


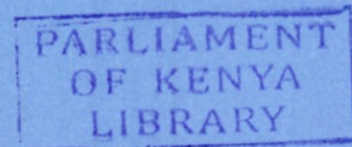
REPUBLIC OF KENYA



Enhancing Accountability



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	06 JUN 2024
	DAY: Thursday
TABLED BY:	Hon. Waqo Naomani MP Deputy Majority Whip
CLERK-AT THE TABLE:	M. Mado

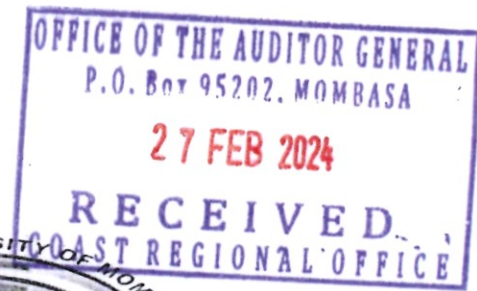


REPORT
THE AUDITOR-GENERAL

ON

**TECHNICAL UNIVERSITY OF MOMBASA
ENTERPRISES LIMITED**

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



TECHNICAL UNIVERSITY OF MOMBASA ENTERPRISES LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2023

Prepared in accordance to the International Financial Reporting Standards (IFRS)

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Table of Contents	Page
KEY ENTITY INFORMATION.....	iv
THE BOARD OF DIRECTORS.....	vii
MANAGEMENT TEAM.....	ix
CHAIRMAN'S STATEMENT.....	xi
REPORT OF THE MANAGING DIRECTOR.....	xii
STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022-2023.....	xiv
CORPORATE GOVERNANCE STATEMENT.....	xvi
MANAGEMENT DISCUSSION AND ANALYSIS.....	xvii
ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xix
REPORT OF THE DIRECTORS.....	xxi
STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	xxii
REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (OAG).....	xxiv
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	1
FOR THE YEAR ENDED 30 JUNE 2023.....	1
STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2023.....	2
STATEMENT OF CHANGES IN EQUITY.....	4
STATEMENT OF CASH FLOWS.....	5
FOR THE YEAR ENDED 30 JUNE 2023.....	5
STATEMENT OF COMPARISON OF BUDGET FOR THE YEAR:.....	6
NOTES TO THE FINANCIAL STATEMENTS.....	8

ACRONYMS AND ABBREVIATIONS

BOD-Board of Directors

CPD-Continuous Professional Development

COMRED-Coastal and Marine Resource Development

FY-Financial Year

IFRS-International Financial Reporting Standards

KEMSFED-Kenya Marine Fisheries and Socio-Economic Development

NCA-National Construction Authority

OSHA-Occupation Safety and Health Act

PO-Point of Sale

PFM-Public Finance Management

TRI-Tourism Research Institute

TUMEL-Technical University of Mombasa Enterprises Ltd

TUM-Technical University of Mombasa

WIBA-Work Injury Benefit Act

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

KEY ENTITY INFORMATION

a. Background Information

Technical University of Mombasa Enterprises Limited (TUMEL) is a private limited Company wholly owned by Technical University of Mombasa (TUM). The Company was incorporated on 7th August 2013, under Company Act (Chapter 486) as an income-generating unit of the University. Its primary role is to help the university mobilize resources through Research, Consultancy and Short-term training to improve quality and capacity of staff for the community, private and public organizations.

TUMEL has successfully conducted consultancy services for both National and County Governments, private sectors, Non-Governmental Organizations as well as International Organizations.

b. Principal Activities.

The principal activities of the entity are

- Consultancy Services;
- Capacity Building and Professional Trainings
- Cleaning, Disinfection and Fumigation Services;
- Production and Supply of Purified Drinking Water (Trademark name: TUMAQUA);
- Hotel, Conferencing and Catering (in-house and outside) Services.

c. Directors

The Directors who served the entity during the year/period were as follows:

1.	Prof. Francis Kibera	Chairman of the Board
2.	Mr. Stanley Kagera	Rep. CS National Treasury/Member
2.	Prof. Richard Onchiri	Member
3.	Ms. Grace Nekoye Katasi	Member
4.	Prof. Laila Uweso Abubakar	Member
5.	Prof. Joseph Ouma Rasowo	Member
6.	Dr. Paul Mwasaru Mwazumbo	Member
7.	Mr. Bernard Nyakundi Isaac	MD/Board Secretary

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

d. Registered Office

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

e. Corporate Headquarters

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

f. Corporate Contacts

Telephone: (254) 716 772 140

E-mail: managingdirector@tumel.co.ke, tumel@tum.ac.ke

g. Corporate Bankers

National Bank of Kenya.
Tum Branch
P.O. Box 576-80100
Mombasa

h. Independent Auditors

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

i. Principal Legal Adviser



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

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023




THE BOARD OF DIRECTORS

 <p>PROF.FRANCIS KIBERA</p>	<p>Doctor of Philosophy (PhD) from the University of Toronto, a Master of Business Administration (MBA) from the University of Alberta and Bachelor of Commerce from the University of East Africa (University College Nairobi)</p> <p>Chairman of the Board</p>
 <p>MS. GRACE NEKOYE KATASI</p>	<p>Holder of Master of Laws(LLM) and Bachelor of Laws(LLB) degrees from the University of Nairobi, Diploma in Law & Practice Kenya School of Law Postgraduate Diploma in Forensic Accounting</p> <p>A Member of the Board</p>
 <p>DR. PAUL MWASARU MWAZUMBO</p>	<p>Dr. Paul Mwasaru Mwazumbo holds a Ph.D. in Business Administration, a Master's in Business Administration, and a Bachelor of Science majoring in Chemistry all from the University of Nairobi. He also holds a NEBOSH (UK) International Diploma in Environmental Management and currently pursuing the NEBOSH (UK) International Diploma in Occupational Health and Safety. Currently, he runs a consultancy firm in management systems (Absolute Integration Management Systems Limited) which includes ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO</p>

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements



For the year ended June 30, 2023

	<p>45001 Occupational Health and Safety Management System among others</p> <p>Member to the Board</p>
 <p>PROF. LAILA UWESO ABUBAKAR</p>	<p>Prof Laila Uweso Abubakar has a PhD in Bio Chemistry</p> <p>Masters of science in Biochemistry & Chemistry and a Bachelor of Science (Biochemistry & Chemistry).</p> <p>Member to the Board</p>
 <p>PROF. JOSEPH OUMA RASOWO</p>	<p>Prof. Joseph Ouma Rasowo has PhD in Aquatic Ecology/ Aquaculture, MSc in Marine Ecology & Aquaculture, MBA in Strategic Management, BSc in Botany/ Zoology.</p> <p>Member of the Board</p>
 <p>MR. STANLEY KAGERA</p>	<p>M. A in economic policy from Makerere university and a B.A from Kenyatta University. Attended many competence-oriented courses and workshops locally and abroad in Statistics, M&E, Public Private partnerships, labour productivity measurement among others. Worked as an Economist across Government with duties including budget preparation, project preparation and implementation, Data collection and Analysis and</p>

