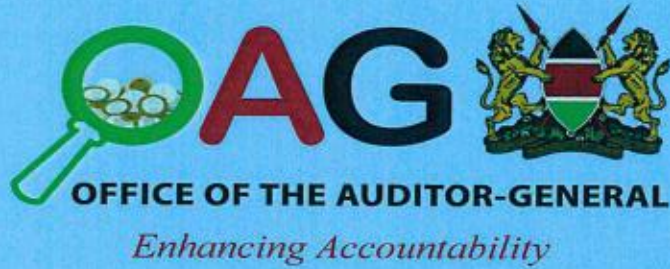


REPUBLIC OF KENYA



REPORT

OF

THE NATIONAL ASSEMBLY PAPERS Laid	
DATE: 21 FEB 2023	DAY TUESDAY
TABLED BY:	DEPUTY LEADER OF MAJORITY PARTY
CLERK-AT TABLE:	INZOFU MWALE

THE AUDITOR-GENERAL

ON

TECHNICAL UNIVERSITY OF MOMBASA

**FOR THE YEAR ENDED
30 JUNE, 2021**



TECHNICAL UNIVERSITY OF MOMBASA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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

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1. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

Technical University of Mombasa (TUM) is an ISO certified institution of global excellence in advancing knowledge, science and technology. Its origin can be traced back to the late 1940's, as the first institution of higher learning to be established in the coastal region of Kenya. TUM has passed through four distinct phases to reach its current state. It previously operated as Mombasa Institute of Muslim Education (1948-1966), Mombasa Technical Institute (1966-1972), Mombasa Polytechnic (1972-2007), Mombasa Polytechnic University College through a Legal Notice No. 160 of 2007, and finally awarded the charter as Technical University of Mombasa on 30th January 2013 (under the Universities Act 2012). The University's main campus is domiciled in Kenya within Mombasa County. The University currently has two satellite campuses in Kwale and Lamu County.

TUM is profoundly committed to providing quality higher education as envisioned by its founders and mandated by Statute. It has four established Schools namely: Applied and Health Science, Engineering and Technology, Business, and Humanities and Social Sciences. The University admits students across the globe ranging from Kenya Universities and Colleges Central Placement Service (KUCCPS) to Self-Sponsored programmes. As a result of the high demand for TUM programmes, the student population has tremendously grown over the years, and currently stands at 14,648, composed of 9,892 males and 4,756 females. TUM also recognizes the importance of human capital in driving the vision of the institution and boasts of 247 teaching staff and 393 administrative staff, giving a total of 640. To ensure programmes are congruent with the market demands, the University incorporates industry, stakeholders and professional bodies in the development, and review of programmes to comfortably offer solutions in the labour market, in the quest to support the Kenya Vision 2030.

(b) Principal Activities

Vision

A University of global excellence in advancing Knowledge, Science and Technology.

Mission

To advance knowledge and its practical application through teaching, research, and innovation to serve both industry and the community.

Motto

Endeavour and Achieve (*Jiddu Tajiddu*)

Strategic Objectives and Principle activities

- i) Provide quality academic programmes.
- ii) Promote research, science, technology and innovation.
- iii) Increase access and equity to tertiary and University education.
- iv) Provide adequate facilities and infrastructure required by the expanding University.
- v) Provide information communication technology solutions to support learning activities and management of the University.
- vi) Institute a manpower and human resources management plan that maintains a competent and efficient workforce.
- vii) Ensure quality and relevance in all programmes.
- viii) Produce graduates with desirable attitudes able to confront the various challenges in their lives.
- ix) Institute mutually beneficial linkages and collaborations.
- x) Market Technical University of Mombasa as a leading brand name in training and innovation in engineering, science and technology.
- xi) Provide a finance mobilization plan that ensures a sustainable resource base for development and recurrent expenditure.

(c) Key Management

Technical University of Mombasa day-to-day management is under the following key organs:

- i) University Council
- ii) Vice Chancellor
- iii) Management Board
- iv) University Senate

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Laila Abubakar
2.	Dep. Vice Chancellor (Academic, Research and Extension)	Prof. Peter Gichangi
3.	Dep. Vice Chancellor (Administration, Finance and Planning)	Prof. Joseph Rasowo
4.	Registrar (Administration and Planning)	Dr. Kilungu Matata
5.	Registrar (Academic Affairs)	Dr. Paul Njihia
6.	Registrar (Partnership Research and Innovation)	Dr. Michael Juma Saulo
7.	Finance Officer	Dalton Mwaghogho
8.	Procurement Manager	James Odhiambo

(e) Fiduciary Oversight Arrangements

Finance, Planning and General Purpose Committee

Membership: -

- i) Chairperson- independent Council Member as per section 36(1) of the Universities Act.
- ii) Cabinet Secretary, National Treasury and Planning Representative.
- iii) One independent Member appointed as per section 36(1) of the Universities Act.
- iv) Vice Chancellor- Secretary.

Terms of Reference: -

1. Manage the University's overall finances and recommend to the Council for approval, the University's annual budget and certain items of major expenditure.
2. Manage the University's physical planning and development including physical projects.
3. Be responsible for:
 - i) Investments;
 - ii) Ensuring the preparation of proper books and records of accounts of income and expenditure, assets, and liabilities of the University;
 - iii) Fund raising for the University;
 - iv) Receiving, considering and recommending proposal of physical development plans;
 - v) Considering of plans and budgets for recurrent and development expenditure; and
 - vi) Monitoring of construction projects in progress.

Human Resource Management Committee

Membership: -

- i) Chairperson- independent Council Member as per section 36(1) of the Universities Act.
- ii) Permanent Secretary- Ministry of Education Representative.
- iii) One independent Member appointed as per section 36(1) of the Universities Act.
- iv) Vice Chancellor- Secretary.

Terms of Reference

- i) Advise the Council on Schemes of Service and Terms and Conditions of Service for Staff.
- ii) Advise Council on Staffing requirements and recruitment of Senior Officers.
- iii) Receive and consider from Management disciplinary cases and appeals.
- iv) Advise the Council matters relating to the welfare of staff of the University.

Audit, Risk and Compliance Committee

Membership: -

- i) Chairperson- independent Council Member as per section 36(1) of the Universities Act.
- ii) The Cabinet Secretary, National Treasury and Planning Representative.
- iii) One independent member appointed as per section 36(1) (d) of the Universities Act.
- iv) Internal Auditor who shall be Secretary to the Committee.

Terms of Reference

- i) Receive and consider reports on University internal and external finances and submit its findings.
- ii) Review financial statements prior to approval by the Council.
- iii) Ensure effectiveness of internal Audit function.
- iv) Advice on systems of internal controls and their effectiveness ensure that there are effective measures in place to mitigate against identified business risks.

Sealing and Statute Committee

Membership:

- i) Chairperson- independent Council Member as per section 36(1) of the Universities Act.
- ii) Permanent Secretary- Ministry of Education Representative.
- iii) One independent Member appointed as per section 36(1) of the Universities Act.
- iv) Vice Chancellor- Secretary.

Terms of Reference

- i) Authorize on behalf of Council the application of the University Seal documents.
- ii) Receive and recommend for approval/amendments of Statutes.
- iii) Recommend the review of statutes of the University from time to time and whenever necessary.
- iv) Advice and or perform on any other matter as may be mandated by the Council.

(f) TUM Headquarters

Technical University of Mombasa.
Tom Mboya Avenue,
P.O. Box 90420-80100,
Mombasa, Kenya

(g) TUM Contacts

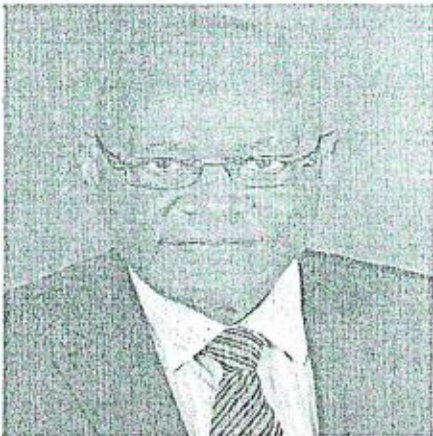


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Fax: 254) 41-2495632
Mobile: (254) 0724 955377/0733955377
E-mail: info@tum.ac.ke
vc@tum.ac.ke
Website: www.tum.ac.ke

(h) TUM Bankers

- (i). National bank of Kenya.
TUM Branch
P.O. Box 576-80100
Mombasa.
- (ii). Co-operative Bank Limited
Nkrumah Branch
P.O. Box 87771-80100
Mombasa.
- (iii). Standard Chartered bank Limited.
Treasury Square Branch
P.O. Box 90170-80100
Mombasa.
- (iv). Kenya Commercial Bank
Mvita Branch
P.O. Box 83534-80100
Mombasa.

- (v). Family Bank
Jomo Kenyatta Branch
P.O. Box 97268-80100
Mombasa.
- (vi). Equity Bank
Digo Road Branch
P.O. Bank 90016-80100
Mombasa.
- (vii). Absa Bank
Moi Avenue
P.O Box 90182 - 80100
Mombasa.
- (viii). Gulf Bank
Jomo Kenyatta Avenue Branch
P.O Box 81189-80100
Mombasa.
- (i) Independent Auditors
Auditor General
Office of the Auditor General
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

TUM COUNCIL MEMBERS

 <p>DR. ROBERT OKELLO ARUNGA Chairman Council Date of Birth: 8th December 1942</p>	<p>Dr. Arunga holds a PhD in Food Science (Lipids Analysis), Post graduate studies Biochemistry and B.A. Chemistry, Biology, Maths. He is the Chairman of the Council.</p>
 <p>MS. ALICE NYACHOMBA MACHARIA- MWOLOLO CS Representative - National Treasury Date of Birth: 6th January 1966</p>	<p>Ms Mwololo holds a M.A. and B.A. in Economics, and also a PGD in Development Planning from the University of Nairobi. She is currently a Chief Economist in the Budget, Fiscal and Economic Affairs Directorate at the National Treasury. In addition, she represents the National Treasury in the National Committee on World Trade Organization negotiations and the EAC-European Union Economic Partnership negotiations. She is a member of the Finance, Planning and General Purposes Committee and the Audit, Risk and Compliance Committee.</p>
 <p>MR. DARIUS MOGAKA OGUTU PS Representative- State Department of University Education and Research. Date of Birth: 30th June 1972</p>	<p>Mr. Ogutu holds a Masters in Educational Communication and Technology and Bachelors in Education. He is the Director of Education in the State Department of University of Education and Research Ministry of Education. He is a member of the Sealing and Statutes Committee, and the Human, Resource Management Committee.</p>



MS. JANE MBAGI MUTUA
Independent Council Member
Date of Birth: 19th February 1972

Ms. Jane Mbagi Mutua, holds a Masters in Education (M.Ed) and a Bachelor of Education (B.Ed) from Kenyatta University. Currently she is the Director, Programme Development and Quality (PDQ) at Save the Children Kenya. She specializes in programme management work (design, implementation and monitoring & evaluation). She is an accomplished educationist, researcher and development practitioner.






DR. FRANCIS JOSEPH BWIRE
Independent Council Member
Date of Birth: 1st January 1978

Dr. Bwire hold a PhD in Business Administration (strategic Management), Master of Business Administration (Finance) and BA, Economics. He is the Chairperson of the Audit, Risk and Compliance Committee and a member of the Sealing and Statutes Committee.









