TOM MBOYA UNIVERSITY COLLEGE

KNOWLEDGE FOR SUSTAINABLE DEVELOPMENT

2018

ANNUAL REPORT AND FINANCIAL STATEMENTS

Tom Mboya University College

2018

ANNUAL REPORT AND FINANCIAL STATEMENTS

TOM MBOYA UNIVERSITY COLLEGE

(A CONSTITUENT COLLEGE OF MASENO UNIVERSITY)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING JUNE 30, 2018

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

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FUNDAMENTAL STATEMENTS OF THE UNIVERSITY

Vision

To be a premier internationally recognized University (College) distinguished for its teaching, research and innovation

Mission

To transform and sustainable contribute to society through teaching; research and innovation; knowledge creation, application and outreach

Mandate

In association with the brand name Tom Joseph Mboya, our mandate is facilitating the creation, sharing, effective exploitation and utilization of knowledge for the greatest wellbeing of society (within the framework articulated by law and its statutes)

Core Values

- Excellence and Quality in teaching, research and innovation
- Accountability and Efficiency in the use of entrusted resources
- Integrity and Transparency
- Sustainability

KEY INFORMATION AND MANAGEMENT

(a) Background information

Tom Mboya University College was established under the Universities Act, No. 42 of 2012 through Legal Order No 55 of April 16th 2016 as a constituent college of Maseno University. The University College is domiciled in Kenya. At Cabinet level, the University College is represented by the Cabinet Secretary for Education who is responsible for the general policy and strategic direction of the University College.

The University College currently has got seven (7) faculties, one (1) center and one (1) institute namely:

- Faculty of Education
- Faculty of Business & Economics
- Faculty of Agriculture & Food Security
- Faculty of Arts & Social sciences
- Faculty of Biological & Physical Science
- Faculty of Mathematics, Actuarial Science & Computing
- Faculty of Tourism and Cultural Studies
- Institute for Public Policy and Allied Studies
- Centre for Lake Victoria Studies and Allied Challenges

(b) Principal Activities

Tom Mboya University College derives its mandate from the University Act 2012 No.42, of 13th December, 2012.The principal activity of the University College is to offer high quality training, carry out innovative research and community outreach programmes for sustainable socio-economic development summarised in the strategic and short term objectives below:

- Advancement of knowledge through teaching, scholarly research and scientific investigation;
- Promotion of learning in the student body and society generally;
- Promotion of cultural and social life of society
- Support and contribution to the realization of national economic and social development;
- Promotion of the highest standards in, and quality of, teaching and research;
- Education, training and retraining higher level professional, technical and management personnel;
- Dissemination of the outcomes of the research conducted by the university to the general community.
- Facilitation of life-long learning through provision of adult and continuing education;
- Fostering of a capacity for independent critical thinking among its students; and
- Fostering of a capacity for independent critical thinking among its students; and
- Promotion of gender balance and equality of opportunity among students and employees.
- Promotion of equalization for persons with disabilities, minorities and other marginalized groups.
- To contribute to agricultural, industrial and technological development of Kenya in collaboration with industrial and other institutions through the transfer of appropriate technology;
- To develop and provide educational, cultural, professional, technical and vocational services to the community and in particular, foster corporate social responsibility;

KEY INFORMATION AND MANAGEMENT

- To provide programs, products and services in ways that reflect the principles of equity and social justice;
- To facilitate student mobility between different programs at different training institutions, universities and industry; and
- To foster the general welfare of all staff and students.

(a) Key Management

The day-to-day management of Tom Mboya University College is under the following key organs;

- Principal
- College Management Board
- College Academic Board

(b) Fiduciary Management

The Key Management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

(c) Fiduciary Oversight Arrangements

The Commission for University Education (CUE)

CUE undertakes the following oversight roles:

- Accreditation of the University College for the award of charter
- Undertake regular inspections, monitoring and evaluations of the University College to ensure compliance with set standards and guidelines.
- Accredit and inspect Academic programmes

Parliament Education Committee

- investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
- study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
- study and review all legislation referred to it;
- study, assess and analyse the relative success of the Ministries and departments as measured

No.	Designation	Name
1	Principal	Prof. Charles Omondi Ochola
2	Ag. Dean Faculty of Food Security and Agricultural studies	Prof. Mathews Mito Dida
3.	Ag. Dean Faculty of Education	Prof. Enose M. Wambulwa Simatwa
4	Ag. Dean Faculty of Business & Economics	Dr. Alphonce Juma. Odondo
5	Ag. Head of Finance	CPA. Julius Okoth Otieno
6	Ag. Head of Procurement	Ms. Monica Ogola Ouma
7	Ag. Head of Human Resource	Mr. Washingtone Odhiambo Wambas
8	Ag. Registrar, Academic and Student Affairs	Mr. Jarred O Malela

KEY INFORMATION AND MANAGEMENT

by the results obtained as compared with their stated objectives;

- investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
- to vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments); and
- make reports and recommendations to the House as often as possible, including recommendation of proposed legislation

Executive, Academic and Human Resource Committee

The Committee is responsible for execution of urgent matters on behalf of council, consider academic matters including award of degrees of the University, human resource matters and coordinate the agenda and conduct of committees and advise council on their performance.

Finance, Planning and Investment Committee

The committee is responsible for recommending financial policies, goals, and budgets that support the mission, values, and strategic goals of the organization. The committee also reviews the organization's financial performance against its goals and proposes major transactions and programs to the Council.

Audit and risk Management Committee

The Audit and risk management Committee form a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of the risk management, financial reporting, financial management and internal audit to the Council and the senior management.

(d) Tom Mboya University College Headquarters

Homa Bay Town, Next to Governor's Office,
Homa-Bay County , Hospital Road
P.O.BOX 199-40300
Homa-Bay, Kenya

(e) Tom Mboya University College Contacts

Land line: (254) 059-20090/20091
Mobile Telephone: 0746401703
0746401706
E-mail: principal@tmuc.ac.ke
Website: www.tmuc.ac.ke

(f) Tom Mboya University College Bankers

1. Kenya Commercial Bank Ltd
Homa-Bay Branch
P. O. Box 368-40300
Homa-Bay, Kenya

2. Equity Bank Ltd
Homa-Bay Branch
P. O. Box 366-40300
Homa-Bay, Kenya

(g) Tom Mboya University College Independent Auditors

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

(h) Principal Legal Adviser
The Attorney General

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

MEMBERS OF THE UNIVERSITY COUNCIL

Dr. Augusta N. Abate-Chair of Council
Date of Birth: 20th December 1952

Dr. Augusta N. Abate is the Chair and an independent member of the Council. She is currently the Director, Dairy & Food Safety at Diamond V an organization that specializes in Nutrition and Health. She previously worked as the Assistant Representative in Charge of Kenya Programme at Food and Agriculture Organization (FAO) of the United Nations and also as an Assistant Director at Kenya Agricultural Research Institute (KARI). She holds a Bachelor of Science Degree in Agriculture and Master of Science in Animal Production from the University of Nairobi and PhD from the University of Aberdeen, Scotland.


Dr. Augusta N. Abate-Chair of Council

Ms. Esther D. Kodhek- Council Member
Date of Birth: 1st November 1969

Ms. Esther D. Kodhek is an independent member of the council and the Chair of the Finance, Planning and Investment Committee of the Council. She is a Socio-Economist Development Practioner with over 25 years' experience on organizational development, Program compliant, financial management and administration. Esther is currently the Country Director-Cordaid Kenya Office. She's responsible for the development of new programs and program sites. She has previously served as the Director of Program at CIC, Regional Director at COHRE, Assistant Program Unit Manager at Plan International and Projects Officer at Christian Children' Fund(CCF). She holds a Bachelor of Arts Degree from Egerton University and a Master of Arts in Urban Management from the University of Nairobi.


Ms. Esther D. Kodhek- Council Member

Mr. Elijah N. Ireri –Council Member
Date of Birth: 7th July 1965

Mr. Elijah N. Ireri an independent member of the Council and the Chair of the Executive, Academic and Human Resource Committee of the Council. Mr. Ireri a lecturer of Law at Kabarak University where he also doubles as the Coordinator for Dissertation writing. He is an Advocate of the High Court of Kenya and a Managing Partner of Ireri & Co. Advocates where he has practiced law for over 25 years. He has served as Director of Kenya Co-operative Creameries, Council member and Treasurer of Kenya section of International Commission of Jurists. Mr. Ireri holds a Bachelor of Laws (LLB) and Master of Laws (LLM) Degrees from the University of Nairobi and a Post Graduate Diploma from Kenya School of Law.


Mr. Elijah N. Ireri –Council Member

MEMBERS OF THE UNIVERSITY COUNCIL

Ms. Emma C. Rono-Council Member
Date of Birth: 1st July 1975

Ms. Emma C. Rono is an independent member of the Council and the Chair of Audit and Risk Management Committee of the Council. She is currently serving as a programme Officer at the Training Division of African Economic Research Consortium (AERC). Previously she served as a Senior Microfinance Officer at the Co-operative Bank of Kenya Ltd. She holds a Bachelor of Education Degree in Accounting and Economics from the University of Nairobi, MPhil in Development Finance from the University of Stellenbosch, South Africa and Diploma in Micro Finance from Strathmore University.

Ms. Emma C. Rono-Council Member

Mr. Johnson Maina Mwangi–Council Member
Date of Birth: 20th December 1968

Mr. Johnson Maina Mwangi is a member of the Council representing the Cabinet Secretary, National Treasury. He is currently the Deputy Director, Macro and Fiscal Affairs Department in the National Treasury. He has served as an Economist for 23 years in various Government Ministries including Office of the Vice President and Ministry of planning and National Development, Ministry of Environment and Natural Resources, Ministry of Education, Science and Technology, Ministry of Health and the National Treasury. He holds a Bachelor of Arts in Economics and Master of Arts in Economics degrees from the University of Nairobi.