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023




	<p>preparation of different technical papers, policies and plans.</p> <p>Member of the Board</p>
 <p>PROF. RICHARD ONCHIRI</p>	<p>Prof. Richard Ocharo Onchiri has PhD. in Civil Engineering, MSc. Civil and Industrial Engineering - St. Petersburg State University of Architecture and Civil Engineering.</p> <p>Member of the Board</p>
 <p>MR. BERNARD NYAKUNDI ISAAC</p>	<p>Mr. Bernard Nyakundi Isaac hold a Master of Science in Engineering specializing in Electrical Engineering (University of Cape Town, South Africa) BSc. Degree in Electrical and Electronics Engineering (University of Nairobi) Member of Engineers Board of Kenya and Member of Institution of Engineers of Kenya (IEK)</p> <p>Managing Director/Board Secretary</p>

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023



MANAGEMENT TEAM

 <p>MR. BERNARD NYAKUNDI ISAAC</p>	<p>Master of Science in Engineering specializing in Electrical Engineering (University of Cape Town, South Africa) BSc. Degree in Electrical and Electronics Engineering (University of Nairobi) Member of Engineers Board of Kenya and Member of Institution of Engineers of Kenya (IEK)</p> <p>Managing Director</p>
 <p>CPA KEVIN ONYANGO SUKWE</p>	<p>Master of Science in Commerce (Finance & Investment Option) – KCA University Bachelor of Commerce (Accounting Option) – University of Nairobi</p> <p>Certified Public Accountant (CPA) – Kenya Accountants and Secretaries National Examinations Board (KASNEB)</p> <p>Member of Institute of Certified Public Accountants of Kenya (ICPAK)</p> <p>Finance Officer</p>
 <p>MS. FATUMA AHMED KHAMIS</p>	<p>Masters of Business Administration (Strategic Management Option) Jomo Kenyatta University of Agriculture Technology (JKUAT) Bachelor Business Administration (Human Resource Management Option) Mt. Kenya University Member of Institute of Human Resource Management</p> <p>Human Resource and Administration Officer</p>

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

	<p>Ericson Nyamamba holds a Bachelor's Degree in Procurement and Supply Chain Management from the University of Nairobi. & a Diploma in Procurement and Supply - Chartered Institute of Procurement and Supply (CIPS). Fully licenced member of Kenya Institute of Supplies Management, Licence No. K1609/2020.</p> <p>Procurement Officer</p>
 <p>JOSEPHAT NJOROGE GICHINI</p>	<p>Josephat Njoroge Gichini is a Graduate of Kenya Utalii College with Diploma in Hotel Management (CREDIT)</p> <p>Hotel & Conference Manager</p>

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

CHAIRMAN'S STATEMENT

Technical University of Mombasa Enterprises Limited (TUMEL) has passed through several transitional levels. The various phases it has undergone so far reflect the various opportunities available in the growth of businesses in Kenya.

The Board of Directors looks forward to increased revenue from its diverse incoming generating activities. The company has been registered as a construction company under National Construction Authority (NCA 5) and we look forward to the company being able to participate and contribute to the country's vision of having her population housed in decent houses.

The company undertook major renovations to the TUM Hotel and Conference Facility in the Financial Year 2022/2023 to improve its ambiance and customer satisfaction. This has given the hotel a new outlook which has paid off. The company has seen a tremendous revenue increase in the hotel and conference facility. This is expected to continue increasing in the coming financial years.

The Company assets have tripled from **Kes. 4.5 million** to **Kes .14.2 million** which has increased its net worth. This has ensured efficiency in operations in office, production, and service delivery.

TUMEL's revenue has increased as compared to the previous financial year and is optimistic of more growth even in the coming years. The company is looking forward to leverage its risk by insuring most of its properties and taking only calculated and informed investment decisions.

Chairman to the Board

f Sign.....

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

REPORT OF THE MANAGING DIRECTOR

Technical University of Mombasa Enterprises Limited (TUMEL) was established in 2013 as a commercial wing of the University. Its primary role is to help the university mobilize resources through research, consultancy and trainings to improve quality and capacity of staff for the community, private and public organizations.

TUMEL has successfully conducted consultancy services for both National and County Governments, Private Sectors, Non-Governmental Organizations as well as International Organizations. The company was able to win a consultancy service with Tourism Research Institute worth Kes 43.8 million VAT inclusive.

Through the support of the Board and Management, the company was able to carry out Renovations of the Hotel and Conference Facility, to improve its ambiance and customer satisfaction. With these renovations and improvements to the Hotel and Conference Facility, the company has experienced and attracted a high number of customers and registered good revenue. The hotel and conference facility has experienced a revenue increase from **Kes. 29.98 million** to **Kes. 50.48 million**.

The company has improved the water production supply and distribution through marketing activities. It has gained new clients including Kenya Maritime Authority, Independent Electoral and Boundaries Commission (IEBC), Kenya Petroleum Refineries Limited (KPRL) among others.

Cleaning, fumigation, and disinfection services have been highly mechanized through purchase of modern cleaning and scrubbing machines that have enhanced cleaning process; bought two grass cutters that have enhanced the grass-cutting process. We have successfully brought in a new client, Our Lady of Mother, and we are still participating by submitting cleaning service tenders such as National Bank of Kenya, Bandari Maritime Academy among others.

The company has diversified into other new revenue generating lines of business like the poultry farming, where we are in the process of putting up the structures for rearing the poultry; construction and building management (been registered with NCA); and security services (in progress with the registration of the firm). With these the company is expected to increase its revenue.

To broaden its business base and increase revenue generation, the company has been reaching out to both National and County Governments, MDAs, and Non-governmental Organizations among others in partnership to carry out business together. The

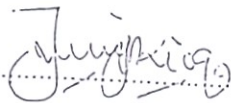
enterprise has entered into partnership with Kenya Education Management Institute (KEMI), TVET Institutions among others.

The Asset base of the company has more than tripled from equivalent of Kes.4.5 Million to Kes.14.2 million .Some of the assets bought to ensure the company is operating within an optimal point and guarantee enhanced service provision to our customers include: CT equipment:-Server,Laptops,Desktops,Projectors,Printers,Shredder Machine,CCTV Cameras, Clocking in and out system among others; Cleaning and Scrabbing Machines, Grass Cutters; Hotel & Conference Equipment:-Fridges and Freezers, Water Tanks, Laundry Cleaning Machines, Restaurant Chairs, and Tables, Cooking Equipment, Chafing equipment; and Office Equipment:-Staff Chairs and Tables, Cabinet

The company has had a fair share of challenges during the period under review including but not limited to high prices of food and other essential commodities which affected the enterprise's bottom line, effect of unregulated water vendors and government directives among others.

Managing Director

Sign.....



Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023

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.

