b>9,468</b>

**Annual Report & Financial Statement  
 For the Year Ended 30<sup>th</sup> June 2021**

6 D	General income	2020-2021	2019-2020
		Kshs'000	Kshs' 000
	Hire of motor vehicles	0	0
	Hire of other halls	0	10
	Campus tours fees	0	1
	Hire of Gowns	6,082	6,786
	Hire of Equipment	193	42
	Project levies	3,857	1,259
	Research Income	0	0
	Convocation fee	0	19
	Sale of obsolete items	0	0
	Interest Income	905	1,202
	Msc income	4,146	840
	Ethics review fee	405	349
	Hire of sports grounds	0	45
	Fair value gain of livestock	0	1,212
	Foreign Exchange Gain	405	6,916
	<b>Total general income</b>	<b>15,993</b>	<b>18,681</b>

NOTE		2020-2021	2019-2020
		Kshs'000	Kshs.'000
7	<b>Employee costs</b>		
	Employee related costs-salaries and wages	496,219	532,879
	Employee related costs-contributions to pension & medical aid	127,311	130,091
	Travel, accommodation, subsistence and other allowances	2,130	6,370
	Housing benefits and allowances	286,304	289,922
	<b>Total employee costs</b>	<b>911,964</b>	<b>959,262</b>
8	<b>Depreciation and amortization expense</b>		
	Property, plant and equipment	70,195	81,480
	Amortization	2,412	7,398
	<b>Total depreciation and amortization</b>	<b>72,607</b>	<b>88,878</b>
9	<b>Repairs and maintenance</b>		
	Property	9,771	5,744

**Annual Report & Financial Statement  
 For the Year Ended 30<sup>th</sup> June 2021**

	Equipment	6,475	5,870
	Vehicles	2,430	2,736
	Other	1,063	167
	<b>Total repairs and maintenance</b>	<b>19,739</b>	<b>14,517</b>
<b>10</b>	<b>Research expenses</b>		
	Research expenses	2,365	4,484
	Botanical garden	513	1,191
	Biotechnology	537	0
	Biogas farm outreach	788	137
	Pubrec	805	0
	<b>Total research expenses</b>	<b>5,008</b>	<b>5,812</b>
<b>11</b>	<b>Operating expenses</b>		
	Stationery expenses	6,088	5,266
	protective clothing	1,045	488
	Publishing and printing	106	287
	Cleaning material	1,021	962
	<b>Balance c/d</b>	<b>8,260</b>	<b>7,003</b>

NOTE		2020-2021	2019-2020
		Kshs'000	Kshs. '000
<b>11</b>	<b>Balance b/d</b>	<b>8,260</b>	<b>7,003</b>
	Office expenses	1,329	1,755
	Telephone	566	551
	Courier and postage	389	407
	Electricity	14,219	14,908
	Sanitary services	67	164
	Water and sewerage	5,574	9,585
	Security	16,981	18,264
	Subscriptions	253	599
	Admission expenses	495	235
	Conferences, seminars and workshops	683	1,047
	External travel expenses	0	0
	Graduation expenses	4,043	7,127
	Fueling of motor vehicles	2,176	2,654
	Corporate social expenses	125	0
	Cleaning Services	16,408	18,884
	<b>Total Operating expenses</b>	<b>71,568</b>	<b>83,183</b>
<b>12</b>	<b>Administration expenses</b>		
	Show and exhibitions	0	0
	Quality Assurance/ ISO certification	2,027	1,392

**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

	Audit Fees	812	812
	Provision for Bad Debts	3,219	3,544
	Bank Charges	576	744
	<b>Total administration expenses</b>	<b>6,634</b>	<b>6,492</b>
<b>13</b>	<b>Teaching expenses</b>		
	Teaching materials	2,600	2,105
	Field course expenses	1,815	4,191
	Laboratory materials	644	2
	Examination expenses	2,756	4,036
	External examiners	2,407	1,290
	Teaching practice expenses	13,179	5,706
	Field attachment expenses	6,930	6,592
	Inspection fees	35	119
	Accreditation fees / Progame Development	365	77
	Indexing fees	10	210
	Quality Assurance –Students Expenses	1,374	3,382
	<b>Total teaching expenses</b>	<b>32,115</b>	<b>27,710</b>