Mr. Johnson Maina Mwangi–Council Member

Mr. Jacob Francis Wanyama–Council Member
Date of Birth: 06th September 1968

Mr. Jacob Francis Wanyama is a member of the Council representing the Principal Secretary in the State Department for University Education and research, Ministry of Education. Mr. Wanyama is an Assistant Director of Education currently serving as the Sub County Director of Education, Homa-Bay County. He has served as a Quality Assurance and Standards Officer, and an Education Officer with the Ministry of Education for the last 20years. He holds a Bachelor of Education (Arts) Degree from Moi University, Master of Education in Educational Administration Degree from The University of Nairobi, Certificate in Senior Management and Certificate in Strategic Leadership Development Programme from the Kenya School of Government.

Mr. Jacob Francis Wanyama–Council Member

MEMBERS OF THE UNIVERSITY COUNCIL

Eng. George Krossy Simba -Council Member

Eng. George Krossy Simba -Council Member
Date of Birth: 12th December 1953

Eng. George Krossy Simba is an independent member of the Council. He joined the Council in February 2018. He is currently working as Contractor Development Specialist with Norken Ltd based in Western Kenya under the Roads 2000 Strategy. He has worked on various road projects in Kenya (County and National Governments), Solomon Islands Government, Uganda, Somali as a Consultant, Resident Engineer, Senior Roads Engineer, Senior work specialist, Maintenance and Training Engineer and Training Advisor. He has wide experience and training in areas such as infrastructure programme/project planning, design, procurement, implementation, supervision and capacity development for public agencies and private sector participation. He also has experience in the execution of various types of labour based technology contracts designed to offer employment to poor rural or informal settlement communities.

He previously worked as Lecturer of Civil Engineering at JKUAT and Kenya Polytechnic Now Technical University of Kenya. He also worked as a Technologist and Training Officer with the Ministry of Public Works. Eng. Simba holds Msc. in Structural Engineering from University of Stratchclyde, Higher Diploma in Construction (Structures) and Diploma in Civil Engineering from Kenya Polytechnic. He is also holder of Certificate in Training of Trainers from ESAMI.

Dr. Barack G. Otieno-Council Member

Dr. Barack G. Otieno-Council Member
Date of Birth: 16th November 1977

Dr. Barrack G. Otieno is an independent member of the Council. He is currently working as a Consultant in Food security and livelihoods and also as the Co-ordinator of Borlaug Higher Education for Agricultural Research and Development. He has previously served as the Program Manager, Borlaug Institute of International Agriculture, Texas A & M University-Dr. John Garang Memorial University Program, Bor South Sudan, VSF Germany Programs Manager Jonglei & Upper Nile States, South Sudan, and Senior Livestock Officer Lake Basin Development Authority (LBDA) Kenya. He holds a Bachelor of Veterinary Medicine (BVM) from the University of Nairobi and Master of Science in Agriculture & Rural Development from Kenya Methodist University.

MEMBERS OF THE UNIVERSITY COUNCIL

Prof. Julius O. Nyabundi–Council Member

Prof. Julius O. Nyabundi–Council Member
Date of Birth: 3rd August 1954

Prof. Julius O. Nyabundi is a member of the Council representing Maseno University as per the legal notice. Prof. Nyabundi is the Vice-Chancellor of Maseno University. He previously served as the Principal of Murang'a University College, Acting Deputy Vice-Chancellor, Administration, Finance and Development at Maseno University, Dean School of Agriculture and Food Security, Director Maseno University Botanic Garden, Managing Director Chemelil Sugar Company, Director Students Welfare Services, Dean Faculty of Science, Head Department of Horticulture, and Head of Department of Environmental Studies. He holds a Bachelor of Science in Agriculture and Master of Science in Agronomy from the University of Nairobi and a Ph.D. in Ecology from the University of California. He is a Professor in the Department of Horticulture at Maseno University.

Prof. Charles O. Ochola-Council Member

Prof. Charles O. Ochola-Council Member
Date of Birth: 8th January 1961

Prof. Charles O. Ochola is an ex-officio member of the Council and Principal of Tom Mboya University College. He has previously served as Director Students Welfare Services at Maseno University for Nine years, Co-ordinator of Evening/Parallel programmes, Chairman Department of Sociology at Maseno University, and National Council for population and Development. He has served in the various Committees within the University Administrative structure. Prof. Ochola is accomplished scholar and a Professional Social Demographer. He holds Bachelor of Arts Degree in Geography and Master of Arts in Population Studies from the University of Nairobi and PhD in Demography from the University of Liverpool.

MANAGEMENT TEAM

Prof. Charles Omondi Ochola

Prof. Charles O. Ochola is the Principal of Tom Mboya University College. He has previously served as Director Students Welfare Services at Maseno University for Nine years, Co-ordinator of Evening/Parallel programmes, Chairman Department of Sociology at Maseno University, and National Council for population and Development. He has served in the various Committees within the University Administrative structure. Prof. Ochola is accomplished scholar and a Professional Social Demographer. He holds Bachelor of Arts Degree in Geography and Master of Arts in Population Studies from the University of Nairobi and PhD in Demography from the University of Liverpool.

Prof. Charles O. Ochola- Principal

CPA Julius Okoth Otieno,

Mr. Julius Okoth Otieno is the Ag. Finance Officer. He has over 17 years' experience having worked as the Bursar, College of Education & External Studies, Senior Accountant in Charge of Budget and Financial Reporting, Senior Accountant in Charge of Capital Projects among other senior positions at the University of Nairobi. He is a Certified Public Accountant of Kenya and Registered Member of Institute Certified Public Accountant of Kenya (ICPAK). He holds a BA (Economics) and Master of Business Administration (Finance & Accounting) from the University of Nairobi and currently pursuing PhD in Accounting at the University of Nairobi.

CPA Julius Okoth Otieno, Ag. Finance Officer

Mr. Jared Odoyo Malela

Mr. Jared Odoyo Malela is the Ag. Registrar Academic & Student Affairs. Before joining Tom Mboya University College as the in charge of Agricultural Extension and Outreach Division he was the Principal of Homa Bay Agricultural Training College. He worked with the Ministry of Agriculture from 2006 in various positions as Divisional Agriculture Extension Officer, District Monitoring and Evaluation Officer, District Extension and Training Officer, Crops Development Officer and Agribusiness Development Officer. He holds a Bsc. Agricultural Education and Extension from Egerton University.

Mr. Jared Odoyo Malela is the
Ag. Registrar Academic & Student Affairs.

MANAGEMENT TEAM

Prof. Enose M. W. Simatwa,
Ag. Dean of school of Education

Prof. Enose M. W. Simatwa,

Ag. Dean of school of Education, Prof. Simatwa is an alumnus of University of Nairobi, Kenyatta University and Maseno University where he earned Bachelor's degree, Master's degree and Doctor of Philosophy degree respectively. He has also served as an Administrator at Secondary and Post-secondary levels in different capacities. His focus is on teaching research and community service. The research areas include Social Sciences such as; Leadership and Policies, Management, Sociology and Psychology. He has published 83 full research papers /publications in refereed journals. He is a founding academic staff member of Maseno University and Tom Mboya University College.

Dr. Alphonce J. Odondo,
Ag. Dean of the School of Business and Economics

Dr. Alphonce J. Odondo,

An Economist by profession with most of research activities based on poverty reduction strategies with particular emphasis on rural poverty and smallholder livelihood strategies, with vast experience in various teaching and management of Academic affairs. Currently DR. Odondo is the Ag. Dean of the School of Business and Economics

Prof. Mathews M. Dida,
Ag. Dean School of Agriculture

Prof. Mathews M. Dida,

Ag. Dean School of Agriculture, an alumnus of university of Nairobi, where he graduated with a Bachelor of Science in Agriculture, also pursued his Masters of Science in Agronomy there and later, Masters of Philosophy Plant Breeding at University of Cambridge. He has also studied Pant Genetics at the University of East Anglia UK. He has served in various capacities in University administration. Prof. Dida also has a number of Patentable products to his name.

CHAIRPERSONS STATEMENT

Tom Mboya University College was established under the Universities Act, No. 42 of 2012 through Legal Order No 55 of April 16th 2016 as a constituent college of Maseno University. The University College is positioning itself as a University of choice in the face of increased competition both locally and internationally. The College opened the doors to its first students on the 3rd October, 2016.I therefore wish to thank the Government, the Council, staff, parents, students and all our stakeholders for their contributions and support. The University College is determined to offer quality teaching/scholarship, research, innovation, community outreach programs and sustainable development.

In the few years of existence, TMUC has made significant strides in achieving its mandate especially provision of quality university teaching. The University College has and will be launching new academic programs to address emerging issues in the surrounding environment and the economy at large in line with Kenyan Vision 2030, MTP SDGs and the "Big Four" agenda.

In the financial year 2017/2018 TMUC received recurrent capitation of KES 176 Million and KES 36.3 million for Development grant from the Government. While we do appreciate this financial support, the unprecedented increase in student enrolment requires increased funding from the Exchequer in order to address following key challenges:

- Inadequate sources of funds
- Inadequate Lecture Halls and Office space
- Inadequate ICT infrastructure
- Inadequate Teaching laboratories
- Inadequate library space, furniture and equipment
- Inadequate accommodation and catering facilities
- Lack of students' centre and insufficient sporting facilities
- Lack of Chapel and worship facilities
- Inadequate health facilities

Dr. Augusta N. Abate-Chair of Council

In order to tackle the challenges highlighted above, TMUC will strive to increase Self Sponsored Parallel (SSP) student numbers, initiate more income generating activities (IGA) and come up with other resource mobilization strategies in order to provide additional funds to supplement the support from the National Government.

Finally, I would like to express my special thanks to the Government for the support in realization of the University's mandate and all those who worked tirelessly to ensure smooth operation of this institution.