Technical University of Mombasa Enterprises Limited has seven (7) strategic key focus areas and objectives within the current Strategic Plan for the FY 2021/2022 to 2025/2026. These strategic key focus areas are as follows:

1. Corporate Governance
2. Financial Sustainability
3. Business Consultancy
4. TUMEL Hotel & Conferencing
5. Cleaning Disinfection and Fumigation Services
6. Human Capital Development
7. Water Processing and Distribution

Technical University of Mombasa Enterprises Limited develops its annual work plans based on the above Seven (7) strategic key focus areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Technical University of Mombasa Enterprises Limited achieved its performance targets set for the FY 2022-2023 period for its Seven (7) strategic key focus areas, as indicated in the table below:

Strategic Key Focus Areas	Objective	Key Performance Indicators	Activities	Achievements
Corporate Governance	To restructure TUMEL Board.	New Board	Recruitment of new Board Members	In progress
	Review of management policies	All policies have been aligned to the new strategic plan	Development and approval of policies	New policies were developed and approved
	Establish and strengthen the office of Sales and Marketing	Established office.	Recruitment of Sales and Marketing Officer	Increased visibility of TUMEL

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Financial Sustainability	Expand revenue Streams	New business streams	Set up the digital centre, security firm, poultry and dairy farm	Operationalised the digital centre
Business Consultancy	Increase on the Provision of Consultancy Services	Several bids submitted	To place for bids	1. Successfully bid the TRI Project 2. Successfully bid the KEMSFED project in a joint venture 2. Successfully bid for Tenders
		Desk officer recruited	To introduce and engage the services of a desk officer to identify any call for bids from the newspapers and websites	More bids have been identified and submitted
	Expand on Training and Capacity Building	Number of registered courses with NITA and OSH	Registered with NITA and working on OSH Registration	Registered more courses with NITA. Registered with OSH
TUMEL Hotel & Conferencing	Position the hotel as a Two-Star Hotel	Improved customer satisfaction	Repair, Renovation and Maintenance of the hotel and conference facility to improve its ambience	Completed the repairs and renovations of hotel & conferencing and repaired old guest house
Cleaning Disinfection and Fumigation Services	Generate annual revenue of at least Kes 22 million	Satisfied customers	To market cleaning, disinfection and fumigation services to get new clients	A happy and satisfied client
Human Capital Development	Attract, motivate, and retain a competent workforce	Competent workforce	To recruit approved positions competitively	Attractive remuneration package
Water Processing and Distribution	To generate annual revenue of at least 8 million	Increased revenue	To enhance ease of accessibility to TUMAQUA	Revenue of 6.6 million generated

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

CORPORATE GOVERNANCE STATEMENT

Technical University of Mombasa Enterprises Limited, a public Company in Kenya, is committed to undertake its affairs in a responsible and transparent manner. The institution takes recognition of the various stakeholders, the funding agencies, and the regulations thereto, relating to its obligations as provided in the Articles of Association, and the Company's Act. For the 2022/2023 financial year, the institution has complied with all the provisions set out in the Company's Act, 2012, as far as they relate to the Company.

The functions and responsibilities of the Board of Directors (BOD) are as provided for in the Memorandum of Association. These responsibilities relate to the proper conduct of Entity business, policy development, strategic planning and monitoring effectiveness. The BOD is committed in ensuring financial sustainability; enhancing the customer experience; and viability of its investment decisions.

The entity has managed its budgets well, increased its assets, penetrated in new key market driven programmes in Consultancy, Capacity Building Trainings, Water processing and distribution, Hotel & Conference Services, Cleaning, Fumigation and Disinfection Services.

The day-to-day management of the organization is vested on the Managing Director and Management Team. The functions of the Management team and Managing Director are as provided in the Memorandum of Association and the Articles.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Technical University of Mombasa Enterprises Ltd (TUMEL) operation has remained afloat in the past four quarters of the FY2022/2023 amidst the tough economic challenge experienced. The company focused on meeting its budgetary targets, customer satisfaction and strategic obligation.

TUMEL has been meeting its obligations as they fall due, e.g., suppliers are paid on time and statutory obligations are remitted in time. The company is up-to-date in payment of taxes with tax compliance being valid through 21st August 2023.

In the midst of the fragile economic times, TUMEL has maintained its resilience in a competitive market and we look forward to putting more effort to grow the company to be a champion in providing business solutions in an efficient and effective way.

We have continuously submitted proposals on consultancy services and tendered for various goods, services, and works with various state departments, agencies, and donor-funded organizations in an effort to meet our targets in the strategic plan.

Through aggressive participation in tendering, the company managed to secure tenders for consultancy with Tourism Research Institute (TRI) and in collaboration with COMRED Consulting Limited, won a consultancy for the KEMSFED. The company has also entered into framework agreements with different organizations i.e., Kilifi County Government, Kwale County Government. On training and capacity building, we continue to receive and utilize opportunities from the various government bodies and agencies i.e., TVET Institutions, Lamu County, President's Award.

In general, although we were able to bring more customers onboard, we encountered other operational challenges like the unforeseen increase of doing business due to the effects of political elections, increase in fuel prices which led to most of the products we use in the company increasing, thus affecting our revenues.

The company through teamwork by enabling the heads to unlock their full potential on the drive on operational efficiency managed to tighten its controls to ensure that unnecessary wastage in all lines of business was minimal with the objective of meeting the company's strategic objectives.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

The company was affected by the government directives to cut on training budget by government state departments, ministries and agencies which the company depended most on. Amid those challenges and inflation rates on various commodities which the company depend on in service delivery, our revenue increased from **Kes. 68.1 million to Kes. 85.9 million**, this was occasioned by the efforts put by management to ensure that the company remains a positive trajectory. Direct costs reduced from Kes. 33.6 million to Kes. 30.3 million. The administrative cost rose to Kes. 52 million from Kes. 41.7 million, major contributor being the repair and renovation of the hotel and conference facility. The company fixed asset base rose to **Kes. 14.2 million** from **Kes. 4.5 million** in the previous financial year.

The business is stabilizing amid the fragile economic times we are currently facing. As we enter the new financial year, our main target is to bring all our stakeholders on board. Operation wise we expect to provide excellent services and products to all our customers and exceed their expectations by giving added value, operational efficiency, and effective service delivery. Strategies are already in place in penetrating new markets and diversifying to other business lines to expand our revenue base. At the same time, the company is finalizing on preparing its business plans for new lines of business to enable her to expand on the income-generating units.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

TUMEL exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) **Sustainability strategy and profile -**

TUMEL enjoys a strategic standpoint being subsidiary to government entity. With the reliable expertise from the University, the company easily has edge advantage in the region. The company has formed consortium with other entities to reap the benefits that comes with it.

ii) **Environmental performance**

TUMEL is NEMA compliant with up-to-date environmental audit from certified firm. The company has tried to ensure there is adequate waste management in the hotel and effluence in water plant are safely disposed. The major setback has been treatment of waste and recycling. The company is planning to go paperless by budgeting to purchase, install and commission a new Financial POS and Human Resource Systems so as to go green.

iii) **Employee welfare**

TUMEL Human Resource and Procedure Manual Policy which in line with the Labour Relations Act, 2007 stipulates fair employment process based on merit. The recruitment process give emphasis on fair employment procedures. An advert is widely shared to ensure the process is as transparent as possible. The company has inhouse training for its staff, career progression, promotions, yearly appraisal and bonus reward. Staff are insured with WIBA and are registered and compliant with Occupational Safety and Health Act of 2007, (OSHA)

iv) **Market place practices-**

The company adhere to the following practices in the Market place:

a) Responsible competition practice.

TUMEL has zero tolerance to corruption as outlined in its Anti-Corruption and Whistle Blowing policies. The company competes fairly in all spheres with its competitors from tender application and market base expansion.

b) Responsible Supply chain and supplier relations

TUMEL adheres to Public Procurement and Asset Disposal Act, its Regulations and Public Finance Management Act and its regulations. The company has not been debarred by the

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Public Procurement Regulatory Authority as it honours its contractual obligations and prompt payment to suppliers as per its Financial Management policy.

c) Responsible marketing and advertisement

The company maintain ethical marketing practices.

d) Product stewardship

The company safeguard consumer rights and interests.