DR. DAVIDSON MGHANGA MWAISAKA
Independent Council Member
Date of Birth: 27th January 1983

Dr. Mwaisaka holds PhD in Business Administration, Masters in Business Administration double major in Strategic Management and Finance, Bachelor of Laws (LLB), Diploma in Law, Post graduate in Law (LL.M). He is a Certified Secretary of Kenya and a member of Law Society of Kenya, East African Law Society, Common Wealth Law Society, Chartered Institute of Arbitrators, and International Commission of Jurists. He is the Chairperson of the Human Resource Management Committee and a member of the Audit, Risk and Compliance Committee.

 <p>DR. GIFT KIMONGE DZOMBO Independent Council Member Date of Birth: 1st January 1974</p>	<p>Dr. Dzombo holds PhD in Finance, Masters in Business Administration Finance option, Bachelor of Education (Arts) Economics/Business studies option. He is a fully qualified Accountant (CPA-K) and Member of Institute of Certified Public Accountants of Kenya (ICPAK). He is a member of the Institute of Internal Auditors (IIA) Kenya chapter. Dr. Dzombo has over 18 years of experience in the Financial Services Sector and is a former Council Member and Chairperson Audit & Risk Committee, Pwani University. He is also serving as a member of the Audit Committee for National Police Service Commission (NPSC). He is a member of the Finance, Planning and General Purposes Committee.</p>
 <p>ARCH. ALFRED OGALO MANGO Independent Council Member Date of Birth: 7th November 1967</p>	<p>Arch. Mango, holds a Msc.in Architecture, a Higher diploma in Mechanical Engineering and a Diploma in Mechanical Engineering. He is a member of the Board of registration of Architecture and quantity surveyors (BORAQS). He is a Council member of Architecture chapter. He is the Chief Executive Officer of Archipoint consulting Architects. He is the Chairperson of the Finance, Planning and General Purposes Committee and a member of the Human Resource Management Committee.</p>
 <p>PROF. LAILA UWESO ABUBAKAR Vice-Chancellor/ Council Secretary Date of Birth: 13th December 1961</p>	<p>Prof Abubakar holds a PhD in Bio Chemistry, Masters of Science in Biochemistry and a Bachelor of Science (Biochemistry & Chemistry). She is the Secretary to the Full Council, Human Resource Management Committee, Sealing and Statutes Committee and the Finance, Planning and General Purposes Committee.</p>

TUM MANAGEMENT TEAM

 <p>Prof. Laila Uweso Abubakar Vice-Chancellor/ Council Secretary.</p>	<p>Prof Abubakar holds a PhD in Bio Chemistry, Masters of Science in Biochemistry and a Bachelor of Science (Biochemistry & Chemistry).</p>
 <p>Prof. Peter Gichangi Deputy Vice Chancellor (Academic, Research & Extension).</p>	<p>Prof. Gichangi holds a PhD in Obstetrics & Gynaecology, MSc Obstetrics & Gynaecology, BSc in Human Anatomy and Basic Medical Degree-MBCHB.</p>
 <p>Prof. Joseph Ouma Rasowo Deputy Vice Chancellor (Administration, Finance & Planning).</p>	<p>Prof. Rasowo holds a PhD in Aquatic Ecology/ Aquaculture, MSc in Marine Ecology & Aquaculture, MBA in Strategic Management, BSc in Botany/ Zoology.</p>
 <p>Dr. Gichuhi Paul Njihia Registrar Academic Affairs</p>	<p>Dr. Njihia, holds a PhD in Pharmaceutical Synthetic Chemistry, MSc in Analytical Chemistry and BSc.in Chemistry.</p>

 <p>Dr. Matata Kilungu Registrar Administration and Planning</p>	<p>Dr. Kilungu, holds a PhD in Human Resource Management, MBA in Human Resources Management, Post Graduate Diploma in Education and Bachelor of Commerce.</p>
 <p>CPA Dalton Mwaghogho James Finance Officer.</p>	<p>CPA James holds a MBA (Strategic Management), BSc(Hon) Applied Accounting, is a Fellow of Chartered Certified Accountant, Certified Public Accountant of Kenya, and a Certified Secretary of Kenya.</p>

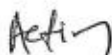
CHAIRMAN'S STATEMENT


Technical University of Mombasa is an institution of higher learning chartered under the Universities Act 2012. The University is committed to offering quality programs in line with its strategic vision of global excellence in advancing knowledge, science and technology. The University started the FY2020/2021 in the ambit of the COVID-19 pandemic. The institution had been closed since March 2020 as a result of the Presidential Directive on containing the spread of the Corona virus. While this containment directive assisted greatly in reducing exposure to the virus, it had an adverse effect on the University's revenue generation. The University depends heavily on Student fees as its Appropriation in Aid (A in A) and with the directives on restriction of movement experienced during the FY2020/2021, the institution has been adversely affected in terms of achieving its budgetary estimates for the year under A in A. To counter this, the University put in place mitigation measures through adoption of online and blended learning to ensure that its Students were taught and capable of sitting examinations upon resumption of face to face learning.

The Council was able to approve several key policies during the FY2020/2021 in efforts to achieve its strategic targets and in compliance with the prevailing laws and regulations. One of the Strategic Plan targets achieved during the year with regard to Policy was the approval of the Endowment Fund as well as the launching of the Renewable Energy and Climate Change Research Centre (RECCReC). The University was also able to hold the 2nd Multi-Disciplinary Conference where the Multidisciplinary Journal of Technical University of Mombasa (MJTUM) was launched.

During the year, the University was able to complete development projects such as the Mabokoni Hostels and the School of Medicine. The projects were funded by the Government of Kenya as part of its Big Four Agenda. The University is currently undertaking the completion of the refrigeration works in the School of Medicine after which enrolment of students shall be prioritised.

The University is pursuing various collaborations with County Governments as part of its income generating strategies through capacity building as well as offering access to internships, student's attachments among others for the benefit of both Staff and students.


Chairman of the Council

Sign 
.....

Name Arch. Alfred O. Mwangi

Date 16.02.2022
.....

REPORT OF THE VICE CHANCELLOR

Technical University of Mombasa (TUM) is committed fulfilling the Big Four Agenda, Sustainable Development Goals as well as industry demands through invoking competency based learning. This is achieved through ensuring that students are well equipped to undertake the roles required to aid the Government in fulfilling the abovementioned development goals, most notably the country's Vision 2030. As part of its expansion strategy, TUM has developed market driven programmes in the fields of Business, Engineering, Science and Technology that will offer a highly skilled workforce well able to compete in the global economy.

During the FY2020/2021 the University continued to grapple with the adverse effects of the COVID-19 Pandemic that led to low revenue generation greatly impacting the performance of the institution in the achievement of its strategic and performance contracting targets. During the year, the University had committed to raise 970,288,398 in Appropriation in Aid but only managed to raise 612,047,132 leading to shortfall of 358,241,266 To counter this, the University had to put in place stringent cost cutting measures such as freeze on allowances in efforts to sustain the wage bill especially at a time when the institution was closed in compliance with the Government directive on the containment of the Corona virus pandemic. This could not have been achieved without the commitment of Management and Staff to whom we are indebted. The University put in place mitigation measures such as the adoption of ODeL (Online, Distance, and eLearning) as well as online meeting for all University Boards and Committees. The budget was mainly channelled towards compliance with the Ministry of Health guidelines on containment of the spread of the pandemic that saw the University innovate and implement mechanisms to enhance prevention and spread of the virus.

During the year the University completed the School of Medicine and the Mabokoni Hostels in Kwale Campus. The projects were sponsored by the Government of Kenya and were geared towards achievement of the Government's Big Four Agenda. The University was also able to renovate the Assembly Hall and put a perimeter wall around the Hostels in Kwale Campus. The achievement of these milestones impacted positively on our strategic plan and performance contract targets.

During the year the University was also able to conduct its first virtual graduation ceremony, whereby 2,704 graduated with various awards including our first PhD graduate. These milestones cement the University's commitment of ensuring that competent students are released to the Job Market thereby improving the quality of service delivery in the industry. Various programmes were

also proposed by the University Senate for accreditation as part of the University's commitment to offer quality and relevant programmes to the Public.

Vice Chancellor

Sign *L. Abubakar*

Name: Prof. Laila Abubakar

Date.. *15/02/2022*

STATEMENT OF TUM'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

TUM has five strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2018- FY 2022. These strategic pillars/ themes/ issues are as follows:

- 1) Governance
- 2) Financial sustainability
- 3) Quality Assurance
- 4) Centre of Excellence in Science Technology Engineering and Mathematics.
- 5) Human Capital Development

TUM develops its annual work plans based on the above five pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. TUM achieved its performance targets set for the FY 2020/2021 period for its 2018 – 2022 strategic pillars, as indicated in the diagram below: -

Strategic Pillar/Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
Governance	Organizational structure	Established office Improved communication.	Establish and strengthen the office of Registrar Partnership Research and Innovations Restructure the office of Corporate Communications to handle public relations	Strengthen research and extension activities Better PR
	Review of management	Improved governance.	Develop other new policies.	Policies in place.
	Change Management	Reports on new policies.	Aligning all policies to the new strategic plan Develop other new policies	-About 26 policies have been approved by the Council. -Policy formulation is still ongoing.
	Branding	Industrial attachment and internship guidelines.	Establish an Industrial Attachment Policy and Communication Policy	Policies in place and Increased TUM visibility

	Risk Management and compliance	QMS/ISMS risks matrices documented.	Identify risks Carry out Risk Assessment analysis.	Compliance and documented status reports.
Financial sustainability	To ensure financial sustainability	Number of Patents submitted. Number of Proposals funded externally.	Increase the number of self-sponsored students (SSP) Patents, research and business opportunities.	20 patents have been submitted to KIPI.
		Number of externally funded research.	Every Department to have at least one externally funded research annually.	Externally funded research proposal.
Quality Assurance	Ensure quality governance structure	Regular records on compliance mechanisms	Review of Service Delivery Charter	The Service Delivery charter has been reviewed and displayed in strategic places
	Ensure quality in curriculum development, review and delivery	Number of programmes developed, reviewed after completion of cycle or as need may arise, and revamped and re-submitted to regulatory bodies.	Compliance with CUE and other regulatory/professional bodies.	10 programmes were accredited by CUE in January 2020. -10 new programmes were developed and submitted to CUE for accreditation between March 2019 and December 2020. -2 programmes were developed and submitted to professional bodies for approval in August and September 2020. -25 programmes revamped and re-submitted to CUE in between April 2019 and December 2020 Quality curricula.
Centre of Excellence in STEM	Expand Research and Innovations	Status report. SOP in place.	Review procedures for internal funding for staff and improve research fund accessibility.	Streamlined funds allocation and efficiency of access.