Dr. Augusta N. Abate
Bsc, MSc. (UoN); PhD (University of Aberdeen)

REPORT FROM THE PRINCIPAL

It gives me much pleasure in presenting the Annual Report and Financial Statements of Tom Mboya University College for the year ended June 30, 2018.

The vision for Tom Mboya University College is "To be a premier internationally recognized University (College) distinguished for its teaching, research and innovation". Entrenched in our newly launched Master Plan and Strategic Plan are the four niches core to knowledge for transformation and sustainable development with key values namely: excellence and quality in teaching, research and innovation, accountability and efficiency in the use of natural resources; integrity and transparency and sustainability. In order to achieve this vision, the University College offers quality academic programmes that meet the needs of the society in line with Vision 2030 and also contributes to scientific and technological innovations thereby enhancing the competitiveness of the University.

During the FY 2017/2018, the University College received Kshs.176 million and Ksh. 36,337, 500 million for recurrent and Development Expenditure respectively from the Government of Kenya. The University College was allocated Kshs.170, 000, 000 for development in the FY 2017-2018 which was later revised to Kshs.36, 337, 500 in the government's austerity measures, forcing it to defer development projects earmarked for that financial year.

The University incurred an expenditure of Ksh. 221,617,025 for recurrent expenditure. The Capitation grants that we have received in the past two financial years 2016/2017 and 2017/2018 were inadequate to recruit the requisite academic and administrative staff hence forcing the University College to rely heavily on Part-time lecturers. In the FY 2017-2018 we finalized the recruitment of 28 Academic Staff members and in the current FY 2018-2019 we have proposed to recruit additional 58 Lecturers in the various specializations, in addition to the two vacant positions of the Deputy Principals.

The major challenge facing the University College is lack of requisite infrastructural facilities needed to support the academic programmes on offer. This hurdle presents numerous challenges and difficulties. Furthermore, on accommodation, the University College has bed space for only 120 students. Due to this inadequate accommodation for student residents, the university end up leasing buildings to accommodate first years only which is a very expensive venture. Currently the university has leased a building to house approximately 400 students, money we would hitherto use to support learning activities.

The development of the master plan and strategic plan are in line with our vision containing all the elements required to address challenges and weaknesses, which will be the principles of main focus during my term.

The University College with the Support from the National Government has embarked on a phased approach to develop physical facilities and infrastructure to match the growing student population. The following are among the key projects that have been prioritized in order to address the infrastructural needs:

- Administration and Tuition Block

REPORT FROM THE PRINCIPAL

- Administration and Tuition Block
- Laboratories
- Library Block and ICT Infrastructure
- Water Supply Systems
- Perimeter Fence and Gate
- Power Generator

It is in light of these much-needed developments that in the meantime besides appealing to the State Department of University Education and Research for more allocation of funds, it has become apparent that Fund raising has to become a top priority. The current state of affairs where we are almost entirely dependent on government subsidy and student fees makes us extremely vulnerable.

Ultimately there will be need to seek creative alternative sources of income in the medium term and for the future of the institution. Other facets of our implementation strategy include:

-Strengthening of management and administrative processes and procedures for efficient running of the University.

-Adoption of a compliance framework for all departments and entities of the University.

-Ensuring accountability of all staff especially those holding managerial positions.

-Marketing and Communication strategy to improve the visibility and presence of the University.

-Cultivation of strong links with the communities in our region.

Despite our challenges I would like to acknowledge and give much thanks to the National Government for its continued support in realization of the University's mandate.

Prof. Charles Omondi Ochola
PRINCIPAL

Going forward, the University College intends to continuously look into ways of improving and providing world-class service at all customer touch points, not only in the lecture hall but also in other aspects of students' life.

I would also like to express my special thanks to Tom Mboya University College Council, the staff and students and the larger Homabay Community for their continued and unwavering support to ensure realization of the growth of TMUC.

Prof. Charles Omondi Ochola
PRINCIPAL

MANAGEMENT DISCUSIONS AND ANALYSIS

Operational Performance

The Financial year 2017/2018 marked the second year of operation for Tom Mboya University College. The University College remains committed to maintaining employee productivity by improving work environment. During the Financial year TMUC Council and Management implemented salary reviews for staff members following approval from Salaries and Remuneration Commission (SRC) and the Collective Bargaining Agreement.

Student enrollment

FY 2017/2018 saw the introduction of new schools such as: The School of Arts & Social Sciences (SASS.), The School of Biological & Physical Sciences (SBPS.) and the School of Mathematics, Computing & Actuarial Sciences (SMCAS.)

The University College witnessed growth especially in the Schools of Business and the School of Education. The total enrolment increased from 112 students in 2016/2017 to 923 students in FY 2017/2018. Fig 1.1 shows enrolment of government sponsored students allocated through KUCCPS.

Fig: 1.1. KUCCPS PLACEMENT

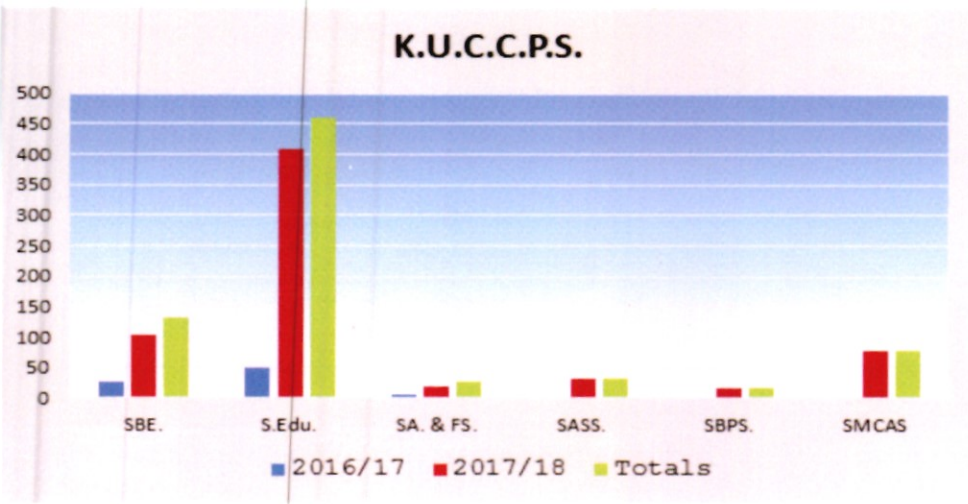


Fig: 1.2. SELF SPONSORD STUDENTS

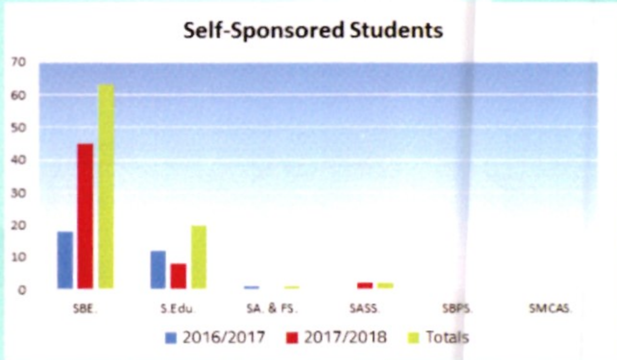
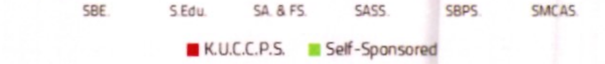


Fig: 1.2 shows the enrollment of Self-Sponsored Students majority of them preferring Business based programmes, Education and Arts in that order. Being the second year of operation TMUC has great potential to appeal to more Self-Sponsored students through strategic marketing plans and introduction of diverse courses.



SBE-School of Business and Economics
S.Edu-School of Education
SA & FS-School of Agriculture & Food Security
SASS-School of arts and Social Sciences
SBPS-School of Biological & Physical Sciences
SMCAS-School of Mathematics, Computing and Actuarial Science