Corporate Social Responsibility/Community Engagements

TUMEL participates in Corporate Social Responsibility by cleaning the neighbourhood and employment of locals which has improved hygiene and reduce unemployment for the youths. The company has visited various children homes donated food items.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

REPORT OF THE DIRECTORS

The Board is required to prepare financial statements, which give a true and fair view of the state of affairs of TUMEL at the end of each financial year. The Directors submit their report together with the audited financial statements for the year ended June 30th 2023, which show the state of the entity's affairs.

Principal activities

The principal activities of the entity are:

- Consultancy Services;
- Capacity Building and Professional Trainings;
- Cleaning, Disinfection and Fumigation Services;
- Production and Supply of Purified Drinking Water (Trademark name: TUMAQUA);
- Hotel, Conferencing and Catering (in-house and outside) Services.

Results

The results of the entity for the year ended June 30th, 2023 are set out. Below is summary of the profit/loss made during the year.

Dividends

Subject to the approval of the shareholders, the TUMEL Board of Directors recommend 50% of the profits declared payment of dividend for the year ended June 30th 2023.

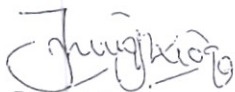
Directors

The members of the Board of Directors who served during the year are shown on page vi.

Auditors

The Auditor-General is responsible for the statutory audit of the TUMEL in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Board Secretary

Mombasa

Date... 26/2/2024

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30th, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

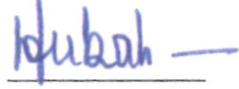
The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by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

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

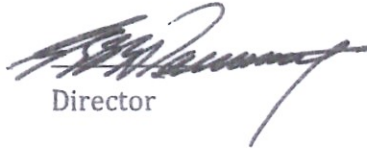
Annual Reports and Financial Statements
For the year ended June 30, 2023

Approval of the Financial Statements

The entity's financial statements were approved by the Board on 26/2/2024 and signed on its behalf by:



f Chairman



Director



Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TECHNICAL UNIVERSITY OF MOMBASA ENTERPRISES LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Technical University of Mombasa Enterprises Limited set out on pages 1 to 29, which comprise the statement of financial position as at 30 June, 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and

Report of the Auditor-General on Technical University of Mombasa Enterprises Limited for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Technical University of Mombasa Enterprises Limited as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0. Unexplained Variances Between Financial Statements and Ledger Balances

Review of the financial statements against the ledgers revealed unexplained variances between the balances as detailed below:

Component	Financial Statements (Kshs.)	Ledger (Kshs.)	Variance (Kshs.)
Revenue			
Consultancy	2,762,784	2,749,707	13,077
Hotel and Conference	50,214,712	43,079,400	(7,135,312)
Training and Capacity Building	6,419,629	6,451,629	32,000
Digital Centre	347,277	147,061	(200,216)
Cost of Sales			
Cooking Gas and Fuel	900,339	910,339	10,000
Housekeeping Items	346,147	304,769	(41,378)
Water Production Cost	4,618,815	717,737	(3,901,078)
Kitchenware	571,422	346,147	(225,275)
Office Materials and Stationeries	354,595	1,562,705	1,208,110
Foodstuff	14,812,740	12,355,250	(2,457,490)
Administration Costs			
Bank Charges	75,055	78,730	3,675
Board of Directors Allowances	2,400,580	2,424,100	23,520
Staff Meals Allowances	83,490	113,490	30,000
Office Expense	87,567	77,868	(9,699)
Permits and Licenses	411,841	403,141	(8,700)
Staff Travelling & Subsistence	2,608,270	2,624,870	16,600
Electricity & Lighting	746,576	541,636	(204,940)
Staff Travelling & Subsistence	2,608,270	2,624,870	16,600
Sanitary Services	42,400	68,650	26,250
Publishing & Printing Services	257,619	4,860	(252,759)

Component	Financial Statements (Kshs.)	Ledger (Kshs.)	Variance (Kshs.)
Maintenance and Repairs	6,369,259	5,961,173	(408,086)
Hire of Transport	1,729,920	1,029,920	(700,000)
Salaries and Wages	26,461,214	26,454,014	(7,200)
Extraneous Duties Allowance	247,200	217,200	(30,000)
Non-Current Assets			
Property, Plant and Equipment	7,880,675	7,949,482	(68,807)
Current Liabilities			
Trade and Other Payables	23,828,354	(23,697,769)	130,585

In the circumstances, the accuracy and completeness of the financial statements balances as reported could not be confirmed.

2.0. Inaccuracies in the Financial Statements

The statement of financial position reflects retained earnings balance of Kshs.12,805,717, while the supporting Note 15 to the financial statements shows a corresponding balance of Kshs.16,645,371, resulting in a variance of Kshs.3,839,654 which has not been explained or reconciled.

Further, the following balances reflected in the financial statements differ with the re-cast balances, resulting in unexplained variances as indicated:

Item	Reported Balance Kshs.	Re-cast Balance Kshs.	Variance Kshs.
Trade and other receivables	29,102,362	27,377,623	1,724,739
Intangible Assets	326,815	326,833	(18)
Inventory	1,346,221	1,363,731	(17,510)
Trade and other payables	23,828,354	23,970,554	(142,200)

In the circumstances, the accuracy of the reported balances could not be confirmed.

3.0. Unsupported Expenditure

The statement of profit or loss and other comprehensive income reflects administration costs balance of Kshs.52,140,804 which, as disclosed in Note 7 to the financial statements, includes rent and rates amount of Kshs.1,284,000 whose supporting lease agreements or contracts were, however, not provided for audit.

In the circumstances, the accuracy, completeness and propriety of the rent and rates expenditure of Kshs.1,284,000 could not be confirmed.

4.0. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.7,880,675 as disclosed in Note 9 to the financial statements. However, the asset

register provided for audit did not reflect assets information on: the type and description; acquisition date and cost; supplier details; estimated useful life; physical location and person allocated; condition; and tag or identification number as required by the Guidelines on Asset and Liability Management in the Public Sector template prescribed by the Public Sector Accounting Standards Board.

Further, the notes to the financial statements, under the statement of compliance and basis of preparation section, reflects annual depreciation rates of 12.5% on furniture, fittings and related equipment, and water processing plant on a straight-line basis. However, the rate differed with that applied in the schedule provided of 8%.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.7,880,675 could not be confirmed.

5.0. Unreconciled Variances with Parent University Records

5.1. Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.29,102,362 which, as disclosed in Note 13 to the financial statements, includes receivables totalling to Kshs.15,012,995 due from Technical University of Mombasa (TUM). However, the audited financial statements of the University reflected trade and other payables balance of Kshs.3,823,412 as the amount due to TUMEL as at 30 June, 2023. The variance of Kshs.11,189,583 was not reconciled or explained.

In the circumstances, the accuracy and completeness of receivables balances amounting to Kshs.15,012,995 could not be confirmed.

5.2. Technical University of Mombasa Borrowing

The statement of financial position reflects Kshs.Nil balance in respect of Technical University of Mombasa (TUM) borrowing. However, the financial statements of Technical University of Mombasa for the financial year ended 30 June, 2023 reflected Technical University of Mombasa Enterprises Limited (TUMEL) debtors balance of Kshs.600,000, resulting in an unreconciled variance of Kshs.600,000.

In the circumstances, the accuracy and completeness of the Kshs.Nil balance of TUM borrowing could not be confirmed.