		Number of multidisciplinary conferences.	Organize International Multidisciplinary Conference.	Improved research culture.
	Building research Culture	Dissemination on of research findings.	Establish School driven University Research Journal.	University journal established.
		Number of research funded, number of facilitated peer journal publication.	Increase fund allocation to individual researchers and research groups.	Funds has increased for individuals.
	Improve skills of teaching and technical staff.	Number of technical staff and lecturers attached to the industry.	Initiate staff and students exchange programmes including Adjunct professorships.	Ongoing in department of environmental and health Science with the Mid Sweden University in Europe.
	Enhance Partnership, Collaborations and Linkages.	Number of collaborations/part nership.	Develop additional mutually beneficial research partnership/collabora tions.	About 12 MoUs signed.
Human Capital Development	Attract and retain competent workforce	Training reports and number of staff trained.	Training Academic, Administrative and support staff.	Relevant skills and improved services.
		Number of trainings attended.	Training staff in soft skills on handling students and other stakeholders.	Improved customer services

CORPORATE GOVERNANCE STATEMENT

Technical University of Mombasa is committed to the highest standards of corporate governance and ethics in the discharge of its functions. The University takes recognition of the various stakeholders, funding agencies, and the regulations thereto, relating to its obligations as provided in the Universities Act, 2012 and Technical University of Mombasa Charter, 2013. The Council is responsible for the overall governance of the University.

The University Statutes and Council Charter offers guidance on how the Council discharges its mandate at the University. These responsibilities relate to the proper conduct of University business, policy development, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity, student welfare, health and safety and the appointment of University Officers. The Council has the following committees: Executive Committee (Also known as the Full Council); Audit, Risk and Compliance Committee; Finance, Planning and General Purposes Committee; Human Resources Management Committee and the Technical Committee known as the Sealing and Statutes Committee. All Council Committees meet as per the Council Almanac. The Committees report to the full Council through board reports presented by the Chairpersons of the abovementioned Committees. All resolutions of the Council are executed by the Council Secretary who is the Vice Chancellor through the University Management Board.

TECHNICAL UNIVERSITY OF MOMBASA
Annual Reports and Financial Statements
For the year ended June 30, 2021.

The Council Members Terms (FY 2020/2021)

S/N	COUNCIL MEMBER	POSITION	APPOINTMENT	EXIT	TERM
1.	Dr. Robert Arunga	Chairman	6/09/2018	5/09/2021	3 years
2.	Dr. Francis Joseph Bwire	Independent member	6/09/2018	5/09/2021	3 years
3.	Dr. Davidson Mwaisaka Mghanga	Independent member	8/11/2019	7/11/2022	3 years
4.	Ms. Alice Mwololo	Alternate- CS The National Treasury and Planning	14/10/2015	30/06/2021	5 years
5.	Mr. Darius Mogaka Ogutu	Alternate - PS State Department For University Education (Ministry of Education)	2/10/2019	1/10/2022	3 years
6.	Arch. Alfred Ogalo Mango	Independent member	10/03/2020	09/03/2023	3 years
7.	Ms. Jane Mbagi Mutua	Independent member	10/03/2020	09/03/2023	3 years
8.	Dr. Gift Kimonge Dzombo	Independent member	10/03/2020	09/03/2023	3 years

FULL COUNCIL BOARD MEETINGS

During the FY 2020/2021 the Council met on the following dates:

COUNCIL MEMBER	14/07/20	22/10/20	14/01/21	15/02/21	14/04/21	06/05/21
Dr. Robert Arunga	✓	✓	✓	✓	✓	✓
Dr. Francis Joseph Bwire	✓	✓	✓	✓	✓	✓
Dr. Davidson Mwaisaka Mghanga	✓	✓	✓	✓	✓	✓
Ms. Alice Mwololo	✓	✓	✓	✓	✓	✓
Mr. Darius Mogaka Ogutu	✓	✓	✓	✓	✓	✓
Arch. Alfred Ogalo Mango	✓	✓	✓	✓	✓	✓
Ms. Jane Mbagi Mutua	✓	✓	✓	✓	✓	✓
Dr. Gift Kimonge Dzombo	✓	✓	✓	✓	✓	✓
Prof. Laila Abubakar	✓	✓	✓	✓	✓	✓

The Council received approval from the Cabinet Secretary, Ministry of Education to hold Special meetings that were held on 15th February 2021 and 6th May 2021 to approve the graduation list and undertake performance evaluations respectively.

Council Committees during the FY2020/2021

The Council had a total of four (4) Committees. They comprise of:

- Finance, Planning and General Purposes Committee,
- Sealing and Statutes Committee,
- Audit, Risk and Compliance Committee
- Human Resource Management Committee.

TECHNICAL UNIVERSITY OF MOMBASA
Annual Reports and Financial Statements
For the year ended June 30, 2021.

The following shows the Committee Membership during the FY 2020/2021.

COMMITTEE	MEMBERS
Finance, Planning and General Purposes Committee	<ol style="list-style-type: none"> 1. Arch. Alfred Mango- Chairperson 2. Ms. Alice Mwololo -Rep CS National Treasury 3. Dr. Gift Kimonge Dzombo - Member 4. Mr. Darius Mogaka 5. Prof. Laila Abubakar - Secretary
Human Resource Management Committee	<ol style="list-style-type: none"> 1. Dr. Davidson Mwaisaka- Chairperson 2. Mr. Darius Mogaka Ogutu - Rep PS MOE 3. Arch. Alfred Mango - Member 4. Prof. Laila Abubakar - Secretary
Audit, Risk and Compliance Committee	<ol style="list-style-type: none"> 1. Dr. Francis Joseph Bwire - Chairperson 2. Ms. Alice Mwololo - Rep CS National Treasury 3. Dr. Davidson Mwaisaka - Member 4. Mr. Clarkson Deche - Secretary
Sealing and Statutes Committee	<ol style="list-style-type: none"> 1. Ms. Jane Mbagi Mutua - Chairperson 2. Mr. Darius Mogaka Ogutu - Rep PS MOE 3. Dr. Francis Joseph Bwire- Member 4. Prof. Laila Abubakar - Secretary

The following are the tables showing the sittings of the Committees listed above:

Finance, Planning and General Purposes Committee (FPGP)

COMMITTEE MEMBER	POSITION	9/7/20	8/10/20	8/1/21	9/4/21
Arch. Alfred Mango	Chairman	✓	✓	✓	✓
Ms. Alice Mwololo	Alternate- CS The National Treasury and Planning	✓	✓	✓	✓
Prof. Laila Abubakar	Council Secretary/ Vice Chancellor	✓	✓	✓	✓
Dr. Gift Kimonge Dzombo	Independent member	✓	✓	✓	✓
Mr. Darius Mogaka	PS Representative -Ministry of Education	✓	✓	✓	

Human Resource Management Committee (HRMC)

COMMITTEE MEMBER	POSITION	7/7/20	6/10/20	6/1/21	7/4/21
Dr. Davidson Mwaisaka	Chairman	✓	✓	✓	✓
Arch. Alfred Mango	Independent Member	✓	✓	✓	✓
Prof. Laila Abubakar	Council Secretary/ Vice Chancellor	✓	✓	✓	✓
Mr. Darius Mogaka Ogutu	Alternate - PS State Department For University Education (Ministry of Education)	✓	✓	✓	✓

Sealing and Statutes Committee (SSC)

COMMITTEE MEMBER	POSITION	7/7/20	6/10/20	6/1/21	15/2/21	7/4/21
Ms. Jane Mbagi Mutua	Chairlady	✓	✓	✓	✓	✓
Dr. Francis Joseph Bwire	Independent Member	✓	✓	✓	✓	✓
Prof. Laila Abubakar	Council Secretary/ Vice Chancellor	✓	✓	✓	✓	✓
Mr. Darius Mogaka Ogutu	Alternate - PS State Department For	✓	✓	✓	✓	✓

	University Education (Ministry of Education)					
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Audit, Risk and Compliance Committee

COMMITTEE MEMBER	POSITION	8/7/20	7/10/20	7/1/21	8/4/21
Dr. Francis Joseph Bwire	Chairman	✓	✓	✓	✓
Mr. Clarkson Deche	Internal Auditor/ Secretary	✓	✓		
Ms. Alice Mwololo	Alternate - CS National Treasury and Planning	✓	✓	✓	✓
Dr. Davidson Mwaisaka	Independent Member	✓	✓	✓	✓
Samuel Mureithi	Internal Auditor/Secretary			✓	
Mourice Odeyo	Internal Auditor/Secretary				✓

Succession Plan

The Universities Act 2012 provides in Section 36 (5) the modalities of establishing an adequate Succession plan for the Council. The University has in place an adequate plan that ensures that the Council retains a quorum regardless of the expiration of terms of some of its members. From the breakdown of terms highlighted above, you will note that the Council terms are staggered ensuring that at no particular time would the Full Council be without quorum regardless of the expiry of terms. This would ensure continuity in the activities of the Council. Furthermore the Council Secretary notifies the Ministry of Education Six Months (6) prior to the expiry of term to ensure that recruitment is undertaken and the position filled within the required timelines.

Council Charter

The Council is guided by its Charter that defines the Council's roles and responsibilities as well as functions and structures in a way that supports the Council members in carrying out their strategic oversight function. The Charter was adopted by the Council on 1st February 2019.

The Committees are also guided by Charters which were prepared in accordance with the provisions of the Circular on the Management of State Corporations (Guidelines on the Management of State Corporations issued vide Circular No. OP/CAB.9A/1A of March 2020. The Committee Charters were approved by the Council in their meeting held on 14th July 2020.

Appointment and Removal of Council Members

Council members are appointed through the Ministry of Education with the exception of the Representative from the National Treasury. The Council Charter provides the instances where membership shall cease in Section 3.4 and outlines that any removal of a Council members shall be through formal revocation, save where a Council member has tendered a voluntary resignation.

The University received notification on 30th June 2021, that the Cabinet Secretary, National Treasury and Planning had replaced Ms. Alice Mwololo with Mr. Stanley Kagera as his representative.

Roles and Functions of the Council and its Committees

The roles and functions of the Council are set out in the Council Board Charter under Section 4. This is mainly the role on the Council in Strategic Direction, Recruitment, Research, Education, Financial and Capital Oversight, Ethical Standards, Corporate Governance and Regulatory Compliance, Risk Oversight and Stakeholder Management. The Council Committees Charters have been apportioned the above roles to ensure that the Council delivers on its mandate.

Conflict of Interest

The University Council adheres to the provisions on declaration of Conflict of Interest by ensuring that conflict of interest is declared before any meeting of Council begins. The Council has also put in place a Conflict of Interest register submitted quarterly to the Ethics and Anti-Corruption Commission. The Council has spearheaded the establishment of the Anti-Corruption and Whistleblowing policy in efforts to sensitise Council, Management and staff on the adverse effects of corruption as well as ensure that whistleblowing is encouraged and protected. The Council has ensured that the University Code of Conduct and Ethics stipulates clearly the requirements on declaration of conflict of interest. The Council approved the Conflict of Interest Policy in its meeting held on 14th July 2021.

Board Remuneration

The Council receives remuneration as per the set Government Guidelines. During the FY2020/2021 Council members were paid sitting, subsistence and travel allowances as per the Government approved rates.