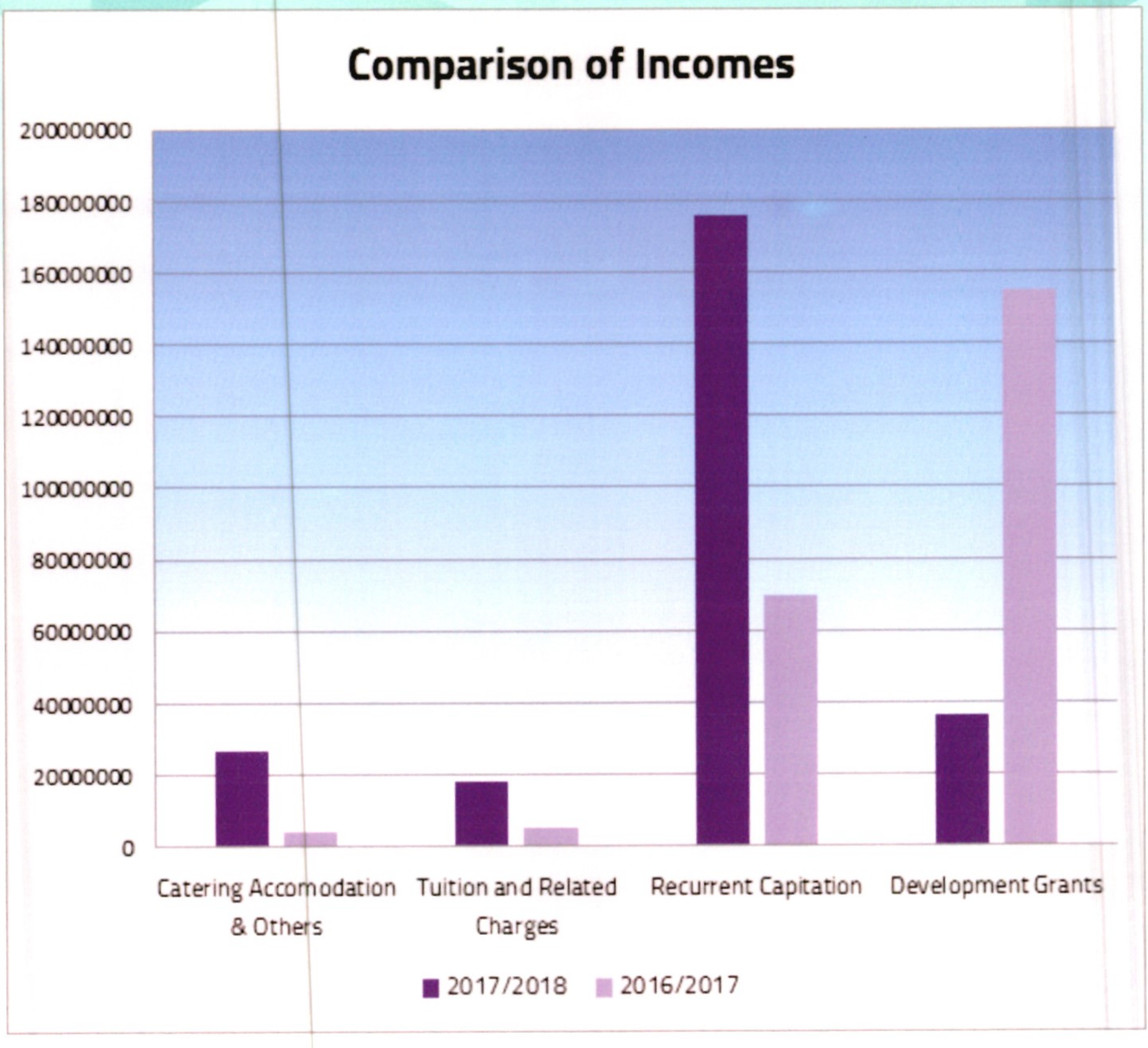
MANAGEMENT DISCUSIONS AND ANALYSIS

Financial Performance

Recurrent Income

The University realized Kshs. 223,359,217 in recurrent revenues in the financial year 2017/2018. Out of this Kshs. 176,000,000 was realized from recurrent government capitation and Kshs. 47,359,217 from internally generated revenues comprising of tuition Fees, Accommodation, Catering and other charges.

The Financial year 2017/2018 marked the second year of operation for Tom Mboya University College. The University College remains committed to maintaining employee productivity by improving work environment. During the Financial year TMUC Council and Management implemented salary reviews for staff members following approval from Salaries and Remuneration Commission (SRC) and the Collective Bargaining Agreement.



MANAGEMENT DISCUSIONS AND ANALYSIS

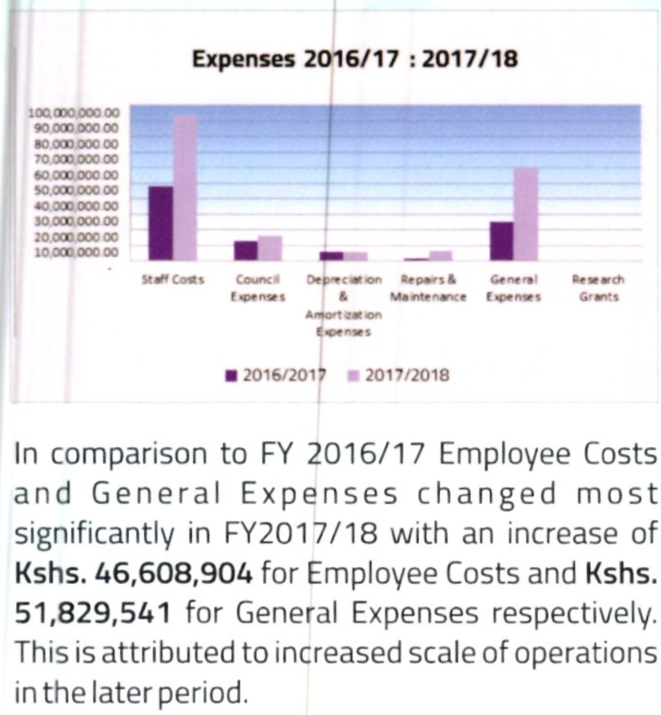
Recurrent Expenditure

During this financial year the University incurred recurrent expenditure of Kshs. 221,617,025 as follows;

- Employee Costs(EC) Kshs. 95,079,784
- Council Expenses(CE) Kshs. 17,853,660
- Repairs and maintenance(R&M) Kshs. 8,406,544
- Depreciation and Amortization(D&A) Kshs. 23,302,328
- General Expenses(GE) Kshs. 76,974,709

Fig 3.0 below shows the changes in prominent expenditure items in the period FY 2016/17 and FY 2017/18.

Fig 3.0. EXPENSES FY2016/17 & 2017/2018



In comparison to FY 2016/17 Employee Costs and General Expenses changed most significantly in FY2017/18 with an increase of **Kshs. 46,608,904** for Employee Costs and **Kshs. 51,829,541** for General Expenses respectively. This is attributed to increased scale of operations in the later period.

Expenses incurred in Council affairs and Repairs and Maintenance increased relatively marginally with **Kshs. 4,827,453** for Council Expenses and **Kshs. 6,425,494** for Repairs respectively.
There were no Research expenses for the period under review.

Development Income and Expenditure

Tom Mboya University College received a total of **Kshs. 36,337,500** in the month of June 2018 being its allocation for Development expenditure for financial year 2017/2018. The University College had initially been allocated **Kshs. 170,000,000** for Development expenditure through the printed estimates but later reduced to **Kshs. 36,337,500** through the supplementary budget. Following this drastic reduction in Development funds by **78.62%** and late remittance of the same, TMUC had to reschedule the Development projects earmarked for the FY 2017/2018.

The following Development projects initiated in the FY 2016/2017 have been completed.

- **Library, offices, Tuition block, Dinning Hall, Toilet, and Generator house** – the new building is constituted of the tuition blocks, library and offices that acts as the landmark building of the institution. Its features include modern finishing and a ramp for enabling easy access to Persons with disabilities. It has already been commissioned for use by students for class/tuition activities.

- **Sports Field & Access Road** – Sitting on the TMUC land is a standard sporting facilities. The facilities are accessed by the marram road from the university turn off at the main road.

- **Enterprise Resource Planning Software** – The Microsoft Navision ERP. System has modules that enhance efficiency between departments in sharing of data. The system is used in Financial Management, Procurement & Stores, project management, Student Welfare, academic management, and Human Resources/Payroll.

MANAGEMENT DISCUSIONS AND ANALYSIS

- **Development of The Master Plan** – The Master Plan development for the University College was finalized and officially launched.
- **Valuation of Assets.** TMUC engaged professional Asset Valuation to Value, Tag and prepare an Asset Register for all movable and immovable assets. The exercise was successfully completed.
- **Strategic Plan:** The Strategic Plan 2018-2023 was successfully developed and launched.

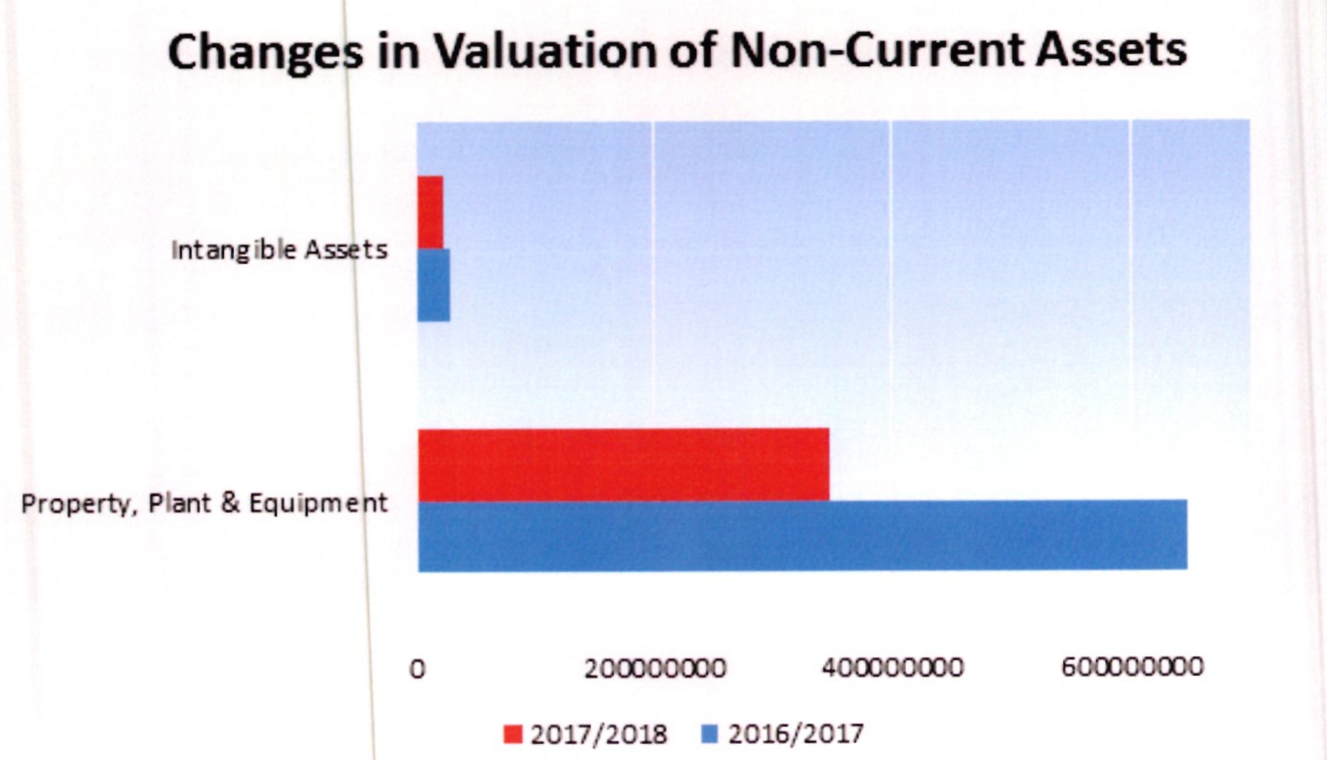
Non-Current Assets

In the period under review the University College engaged the services of a professional asset valuer, as a result there were significant changes in the values of Non-current assets as demonstrated in Fig: 4 below:

In the FY 2016/2017 the net-book value for Property, Plant and Equipment was Kshs. 646,472,818 based on the desktop valuation. In the FY2017/2018 the net book values for Property, Plant and Equipment after revaluation stood at Kshs. 330,464,619, hence the variance of Kshs. 316,008,199. Most notable was land whose value decreased from Kshs. 420, 000, 000 to Kshs.169, 780, 000. TMUC land is Government land whose valuation is based on different parameters from private land.