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

NOTES		2020-2021	2019-2020
		Kshs.'000	Kshs.'000
<b>14</b>	<b>Catering expenses</b>		
	Gas and fuel - main kitchen	648	352
	Gas and fuel - guest house	119	184
	Foodstuff - main kitchen	9,511	11,118
	Foodstuff - guest house	1,243	1,607
	Cutlery and crockery - main kitchen	0	107
	Cutlery and crockery - guest house	0	39
	Beds, beddings, linen - guest house	0	0
	Consumables kitchen	2	0
	Consumables guest house	129	267
	Red buffalo expenses	0	0
	Other guest house expenses	1,004	953
	<b>Total catering expenses</b>	<b>12,656</b>	<b>14,627</b>
<b>15</b>	<b>Library expenses</b>		
	Newspapers and magazines	652	93
	Library books and journals	70	299
	Library subscriptions	1,984	2,063
	Repair of books	0	105
	<b>Total Library expenses</b>	<b>2,706</b>	<b>2,560</b>
<b>16</b>	<b>Health Centre expenses</b>		

**Annual Report & Financial Statement  
 For the Year Ended 30<sup>th</sup> June 2021**

	Medicines	898	2,446
	Other medical expenditures	603	277
	<b>Total Health expenses</b>	<b>1,501</b>	<b>2,723</b>
<b>17</b>	<b>Student expenses</b>		
	Sports games and tournaments	2,631	1,928
	Student welfare	2,121	2,576
	Student activities	0	0
	PUSA expenses	2,506	1,820
	Student medical expenses	0	0
	Bursary awards	1,000	990
	Aids control unit	360	427
	Students placement KUCCPS	1,938	2,277
	Studio Courses	751	0
	Student Identification cards	500	478
	Nursing Clinical Placements	0	2,183
	<b>Total student expenses</b>	<b>11,807</b>	<b>12,679</b>

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

NOTES	2020-2021	2019-2020	
	Kshs.'000	Kshs.'000	
<b>18</b>	<b>Farm expenses</b>		
	Farm maintenance	3,619	3,404
	Purchase of animal feeds	518	1,033
	Vet services and supplies	110	39
	<b>Total farm expenses</b>	<b>4,247</b>	<b>4,476</b>
<b>19</b>	<b>Council expenses</b>	<b>1,505</b>	<b>9,420</b>
<b>20</b>	<b>General expenses</b>		
	Insurance expenses	6,602	6,424
	Legal services	411	536
	Consultancy fees	0	0
	Advertising and publicity	1,516	1,948
	Networking and software	0	24
	Internet connection	11,475	13,727
	Graduate supervision expenses	731	518
	Senate Expenses	20	960
	Departmental meeting	346	470
	Funeral Expenses	212	209
	Staff development	968	630

**Annual Report & Financial Statement**  
**For the Year Ended 30<sup>th</sup> June 2021**

Staff fees subsidy	1,178	330
Miscellaneous expenses	156	408
Foreign Exchange Loss	0	3,394
<b>Balance c/d</b>	<b>23,615</b>	<b>29,578</b>

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

NOTES	2020-2021	2019-2020
	Kshs.'000	Kshs.'000
<b>20 Balance b/d</b>	<b>23,615</b>	<b>29,578</b>
Fair Value Loss on Biological Assets	194	0
Ethics review	286	146
Management Board Meetings	66	164
Academic regalia	0	625
Land Rates	0	0
KRA Taxes	6,392	0
Covid-19 Mitigation Expenses	0	587
<b>Total general expenses</b>	<b>30,553</b>	<b>31,100</b>
<b>21 Cash and Cash Equivalent</b>		
<b>Financial Institution</b>	<b>Account Name</b>	<b>Account Number</b>
<b>a)Current Account</b>		
Equity Bank	Main Account	0460291566381
Equity Bank	Collection Account	0460291566407
ABSA Bank	Payment Account	2030242370
ABSA Bank	Caution Money	0191068378
ABSA Bank	Collection Account	0191046501
Kenya Commercial	Collection Account	1109893868
Kenya Commercial	Research Account	1114479950
Kenya Commercial	Niche/Ken Account	1164789988
Kenya Commercial	USD Account	1173114157
Cooperative Bank –	Collection Account	01129465157200
Mpesa – Account	Utility Account	986450
Petty Cash		
Kenya Commercial	Afya Pwani	1224008103
<b>b)Call Account</b>		
Housing Finance		
<b>Totals</b>	<b>155,279</b>	<b>142,633</b>
<b>22 Receivable from exchange transactions</b>		
Student debtors	64,380	70,873
Provisions for Doubtful Debts	-3,219	(3,544)
<b>Net Student Debtors</b>	<b>61,161</b>	<b>67,329</b>
Imprest debtors	3,169	2,355
Refundable Deposits	1,106	1,106
Pre-Paid Insurance	575	14,117
<b>Balance c/fwd</b>	<b>66,011</b>	<b>84,907</b>