Board Evaluation

In line with the provisions of the State Corporations Act 2012, the Council undertook an annual evaluation of its performance as an entity, its Committees, the Chairman and each individual Council member and the Vice Chancellor. This was aimed at enabling the Council, its members and the Committees to gauge their performance and identify areas of improvement. The evaluation was undertaken by SCAC. The Council scored an overall performance score of 92.18% for the FY 2019/2020. The following Council members were evaluated during the Financial Year 2020/2021 for the business transacted in the FY 2019/2020, their scores are follows:

TECHNICAL UNIVERSITY OF MOMBASA
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	Name of Director	Position	Mean Score	%age Score
1.	Dr. Robert Arunga	Chairperson	4.7222	94.44
2.	Arch. Alfred Ogalo Mango	Member	4.6273	92.55
3.	Dr. Davidson Mwaisaka Mghanga	Member	4.6392	92.78
4.	Dr. Francis Joseph Bwire	Member	4.5111	90.22
5.	Mr. Darius Mogaka Ogutu	Member	4.8055	96.11
6.	Ms. Alice Mwololo	Member	4.5591	91.18
7.	Ms. Jane Mbagi Mutua	Member	4.7266	94.53
8.	Prof. Laila Abubakar	Vice Chancellor/Chief Executive Officer	3.9926	79.85
	TOTAL		4.6091	92.18

Governance Audit

The University was unable to undertake a Governance Audit during the FY2020/2021 due to the failure to obtain a qualified bidder through government to government procurement. The Council has reserved the Audit for the FY 2021/2022 mainly due to the impact of the Corona Pandemic affecting its inability to undertake consultancy services in the FY2020/2021.

Council diversity

The Council of Technical University of Mombasa is committed to diversity and reflects a mix of different skill sets beneficial to the Institution. The areas of expertise of the current Council members are Chemistry, Law, Economics, Banking, Architecture, Finance and Education. The Council also meets the requirements on ethnic diversity.

Below is the current Council diversity structure:

COUNCIL MEMBER	POSITION	GENDER	EXPERTISE	ETHNICITY
Dr. Robert Arunga	Chairman	Male	Chemistry	Luo
Dr. Francis Joseph Bwire	Independent member	Male	Finance	Luhya
Dr. Davidson Mwaisaka Mghanga	Independent member	Male	Law	Taita
Ms. Alice Mwololo Macharia	Alternate- CS The National Treasury and Planning	Female	Economics	Kikuyu
Mr. Darius Mogaka Ogutu	Alternate – PS State Department For University Education and Research (Ministry of Education)	Male	Education	Kisii
Arch. Alfred Ogalo Mango	Independent member	Male	Architecture	Luo

Ms. Jane Mbagi Mutua	Independent member	Female	Education	Kikuyu
Dr. Gift Kimonge Dzombo	Independent member	Male	Finance	Mijikenda
Prof. Laila Abubakar	Council Secretary/ Vice Chancellor	Female	Biochemistry	Swahili

University Management

The daily management of the University is vested in the University Management Board with the Senate overseeing management of academic programmes. The roles of both boards are detailed in the University Charter and its Statutes. Meetings of the Senate include Regular Senate, Senate Board of Examiners, Special Senate and Extraordinary Senate. The Vice Chancellor of the University is the Chairperson of both Senate and Management.

2. MANAGEMENT DISCUSSION AND ANALYSIS

In the financial year ended 30 June, 2021, Technical University of Mombasa had a net deficit of KShs. 156,525,322 compared to prior deficit of KShs. 21,758,442, an increase of KShs. 134,766,880. Total income decreased to KShs. 1,534,687,800 from KShs. 1,755,906,117 in year 2019/2020, a decline of KShs 221,218,317. The decline was attributed to decrease in GoK grants by 102,308,426 from KShs. 1,024,949,094 in previous year to KShs. 922,640,668 in the reporting year. The University Appropriation in Aid (A in A) also declined by KShs. 118,909,891 from KShs. 730,957,023 in previous year to KShs. 612,047,132 in the reporting year. This was attributed by decline in "other income" by KShs 27,819,212 from KShs 314,501,101 in previous year to KShs. 286,681,889 in the reporting year. Tuition fees also declined by KShs. 91,090,679 from KShs 416,455,922 in previous year to KShs. 325,365,243 in the reporting year. The decline in A-in -A was attributed to the COVID-19 pandemic impact which led to shrinking of University's revenue generating activities.

Total expenses decreased by KShs. 86,451,437 from KShs. 1,777,664,559 in previous year to KShs. 1,691,213,122 in the reporting year. This was mainly attributed to decline in personal emoluments by KShs. 64,647,343. In the previous year 2019/2020, there was payment of Basic salary CBA arrears, hence the difference in the comparable years. There was also a decline in the following expenses due to low activities at the University after the COVID-19 pandemic that was declared in March 2020 leading to reduced activities at the University: - Operating and Administration expenses declined by KShs. 37,168,471, council expenses declined by KShs 2,408,742 and Finance cost also declined by KShs. 2,251,683.

In the statement of financial position, total assets decreased by KShs. 117 Million from KShs. 3,621,319,008 in the previous year to KShs. 3,504,267,732 in the reporting year. The acid test ratio of 0.50 in the current reporting year was worse than prior year ratio of 0.8. The decline was due to the provisions for Basic Salary CBA 2017-2021 arrears (KShs 90,457,489), CBA 2013-2017 Pension employer liability (KShs. 37,793,394) and provision for other trade payables by the University while awaiting the government disbursement and cash collections for A in A to clear them. The receivable from exchange transactions increased by KShs. 25 Million from the previous year due to increase in student debtors by KShs. 40 Million from the previous year. This was attributed by the COVID-19 pandemic which led to reduced activities and reduced collections from student debtors - as they were mostly away at home following Ministry of Health guidelines given at that time and also increase in provision for bad debts by KShs 13 Million.

3. REPORT OF THE COUNCIL

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Technical University of Mombasa affairs.

i) Principal activities

The principal activities of the University are teaching and research

ii) Results

The results of the University for the Year ended June 30, 2021, are set out on page 1 to 6

iii) Directors

The members of the Council who served during the year are shown on page vi to xi.

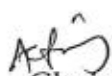
iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The University did not make any surplus during the year (FY 2020/2021 KShs Nil) and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Technical University of Mombasa in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Council



Chairman of the Council

Name: Arch. Alfred O. Mungo

Sign Maul

Date: 16.02.022

4. STATEMENT OF COUNCIL'S RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the Technical University of Mombasa financial statements, which give a true and fair view of the state of affairs of the Technical University of Mombasa 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 accept responsibility for the Technical University of Mombasa 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. The Council is of the opinion that the Technical University of Mombasa 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 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.

Despite the impact of the COVID-19 Pandemic the University Council has put in place cost cutting measures to ensure that the University will remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Technical University of Mombasa financial statements were approved by the Council on _____ 2021 and signed on its behalf by:

Arch

Council Chairman

Name: *Arch. Alfred O. Mungo*

Mungo
Sign

Date: *16.02.2022*

Vice Chancellor/ Council Secretary

Name: Prof. Laila Abubakar

Laila
Sign

Date: *15/02/2022*

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TECHNICAL UNIVERSITY OF MOMBASA 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

Adverse Opinion

I have audited the accompanying financial statements of the Technical University of Mombasa set out on pages 1 to 51, which comprise the statement of financial position as at 30 June, 2021, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Technical University of Mombasa as at 30 June, 2021, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.3,179,103,263 as at 30 June, 2021. Review of supporting documents for the assets and computation of the reported values revealed the following anomalies:

1.1 Inaccuracies in Depreciation and Amortization Charges for the Year

The statement of financial performance for year under review reflects depreciation and amortization charges on property, plant and equipment, and intangible assets of Kshs.108,329,684 and Kshs.214,925, respectively, as disclosed in Notes 29 and 30 to the financial statements. However, recomputation of depreciation and amortization charge for the year revealed variances as shown below, which were not explained or reconciled:

Class of Asset	Depreciation/ Amortization as per Financial Statements (Kshs.)	Recomputed Depreciation/ Amortization (Kshs.)	Variance (Kshs.)
Buildings	50,082,395	41,735,329	8,347,066
Furniture & Fittings	3,620,037	9,726,902	6,106,865
Computer and Other Electronics	5,405,289	56,869,508	51,464,219
Plant and Equipment	43,881,386	74,188,830	30,307,444
Motor Vehicle	5,340,577	6,935,783	1,595,206
Computer Software	214,925	5,193,931	4,979,006

In the circumstances, the accuracy and completeness of the depreciation and amortization charges of Kshs.108,329,684 and Kshs.214,925 for the year ended 30 June, 2021 could not be confirmed. Similarly, the net book values of property, plant and equipment amounting to Kshs.3,179,103,263 are misstated by the depreciation charged for the year.

1.2 Disputed Land Ownership

The freehold land balance of Kshs.1,047,422,550 disclosed in Note 29 of the financial statement includes a parcel of land located in Mombasa valued at Kshs.130,000,000. However, as previously reported, the land ownership was in dispute following illegal encroachment, a matter which the Management asked the High Court to grant eviction orders.

Information provided by the Management regarding the matter indicated that the case was mentioned on 5 July, 2021 to confirm a surveyor's report which had been filed in Court. However, a ruling on 28 October, 2021, dismissed the case rendering the issue unresolved.

In view of the foregoing, the accuracy and ownership of the University's freehold land valued at Kshs.1,047,422,550 as at 30 June, 2021 could not be confirmed.

2. Material Uncertainty Relating to Sustainability of Services

During the year under review, the University recorded a deficit of Kshs.156,525,322. Further, the current liabilities of Kshs.489,054,509 exceeded current assets of Kshs.314,091,048 resulting in a negative working capital of Kshs.174,963,461 as at 30 June, 2021. The above conditions are an indication of the existence of a material uncertainty which cast doubt on the University's ability to sustain its services and to meet its obligations as and when they fall due.

In addition, the financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive financial support from the Government and creditors. However, the indications of material uncertainties relating to sustainability of services and mitigating measures, if any, put in place by the Management against the uncertainties have not been disclosed in the notes to the financial statements as required in Paragraph 43 of the International Public Sector Accounting Standards (IPSAS) 1 – Presentation of Financial Statements.

3. Work in Progress

3.1 Abandoned Library Detective System

The statement of financial position reflects property, plant and equipment balance of Kshs.3,179,103,263 as at 30 June, 2021 and as disclosed in Note 29 to the financial statements. The balance includes work in progress valued at Kshs.75,019,812. The works further includes an advance payment of Kshs.1,802,697 made in February, 2014 for a library detective system. However, no supporting documents for the payment were provided for audit review. Further, the system was supplied but later returned after being found defective, but no replacement was made, instead the supplier abandoned the project. Efforts to recover the money which included filing a suit against the supplier in High Court and engaging the services of an auctioneer were unsuccessful. As at the time of audit, the matter had been referred to the Ethics and Anti-Corruption Commission.

In addition, the Management did not write off or make an impairment provision in respect of the abandoned project.

In view of the above, the accuracy and completeness of work in progress valued as Kshs.75,019,812 could not be confirmed. Additionally, the University was yet to obtain value for money on the payment of Kshs.1,802,697 towards the project.

3.2 Stalled Perimeter Fencing Project

The work-in-progress balance of Kshs.75,019,812 as at 30 June, 2021 includes expenditure of Kshs.6,930,750 in respect of construction of a perimeter fence on parcel of land located in Kaloleni, Mombasa County, which was abandoned before the project was completed. The Management explained that the project was abandoned due to lengthy and expensive process of obtaining a title to the land. However, it was not clear why due diligence was not conducted to ensure a title deed was obtained before the expenditure was incurred.

In the circumstances, the accuracy and completeness of the work in progress balance of Kshs.75,019,812 could not be confirmed. In addition, the University did not obtain value for money for the payment of Kshs.6,930,750 made towards construction of the perimeter fence.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Technical University of Mombasa 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse 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 other key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects actual revenue of Kshs.1,534,687,800 against a budgeted amount of Kshs.1,892,929,066, resulting in an under-collection of Kshs.358,241,266 or 19%. The statement also reflects actual expenditure of Kshs.1,568,801,049, against a budgeted amount of Kshs.1,733,276,088 resulting in an under-expenditure of Kshs.164,475,039 or 9%.