The reduction in the Net Book Value of the Intangible Assets-ERP Soft ware from Kshs. 29,402,863 to Kshs.23, 522, 290 is due amortization expenses.

Fig 4: Changes in Valuation of Non-Current Assets



CORPORATE GOVERNANCE STATEMENT

Tom Mboya University College Council is responsible for the overall management and governance of the institution and is accountable to the stake-holders for ensuring that the institution complies with the law and the best practices in Educational Governance and Business Ethics.

The Council members are committed to the need to conduct the business and operations of the University with integrity, accountability, transparency, responsibility and fairness in accordance with Generally Accepted Standards and endorse the internationally developed principles of good governance. The institution's stewardship is committed to complying with statutory requirements as outlined in the Universities Act, 2012, and the Governance for State Corporations (Mwongozo Code 2015).

Composition of the Council

Tom Mboya University College Council is constituted in accordance with the provisions in the Universities Act requiring nine (9) members appointed by the Cabinet Secretary. The Act provides that the membership shall consist of the Chairperson, Permanent Secretaries for both the Ministry of Finance and Ministry of Education for which TMUC has representation, and five (5) independent members. The Vice Chancellor of Maseno University is member representing the mentoring institution as provided for in the legal notice.

The Board provides strategic direction; exercises control and remain accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on the balanced and sustainable performance of the College.

Appointment of Council members is by notice in the Kenya Gazette. The Substance of Nominations and Recommendations for appointment or re-appointment of members are set out in the Board Charter, further covering the retirement of Council members on what is referred to as Staggered Retirement to mitigate occurrence of a vacuum should a majority of members retire at the same time.

The Board Charter spells out the important governance arrangements including;

- Terms of Reference for all Council Committees.
- Duties Regarding the Council which addresses issues on Conflict of Interest, appointment and compensation.
- Supervision of Financial Reporting
- Council decision making

Council Meetings

The Council shall meet as often as necessary but not less than four (4) times a year. If possible, meetings shall be scheduled annually in advance according to an annual board calendar. The Council shall meet earlier than scheduled if deemed necessary by the chairman of the council or two other members of the board.

Council meeting agendas are circulated at least five days prior to the meeting, the Chair shall consult the CEO (Principal) on the content of the agenda of which each Council member and the CEO has a right to request that an item be placed on the agenda with prior notice.

CORPORATE GOVERNANCE STATEMENT (Cont.)

Committee Membership Composition

The Tom Mboya University College Council constituted (3) three standing committees with clearly defined terms of reference under individual Committee Charters. Appointment to a committee is done with consideration of member skills and experience, committees act on delegated authority from the Council.

Executive, Academic and Human Resource Committee

1. Mr. Elijah N. Ireri	-	Chair
2. Dr. George B. Otieno	-	Member
3. Eng. George K Simba	-	Member
4. Mr. Jacob F. Wanyama	-	Member
5. Prof. Julius O.Nyabundi	-	Member

Finance, Planning and Investment Committee

1. Mrs. Esther D. Kodhek	-	Chair
2. Mr. Jacob F. Wamyama	-	Member
3. Ms. Emma C. Rono	-	Member
4. Prof. Julius O. Nyabundi	-	Member
5. Dr. George B. Otieno	-	Member
6. Mr. Johnson M. Mwangi	-	Member

Audit and Risk Management Committee

1. Ms. Emma C. Rono	-	Chair
2. Mr. Elijah N. Ireri	-	Member
3. Eng. George K. Simba	-	Member
4. Mrs. Esther D. Kodhek	-	Member
5.Mr. Johnson M. Mwangi	-	Member

Key Council Decisions

In the course of the financial year, the Council made key decisions relating to:

i. The Tom Mboya University College Strategic Plan, its formulation, methodology and execution.

ii. Appointment of Academic and Administrative personnel

iii. Confirmation of appointment of the Principal from the initial acting role.

iv. Ensuring financial sustainability by approving the Tom Mboya's financing requirements being the annual budget estimates and the procurement plan.

v. Formulating and effecting of the Board Charter.

Council Capacity Building

To guarantee consistent critical and creative execution of its mandate council members undergo regular trainings and updates based on skills and competency requirements.

Newly appointed members are taken through an induction programme to enhance their understanding of the Institution's operations, strategy and performance.

In the year under review the Audit Committee attended **'Audit & Risk Management Committee Training'** held at Nairobi's Safari Club on the 15th – 16th of February 2018.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Health

In its bid to give back to the community Tom Mboya University College has collaborated with The University of California, Irvine, of United States America in International Center of Excellence in Malaria Research Project (ICEMR).

ICEMR is a global network of independent research centres in Malaria-endemic settings, such as Homa-Bay County, with an aim of providing crucial strategies for the control and eventual prevention of malaria. Among its core objectives is 'to build clinical research capacity and improve malaria control and prevention'. In this Collaborative arrangement, TMUC has provided and allocated space for set up of a laboratory towards the project.

Contribution to Economic Development

TMUC has by virtue of its presence impacted positively not only by being a centre for academic development but also significantly contributed to the growth in the economy of the County by creating demand and supply of goods and services. The following are some of the economic activities arising out of the establishment of TMUC that has contributed to the growth of the economy and improvement of standards of living for the residents of Homa-Bay County:

- Leasing of Accommodation and Tuition facilities to cater for the increased student enrolment
- Opening up the region to domestic and other forms of tourism which trickles down to other businesses in the hospitality and transport industries.
- The demand for residential houses by both students and staff has increased since the inception of TMUC.
- TMUC as an institution has also provided big market for goods and services ranging from Contractors to suppliers of all sorts of commodities.
- The demand for goods and services as a result of increased student and staff has seen the establishment of various forms of businesses.
- Employment Casual workers

Cotton Production

Tom Mboya University College, through the Agricultural Extension Division is the hosting institution for a regional project to strengthen the Cotton Sector in the Lake Victoria Basin. This initiative is called the COTTON VICTORIA PROJECT, supported by the Federal Republic of Brazil, Brazilian Cooperation Agency (ABC) and Federal University of Flavas (UFLA).

The specific objective in Kenya is to improve institutional capacity and that of national human resources (researchers, extension professionals and leading farmers) in relation to using and disseminating cotton production technologies and seed production system.

The expected outcomes of the project include;

- Characterization of cotton production chains in Kenya, Tanzania and Burundi
- Facilities of TDU in partner institutions in condition for training, adaptation and dissemination of technologies related to cotton production systems.
- Set up basic seed production system in

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kenya, Tanzania and Burundi.

- Agricultural Technologies for producing cotton disseminated in Kenya, Tanzania and Burundi through rural extension activities.

- The project monitored and evaluated

Tom Mboya University College is the hosting institution for the Project Technology Demonstration Unit (TDU).

Agricultural Extension Services and value addition in food processing

The Agricultural Extension section engages in value addition through food processing. Currently the Unit makes fruit juices and peanut butter for sale to students, staff and the outside community. The following crops are grown in the farm; tomatoes, cabbages, sukuma wiki (Kales), Black night shade, spider plant, cowpeas, beetroot, spinach, maize, beans, bananas and capsicums.

Cultural Diversity and promotion of peaceful coexistence

As part of its mission to promote cultural diversity and peaceful coexistence among communities, TMUC has ensured that the students enrolled within its academic programmes and staff represents the face of Kenya.

REPORT OF THE COUNCIL

The Council has the pleasure to submit this report together with the financial statements for the year ended 30thJune 2018 which show the state of the University College's affairs.

Principal activities

The principal activity of the entity is to offer high quality training, carry out innovative research and community outreach programmes for sustainable socio-economic development summarised in the strategic and short-term objectives below:

- To promote academic excellence through scholarship and quality teaching.
- To promote research and extension by participating and attracting research funds and disseminations.
- To establish a strong capital and financial base through increasing relevant and quality programs, increasing access to SSP and Income Generating Activities.
- To develop, grow and maintain physical facilities/buildings and general infrastructures.
- To enhance corporate image and social responsibility through extension and outreach programs.
- To promote Coexistence, Inclusivity, Equity and Social justice.
- To attract, head hunt, recruit and retain competent human capital.

Results

Results for the year ended 30th June 2018 are set out on pages 21 to 64

Council

The members of the Council who served during the year are shown on page 8 to 11 of this report.

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Surplus remission

Tom Mboya University College did not make any surplus during the year 2016/2017 and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Council

Sign

Date 12/12/2018

Prof. Charles Omondi Ochola, PhD

Principal /Chief Executive Officer

STATEMENT OF THE COUNCIL RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and The Universities Act No. 42 of 2012 requires the Council to prepare financial statements of the University College which give a true and fair view of the state of affairs of the University College as at the end of each financial year and of its operating results for that year. The Council is also required to ensure that the University College maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the University College. They are also responsible for safeguarding the assets of the University College.

The Council is responsible for the preparation of financial statements that give a true and fair view in accordance with International Public-Sector Accounting Standards (IPSASs) and in the manner required by the Kenyan Public Finance Management Act, and for such internal controls as the council determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Council accepts responsibility for the University College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act Cap 446.