6.0. Unsupported Provision for Bad Debt

The statement of financial position reflects trade and other receivables balance of Kshs.29,102,362 which is net of provision for doubtful debts of Kshs.4,054,364 as disclosed in Note 13 to the financial statements. However, Management did not provide the policy applied in determining the rates and timing to justify the provision made. Additionally, the TUMEL's finance policy did not include determination of provision for doubtful debts.

In the circumstances, the accuracy and completeness of the provision for doubtful debts of Kshs.4,054,364 could not be confirmed.

7.0. Unsupported Provisions Balance

The statement of financial position reflects provisions balance of Kshs.655,570 as at 30 June, 2023 which decreased by Kshs.2,527,230 from the prior year's balance of Kshs.3,182,800. However, the supporting ledger or movement schedule was not provided for audit.

In the circumstances, the accuracy and completeness of the provisions balance of Kshs.655,570 could not be confirmed.

8.0. Unconfirmed Dividend Payable

The statement of financial position reflects dividend payable balance of Kshs.2,042,752. However, review of the parent University (TUM) financial statements revealed that the amount had not been disclosed as dividend receivable from TUMEL. In addition, no board minutes were provided in support of the dividend declaration or explanation for the declaration of dividend payment without the board approval.

In the circumstances, the accuracy, completeness and validity of the dividend payable of Kshs.2,042,752 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on comparable basis of Kshs.98,700,000 and Kshs.88,274,640 respectively, resulting to under-realization of Kshs.10,425,360, or 11% of the budget. Similarly, the Company expended Kshs.84,189,136 against an approved budget of Kshs.96,223,554, resulting to an under-expenditure of Kshs.12,034,418, or 12% of the budget.

The under-realization and under-expenditure may have affected the planned activities of the Company.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Report of the Auditor-General on Technical University of Mombasa Enterprises Limited for the year ended 30 June, 2023

Other Matter

Unresolved Prior Year Matters

The prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the implementation status of Auditor-General prior year recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1.0. Weak Controls Over Imprests Management

During the financial year 2022/2023, TUMEL incurred an expenditure of Kshs.2,608,270 on staff traveling and subsistence against an approved budgeted of Kshs.1,800,000, resulting in an over-expenditure of Kshs.808,270. In addition, temporary imprests issued to officers for the various activities were not supported with an imprest register for recording the imprest and an imprest warrant for the issued imprest, contrary to

Regulation 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015, which stipulates that before issuing temporary imprests under paragraph (2), the Accounting Officer shall ensure that the applicant has been recorded in the imprest register including the amount applied for.

In the circumstances, Management was therefore in breach of the law and Company's assets are at risk of loss.

2.0. Long Outstanding Trade and Other Payables

The statement of financial position and Note 17 to the financial statements reflects trade and other payables balance of Kshs.23,828,354. Analysis for the last three financial years shows an increasing trend (2021: Kshs.10,083,680; 2022: Kshs.18,349,262; and 2023: Kshs.23,828,354). Non-settlement of liabilities as and when they fall due may lead to interest and penalties.

In the circumstances, the Company's liquidity risk management could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Companies Act, 2015, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit;
- ii. In my opinion, proper books of account have been kept by the Company, so far as appears from the examination of those books; and
- iii. The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company 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 Board of Directors is responsible for overseeing the Company'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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 Company's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern 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 Company's ability to continue as a going concern. 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 Company to cease to continue as a going concern.
- 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 Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2024

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/2023	2021/2022
		Kshs	Kshs
REVENUES			
Revenue	3	85,643,284.76	68,054,295.11
Cost of sales	4 & 5	(30,377,563.70)	(33,874,952.89)
Gross profit		55,265,721.06	34,179,342.22
Other Income	6	2,360,595.52	2,080,430.45
TOTAL REVENUES		57,626,316.58	36,259,772.67
OPERATING EXPENSES			
Administration Costs	7	(52,140,804.32)	(41,707,600.31)
TOTAL OPERATING EXPENSES		(52,140,804.32)	(41,707,600.31)
Non-Operating Expenses	8	0.00	(40,980.00)
TOTAL NON-OPERATING EXPENSES		0.00	(40,980.00)
PROFIT/(LOSS) BEFORE TAXATION		5,485,512.26	(5,488,807.64)
INCOME TAX EXPENSE/(CREDIT)	19	(1,645,653.68)	0.00
PROFIT/(LOSS) AFTER TAXATION		3,839,858.58	(5,488,807.64)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

	Note	2022/2023 Kshs	2021/2022 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	7,880,675.00	4,416,431.20
Right of Use Asset	9(b)	6,000,000.00	
Intangible Asset	10	326,815.00	123,408.90
Total Non-Current Assets		14,207,490.00	4,539,840.20
Current Assets			
Bank and Cash balances	11	3,119,078.00	1,024,455.60
Inventory	12	1,346,221.00	3,287,440.90
Trade and other receivables	13	29,102,362.00	34,726,669.90
Total Current Assets		33,567,661.00	39,038,566.51
TOTAL ASSETS		47,775,151.00	43,578,406.71
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary Shares	14	100,000.00	100,000.00
Shareholder's contribution	14	4,900,000.00	4,900,000.00
Retained earnings	15	12,805,717.00	22,335,152.60
Profit/(Loss) for the year		3,839,859.00	(5,488,807.64)
Dividend Declared		(2,042,752.00)	(4,040,627.90)
Capital and Reserves		19,602,824.00	17,805,717.11
Long term liabilities			
TUM Borrowing	16	-	200,000.00
Total long-term liabilities		-	200,000.00
Current Liabilities			
Trade and Other Payables	17	23,828,354.00	18,349,261.70
Provisions	18	655,567.00	3,182,800.00
Dividend Payable		2,042,752.00	4,040,627.90

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Tax Payable	19	1,645,654.00	0.00
Total Current Liabilities		28,172,327.00	25,572,689.61
TOTAL EQUITY AND LIABILITIES		47,775,151.00	43,659,876.73

The entity's financial statements were approved by the Board on 26/2/2024 and signed on its behalf by:

Signature..... <u>[Signature]</u>	Signature..... <u>[Signature]</u>	Signature..... <u>[Signature]</u>
Name..... <u>Prof. Laila Abubakar</u>	Name..... <u>Bernard Nyakundi</u>	Name..... <u>Kevin Onyango Sukine</u>
f Chairperson of the Board	Accounting Officer	Head of Finance (ICPAK M/NO: 24581)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2023

	Note	Ordinary share capital	Share Holders contribution	Retained earnings	Total
At July 1, 2021		100,000.00	4,900,000.00	22,335,152.46	27,335,152.46
Additions	20	0.00	0.00	(5,488,807.64)	(5,488,807.64)
Profit /(Loss) for 2021/22				(4,040,627.90)	(4,040,627.90)
At June 30, 2022		100,000.00	4,900,000.00	12,805,716.92	17,805,716.92
At July 1, 2022		100,000.00	4,900,000.00	12,805,716.92	17,805,716.92
Profit /(Loss) for 2022/2023				3,839,653.82	3,839,653.82
Declared Dividend				(2,042,752.00)	(2,042,752.00)
At June 30, 2023		100,000.00	4,900,000.00	14,602,618.74	19,602,618.74