The under-collection of revenue and the under-expenditure may have adversely affected service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way

Basis for Conclusion

1. Failure to Bond an Officer Sponsored for Studies

The statement of financial position reflects net receivables from exchange transactions balance of Kshs.162,367,709, as disclosed in Note 18 to the financial statements. Review of the gross receivable exchange transactions amount revealed Kshs.1,754,446 which was due from an officer who had left employment after being sponsored by the University for further studies at a cost of Kshs.2,754,446.

The Management did not provide evidence regarding efforts that have been made to recover the amount of Kshs.1,754,446 owing from the employee and whether a training bond was issued to the officer before proceeding to the studies.

2. Avoidable Interest on Delayed Payments

Additions to buildings during the year under review totalling Kshs.511,770,182 disclosed in Note 29 to the financial statements includes Kshs.244,561,925 paid for construction of Mabokoni Hostels at the University's Kwale Campus. Payments made to the contractor for the works included an interest charge of Kshs.5,547,956 which arose from non-compliance with Clause 23.3 of the Contract Agreement which provided for an interest charge of 3% for each day a payment was delayed beyond 30 days. The Management attributed the delays to late release of development exchequer in respect of the project.

In view of the foregoing, interest payments amounting to Kshs.5,547,956 was avoidable and therefore, not a proper charge to public funds.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on

the audit procedures performed, I confirm that internal controls, risk management and 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 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 services, disclosing, as applicable, matters related to sustainability of services and using the accrual 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk Management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

02 September, 2022

TECHNICAL UNIVERSITY OF MOMBASA
Annual Reports and Financial Statements
For the year ended June 30, 2021.

6. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

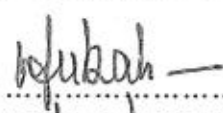
	Notes	2020-2021	2019-2020
		Kshs	Kshs
REVENUE FROM NON-EXCHANGE TRANSACTIONS:			
GOK GRANTS	6	922,640,668	1,024,949,094
OTHER INCOME	7	286,681,889	314,501,101
TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS		1,209,322,557	1,339,450,195
REVENUE FROM EXCHANGE TRANSACTIONS:			
TUITION FEES	8	325,365,243	416,455,922
TOTAL INCOME		1,534,687,800	1,755,906,117
EXPENSES			
PERSONNEL EMOLUMENTS	9	1,378,210,543	1,442,857,886
COUNCIL EXPENSES	10	9,197,187	11,605,929
OPERATING /ADMINISTRATION EXPENSES	11	91,908,136	129,076,607
TEACHING EXPENSES	12	57,632,637	56,656,058
STUDENTS WELFARE	13	7,052,408	12,229,175
REPAIRS & MAINTENANCE	14	23,019,108	11,820,423
DEPRECIATION	29	108,329,684	96,935,814
AMORTIZATION	30	214,925	63,979
AUDIT FEES	15	1,400,000	1,400,000
PROVISION FOR BAD DEBTS	28	13,867,464	12,385,975
FINANCE COSTS	16	381,030	2,632,713
BAD DEBTS WRITTEN OFF	28	0	0
		1,691,213,122	1,777,664,559
SURPLUS/(DEFICIT) FOR THE YEAR		(156,525,322)	(21,758,442)
TAX		0	0
NET SURPLUS/(DEFICIT) FOR THE YEAR		(156,525,322)	(21,758,442)

The notes set out on pages 5 to 58 form an integral part of these Financial Statements.

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

Vice Chancellor

Name: Prof. Laila Abubakar

Sign: 

Date: 15/02/2022

Finance Officer

Name: Dalton Mwaghogho

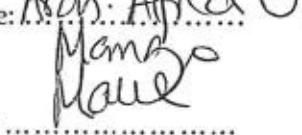
ICPAK Number: 2744

Sign: 

Date: 15/2/2022

Chairman of the Board

Name: Arch. Alfred O.

Sign: 

Date: 16-02-2022

14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
INVENTORIES	17	60,275,862	43,620,06
RECEIVABLES FROM EXCHANGE TRANSACTIONS	18	162,367,709	136,763,725
RECEIVABLES FROM NON EXCHANGE TRANSACTIONS	19	9,813,516	124,858,720
CASH & BANK BALANCES	20	81,633,961	103,498,161
INVESTMENTS	21	0	0
TOTAL CURRENT ASSETS		314,091,048	408,740,667
NON - CURRENT ASSETS			
PROPERTY ,PLANT & EQUIPMENT	29	3,179,103,263	3,201,843,600
INTANGIBLE ASSETS	30	501,483	149,284
INVESTMENTS	21	10,571,938	10,585,457
TOTAL NON CURRENT ASSETS		3,190,176,684	3,212,578,341
TOTAL ASSETS		3,504,267,732	3,621,319,008
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	22	41,266,481	54,129,520
OTHER CREDITORS	23	447,788,028	401,477,075
TOTAL CURRENT LIABILITIES		489,054,509	455,606,595
NON-CURRENT LIABILITIES			
LONG-TERM LIABILITIES	24	35,251,285	37,040,797
TOTAL NON-CURRENT LIABILITIES		35,251,285	37,040,797
TOTAL LIABILITIES		524,305,794	492,647,392
NET ASSETS			
CAPITAL FUND	25	3,427,167,953	3,420,355,808
OTHER FUNDS & RESERVES	26	(716,230,605)	(560,708,782)
DONATED ASSETS FUND	27	269,024,590	269,024,590
TOTAL NET ASSETS		2,979,961,938	3,128,671,616
TOTAL NET ASSETS AND LIABILITIES		3,504,267,732	3,621,319,008

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

Vice Chancellor

Name: Prof. Laila Abubakar

Sign: 

Date: 15/02/2022

Finance Officer

Name: Dalton Mwaghogho

ICPAK Number: 2744

Sign: 

Date: 15/2/2022

Chairman of the Board

Name: Ach. Alfred O. Mungo

Sign: 

Date: 16.02.2022

TECHNICAL UNIVERSITY OF MOMBASA
Annual Reports and Financial Statements
For the year ended June 30, 2021.

**15 STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

	General Fund	Revaluation Reserve	Retained Earnings	Development Grants	Other Funds & Reserves	Donated Assets Fund	Total
Balance At At July 1, 2019	2,099,590,762	16,052,406	(393,459,323)	1,092,233,248	(7,520,608)	269,024,590	3,075,921,075
Revenue Reserve			(145,491,017)				(145,491,017)
Surplus (deficit) for the Year			(21,758,442)				(21,758,442)
Development Grant				220,000,000			220,000,000
Balance At At June 30, 2020	2,099,590,762	16,052,406	(560,708,782)	1,312,233,248	(7,520,608)	269,024,590	3,128,671,616
	General Fund	Revaluation Reserve	Retained Earnings	Development Grants	Other Funds & Reserves	Donated Assets Fund	Total
Balance At At July 1, 2020	2,099,590,762	16,052,406	(560,708,782)	1,312,233,248	(7,520,608)	269,024,590	3,128,671,616
Revaluation Reserves		2,054,782					2,054,782
Revenue Reserve			48,978,811				48,978,811
Surplus (deficit) for the Year			(156,525,322)				(156,525,322)
Assets Adjustment Reserves					(43,217,949)		(43,217,949)
Balance As At June 30, 2021	2,099,590,762	18,107,188	(668,255,293)	1,312,233,248	(50,738,557)	269,024,590	2,979,961,938

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	NOTES	Kshs.	Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES			
SURPLUS/(DEFICIT) FOR THE YEAR		(156,525,322)	(21,758,442)
ADJUSTMENT FOR :			
DEPRECIATION	29	108,329,684	96,935,814
AMORTIZATION	30	214,925	63,979
INCREASE/DECREASE IN PROVISION FOR BAD DEBTS	28	13,867,464	12,385,975
GAIN/LOSS ON TUMEL		0	0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		(34,113,249)	87,627,326
WORKING CAPITAL CHANGES			
INCREASE/DECREASE IN INVENTORIES	17	(16,655,801)	(18,827,427)
TRADE RECEIVABLES	18 & 19	75,573,756	(112,539,275)
TRADE PAYABLES	22	33,447,914	110,985,498
NET CASH FLOW FROM WORKING CAPITAL CHANGES		92,365,869	(20,381,204)
NET CASH FLOW FROM OPERATING ACTIVITIES		58,252,620	67,246,122
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASE OF PROPERTY, PLANT & EQUIPMENT	29	(78,777,202)	(204,946,565)
INTANGIBLE ASSETS	30	(567,124)	(20,000)
INCREASE/DECREASE IN INVESTMENTS	21	13,519	0
GAIN/LOSS ON TUMEL		0	0
NET CASH FLOW FROM INVESTING ACTIVITIES		(79,330,807)	(204,966,565)
CASH FLOW FROM FINANCING ACTIVITIES			
LONG-TERM LIABILITIES	24	(1,789,512)	(10,368,162)
CAPITAL FUND	25	0	220,000,000
OTHER FUNDS & RESERVES	26	1,003,499	(145,491,017)
NET CASH FLOW FROM FINANCING ACTIVITIES		(786,013)	64,140,821
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(21,864,200)	(73,579,622)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		103,498,161	177,077,783
CASH AND CASH EQUIVALENTS AT END OF YEAR		81,633,961	103,498,161

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

Vice Chancellor

Name: Prof. Laila Abubakar

Sign: 

Date: 15/02/2022

Finance Officer

Name: Dalton Mwaghogho

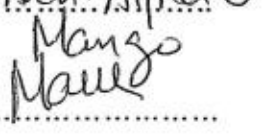
ICPAK Number: 2744

Sign: 

Date: 15/2/2022

Chairman of the Board

Name: Arch. Alfred O. Mungo

Sign: 

Date: 16.02.022

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Technical University of Mombasa is established by and derives its authority and accountability from Universities Act and TUM Charter. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is teaching and research.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

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

Standard	Effective date and impact:
	<p>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:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. *Early adoption of standards*

The University did not early - adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The University recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. Accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Taxes

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

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

d) **Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference

between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) **Property, plant and equipment**

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

ASSETS	RATES.
Building	2%
Furniture	10%
Computer	30%
Plant & Equip	10%
Motor Vehicle	20%

f) **Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the University. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The University also recognizes the associated lease liability at

the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the University will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

- i) Financial instruments
 - a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. 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. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the University has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. 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. The losses arising from impairment are recognized in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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.

j) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

k) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. Currently the University has negative revenue reserves due to accumulated losses over the years

o) Changes in accounting policies and estimates

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

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

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

The University regards a related party as a person or a University with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Members of key management are regarded as related parties and comprise the Council, the VC and Senior Managers.

t) Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

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

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Ministries, Departments and Agencies (MDAs)

	2021	2020
	Kshs.	Kshs.
GOVERNMENT GRANTS		
RECCURENT GRANTS RECEIVED	922,640,668	1,024,949,094
TOTAL RECCURENT GRANTS RECEIVED	922,640,668	1,024,949,094