**Annual Report & Financial Statement**  
**For the Year Ended 30<sup>th</sup> June 2021**

	2020-2021	2019-2020
	Kshs.'000	Kshs.'000
<b>Balance b/bd</b>	66,011	84,907
External debtors	0	0
Other Debtors	3,300	2,539
<b>Total current receivables</b>	<b>69,311</b>	<b>87,446</b>
23 <b>Inventories</b>		
Finance stores –stationery	1,356	1,623
Maintenance stores general	289	368
Main kitchen stores	584	206
Health unit stores	476	1,235
Electrical stores	372	289
Cleaning material store	285	229
Farm inputs and feeds	139	197
<b>Total Inventories</b>	<b>3,501</b>	<b>4,147</b>
24 <b>Receivables from non-exchange transaction</b>		
Grants Ministry of Education June grant-Recurrent	0	107,528
<b>Total receivables from non-current exchange transactions</b>	<b>0</b>	<b>107,528</b>



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

NOTE 25	LAND	WORK IN PROGRESS	BUILDINGS	MOTOR VEHICLES	GENERAL EQUIPMENT	FURNITURE & FITTINGS	COMPUTERS	TOTALS
	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000
<b>Depreciation Rates</b>			2%	25%	12.50%	12.50%	33%	
<b>Cost/ Valuation</b>								
Balance as at 30 June 2018	116,045	489,520	981,503	105,569	126,133	61,461	79,801	1,960,032
Additions during the year	-	173,936	3,804	25,651	4,289	1,339	6,616	
Balance as at 30 June 2019	116,045	663,456	985,307	131,220	130,422	62,800	86,417	2,115,635
Additions during the year	-	51,893	-	-	3,205	8,013	5,851	2,175,667
Revaluation	-	-	-	8,239	20,042	8,235	14,738	68,962
Adjustments	-	-	-	-	719	-	(719)	51,254
Balance as at 30 June 2020	116,045	715,349	985,307	139,459	154,388	79,048	106,287	2,295,883
Additions during the year	171	51,527	0	0	8,692	2,182	8,899	71,471
Transfer	-	(344,692)	344,692	-	-	-	-	-
Balance as at 30 June 2021	116,216	422,184	1,329,999	139,459	163,080	81,230	115,186	2,367,354
<b>Depreciation / Impairment</b>								
As at 30 June 2018	-	-	126,523	99,643	97,201	34,281	68,152	425,800
Charge for the year	-	-	23,987	12,300	11,536	5,354	8,795	61,972
As at 30 June 2019	-	-	150,510	111,943	108,737	39,635	76,947	487,772



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

Charge for the year	-	23,988	12,529	20,107	11,119	13,735	81,478
As at 30 June 2020	-	174,498	124,472	128,844	50,754	90,682	569,250
Charge for the year	-	19,077	10,090	18,468	8,725	13,836	70,196
As at 30 June 2021	-	193,575	134,562	147,312	59,479	104,518	639,446
NET BOOK VALUE June 2018	116,045	854,980	5,926	28,932	27,180	11,649	1,534,232
NET BOOK VALUE June 2019	116,045	834,797	19,277	21,685	23,165	9,470	1,687,895
NET BOOK VALUE June 2020	116,045	810,809	14,987	25,543	28,293	15,605	1,726,633
NET BOOK VALUE June 2021	116,216	1,136,424	4,897	15,768	21,751	10,668	1,727,908

2372 assets with a total value of Kshs.230,989,000 are fully depreciated and are still in use

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

NOTE		
26	<b>Intangible Assets</b>	<b>SOFTWARE</b>
	<b>Depreciation Rates</b>	33%
		Ksh.'000
	Cost/ Valuation	
	<b>Balance as at 30 June 2017</b>	33,935
	Additions	5,900
	<b>Balance as at 30 June 2018</b>	39,835
	Additions	5,091
	<b>Balance as at 30 June 2019</b>	44,926
	Additions	1,183
	<b>Balance as at 30 June 2020</b>	46,109
	Additions	834
	<b>Balance as at 30 June 2021</b>	46,943
	<b>Impairment</b>	
	<b>Balance as at 30 June 2018</b>	22,161
	<b>Charge for the year</b>	9,463
	<b>Balance as at 30 June 2019</b>	31,625
	<b>Charge for the year</b>	7,397
	<b>Balance as at 30 June 2020</b>	39,022
	<b>Charge for the year</b>	2,412
	<b>Balance as at 30 June 2021</b>	41,434
	<b>NET BOOK VALUE June 2018</b>	17,674
	<b>NET BOOK VALUE June 2019</b>	13,301
	<b>NET BOOK VALUE June 2020</b>	7,087
	<b>NET BOOK VALUE June 2021</b>	5,509