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/2023	2021/2022
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operations		5,485,512.74	(5,488,807.64)
Add: Depreciation & Amortization	9 & 10	1,522,477.00	693,154.89
Decrease/(Increase) in Inventory	12	1,941,219.91	(1,582,080.23)
Decrease/(Increase) in Trade Receivables & Other Receivables	13	5,624,307.69	(1,173,440.28)
(Decrease)/Increase in Trade Payables & Other Payables	17	5,479,092.29	2,069,144.65
(Decrease)/Increase in Provisions	18	(2,527,233.00)	(2,139,840.00)
Net cash generated from/ (used in) operating activities		17,525,376.63	(7,621,868.61)
CASH FLOWS FROM INVESTING ACTIVITIES			
Less: Purchase of Fixed Assets & Other Additions	9	(11,190,128.00)	(3,144,291.00)
Net cash generated from/ (used in) investing activities		(11,190,128.00)	(3,144,291.00)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Dividend	20	(4,040,627.90)	0.00
Increase (Decrease) in Long-Term Liabilities: TUM Loan	16	(200,000.00)	(1,800,000.00)
Net cash generated from/ (used in) financing activities		(4,240,627.9)	(1,800,000.00)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11	1,024,455.63	13,590,615.00
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11	3,119,076.36	1,024,455.63

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% of Utilisation
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
	KSHS	KSHS	KSHS	KSHS	KSHS	%
REVENUE						
Sale of goods	8,000,000.00	200,000.00	8,200,000.00	6,624,364.39	(1,575,635.61)	(19.22%)
Sale of services	98,080,000.00	(7,580,000.00)	90,500,000.00	79,289,680.37	(11,210,319.63)	(12.38%)
Other Income	0.00	0.00	0.00	2,360,595.52	2,360,595.52	0%
TOTAL INCOME	106,080,000.00	(7,380,000.00)	98,700,000.00	88,274,640.28	(10,425,359.72)	(10.56%)
EXPENDITURE						
Compensation to employees	32,700,000.00	(5,227,000.00)	27,473,000.00	26,461,214.78	(1,011,785.22)	(3.68)%
Use of goods and services	62,430,000.00	(963,590)	61,466,410.00	52,017,049.24	(9,449,360.76)	(15.37%)
Rent paid	1,200,000.00	0.00	1,200,000.00	1,226,000.00	26,000.00	0.00%
Other payments	5,150,000.00	934,144.00	6,084,144.00	4,484,871.57	(1,599,273.43)	(26.29%)
TOTAL EXPENDITURE	101,480,000	(5,256,446.00)	96,223,554.00	84,189,135.59	(12,034,418.41)	(12.51%)

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

SURPLUS/(DEFICIT) FOR THE PERIOD	4,600,000.00	(2,133,554.00)	2,476,446	4,085,504.69	1,609,058.69	
-------------------------------------	--------------	----------------	-----------	--------------	--------------	--

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

NOTES TO THE FINANCIAL STATEMENTS

i. GENERAL INFORMATION

TUMEL is established by and derives its authority and accountability from The Company's Act. The entity is wholly owned by the Technical University of Mombasa and is domiciled in Kenya. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit loss account by the statement of profit or loss and other comprehensive income in these financial statements

ii. 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 Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

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

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

a) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

b) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installation

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Computers	30%
furniture and fittings and related equipment	12.5%
Water Processing Plant	12.5%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

c) Intangible assets

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

d) Amortisation and impairment of intangible assets

Amortization is calculated on a straight-line basis over the estimated useful life of computer software of three years (33.3%)

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

e) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long-term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

f) Finance and operating leases

Leases which confer substantially all the risks and rewards of ownership to the entity are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of the year.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

g) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

h) Taxation

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 Entity 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.

n) Taxation (Continued)

Current income tax (Continued)

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 Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and

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.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

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

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

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.

i) 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 reporting period. 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.

j) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

k) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

3. REVENUE

DEPARTMENT	2022/2023	2021/2022
	Kshs	Kshs
Consultancy	2,762,784.38	13,958,022.04
Cleaning and Fumigation	19,274,517.01	17,200,000.08
Hotel and Conference	50,214,711.50	29,981,319.06
Training and Capacity Building	6,419,629.74	-
Digital Centre	347,277.74	-
TUMAQUA	6,624,364.39	6,914,953.93
Total	85,643,284.76	68,054,295.11

4. COST OF SALES

	2022/2023	2021/2022
	Kshs	Kshs
Consultancy Facilitation Expense	2,749,707.43	15,151,691.23
Training and Capacity Building Expenses	2,555,677.57	0.00
Cleaning Items & Materials	3,407,118.6	2,333,636.26
Foodstuff	14,812,740.82	7,033,895.62
Hire of Tables and Tents	61,000.00	8,500.00
Cooking Gas & Fuel	900,339.00	738,710.00
Housekeeping items	346,147.50	1,421,895.00
Water Production Cost	4,618,815.47	6,394,677.93
Kitchenware	571,422.53	447,352.07
Office materials and stationeries	354,594.78	344,594.78
Total	30,377,563.70	33,874,952.89

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

5. COST OF SALES COMPONENTS (COMPUTATIONS)

	Note	2022/2023	2021/2022
		Kshs	Kshs
Opening Stock	10	3,287,440.92	1,705,360.69
Purchases		21,874,472.36	19,566,631.89
Direct Cost;			
Other Kitchen items		346,147.50	0.00
Training		2,555,677.50	0.00
Consultancy		2,749,707.43	15,151,691.23
Cooking Gas & Fuel		910,339.00	738,710.00
Closing Stock	10	(1,346,221.01)	(3,287,440.92)
Cost of Sales	5	30,377,563.70	33,874,952.89

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

6. OTHER INCOME

	2022/2023	2021/2023
	Kshs	Kshs
Reduction in Provision for Bad Debt	1,950,415.12	1,776,410.45
Staff Surcharge and others	410,280.12	304,020.00
TOTAL	2,360,595.52	2,080,430.45

7. ADMINISTRATION COSTS

	2022/2023	2021/2022
	Kshs	Kshs
Bank charges	75,055.00	67,211.58
Depreciation & Software Amortization expense	1,522,477.00	693,154.89
Stationery	101,868.00	141,024.30
Board of Directors' allowances	2,400,580.00	2,528,200.00
Staff Meals Allowances	83,490.00	98,523.15
Office expense	87,567.00	91,114.60
Permits and Licences	411,841.00	179,725.00
Advertising and promotion	605,201.00	263,344.00
Staff Travelling & Subsistence	2,608,270.00	1,212,000.00
Dues and Subscriptions to professional bodies	32,000.00	28,200.00
Newspaper Subscription	87,340.00	90,840.00
Electricity and Lighting	746,576.00	846,315.00
Levies & Commission	584,431.00	468,802.00
Sanitary Services	42,400.00	27,400.00
Internet Expenses	68,099.00	132,680.00
Official Entertainment	0.00	98,256.07
Publishing & Printing Services	257,619.00	346,085.00
Maintenance and Repairs	6,369,259.23	2,554,041.42
WIBA Insurance	302,514.00	242,731.64
Refunds	7,200.00	0.00
Salaries and Wages	26,461,214.78	23,229,808.46
Telephone Expenses	12,450.00	11,310.00
Transport and fares	316,930.00	230,176.00