7. Other Incomes

	2021	2020
	Kshs.	Kshs.
OTHER INCOME		
Registration Fee	14,929,000	17,022,575
Internal Examinations	81,495,000	94,510,950
Sports Levy	19,860,500	23,135,850
Library Levy	20,181,000	23,236,200
Library Fines Central Vote	509,752	1,246,318
Medical Levy	29,757,800	34,746,875
Industrial Attachment Levy	17,478,475	14,492,000
ICT Levy	49,476,000	57,687,025
Academic Transcripts Central Vote	645,949	155,296
Students hostel fee	7,900,810	14,658,505
Application Fee	1,276,751	1,744,068
Project Fee Central Vote	889,300	415,000
Lost Items Central Vote	514,500	55,400
Graduation Fee	13,104,510	10,356,950
Penalties Central Vote	756,576	24,101
Materials Testing Central Vote	27,500	105,900
Change of Course	155,500	320,500
Project Field Work	197,500	0
Catering Income Catering	0	2,655,083
Training Restaurant Income Training Restaurant	20,825	272,980
Administrative Research Income Central Vote	36,443	0
Student ID Central Vote	4,781,000	4,798,000
Material Development Central Vote	10,000	10,000
Thesis Examination Central Vote	2,153,000	100,000
Practical/Laboratory workshops Central Vote	951,000	738,000
Hire of Facilities Central Vote	1,718,850	1,181,650
Hire of Transport	0	32,600
Photocopy & bindery Income Library	277,367	38,412
CISCO	33,000	0
Remarking	3,000	0

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Rent Income Central Vote		3,772,601	5,755,945
Staff training levy Central Vote		5,619,302	3,810,418
Profit on Disposal of Assets Central Vote		163,530	0
Insurance Claims Central Vote		0	9,430
Administrative Fees Central Vote		682,589	688,479
Internet Services Central Vote		380,000	264,500
Miscellaneous Income		6,922,959	232,091
TOTAL		286,681,889	314,501,101

8. Tuition Fees

	2021	2020
TUITION FEES	Kshs.	Kshs.
Tuition Fee Regular Central Vote	87,199,478	95,289,051
Tuition Fee Module II Central Vote	238,165,765	321,166,871
TOTAL	325,365,243	416,455,922

9. Personnel Emoluments

	2021	2020
PERSONNEL EMOLUMENTS	Kshs.	Kshs.
Basic Salaries Central Vote	665,313,815	636,078,884
House Allowance Central Vote	265,828,353	268,524,853
Medical Insurance Central Vote	73,821,178	75,432,537
Pension Employers Expense Central Vote	91,997,759	101,188,346
NSSF Employer's Expense Central Vote	1,480,100	1,646,500
Group Life Central Vote	9,448,283	0
Responsibility Allowance Central Vote	12,471,671	17,841,611
Non Practising Allowance Central Vote	8,350,000	7,580,000
Professorial Allowance Central Vote	1,800,000	1,800,000
Telephone Allowance Central Vote	7,954,314	8,077,442
Acting Allowance Central Vote	20,708	130,046
Special Duty Allowance Central Vote	48,445	445,284
Management Allowance Central Vote	32,524,774	25,479,129
Book and Research Allowance Central Vote	3,992,000	3,888,000
Gratuities Central Vote	16,726,736	11,784,152
Leave Allowance Central Vote	9,769,800	9,790,550
Commuting Allowance Central Vote	39,734,330	39,492,889
Car Allowance Central Vote	46,314,501	37,748,304
Entertainment Allowance Central Vote	8,295,000	10,706,764
Electricity & Water Allowance	2	1,004,226

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Passage and Baggage Allowance Central Vote		256,710	542,255
Domestic Workers Allowance Central Vote		1,320,000	1,280,000
Risk Allowance Central Vote		609,600	468,000
Extraneous Allowance Central Vote		1,926,302	7,046,498
Hardship Allowance		611,800	954,600
Part time Teaching		73,942,963	160,952,807
Production Expenses Central Vote		3,651,399	12,974,209
TOTAL		1,378,210,543	1,442,857,886

10. Council Expenses

COUNCIL EXPENSES		Kshs.	Kshs.
Council Expenses Central Vote		9,197,187	11,605,929
TOTAL		9,197,187	11,605,929

11. Administration Expenses

		2021	2020
ADMINISTRATIVE/OPERATING EXPENSES		Kshs.	Kshs.
Casual wages		1,217,478	1,050,482
Travel and Subsistence		4,729,259	7,029,573
Fuel and oils		1,974,000	3,179,000
Maintenance of Vehicles Transport		1,321,201	2,454,907
Overseas Travel Central Vote		66,600	746,905
Office Stationery		2,153,883	3,242,776
Photocopying		338,887	38,412
Computer Stationery		3,929,522	3,734,466
Advertising and Publicity		2,580,046	5,283,405
Printing and Publishing		230,000	393,600
Newspapers		334,040	489,380
Shows and Exhibitions Research		859,802	2,192,670
Open Day Research		290,000	143,000
Electricity		13,366,063	21,378,694
Water and Conservancy		608,385	2,211,810
Graduation Expenses Central Vote		1,062,353	5,589,382
Official Entertainment		705,550	388,590
Expenses of Boards and Committees		4,512,600	6,349,800
Staff Development and Training Central Vote		1,255,920	2,287,291
Staff Welfare Central Vote		107,550	1,377,550
Staff Dependants Bursary Scheme Central Vote		486,584	762,253
COVID 19 Expense Central Vote		899,620	0
Cleaning Materials		2,293,608	2,638,365

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Fumigation & Waste Collection Services Accommodation	1,028,140	1,566,610
Purchase of Gas and firewood	23,800	410,500
Purchase of Utensils beddings & fittings	495,025	664,500
Purchase of foodstuffs	182,314	4,885,348
Vehicle Licenses and Inspection Transport	150,580	158,700
Vehicle Insurance Transport	960,622	882,891
General Insurance Central Vote	2,739,288	1,050,373
Bank Charges	593,181	528,587
Payment of Rent and Rates	788,960	6,119,620
Staff Uniforms	743,210	238,592
In house Capacity Building Human Resource	1,359,560	55,400
Governance	2,139,180	2,543,810
Subscription Fee	2,076,324	1,766,823
Professional Services Central Vote	307,170	1,631,620
Hire of Security Services	11,801,005	10,851,105
Hire of Cleaning Services Central Vote	16,671,066	20,794,480
Funeral Expenses Central Vote	344,999	160,000
CSR Donations Central Vote	7,200	0
Postal and Courier Services	479,343	427,932
Telephone Expenses Central Vote	76,951	74,768
Policy Review	80,000	198,500
Supervision and Thesis examination School of post graduate	715,000	0
Court Decrees	478,400	0
Asset revaluation Central Vote	2,334,184	0
Tum TVET Institute	9,683	1,104,137
TOTAL	91,908,136	129,076,607

12. Teaching Expenses

	2021	2020
TEACHING EXPENSES	Kshs.	Kshs.
Library Expenses Library	5,215,719	1,828,830
Purchase of Teaching Materials	3,075,439	3,352,566
Open Distance Learning ODEL Central Vote	4,507,630	0
Curriculum and Development	1,361,410	1,727,020
Maintenance Computer Hardware and Networks	296,980	92,918
Internet Charges Directorate of ITCS	7,903,273	13,548,721
Maintenance Computer Software Directorate of ITCS	9,848,990	4,160,297
Internal Research Expenses Research	2,302,105	2,044,100
External Research Expenses Research	0	2,383,840
Examination Materials Registrar AA	7,904,150	10,662,908

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External Examiners		2,803,545	2,534,001
Consultancy Expenses		2,242,220	3,528,510
ISO Certification		2,638,270	1,200,942
Publications and Conferences Research		1,036,452	812,393
Accreditation Central Vote		2,691,150	2,924,238
Industrial Attachment Expenses		3,805,304	5,854,774
TOTAL		57,632,637	56,656,058

13. Student Welfare Expenses

	2021	2020
	Kshs.	Kshs.
STUDENTS WELFARE EXPENSES		
Guidance and Counselling Dean Of Students	111,225	158,575
Sports Activities Dean Of Students	3,320,046	8,090,048
TUMSU Elections Dean Of Students	977,000	349,030
Medical Expenses Clinic / Medical	2,227,212	2,784,164
Student Work study Programme	416,925	748,958
Music and Drama Dean of Students	0	98,400
TOTAL	7,052,408	12,229,175

14. Repairs and Maintenance

	2021	2020
	Kshs.	Kshs.
REPAIRS AND MAINTENANCE		
Repairs and Maintenance	1,931,518	2,026,653
Maintenance of Buildings and Stations	21,087,590	8,947,120
Maintenance of Sewerage	0	846,650
TOTAL	23,019,108	11,820,423

15. Audit fees

	2021	2020
	Kshs.	Kshs.
AUDIT FEES		
Audit fees Central Vote	1,400,000	1,400,000
TOTAL	1,400,000	1,400,000

16. Finance costs

	2021	2020
	Kshs.	Kshs.
FINANCE COSTS		
Interest Expense Central Vote	381,030	2,632,713
TOTAL	381,030	2,632,713

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17. Departmental Inventories

	2021	2020
DEPARTMENTAL INVENTORIES	Kshs.	Kshs.
Inventories Estates & project planning	5,437,597	5,558,513
Inventories Hospitality & Tourism	379,753	207,890
Inventories Mechanical Engineering	3,082,984	15,723,060
Inventories Health Unit	1,228,163	889,852
Inventories Administration	4,772,749	3,076,361
Inventories Electrical Engineering	275,075	242,975
Inventories Applied & Health Science	801,107	6,303,970
Inventories Medical Engineering department	1,072,496	1,232,370
Inventories ICTS	325,426	175,581
Inventories Library department	27,701,560	118,509
Inventories Building & civil Engineering	77,734	63,600
Inventories Liberal Studies department	69,221	69,150
Inventories Kwale Campus	112,135	158,756
Inventories Lamu Campus	59,514	37,297
Inventories Registry	10,966,383	4,945,094
Inventories Student services	1,572,140	2,737,158
Inventories Transport & Logistics	900,635	982,877
Inventories Environment and Health science department	0	34,958
Inventories Dean School of business	181,098	16,750
Inventories Dean School of Humanities	43,614	34,562
Inventories Management Science	22,207	16,640
Inventories Medical Science Department	1,128,079	938,390
Inventories Communication Department	66,192	55,748
TOTAL	60,275,862	43,620,061

18. Receivable from Exchange transactions

	2021	2020
RECEIVABLES FROM EXCHANGE TRANSACTIONS	Kshs.	Kshs.
Deposit Contingency	725,000	725,000
General Trade receivables	838,477	838,477
Student Debtors	238,216,458	197,698,444
TIVET Bursaries MOHEST	696,531	696,531
Guest Accommodation Debtors	7,017,757	7,179,107
TUMEL DEBTORS	2,000,000	4,000,000
Commercial Rent Receivable	1,208,970	1,838,632
Staff Medical Debtors	120,776	120,776
Salary Recovery Receivable LUCAS MOGAKA	1,754,446	0

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Staff Salary Advances		142,454	142,454
Rent Arrears		(10,000)	0
LESS PROVISION		(90,343,160)	(76,475,696)
TOTAL		162,367,709	136,763,725

19. Receivable from Non-Exchange transactions

	2021	2020
RECEIVABLES FROM NON EXCHANGE TRANSACTIONS	Kshs.	Kshs.
Staff Imprest	8,342,188	5,258,893
Litigation Debtor Susan Bosire Mwangi	72,703	151,903
Other Debtors	1,398,625	119,447,924
TOTAL	9,813,516	124,858,720