The Council is of the opinion that the University College's financial statements give a true and fair view of the state of the University College's financial affairs of the company and of its financial performance. The Council further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of the University College's financial statements, as well as adequate systems of internal financial control.

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

Approval of the financial statements

The University College's financial statements were approved by the Council on the 27th September, 2018 and signed on its behalf by:

Council Chair:

Council Member:

Council Member:

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON TOM MBOYA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Tom Mboya University College set out on pages 32 to 64, which comprise the statement of financial position as at 30 June 2018, and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tom Mboya University College as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Tom Mboya University College in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Budget Performance

During the year under review, Tom Mboya University had a total budget of Kshs.434,349,562 against amount spent of Kshs.198,314,697 leading to a variance of Kshs.236,034,865 as shown hereunder:

	Budget Kshs	Actual Kshs	Variance Kshs	Absorption rate (%)
Receipts				
Tuition fees & other related charges	27,212,755	36,739,670	-9,526,915	135%
Catering, Accommodation & other incomes	40,093,245	10,619,547	29,473,698	26%
Expenses				
Employee costs	279,547,637	95,079,784	184,467,853	34%
Council Expenses	20,000,000	17,853,660	2,146,340	89%
Repair and maintenance	15,583,100	8,406,544	7,176,556	54%
General expenses	119,218,825	76,974,709	42,244,116	64%
Total	**434,349,562**	**198,314,697**	**236,034,865**	**46%**

Catering, accommodation & other incomes realized 26% budget absorption while expenditures on employee costs (34%), council expenses (89%), repair and maintenance (54%), and general expenses (64%). In the event, the budget is not optimally absorbed indicating failure by the University to meet its target performance.

Key Audit Matters

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

REPORT ON COMPLIANCE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

Conclusion

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

Basis for Conclusion

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

A review is limited primarily to analytical procedures and to inquiries, and therefore provides less assurance than an audit. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this compliance review.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 1315. The standard requires that I plan and perform the review so as to obtain limited assurance as to whether effective processes and systems of internal control, risk management and governance was maintained in all material respects.

The matters reported are limited to the deficiencies identified during the audit that I have concluded are material to be reported. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this review.

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 universities Act, No.42 of 2012 through the Legal Order No. 55 of 16 April 2016, 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 the audit;

ii. In my opinion, adequate accounting records have been kept by the Tom Mboya University College, so far as appears from the examination of those records; and,

iii. The Tom Mboya University College financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

In preparing the financial statements, management is responsible for assessing the Tom Mboya University College ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management intends to cease the operations of the Tom Mboya University College.

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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Tom Mboya University College financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 Tom Mboya University College policies and procedures may deteriorate.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Tom Mboya University College ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report.

  However, future events or conditions may cause the Tom Mboya University College to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Tom Mboya University College to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

25 January 2019

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2018

		2017/2018	2016/2017
	Notes	Shs	Shs
Revenue from non-exchange transactions			
Recurrent Capitation Grants	6	176,000,000	70,000,000
Research Grants	7	-	145,800
		176,000,000	**70,145,800**
Revenue from exchange transactions			
Tuition fees & other related charges	8	36,739,670	5,213,000
Catering, Accommodation & Other Incomes	9	10,619,547	3,926,561
		-	
		47,359,217	**9,139,561**
		-	
Total revenue		**223,359,217**	**79,285,361**
Expenses		-	
Employee Costs	10	95,079,784	48,470,880
Council Expenses	11	17,853,660	13,026,207
Depreciation and amortization expense	12	23,302,328	6,144,588
Repairs and maintenance	13	8,406,544	1,981,050
General expenses	14	76,974,709	25,145,168
Research Grants Expenditure	15	-	145,800
Total expenses		**221,617,025**	**94,913,693**
Surplus before Tax		**1,742,192**	**(15,628,332)**
Taxation		-	-
Surplus for the period		**1,742,192**	**(15,628,332)**

The notes set out on pages 33 to 56 form an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

		2017/2018	2016/2017
	Notes	**Shs**	**Shs**
Assets			
Current assets			
Cash and cash equivalents	16	120,781,785	107,315,852
Receivables from exchange transactions	17	5,207,301	528,170
Inventories	18	4,224,652	1,284,418
		130,213,738	**109,128,440**
Non-current assets			
Property ,plant and equipment	19	330,464,619	646,472,818
Intangible Assets	20	23,522,290	29,402,863
		353,986,909	**675,875,681**
Total assets		**484,200,647**	**785,004,121**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	93,253,591	71,519,590
Refundable deposits from customers	22	1,493,000	399,430
Taxation			
Prepayments and Deposits	23	5,670,417	888,200
Total current liabilities		**100,417,009**	**72,807,220**
Total liabilities		**100,417,009**	**72,807,220**
Net assets			
Capital Fund		200,187,691	572,825,233
Capital Development Grants		191,337,500	155,000,000
Accumulated Surplus/(Deficit)		(7,741,552)	(15,628,332)
Total net assets		**383,783,639**	**712,196,901**
Total net assets and liabilities		**484,200,647**	**785,004,121**

The Financial Statements set out on pages 27 to 31 were signed on behalf of the Council by:

Principal /C.E. O
Prof. Charles Omondi Ochola

Ag. Finance Officer
Mr. Julius O Otieno
ICPAK Member Number: 4369

Council Chair
Dr. August N. Abate

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2018

	Capital Reserve	Revaluation reserve/ Adjustments	Accumulated Surplus/(Deficit)	Capital/ Development Grants/Fund	Total
At July 1, 2016	**572,825,233**	**-**	**-**	**-**	**572,825,233**
Asset Donations	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Accumulated Depreciation on Asset revaluation	-	-	-	-	-
Surplus/Deficit for the year	-	-	(15,628,332)	-	(15,628,332)
Capital/Development grants received during the year	-	-	-	155,000,000	155,000,000
At June 30, 2017	**572,825,233**	**-**	**(15,628,332)**	**155,000,000**	**712,196,901**
At July 1, 2017	**572,825,233**	**-**	**(15,628,332)**	**155,000,000**	**712,196,901**
Asset Donations	-	-	-	-	-
Revaluation Adjustments	(372,637,542)	(372,637,542)	-	-	(372,637,542)
Accumulated Depreciation on Asset revaluation	-	-	6,144,588	-	6,144,588
Prior year Adjustments					-
Surplus/Deficit for the year	-	-	1,742,192	-	1,742,192
Capital/Development grants received during the year	-	-	-	36,337,500	36,337,500
At June 30, 2018	**200,187,691**	**(372,637,542)**	**(7,741,552)**	**191,337,500**	**383,783,639**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2018

	2017/2018	2016/2017
		(15 Months)
Cash flows from operating activities		**Kshs.**
Receipts		
Recurrent Capitation Grants	176,000,000	70,000,000
Conditional Grants Syngenta	-	145,800
Tuition & Other related charges	36,739,670	5,213,000
Other Incomes	10,619,547	3,926,561
Adjustments for non– cash items		
Less Increase in accrued Income	(4,679,132)	(528,170)
Add Increase in refundable Deposits	1,093,570	399,430
Less decrease in Income Received in Advance	4,782,217	888,200
Net cash receipts from Operating Activities	**224,555,873**	**80,044,821**
Payments		
Staff Costs	95,079,784	48,470,880
General Expenses	76,974,709	25,145,168
Repairs and Maintenance	8,406,544	1,981,050
Research expenses	-	145,800
Council Expenses	17,853,660	13,026,207
Adjustments for non– cash items		
Increase in Inventories	2,940,234	1,284,418
Accrued Accounts Payables	(18,207,117)	(656,326)
Salary paid Maseno University for Seconded Staff	(3,279,721)	(43,125,613)
Items procured by Maseno University for TMUC	(5,534,987)	(5,864,637)
Retention fees on Capital Projects	(924,731)	(5,492,982)
Accrued KRA withholding tax	(1,536,421)	(401,776)
Accrued PAYE deduction	401,776	(389,378)
Net cash Payments	172,173,731	34,122,811
Net cash flows from operating activities	**52,382,142**	**45,922,010**
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	(75,253,710)	(109,195,035)
Net cash flows from investing activities	**(75,253,710)**	**(109,195,035)**
Development Capitation Grants	36,337,500	155,000,000
Net Cashflow From Investing Activities	**(38,916,210)**	**45,804,965**
Cash flows from financing activities		
Advances from Maseno University	-	15,588,878
Net cash flows used in financing activities	**-**	**15,588,878**
Net increase in cash and cash equivalents	**13,465,932**	**107,315,853**
Cash and cash equivalents as at 1st July 2017	**107,315,853**	
Cash and cash equivalents as at 30th June 2018	**120,781,785**	**107,315,853**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2018.

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Recurent Grants from GoK	540,069,420	(384,069,420)	156,000,000	176,000,000	- 20,000,000
Supplementary Budget	-	211,043,562	211,043,562	-	211,043,562
Tuition fees & other related charges	70,125,000	(42,912,245)	27,212,755	36,739,670	(9,526,915)
Catering, Accommodation & Other Incomes	-	40,093,245	40,093,245	10,619,547	29,473,698
Total income	**610,194,420**	**(175,844,858)**	**434,349,562**	**223,359,217**	**210,990,345**
Expenses					
Employee Costs	502,915,250	(223,367,613)	279,547,637	95,079,784.25	184,467,853
Council Expenses	18,404,850	1,595,150	20,000,000	17,853,660	2,146,340
Repairs and Maintenance	10,194,320	5,388,780	15,583,100	8,406,544	7,176,556
General Expenses	78,680,000	40,538,825	119,218,825	76,974,709	42,244,116
Total expenditure	**610,194,420**	**(175,844,858)**	**434,349,562**	**198,314,697**	**236,034,865**
Surplus/(Deficit) for the period	-	-	-	**25,044,520**	**(25,044,520)**

RECONCILIATION OF STATEMENT OF FINANCIAL PERFORMANCE AND STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Kshs	Kshs
Surplus as per Statement of Financial Performance		**1,742,192**
Depreciation and Amortization Expense		23,302,328
		25,044,520
Surplus as per Statement of Comparison of Budget and Actual amounts		**25,044,520**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2018 (Continued)

EXPLANATION OF MATERIAL VARIANCES

1. Recurrent grants from GoK

The difference of Kshs 20,000,000 relates to the amount allocated to Tom Mboya University College for the implementation of CBA 2013-2017 by Ministry of Education, State Department for University Education

2. Revenue from Non exchange Transactions

The revenue from non-exchange transactions was below the budget arising from the fact that the students admitted within the FY 2017-2018 were below the expected target.