**27. Biological assets**

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

**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

	2020- 2021	2019-2020
	Ksh.'000	Ksh.'000
<b>Carrying amount at start of the year</b>		
Immature livestock	1,182	834
Mature livestock	4,918	4,005
<b>Total livestock</b>	<b>6,100</b>	<b>4,839</b>
Immature orchards	1,105	1,006
Mature orchards	1,632	1,780
<b>Total orchards</b>	<b>2,737</b>	<b>2,786</b>
Additions during the year-Mature Bull	0	0
Loss arising from changes in fair value attributable to changes in Livestock	-156	0
Gain arising from changes in fair value attributable to price changes of livestock	0	1,261
Loss arising from changes in fair value attributable to physical changes of orchards	-38	(49)
Net fair value gain/(loss)	<b>-194</b>	<b>1,212</b>
<b>Carrying amount at end of June</b>		
Immature livestock	1,217	1,182
Mature livestock	4,727	4,918
<b>Total livestock</b>	<b>5,944</b>	<b>6,100</b>
Immature orchards	767	1,105
Mature orchards	1,932	1,632
<b>Total orchards</b>	<b>2,699</b>	<b>2,737</b>
<b>Totals</b>	<b>8,643</b>	<b>8,837</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)		2020-2021	2019-2020
		Kshs.'000	Kshs.'000
28	<b>Trade and other payables from exchange transactions</b>		
	Trade creditors	28,985	32,363
	Student fees	77,764	73,823
	Other control accounts	13,873	14,224
	Other liabilities	79,502	111,964
	<b>Total payables</b>	<b>200,124</b>	<b>232,374</b>
29	<b>Refundable deposit from customers</b>		
	Caution money fees	20,801	16,852
	<b>Total Deposit</b>	<b>20,801</b>	<b>16,852</b>
30	<b>Current provisions</b>		
	Audit fees	1,624	1,624

**Annual Report & Financial Statement  
 For the Year Ended 30<sup>th</sup> June 2021**

	Graduation Expenses	3,397	0
	Teaching Practice Expense	4,699	0
	Field Attachment	1,255	0
	<b>Total current provisions</b>	<b>10,975</b>	<b>1,624</b>
<b>31</b>	<b>Employees Benefit Obligations</b>		
	N.H.I.F	634	-
	N.S.S.F	149	5
	P.A.Y.E	19,031	11,329
	Welfare Associations	123	2
	Training Fund	72	72
	H.E.L.B.-	62	4
	Bank Loans	11,885	-
	Pension Fund	8,052	-
	Co-operative Societies	7,565	2,510
	Insurance Premiums	361	-
	Net Salaries Payables	782	458
	Professional Bodies	3	17
	KUSU	289	194
	Pwani Housing	371	-
	U A S U	423	-
	Salary Arrears	1,107	69,351
	<b>Total Employee benefits obligations</b>	<b>50,909</b>	<b>83,942</b>
<b>32</b>	<b>Capital Grants</b>		
	Opening Balance	1,526,681	1,432,969
	Additions during the year	23,762	117,700
	<b>Sub Total</b>	<b>1,550,443</b>	<b>1,550,669</b>
	Transfer to income Statement	-19,077	-23,988
	<b>Balance as at 30 June</b>	<b>1,531,366</b>	<b>1,526,681</b>
<b>33</b>	<b>Working capital adjustments:</b>		
	Decrease / (increase) in inventories	646	(393)
	Decrease / (increase) in receivables from exchange transactions	18,135	5,649
	Decrease / (increase) in receivables from non-exchange transactions	107,528	(30,639)
	Increase / (decrease) in payables	-51,983	(85,816)
	Decrease / (increase) in Biological Assets	194	(1,212)
	<b>Net working capital adjustment</b>	<b>74,520</b>	<b>(112,411)</b>

### 33. Financial Risk Management

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

#### i) Credit risk

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

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

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

The customers under the fully performing category are paying their debts as they continue trading.