20. Detailed Analysis of the Cash and Cash Equivalents

	2021	2020
CASH AND BANK BALANCES	Kshs.	Kshs.
Petty Cash Float I	170,500	246,000
Petty Cash Float II	114,690	206,900
CASH BALANCES	285,190	452,900
Cash at Bank National Bank Current Account I	89,387	2,530,732
Cash at Bank National Bank Current Account II	10,510,961	(8,364,717)
Cash at Bank Co-operative Bank Fees collection Account	1,558,013	3,695,758
Cash at Bank Standard Chart Bank Fees collection Acc.	1,768,460	44,859,700
Cash at Bank KCB Lamu Satellite Campus	706,756	2,785,118
Cash at Bank Family Bank Research A/C	13,411,616	17,710,851
Cash at bank Kiziwi Guest House	241,184	2,570,473
Cash at bank Equity Fees Collection a/c	2,594,565	4,793,732
Cash at bank Development A/C Standard Chartered	1,617,477	13,793,092
Cash at bank NBK Salaries A/C	25,839,949	661,638
Cash at bank NBK fees collection a/c	19,368,247	4,877,712
Cash at bank Cash in hand KCB Fees Collection A/C	1,785,446	(411,359)
Cash at bank Absa Fees Collection A/C	2,121,629	13,542,531
Cash at bank Family Bank Research USD 096000040196 A/C OLD	(264,919)	0
BANK BALANCES	81,348,771	103,045,261
CLEARING ACCOUNTS	0	0
TOTAL	81,633,961	103,498,161

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21. Investments

	2021	2020
INVESTMENTS	Kshs.	Kshs.
Shares in Consolidated Bank	5,000,000	5,000,000
Seed Money TUM Enterprises	5,571,938	5,571,938
Fixed Deposit National Bank of Kenya	0	13,519
TOTAL	10,571,938	10,585,457

22. Trade and other Payables

	2021	2020
TRADE AND OTHER PAYABLES	Kshs.	Kshs.
General Trade Payables	(41,266,481)	(54,129,520)
TOTAL	(41,266,481)	(54,129,520)

23. Other Creditors

	2021	2020
OTHER CREDITORS	Kshs.	Kshs.
Shell Kenya conditional grant	(994,205)	0
Basic Salary CBA Arrears	(104,447,125)	0
Part time PAYE Arrears Liability	(1,723,937)	(1,723,937)
PAYE Deductions	(55,006,965)	(10,287,046)
VAT Retained	(75,358)	(88,724)
Income Tax Withholding	(921,344)	(1,183,144)
VAT Clearing	(2,531,295)	(3,819,948)
Student Union Fee	(13,062,752)	(8,980,866)
Student Benevolent Fund	(2,224,270)	(1,215,970)
Accrued Payables	(90,014,694)	(118,188,061)
Rent Deposit	(131,500)	(131,500)
KUCCPS Levy	1,637,525	1,387,025
CUE Levy	(3,313,375)	(3,914,375)
Alumni Association	(4,948,406)	(2,330,200)
Book Fee	(658,600)	(666,000)
Rent Tax Withholding	0	62,430
Alliance Francaise Tuition fee	(800,847)	(3,383,588)
Project Review fee	(391,193)	(350,186)
TVET Institutions	(14,240,670)	(12,240,674)

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Jumuiya za county Za Pwani	(872,929)	(2,304,529)
External Research	(27,672,433)	(25,258,658)
HELB	(145,388)	(33,590)
CDF	(109,000)	0
Other Depositors	(681,026)	(681,026)
LAPSSET refunds	(750,000)	(750,000)
Foreign Examinations CILT	(596,272)	(596,272)
External Examinations – KASNEB	(6,250)	(2,250)
External Examinations – KNEC	(1,389,700)	(370,650)
Pension Deductions/Contributions	(1,514,099)	(1,514,100)
NSSF Payables	(550)	85,950
NHIF Payables	(2,800)	(2,800)
Poly Sacco	22,257	22,253
Staff Benevolent Fund	(88,949)	(88,949)
Trade Unions Payables	9,661	9,896
Other Payables	(2,992,086)	(74,679,162)
Retentions Payable	(33,003,762)	(56,227,201)
Welfare Payables Staff contributions	(1,921,890)	(1,792,290)
Insurance Payables British American Insurance	(6,785)	(6,785)
Insurance Payables UAP Assurance Life Ltd	0	(10,379)
Insurance Payables Blue Shield Insurance	(2,000)	(2,000)
Insurance Payables CFC Life Insurance	(30,200)	(30,200)
Insurance Payables ICEA	(2,000)	(2,000)
Insurance Payables Pan Africa Life Assurance	(52,678)	(52,678)
Insurance Payables Corporate Insurance Company	(9,013)	(9,013)
Insurance Payables Kenindia	(1,500)	(1,500)
Insurance Payables UAP Insurance Ltd	(45,717)	(10,338)
Insurance Payables The Monarch Insurance	(17,325)	(17,325)
Insurance Payables CIC GROUP	(4,500)	(4,500)
Mwalimu SACCO	(3,371,197)	(3,371,197)
Kitui Teachers SACCO	(60,590)	0
KEMFRI SACCO	(17,800)	(17,800)
Kilifi Teachers Sacco	(265,833)	(265,833)
Loan Payables KCB	(65,006)	(65,006)
Loan Payables NBK	(21,935)	(21,935)
Loan Payables Co operative Bank	(1)	0
Loan Payables Milimani Commercial Court	(65,905)	(65,905)
Loan Payables Bank of Africa	(235,725)	(235,725)
Loan Payables Jamii Bora	0	(57,071)
Loan Payables Select Management Services Ltd	(69,038)	(69,038)
Ukaguzi SACCO	(85,767)	(58,703)
Nacico Co op Savings & Credit Society	(25,916)	(25,916)

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Mombasa Port Savings & Credit Co op Society Ltd		(104,350)	(104,350)
Net Pay		(2,109,766)	(2,219,656)
Kivuko Sacco		(196,808)	(196,808)
CBA Pension Employers Liability		(37,793,354)	(37,456,958)
Provision for Audit Fees		(4,200,000)	(2,800,000)
Salary Advance Refund		(10,557)	(10,557)
Post Bank Shares		(2,000)	(2,000)
Helb control a/c		(10,122,295)	(6,698,495)
CDF control a/c		(3,633,586)	(1,870,031)
Sponsors control a/c		(5,563,471)	(1,449,469)
Liberty Insurance payables		(6,990)	(6,990)
School based control a/c		(5,940,712)	(6,082,750)
Student Fee Clearing a/c		(7,506)	(7,506)
Imprest Recovery Clearing a/c		(666,674)	(630,474)
Plan International control a/c		(2,476,180)	(980,066)
Unclaimed Funds Equity Bank		(998,561)	(1,006,561)
Unclaimed Funds KCB Fee Bank		(1,321,653)	(1,475,158)
Unclaimed Funds NBK Fee Bank		(1,077,144)	(1,172,994)
Unclaimed Funds Coop Bank		(956,919)	(1,088,419)
Unclaimed Funds Absa Bank		(281,124)	(281,124)
Unclaimed Funds Stanchart Bank		(297,720)	(297,720)
TOTAL		(447,788,028)	(401,477,075)

24. Long Term Liabilities

	2021	2020
LONG TERM LIABILITIES	Kshs.	Kshs.
Students Caution Money	(28,265,178)	(24,430,678)
Long term Service Gratuity	(6,986,107)	(3,560,119)
Bank Loan	0	(9,050,000)
TOTAL	(35,251,285)	(37,040,797)

25. Capital Fund

	2021	2020
CAPITAL FUND	Kshs.	Kshs.
B/F	3,420,355,808	3,200,355,808
MOVEMENTS		
Development Grant	0	220,000,000
Revaluation Reserves	2,054,782	
Assets Adjustment Reserves	4,757,363	
C/F	3,427,167,953	3,420,355,808

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. Other Funds and Reserves

	2021	2020
OTHER FUNDS & RESERVES	Kshs.	Kshs.
B/F	(560,708,782)	(393,459,323)
MOVEMENTS		
Revenue Reserve	1,003,499	(145,491,017)
SURPLUS (DEFICIT) FOR THE PERIOD	(156,525,322)	(21,758,442)
C/F	(716,230,605)	(560,708,782)

Revenue reserve relates to prior year adjustments that were passed during the current financial year. They include;

- To correct overstatement of project fee realised in previous year
- To correct erroneous tuition fees already recognised as income in prior years
- To correct erroneous previous year's income reversed in current financial year
- To correct wrong receipting of grant funds
- Adjustment of Inventory

27. Donated Assets Fund

	2021	2020
DONATED ASSETS FUND	Kshs.	Kshs.
B/F	269,024,590	269,024,590
MOVEMENTS		
Donated Assets Fund	0	0
C/F	269,024,590	269,024,590

28. Provision for Bad debts

PROVISION FOR BAD DEBTS SCHEDULE AS AT 30th JUNE 2021	AMOUNT
	Kshs.
STAFF IMPREST	8,342,188.00
GENERAL TRADE RECEIVABLES	838,477.00
GUEST HOUSE ACCOMODATION DEBTORS	7,017,757.00
STAFF MEDICAL DEBTORS	120,776.00
STAFF SALARY ADVANCES	142,454.00
OTHER DEBTORS	1,398,625.00
TUMEL DEBTORS	2,000,000.00
STUDENT DEBTORS	238,216,458.00
Deposit Contingency	725,000.00
TIVET Bursaries MOHEST	696,531.00
Commercial Rent Receivable	1,208,970.00
Salary Recovery Receivable LUCAS MOGAKA	1,754,446.00
Litigation Debtor Susan Bosire Mwango	72,703.00
TOTAL	262,534,385.00
10% PROVISION FOR BAD DEBTS	26,253,438.50
Previous Period Provision	12,385,975.00
Increase/(decrease) in Provision	13,867,463.50
BALANCE B/F	76,475,696.00
TOTAL PROVISIONS	90,343,159.50

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 Property, Plant and Equipment