3. Financing of the Budget Deficit

Tom Mboya University College had a budget deficit of Kshs. 386,045,562. The University College being a young/new Government Institution expected the Government to bridge the budget deficit through a supplementary budget. After several appeals, the University College was only able to secure Kshs. 30,000,000 and an additional Kshs. 20,000,000 for CBA implementation.

4. Employee Costs

The University College had budgeted to spend Kshs 279,547,637 on personnel emoluments. These funds were earmarked for the recruitment of Academic and key administrative staff but due to budgetary deficit, recruitment of staff was limited to the availability of funds.

5. Repair and Maintenance

Kshs 15,583,100 was budgeted for repair and maintenance expenses but due to budgetary deficit most of the repairs, maintenance and minor works were rescheduled and prioritized within the available funds.

6. Council Expenses

The University College had budgeted to spend Kshs. 20,000,000 on Council expenses but due to inadequate financing, some of the Council activities had to be reorganized and rescheduled to cater taking into account the budgetary constraints.

7. General Expenses

The University College had budgeted to spend Kshs 119,218,825 on teaching and administrative over heads. Due to budgetary constraints most of the teaching and administrative activities planned for in the financial year were not undertaken leading to the variance.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Tom Mboya University College is established by and derives its authority and accountability from the Universities Act, No. 42 of 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institution's principal activity is to provide University education and training for societal transformation.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Tom Mboya University College financial statements have been prepared in accordance with and comply with International Public-Sector Accounting Standards (IPSAS). 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, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, The Universities Act 2012, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Impact
IPSAS 39: Employee Benefits	**Applicable: 1st January 2018** The objective to issue IPSAS 39 was to create conv ergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition
i) Revenue from non-exchange transactions

Fees, taxes and fines

The University College recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Student Income
These are fees from the various programmes, statutory/mandatory charges, and fees for accommodation and catering services. Tuition fees are recognized over the period of the Semester they are earned without regard to when they are received.

Statutory Fees refer to charges such as registration fees, Medical fees, Activity fees, Computer fees, Student Union fees and charges for student Identification purposes. These are recognized over the course of the semester to which they apply. Catering and Accommodation proceeds are recognized upon allocation of rooms and use of

Campus dining facilities.
Student Caution money is recognized a Liability under Current Liabilities.

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

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

Disposal Gains and Losses
Any gains or losses on disposal of property, plant and equipment is recognized at the date the control of the asset is passed on to the other party and it is determined after deducting from the proceeds the net book value of the asset at the time of disposal.

b) Budget information
The original budget for FY 2017-2018 was approved by the National Assembly.

Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University

NOTES TO THE FINANCIAL STATEMENTS (Continued)

College recorded additional appropriations of **Kshs. 47,359,217** on the 2017/2018 budget following the Council's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented page 37 of these financial statements.

c) Taxes
Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the 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. 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

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

d) Investment property

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is calculated on the 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 using the following annual rates:

Description	Annual Rate
Buildings	2.50%
Plant, machinery and equipment	20%
Office equipment	20%
Computer equipment	33.30%
Motor vehicles	25%
Furniture and fittings	12.50%
Crockery & Utensils	33.50%
Library Books	20%
Intangible Asset(ERP)	20%

c) Leases

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

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.
Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

d) Intangible assets

Intangible assets acquired separately are

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

e) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

f) Financial instruments

Financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Impairment of financial assets

The University College assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial

NOTES TO THE FINANCIAL STATEMENTS (Continued)

recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the University College of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University college determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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

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

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic

NOTES TO THE FINANCIAL STATEMENTS (Continued)

benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

TMUC creates and maintains reserves in terms of specific requirements.

- As per the State Corporation Act Sec 16(1) and 9(2) and Universities Act TMUC shall make provision for the renewal of depreciating assets by the establishment of sinking funds and contributions to such reserve and stabilization funds as may be necessary.
- Any surplus moneys after making the provision required shall be disposed of in such manner as proposed by management and approved by the Council.
- Any surplus realized in any given financial year from the operations of TMUC shall be retained in a Reserve Account and shall be used by the Council in furtherance of its objectives as outlined from time to time. Any deficit realized in any given financial year shall be offset against the realized surplus held in the reserve account.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

p) Related parties

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

q) Service concession arrangements

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

r) 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made: e.g.:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying

amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial

statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:
The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset
Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. TMUC makes provisions for bad debts at 5% on sundry debtors.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no Contingent Assets or Liabilities to report for the period under review.

30 CAPITAL COMMITMENTS

Capital Commitments	2017-2018	2016-2017
	Kshs	Kshs
Authorized for		
Completion of Incomplete Tuition Block	-	70,000,000
Access Road and Sports Field	-	40,000,000
Tuition Block Phase 1	100,002,000	-
Master Plan	-	12,000,000
Library Block and ICT Infrastructure	45,000,000	-
Laboratory Science Block Phase 1	70,000,000	9,750,000
Sub-total	215,002,000	131,750,000
Authorized and Contracted for		
Completion of Incomplete Tuition Block	-	69,202,220
Access Road and Sports Field	-	36,447,775
Master Plan	-	11,600,000
Sub-total	**-**	**117,249,995**

31 SURPLUS REMISSION

The University College is not in the category of regulatory authorities and therefore exempted from the remission of 90% of the operating surplus of the preceding Financial year.

32 EVENTS AFTER THE REPORTING PERIOD

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

33 ULTIMATE AND HOLDING ENTITY

Tom Mboya University College is a State Corporation under the State Department for University Education and Research, Ministry of Education. Its ultimate parent is the Government of Kenya.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE		2017/2018	2016/2017 15 Months
6	Recurrent Grants		
	Recurrent Capitation from GoK	176,000,000	70,000,000

6b) Transfers from Ministries, Departments and Agencies					
Name of the Entity	Amount recognized to Statement of Comprehensive Income	Amount deferred Under deferred income	Amount Recognized in Capital Fund	Total grant Income during the year	2016/2017
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education: State Department for University Education	176,000,000	-	36,337,500	212,337,500	225,000,000
Total	**176,000,000**	**-**	**36,337,500**	**212,337,500**	**225,000,000**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE		2017/2018	2016/2017 15 Months
7	**Research grants**		
	Syngenta	-	145,800
8	**Tuition and related charges**		
	Activity fees	2,640,000	313,000
	Computer Time income	4,715,000	588,500
	Examination fee	3,572,000	428,000
	Library fee	1,374,000	169,500
	Maintenance fee	914,000	113,000
	Registration fee	900,500	108,500
	Student ID	411,000	56,500
	Student Medical fee	2,698,000	339,000
	Tuition fees	19,515,170	3,097,000
		36,739,670	**5,213,000**
9	**Other Incomes**		
	Accommodation Fees	4,500,000	614,000
	Hire of Halls	10,000	14,000
	Application fee	220,000	99,000
	Catering income	5,354,620	2,714,609
	Tendering charges	28,690	42,280
	Farm income	258,400	358,849
	Miscellaneous	247,837	83,823
		10,619,547	**3,926,561**
10	**Staff costs**		
	Personnel Emoluments (Payroll)	78,679,357	43,191,962
	Part-time payments	11,704,404	2,171,900
	Casual Wages	4,372,473	2,943,836
	Medical expenses	-	44,222
	Staff development	323,550	118,960
		95,079,784	**48,470,880**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE		2017/2018	2016/2017 15 Months
11	**Council expenses**		
	Chair Honorarium	720,000	885,500
	Council Meetings and Facilitation Costs	17,133,660	12,140,707
		17,853,660	**13,026,207**
11	**Depreciation and Amortisation expenses**		
	Buildings	2,662,625	2,672,060
	Motor Vehicles	3,586,750	-
	Furniture & Fittings	1,690,203	1,381,735
	Computers	857,520	770,243
	ICT Infrastructure	984,315	1,038,287
	Library Books	6,242,622	83,509
	Office Equipment	241,607	90,397
	Plant and Equipment	1,156,113	108,357
	Amortisation of Intangible Asset-ERP	5,880,573	
		23,302,328	**6,144,588**
13	**Maintenance and Repairs**		
	Plant and Equipment	661,750	41,750
	Motor Vehicles Repairs& Spares	124,430	268,717
	Maintenance of Office Equipment	-	135,610
	Maintenance of Grounds	39,730	93,980
	Repair &Maintenance of Generators	26,460	33,575
	Refurbishment of Buildings	311,555	1,365,548
	Water Supply Repairs	-	41,870
	Maintenance of Hostels	28,010	
	Minor Works and Construction	7,214,609	-
		8,406,544	**1,981,050**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE		2017/2018	2016/2017 15 Months
	Legal Expenses	665,360	-
	Licenses and Permits	7,500	-
	Strategic Plan	4,883,600	-
	Master Plan	11,600,000	
	Rent Expenses	6,165,650	-
	KUCCPS Placement Fees	135,000	-
	Student Welfare	159,835	-
	External Examiners	1,071,800	-
	Asset Valuation	2,742,000	-
	CUE Expenses	480,000	-
	SOTMUC Expenses	256,867	-
	Increase in Provision for Doubtful Debts	254,069	
		76,974,709	**25,145,168**
15	**Research Grants expenses - SYNGENTA**	**-**	**145,800**
16	**Cash and Cash Equivalents**		
	TMUC Current A/C KCB Homabay Branch A/C No. 1182330096	22,830,903	37,306,729
	TMUC Development KCB A/C Homabay Branch A/C No. 1182330010	44,084,549	64,617,872
	TMUC Fee Collection Equity A/C Homabay Branch A/C No. 0980269346780	44,890,343	2,499,600
	TMUC IGA KCB A/C Homabay Branch A/C No. 1198213183	8,975,990	2,891,651
		120,781,785	**107,315,852**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE		2017/2018	2016/2017 15 Months
14	**General expenses**		
	Admission related expenses	62,675	50,400
	Advertising and publicity	2,593,630	1,778,773
	Audit fees	696,000	-
	Bank charges/commissions	330,440	87,943
	Cleaning materials	511,727	362,227
	Committee expenses		204,200
	Computer expenses		24,999
	Cooking fuel/gas	375,000	242,550
	Electricity expenses	1,164,746	396,314
	Examination material	304,534	35,000
	ICT expenses	2,137,750	414,385
	Internet access and services	2,140,629	1,649,499
	Field Trip/Industries	243,925	74,000
	Fuel For Boilers/Generators	39,280	69,280
	Land Preparation/Crops inputs	79,300	179,296
	Medical expenses	10,966,825	92,963
	Office Running Expenses	594,887	79,335
	Performance Contract	136,363	-
	Purchase of Periodicals	778,845	10,900
	Postal telegram		417,250
	Penalties & Fines	98,620	98,620
	Food & Catering Expenses	6,204,120	4,011,670
	Security services	6,492,976	5,445,044
	Stationery Expenses	1,995,997	1,550,139
	Subscription Expenses	169,250	151,880
	Tender Expenses	287,200	10,000
	Teaching materials	370,709	4,000
	Telephone expenses	570,724	258,298
	Transport Operating Expenses	782,422	256,650
	Travelling and accommodation	7,015,299	6,471,134
	Uniforms and clothing		2,820
	Veterinary Services	33,920	13,820
	Water Charges	1,375,235	701,779