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

The credit risk associated with these receivables is minimal.

**ii) Liquidity risk management**

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

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



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

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

**iii) Market risk**

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

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

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

**iv) Capital Risk Management**

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

following funds:

	2020-2021	2019-2020
	Kshs.'000	Kshs.'000
Revaluation reserve	82,952	82,952
Retained earnings	73,024	139,886
Capital reserve	1,531,366	1,526,681
<b>Total funds</b>	<b>1,687,342</b>	<b>1,749,519</b>
Total borrowings	-	-
Less: cash and bank balances	(155,279)	(142,633)
Net debt/(excess cash and cash equivalents)	(155,279)	(142,633)
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

### 34. Related Party Balances

**a) Nature of related party relationships**

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

The entity is related to

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

**Annual Report & Financial Statement  
 For the Year Ended 30<sup>th</sup> June 2021**

<b>a) Related party transactions</b>		
	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs.'000</b>	<b>Kshs.'000</b>
	<b>0</b>	<b>0</b>
Transfers from related parties'	772,077	949,476
Transfers to related parties	0	0
	=====	=====
<b>b) Key management remuneration</b>		
	<b>2020</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
	<b>0</b>	<b>0</b>
Council expenses	1,505	9,420
Key Management compensation	45,557	42,297
	=====	=====
<b>c) Due from related parties</b>		
Due from Parent Ministry	0	107,528
Due from SC or SAGA	0	0
	-----	-----
	0	107,528
	=====	=====
<b>e) Due to related parties</b>		
Due to the parent Ministry	0	0
Due to SC or SAGA	0	0
	-----	-----
	0	0
	=====	=====

**35. Contingent assets and contingent liabilities**

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

**36. Capital Commitments**

The University Council did not make any capital commitments during the year 2020/2021

**37. Events after the reporting period**

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



**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

---

**38. Currency**

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




**Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021**

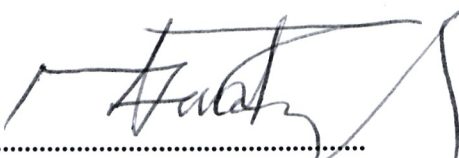
**PROGRESS ON FOLLOW UP OF AUDIT**

**RECOMMENDATIONS**

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

Reference No. on the external audit report	Issue observations from auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status (Resolved / Not Resolved)	Time frame (Put a date when you expect the issue to be resolved)
1	University is yet to obtain Title deed for its Land	The University has evicted the squatters and it is currently fencing the area. Processing of the title deed is at an advanced stage and it is expected to be issued in the near future.	Prof.M.S.Rajab Vice Chancellor and PS,MinistryofLands	Not Resolved	Next Twelve months
2	Failure to put in place guidelines to ensure collection of student debts	TheUniversityhas written to the National Treasury for authority to write off debts owed by deceased students	Prof. H. Mondoh DVC (AF&P)	resolved	Dec. 2021

  
.....  
**Dr. Samuel A. Ochola. PhD**  
**CHAIR OF COUNCIL**

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



Annual Report & Financial Statement  
For the Year Ended 30<sup>th</sup> June 2021

**INTER ENTITY TRANSFERS**

<b>a ) Recurrent Grants</b>			
<b>Bank Statement Date</b>	<b>RECEIPT NUMBER</b>	<b>Amount</b>	<b>F/Y</b>
07.08.2020	REC-159869	62,359,594.00	2020/2021
31.08.2020	REC-160184	62,359,594.00	2020/2021
01.10.2020	REC-164296	62,359,594.00	2020/2021
30.10.2020	REC-165450	62,359,594.00	2020/2021
07.12.2020	REC-167321	62,359,594.00	2020/2021
04.01.2021	REC-169471	62,359,594.00	2020/2021
04.02.2021	REC-174465	62,359,594.00	2020/2021
10.03.2021	REC-177007	62,359,594.00	2020/2021
09.04.2021	REC-185647	62,359,594.00	2020/2021
10.05.2021	REC-187107	62,359,594.00	2020/2021
16.06.2021	REC-191350	62,359,594.00	2020/2021
25.06.2021	REC-191988	62,359,594.00	2020/2021
<b>Total Recurrent</b>		<b>748,315,128.00</b>	
<b>a) Development Grants</b>			
14.09.2020	REC-160597	23,762,055.00	2020/2021
		0	
<b>Total Development</b>		<b>23,762,055.00</b>	