PROPERTY, PLANT AND EQUIPMENT									
	FREE HOLD LAND	BUILDING	FURNITURE & FITTINGS	COMPUTER & OTHER ELECTRONICS	PLANT & EQUIPMENTS	MOTOR VEHICLE	CAPITAL WORK IN PROGRESS	TOTAL	
RATES	0.0	0.02	0.1	0.3	0.1	0.1	0.2		
COST									
Balance As At July 1, 2018	1,047,422,550	1,562,467,223	92,654,543	162,035,852	439,167,574	74,399,444	238,566,724	3,616,713,910	
Additions During The Year	0	0	370,000	7,598,257	18,480,213	6,200,000	116,419,861	149,068,331	
Donations During The Year	0	0	0	0	269,024,590	0	0	269,024,590	
TOTAL COST	1,047,422,550	1,562,467,223	93,024,543	169,634,109	726,672,377	80,599,444	354,986,585	4,034,806,831	
Accumulated Depreciation B/F	0	229,190,113	59,366,768	125,075,174	337,403,255	58,671,154	0	809,706,464	
Depreciation For Year 2019	0	31,249,344	9,302,454	10,711,636	72,667,238	7,336,846	0	131,267,518	
Accumulated Depreciation C/F	0	260,439,457	68,669,222	135,786,810	410,070,493	66,008,000	0	940,973,982	
NBV AS AT June 30, 2019	1,047,422,550	1,302,027,766	24,355,321	33,847,299	316,601,884	14,591,444	354,986,585	3,093,832,849	
COST									
Balance As At July 1, 2019	1,047,422,550	1,562,467,223	93,024,543	169,634,109	726,672,377	80,599,444	354,986,585	4,034,806,831	
Additions During The Year	0	12,529,035	2,162,720	6,873,173	5,399,250	0	177,982,387	204,946,565	
TOTAL COST	1,047,422,550	1,574,996,258	95,187,263	176,507,282	732,071,627	80,599,444	532,968,972	4,239,753,396	
DEPRECIATION AND IMPAIRMENT									
Accumulated Depreciation B/F	0	260,439,457	68,669,222	135,786,810	410,070,493	66,008,000	0	940,973,982	
Depreciation For Year 2020	0	31,499,925	9,528,626	4,161,842	44,408,575	7,336,846	0	96,935,814	
Accumulated Depreciation C/F	0	291,939,382	78,197,848	139,948,652	454,479,068	73,344,846	0	1,037,909,796	
NBV As At June 30, 2020	1,047,422,550	1,283,056,876	16,989,415	36,558,630	277,592,559	7,254,598	532,968,972	3,201,843,600	
COST									
Balance As At July 1, 2020	1,047,422,550	1,574,996,258	95,187,263	176,507,282	732,071,627	80,599,444	532,968,972	4,239,753,396	

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Additions During The Year	0	511,770,182	2,081,760	13,057,746	9,816,674	0	(457,949,160)	78,777,202
Cost Adjustment During The Year	0	0	0	0	0	(45,920,530)	0	(45,920,530)
TOTAL COST	1,047,422,550	2,086,766,440	97,269,023	189,565,028	741,888,301	34,678,914	75,019,812	4,272,610,068
DEPRECIATION AND IMPAIRMENT								
Accumulated Depreciation B/F	0	291,939,382	78,197,848	139,948,652	454,479,068	73,344,846	0	1,037,909,796
Depreciation For Year 2021	0	50,082,395	3,620,037	5,405,289	43,881,386	5,340,577	0	108,329,684
Accumulated Depreciation - Adjustment	0	0	0	0	0	(52,732,675)	0	(52,732,675)
Accumulated Depreciation C/F	0	342,021,777	81,817,885	145,353,941	498,360,454	25,952,748	0	1,093,506,805
NBV As At June 30, 2021	1,047,422,550	1,744,744,663	15,451,138	44,211,087	243,527,847	8,726,166	75,019,812	3,179,103,263

WIP balance represents the unfinished works for the school of Medicine building-construction of Cold room for the School.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 Intangible Assets

30. INTANGIBLE ASSETS	COMPUTER SOFTWARE	TOTAL
RATES	0.3	
Balance as at July 1, 2019	16,725,980	16,725,980
Additions During The Year	20,000	20,000
TOTAL COST	16,745,980	16,745,980
Accumulated Amortization B/F	16,532,717	16,532,717
Amortization For Year 2020	63,979	63,979
Accumulated Amortization C/F	16,596,696	16,596,696
NBV AS AT June 30, 2020	149,284	149,284
NBV AS AT June 30, 2019	193,263	193,263
	COMPUTER SOFTWARE	TOTAL
RATES	0.3	
Balance as at July 1, 2020	16,745,980	16,745,980
Additions During The Year	567,124	567,124
TOTAL COST	17,313,104	17,313,104
Accumulated Amortization B/F	16,596,696	16,596,696
Amortization For Year 2021	214,925	214,925
Accumulated Amortization C/F	16,811,621	16,811,621
NBV AS AT June 30, 2021	501,483	501,483
NBV AS AT June 30, 2020	149,284	149,284

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 Employee Benefit Obligations

The University contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The University's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 200 per employee per month. Other than NSSF the University also has a defined contribution scheme operated by Zamara Group Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

32 Financial Risk Management

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

The University's financial risk management objectives and policies are detailed below:

i) Credit risk

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

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assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from exchange transactions	162,367,709	162,367,709	0	0
Receivables from non exchange transactions	9,742,566	9,742,566	0	0
Bank balances	81,633,961	81,633,961	0	0
Total	253,815,186	253,815,186	0	0
As at 30 June 2020			0	0
Receivables from exchange transactions	136,763,725	136,763,725	0	0
Receivables from non exchange transactions	124,858,720	124,858,720	0	0
Bank balances	103,498,161	103,498,161	0	0
Total	365,120,606	365,120,606	0	0

The students under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the University has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The University has significant concentration of credit risk on amounts due from students.

The Council sets the University's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

iii) Market risk

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

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

The University's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The University has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than

the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The University manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

Foreign currency sensitivity analysis

The following table demonstrates the effect on the University's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2021			
Euro	10%	0	0
USD	10%	0	0
2020		0	0
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	18,107,188	16,052,406
Retained earnings	(715,224,285)	(560,708,782)
Capital reserve	2,099,590,762	2,099,590,762
Total funds	1,402,473,665	1,554,934,386
Total borrowings	0	0
Less: cash and bank balances	(81,633,961)	(103,498,161)
Net debt/(excess cash and cash equivalents)	1,320,839,704	1,451,436,225
Gearing	0.9	0.9

33 Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) Ministry of Education
- ii) Technical University of Mombasa Enterprises Ltd

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As per the Financial statement, in 2019 TUMEL owed TUM Kshs. 6,000,000 being loan lent to them to establish the company structures and operations. This loan was repaid and reduced to Kshs. 2,000,000 as per the financial statement. TUMEL is a 100% owned subsidiary company of TUM.

Relates Party Disclosures

- iii) Key management;
- iv) Board of directors;

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	0	0
Rent Income from govt. agencies	0	0
Water sales to Govt. agencies	0	0
Others (Specify) e.g Interest and Bank charges	0	0
Total	0	0
b) Purchases from related parties		
Purchases of electricity from KPLC	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others (specify)	0	0
Total	0	0
b) Grants /Transfers from the Government		
Grants from National Govt	922,640,668	1,024,949,094
Grants from County Government	0	0
Donations in kind	0	0
Total	922,640,668	1,024,949,094
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total		
d) Key management compensation		
Council expenses	9,197,187	11,605,929
Compensation to key management	0	0
Total	9,197,187	11,605,929

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

35 Contingent Assets and Contingent Liabilities

Contingent Assets

	2020-2021	2019-2020
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	0	0
Assets arising from determination of court cases	0	0
Reimbursable indemnities and guarantees	0	0
Receivables from other government entities	0	0
Others (Specify)	0	0
Total	0	0

(Give details)

Contingent Liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Contingent liabilities	0	0
Court case against the University	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from contracts including PPPs	0	0
Others (Specify)	0	0
Total	0	0

(Give details)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 Capital Commitments

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

37 Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2020 Nil) and hence no remittance to the Consolidated Fund.

The Surplus Remission has been computed as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Surplus for the period	0	0
Less: Allowable deductions by NT	0	0
90% computation (Included in Statement of Financial performance)	0	0

Surplus Remission Payable

	2020-2021	2019-2020
	Kshs	Kshs
Payable at the beginning of the year	0	0
Paid during the year	0	0
Payable at end of the year	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 Taxation

	2020-2021	2019-2020
	Kshs	Kshs
At beginning of the year	0	0
Income tax charge for the year (note 27)	0	0
Under/(over) provision in prior year/s (note 27)	0	0
Income tax paid during the year	0	0
At end of the year	0	0

[Provide short appropriate explanations as necessary]

39 Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020-2021	2019-2020
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	0	0
Provisions for liabilities and charges	0	0
Net deferred tax liability/(asset)	0	0
The movement on the deferred tax account is as follows:	0	0
Balance at beginning of the year	0	0
Credit to revaluation reserve	0	0
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year	0	0

(In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes on surplus funds. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 Events after the Reporting Period

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

41 Ultimate And Holding Entity

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

42 Currency

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

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- Use the same reference numbers as contained in the external audit report;
- Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Vice Chancellor

Name: Prof. Laila Abubakar

Sign Prof. Laila Abubakar

Date 15/02/2022

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

APPENDIX III: INTER-ENTITY TRANSFERS

TECHNICAL UNIVERSITY OF MOMBASA:				
Break down of Transfers from the State Department of University Education				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		7/8/2020	76,886,722	2020/2021
		31/8/2020	76,886,722	2020/2021
		1/10/2020	76,886,723	2020/2021
		30/10/2020	76,886,722	2020/2021
		7/12/2020	76,886,722	2020/2021
		4/1/2021	76,886,723	2020/2021
		4/2/2021	76,886,722	2020/2021
		10/3/2021	76,886,722	2020/2021
		9/4/2021	76,886,723	2020/2021
		10/5/2021	76,886,722	2020/2021
		16/6/2021	76,886,723	2020/2021
		25/6/2021	76,886,722	2020/2021
		Total	922,640,668	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	0	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	

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TECHNICAL UNIVERSITY OF MOMBASA:				
		Total	0	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	0	

The above amounts have been communicated to and reconciled with the parent Ministry


Finance Officer

Technical University of Mombasa

Name: Dalton Mwaghogho

Sign

Date


15/2/2022

TECHNICAL UNIVERSITY OF MOMBASA
Annual Reports and Financial Statements
For the year ended June 30, 2021.

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	xxx	Recurrent	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Planning and Devolution	xxx	Development	xxx	xxx	xxx	xxx	xxx	xxx	xxx
USAID	xxx	Donor Fund	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Planning and Devolution	xxx	Direct Payment	xxx	xxx	xxx	xxx	xxx	xxx	xxx
			xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total			xxx	xxx	xxx	xxx	xxx	xxx	xxx





REPUBLIC OF KENYA
MINISTRY OF EDUCATION
STATE DEPARTMENT FOR UNIVERSITY EDUCATION AND RESEARCH

Telephone: 254-20-3318581
Direct line: 254-20-2220617
E-mail: ps-cumtuyung@gmail.com
Website: www.education.go.ke
When replying please quote:

Jogoo House "II"
Harambee Avenue
P.O. Box 0583-00200
NAIROBI

Ref: MOE/11/57 (2)

Date: 2nd August, 2021

The Vice Chancellor
Technical University of Mombasa
P. O. Box 90420-80100
MOMBASA

CONFIRMATION OF FY 2020/2021 TRANSFERS

Reference is made to your letter Ref: TUM/VC/Gen. 13/ Vol.3 (146) dated 26th July, 2021 on confirmation of funds that were disbursed to your university by the State Department for University Education and Research.

The purpose of this letter therefore is to confirm disbursement of Ksh. 922,640,668 for recurrent expenditure in FY 2020/2021 detailed below:

Month	Recurrent grants (Ksh)
Jul-20	76,886,722
Aug-20	76,886,722
Sep-20	76,886,722
Oct-20	76,886,722
Nov-20	76,886,722
Dec-20	76,886,722
Jan-21	76,886,722
Feb-21	76,886,722
Mar-21	76,886,722
Apr-21	76,886,722
May-21	76,886,722
Jun-21	76,886,722
Total	922,640,668

The monthly capitation has been Ksh. 76,886,722 and not Ksh. 75,574,983 as indicated in your letter.

Samuel Mugambi
FOR: PRINCIPAL SECRETARY