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Hire of transport	1,729,920.00	914,400.00
Hire of Conference & Accommodation Facility	1,789,189.83	610,850.00
Audit fees	381,000.00	858,000.00
Strategic Plan & Policy documents	426,200.00	782,900.00
Extraneous Duties Allowance	247,200.00	320,000.00
Donations	25,000.00	0.00
Water Bowser Expenses	9,000.00	56,500.00
NSSF-Employer Contribution	459,842.00	91,740.00
Contracted Professional Services	740,100.00	195,010.00
Pension Expense	0.00	134,568.00
Rent and rates	1,284,000.00	1,200,000.00
Staff training and development	224,000.00	938,560.00
Postage and delivery	10,870.00	6,880.00
Consultancy Expenses	1,586,500.00	1,750,000.00
Legal dues/Fees,	18,600.00	0.00
Borehole Drilling Expense	25,000.00	228,000.00
Total	52,140,803.84	41,707,600.31

NOTE: The significant difference for various line expenses in the comparative financial statement is as explained in the table hereunder;

S/N.	Description	Explanation
i.	Bank charges	Increased number of tender bond security
ii.	Depreciation & Software Amortization expense	Increase in fixed asset base
iii.	Staff Travelling & Subsistence	Increase in the submission of proposals and tenders, travelling for negotiation meetings, signing of business agreements and empowerment of staff through capacity building and training.
iv.	Advertising and promotion	Advert for vacant positions in the company through MyGov
v.	Levies & Commission	Increase in catering levy as a result of growth in hotel revenue
vi.	Publishing & Printing Services	Printing of policy documents, proposals, tenders and Tracer Study Project final reports
vii.	Maintenance and Repairs	Repair of hotel and conferencing facility and the old guest house

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

viii.	Salaries and Wages	This increased in the year in the year 2022/2023 attributed to the new restaurant at Kwale
ix.	Hire of transport	This increased due to transportation of water and Fisheries students
x.	Hire of Conference & Accommodation Facility	Outsourcing of accommodation services & hire of conference for policy formulation & heightened proposal development writing.
xi.	Audit fees	Payment for extraordinary forensic audit. A provision for audit for the year 2022/2023
xii.	Staff training and development	Inhouse and CPD training for staff to enhance competency
xiii.	Consultancy Expenses	Increase in proposals and tender writing and payment to the consultants
xiv.	Right of Use Asset	The capitalization of the items renovation works that were done at the Hotel facility

8. NON-OPERATING EXPENSES

	2022/2023	2021/2022
	Kshs	Kshs
Interest, Fine and Penalties	0.00	40,980.00

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

9. PROPERTY, PLANT AND EQUIPMENT

	Water Bottling Plant & Other Machinery	Computers Related Equipment	Office Equipment, Furniture & Fittings	Total
COST OR VALUATION				
At July 1, 2022	4,219,318.28	1,359,870.00	1,653,831.88	7,233,020.16
Additions	1,910,132.00	2,232,440.00	735,156.00	4,877,728.00
At June 30, 2023	6,129,450.28	3,592,310.00	2,388,987.88	12,110,748.16
DEPRECIATION				
At July 1, 2022	2,276,516.66	451,790.29	88,281.95	2,816,588.90
Charge for the year	666,663.39	587,213.00	159,607.74	1,413,484.13
At June 30, 2023	2,943,180.05	1,039,003.29	247,889.69	4,230,073.03
NET BOOK VALUE At June 30, 2023	3,186,270.23	2,553,306.71	2,141,098.19	7,880,675.13

9b.Right of Use Asset

Right of Use Asset has been estimated as 6 Million and included in the non-current Assets. It included the itemized cost of renovation works that was capitalized as they add value and economic usefulness to the asset and the revenue from its usage shall accrue to the entity over a long period of time.

According to IPSAS 17 certain major replacements or renovations of a building that *extend the original life* of the building or *enhances the value* should be capitalized. Such expenditures which must be capitalized include:

- Replacements of Tiles
- Roofing works (Replacing the worn-out Sheets)
- Land improvements outside the periphery of the building e.g Parking Area

The cost of an item of PPE is recognized as an asset by the reporting entity if it is probable that future economic benefits associated with the asset will flow to the entity and the cost or fair value of the item can be measured reliably.

IPSAS 13 permits an entity that has a lease arrangement to recognize a right of use asset where it has the right to obtain all the economic benefits from the used of the asset and as the right to direct the use of identified asset.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

10. INTANGIBLE ASSETS

	2022/2023	2021/2022
	Kshs	Kshs
COST		
At July 1 2022	196,798.00	196,798.00
Additions	312,400.00	0.00
At June 30 2022	509,180.00	196,798.00
Amortization		
At July 1 2022	73,389.04	8,283.33
Charge for the year	108,975.71	65,105.71
At June 30 2023	182,364.75	73,389.04
Net Book Value at June 30 2023	326,815.25	123,408.96

11. BANK AND CASH BALANCES

	2022/2023	2021/2022
	Kshs	Kshs
Kenya Commercial Bank	458,839.00	167,686.63
National Bank of Kenya	2,629,614.00	834,919.00
Petty Cash	30,625.00	21,850.00
Total	3,119,078.00	1,024,455.63

12. INVENTORY

	2022/2023	2021/2023
	Kshs	Kshs
Cleaning items and Materials	23,510.00	335,429.36
Foodstuff	70,699.07	1,067,298.67
Kitchenware items	127,793.87	57,545.20
Office material and Stationery	307,654.00	84,542.04
Water production materials	429,387.07	882,420.65
Housekeeping items	404,687.00	860,205.00
Total	1,346,221.01	3,287,440.92

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

13. TRADE RECEIVABLES & OTHER RECEIVABLES

	2022/2023	2021/2022
	Kshs	Kshs
Mombasa County	262,500.00	262,500.00
County Assembly of Kwale	1,205,563.00	0.00
TUM HOTEL TO KSG	357,500.00	357,500.00
Kudheha	2,565.00	2,565.00
Ministry Of Agriculture	34,100.00	34,100.00
Mombasa Water	153,621.00	153,621.00
Mtopanga Waterworld	26,400.00	0.00
School Based Students-TUM	470,250.00	470,250.00
TUM Hotel Services-TUM	6,790,311.76	8,397,999.13
Cleaning Services-TUM	7,563,333.36	8,484,000.01
Kenya Maritime Authority	129,321.00	0.00
Zoghoru Sacco	9,650.01	9,650.01
TUM AQUA-TUM	189,100.00	342,750.00
Tum Alumni Association	3,500.00	3,500.00
TUMAQUA TO KSG	2,453,324.30	1,959,552.00
Kenya Petroleum Refinery Ltd	656,603.41	129,360.00
KISE	0.00	36,000.00
TUMASWA	10,500.00	0.00
TVET MINISTRY OF EDUCATION	0.00	15,396,477.00
KENFREIGHT LTD	124,410.00	124,410.00
PREPAID EXPENSES (TOTAL CARD)	25,613.00	143,052.00
STAFF SALARY ADVANCE	150,000.00	150,000.00
TUMSA	151,640.00	8,850.00
RTI International	0.00	207,000.00
Pweza Fisheries	0.00	160,800.00
President's Award Kenya	0.00	455,000.00
Our Lady Mother of Africa	67,176.00	30,000.00
State Department of Fisheries	9,557,312.00	0.00
KRA	103,680.00	49,680.00
Castle Royal Hotel	20,400.00	0.00

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

CAJ	0.00	252,000.00
Alliance Francaise	0.00	64,600.00
Internal Debtors	25,613.00	108,443.00
Staff Loan Surcharge	20,000.00	109,940.00
Tax Recoverable	868,001.23	868,001.23
Gross Trade and Other Receivables	33,156,727.57	40,731,450.38
Provision for Bad and Doubtful Receivable	(4,054,365.30)	(6,004,780.42)
Trade and Other Receivables	29,102,362.27	34,726,669.96

Provision for doubtful debt as at reporting date is Ksh. 4,054,365.30 which is deducted from gross amount. Generally accepted accounting principles require that companies present accounts receivable balances net of the allowance for doubtful accounts. This means the company must reduce the asset it holds for balances owed to the company by an estimate of the balances that it deems it will be able to collect.

14. SHAREHOLDERS CONTRIBUTION

	2022/2023	2021/2022
	Kshs	Kshs
Ordinary share capital 1000shares @100	100,000.00	100,000.00
Shareholder contribution	4,900,000.00	4,900,000.00
Total	5,000,000.00	5,000,000.00

15. RETAINED EARNINGS

	2022/2023	2021/2022
	Kshs	Kshs
Retained Earnings b/f	12,805,717.12	22,233,152.66
Profit for the Prior Year	3,839,653.82	(5,488,807.64)
Adjustments for the year	0.00	(4,040,627.90)
Retained Earnings	16,645,370.74	12,805,717.12

The retained earnings represent amounts available for distribution to the entity's shareholders. Undistributed retained earnings are utilised to finance the entity's business activities.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

16. TUM BORROWING

	2022/2023	2021/2022
	Kshs	Kshs
Loan Advanced	-	200,000.00
Total	=	200,000.00

17. TRADE & OTHER PAYABLES

	2022/2023	2021/2022
	Kshs	Kshs
BEATRIVIAN ENTERPRISES	231,025.00	0.00
BELSORA ENTERPRISES LTD	61,200.00	0.00
BIROSTAR LTD	2,263,879.23	0.00
BLIZYT INSURANCE AGENCY	485,576.00	0.00
COSMAY ENTERPRISES	0.00	63,000.00
CHRISTOPHER MUNYOMBI	6,960.00	0.00
COAST CANVAS LTD	295,000.00	0.00
DANYAR DARYEL BUTCHERY	610,700.00	146,770.00
DE BLESSO CHEMICALS & SOLVENTS	95,600.00	0.00
DOCULINE SUPPLIES LTD	11,200.00	0.00
ESBIAN SUPPLIES LTD	437,600.00	0.00
ERIKTECH TECHNOLOGIES	1,014,000.00	0.00
ELYSHA ENTERPRISE	857,840.00	53,322.00
FIFTY PLUS SOLUTIONS LTD	927,976.00	164,565.00
JALARAM PLASTICS	15,564.00	15,564.00
JIWANJE INDUSTRIAL & HARDWARE LTD	352,286.79	0.00
KI VENTURES	154,958.55	138,000.00
KONGOLEE ENTERPRISES	120,900.00	24,180.00
LEWIS KITSAO NGOWA	168,000.00	0.00
JOSPHINE MURUGI	49,500.00	0.00
KEN COMP EXPERTS	57,400.00	0.00
LUQRADHI AGENCIES	745,436.80	628,860.00
MAJIKO SERVICES	50,000.00	0.00
MAULL DAN GENERAL SUPPLIES	215,720.00	196,260.00
MAWENZI HOTESLS LTD	209,006.78	0.00
MILMAR MARKETING AND MARKETING	181,367.50	984,472.00

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

NATIONAL INDUSTRIAL TRAINING AUTHORITY	420,000.00	49,800.00
MWIALLY ENTERPRISES	9,250.00	9,250.00
OFFICE OF THE AUDITOR GENERAL	2,030,000.00	2,030,000.00
PAKWANG INVESTMENTS	0.00	7,400.00
PRINCETELL ENTERPRISES	115,500.00	115,500.00
NISHA PRINTERS LTD	81,665.00	0.00
PATAN VOICE MEDIA LTD	0.00	0.00
ROTANDA ENTERPRISES	0.00	1,600.00
SAFEPAK LTD	303,164.20	271,488.00
SAFETEC SOLUTION LTD	0.00	301,600.00
SITRACT ENTERPRISES	106,500.00	413,736.00
TONONOKA MEAT SUPPLY LTD	264,550.00	0.00
TREGAC ENTERPRISES LTD	0.00	65,000.00
TUM CONFERENCE	524,550.00	10,000.00
TUM ELECTRICITY	492,734.00	260,582.00
TUM TRANSPORT	270,088.00	146,800.00
USHAGO MERCHANTS LTD	98,450.00	98,450.00
VEG CIRCLE	630,304.00	130,285.00
OTHER SEVERAL SUPPLIERS	2,592,898.35	0.00
Prepaid Short courses	0.00	503,500.00
Customer advance deposits	20,205.80	36,675.00
NSSF	149,591.00	5,000.00
NHIF	66,200.00	62,500.00
PAYE – Staff	260,030.46	140,359.45
PAYE – Board	36,000.00	201,000.00
PAYE – Other	146,629.11	696,005.57
Helb Deduction	15,586.00	0.00
Salary Payable	2,827,968.66	0.00
UASU deduction	0.00	16,023.40
VAT Control Account	1,890,052.41	1,825,689.14
VAT Withholding	95,179.62	0.00
TUM Benevolent deduction	0.00	2,200.00
Pension Control Account	123,083.00	123,083.00
Withholding Tax Control Account	125,417.74	114,427.15

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Rent Payable	600,000.00	300,000.00
Unearned Revenue - Fisheries	-	7,940,055.00
KISM Payable	56,260.00	56,260.00
TOTAL	23,828,354.00	18,349,261.71

18. PROVISIONS

	2022/2023	2021/2022
	Kshs	Kshs
Provision for Training Expenses	655,569.57	1,330,660.00
Provision for the purchase of Food Stuff	0.00	428,990.00
Provision for the purchase of Furniture & Fixtures	0.00	297,800.00
Provision for the Maintenance of Computers, Printers, Software, email & website	0.00	53,650.00
Commitment for the purchase of Office Equipment		530,600.00
Provision for the hire of Conference Facility	0.00	34,500.00
Provision for the External Audit Fees	0.00	290,000.00
Provision for the Internal Audit Fees	0.00	95,000.00
Provision for Publishing and Printings Services	-	114,800.00
Provision for the purchase of Cleaning & Sanitation Materials	-	6,800.00
TOTAL	655,569.57	3,182,800.00

19. TAX PAYABLE

		2022/2023	2021/2022
		Kshs	Kshs.
Profit before tax		5,485,512.26	0.00
	Add: Depreciation	0.00	0.00
	Amortization	0.00	0.00
	Interest Fines & Penalties	0.00	0.00
	Less: Investment deduction	0.00	0.00
	Total	0.00	0.00
Tax@30%		1,645,653.68	0.00

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

Provisions for tax payable has been provided for on the profit before tax. This will not vary significantly when adjustments to taxable profits with non-taxable incomes and allowable deductions and brought forward losses from the previous periods.

21. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company 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 company's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

(ii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its

holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board) and for the day-to-day implementation of those policies.

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

iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2023

22. INCORPORATION

The entity is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

23. EVENTS AFTER THE REPORTING PERIOD

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

24. CURRENCY

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

0

1976 11 13

1