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE		2017/2018	2016/2017 15 Months
17	**Receivables from Exchange Transactions**		
	Students Debtors	5,081,370	501,750
	Imprest Debtors Clearing A/C	-	26,420
	Deposits(Guarantees)	380,000	-
	Less Provision for Doubtful Debts	(254,069)	
		5,207,301	**528,170**
18	**Inventories**		
	Stocks Farm Stocks	-	155,725
	Stocks Maintenance Stores	1,251,568	51,300
	Stocks Stationery	1,434,044	104,593
	Stocks Medical Drugs Reagents & Others	395,955	75,534
	Stocks Cleaning Materials	266,172	27,523
	Stocks Food Stuff	628,913	769,744
	Biological Assets	248,000	100,000
		4,224,652	**1,284,418**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 DEFERRED INCOME

The University College recognizes Government grants, public contributions and donations under the capital fund

25 EMPLOYEE BENEFIT OBLIGATIONS

Tom Mboya University College being a young/new institution does not have a registered Pension Scheme and employee pension contributions currently are being remitted to Maseno University Pension Scheme pending the establishment of Tom Mboya University Pension Scheme. As at 30th June 2018, all the pension contributions had been remitted.

The University College also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The University College obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.400 per employee per month.

26. CASH GENERATED FROM OPERATIONS

	2017-2018	2016-2017
	Kshs	Kshs
Deficit for the year before tax	**1,742,192**	**(15,628,332)**
Adjusted for:		
Depreciation and Amortization	23,302,328	6,144,588
Items Procured by Maseno University	(5,534,987)	(5,864,637)
Working Capital Adjustments		
Less Increase in Receivables	(4,679,132)	(528,170)
Add Increase in refundable Deposits	1,093,570	399,430
Increase in income received in advance	4,782,217	888,200
Increase in inventories	2,940,234	1,284,418
Increase in Payables	28,735,719	59,226,513
Net Cash flow from Operating Activities	**52,382,142**	**45,922,010**

27 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 entity'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, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial

19. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	ICT Infrastructure	Library Books	Office Equipment	Plant and equipment	Work in Progress	Total
Cost/Valuation	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1July 2016	420,000,000	106,882,400	-	10,601,335	1,203,000	3,146,325	404,613	-	487,560	-	542,725,233
Additions	-		-	832,790	1,110,010	-	30,051,730	726,142	72,300	77,099,201	109,892,173
At 30th June 2017	**420,000,000**	**106,882,400**	**-**	**11,434,125**	**2,313,010**	**3,146,325**	**30,456,343**	**726,142**	**559,860**	**77,099,201**	**652,617,406**
Additions	-		16,295,000	17,657,556	4,412,500	-	756,765	481,895	-	35,649,994	75,253,710
Disposals	-		-	-	-	-	-	-	-	-	-
Revaluation Gain/(Loss)	(286,667,775)	(69,579,620)	(1,948,000)	(15,570,055)	(4,150,375)	- 190,424	-	-	5,220,707	-	(372,885,542)
Transfer to Master Plan										(7,099,200)	(7,099,200)
Completed Projects	36,447,775	69,202,220	-	-	-	-	-	-	-	(105,649,995)	
At 30th June 2018	**169,780,000**	**106,505,000**	**14,347,000**	**13,521,626**	**2,575,135**	**2,955,901**	**31,213,108**	**1,208,037**	**5,780,567**	**-**	**347,886,374**
Depreciation											
At 1July 2016	-		-	-	-	-	-	-	-	-	-
Depreciation	-	2,672,060	-	1,381,735	770,243	1,038,287	83,509	90,397	108,357	-	6,144,588
Impairment	-		-	-	-	-	-	-	-	-	-
At30 June 2017	**-**	**2,672,060**	**-**	**1,381,735**	**770,243**	**1,038,287**	**83,509**	**90,397**	**108,357**	**-**	**6,144,588**
Depreciation	-	2,662625	3,586,750	1,690,203	857,519	984,315	6,242,621	241,607	1,156,113	-	17,421,755
Disposals	-		-	-	-	-	-	-	-	-	-
Impairment	-		-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	- 2,672,060	-	- 1,381,735	- 770,243	1,038,287	- 83,509	- 90,397	- 108,357	-	(6,144,588)
Net book values											
At 30th June 2018	**169,780,000**	**103,842,375**	**10,760,250**	**11,831,423**	**1,717,615**	**1,971,586**	**24,970,486**	**966,430**	**4,624,454**	**-**	**330,464,619**
At 30th June2017	**420,000,000**	**104,210,340**	**-**	**10,052,391**	**1,542,800**	**2,108,038**	**30,372,834**	**635,745**	**451,503**	**77,099,201**	**646,472,818**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. INTANGIBLE ASSETS - ERP SOFTWARE

Description	2017/2018	2016/2017
Cost		Shs.
At beginning of year	29,402,863	-
Additions	-	29,402,863
At end of year	**29,402,863**	**29,402,863**
Additions - internal Development	-	-
At end of year	**29,402,863**	**29,402,863**
Amortization and Impairment		
At beginning of Quarter	-	-
Amortization	5,880,573	-
At end of year	-	-
Impairment loss	-	-
At end of year	5,880,573	-
NBV	**23,522,290**	**29,402,863**

		2017/2018	2016/2017 (15 Months)
			Kshs
21	**Trade and Other Payables**		
	Accounts Payable	18,863,442	656,326
	Seconded Staff from Maseno University	46,405,334	43,125,613
	Procured Items from Maseno University	5,864,636	5,864,637
	Maseno Advances	15,688,878	15,588,878
	Retention	4,505,502	5,492,982
	Kra Withholding Tax Control	-	401,776
	Paye Deduction Payable	1,925,799	389,378
		93,253,591	**71,519,590**
22	**Refundable Deposits from Customers**		
	Student Refund	1,099,000	303,000
	Helb Control Account	394,000	96,430
		1,493,000	399,430
23	**Prepayments & Deposits**		
	Student Advanced Receipts	**5,670,417**	**888,200**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2018				
Receivables from exchange transactions	5,081,370	5,081,370	-	-
Bank balances	120,781,785	120,781,785	-	-
Total	**125,863,155**	**125,863,155**	-	-
At 30 June 2017				
Receivables from exchange transactions	528,170	528,170	-	-
Bank balances	107,315,852	107,315,852	-	-
Total	**107,844,022**	**107,844,022**	-	-

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

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

(ii) Liquidity risk management

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2018				
Trade payables	-	23,368,944	69,884,647	93,253,591
Total	-	23,368,944	69,884,647	93,253,591
At 30 June 2017				
Trade payables	-	1,447,480	70,072,110	71,519,590
Total	-	**1,447,480**	**70,072,110**	**71,519,590**

(iii) Market risk

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

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

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

...O THE FINANCIAL STATEMENTS (Continued)

Capital Risk Management

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

	2017-2018	2016-2017
	Kshs	Kshs
Accumulated (Deficit)	(7,741,552)	(15,628,332)
Capital reserve	200,187,691	572,825,233
Capital Development Grants	191,337,500	155,000,000
Total funds	**381,635,138**	**712,196,901**

iii) State Department for University Education and Research

iv) The Council

v) Employees

34 Currency

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

28 RELATED PARTY BALANCES

Government of Kenya

The Government of Kenya is the principal shareholder of the University College, holding 100% of the University College equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

i) The Commission for University Education, CUE.;

ii) The Kenya Universities & Colleges Central Placement Service, KUCCPS.;

	2018	2017
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	212,337,502	225,000,000
Total	212,337,502	225,000,000
b) Expenses incurred on behalf of related party		
Payments to CUE. (Commission for University Education)	480,000	-
Payments to KUCCPS. (Kenya Universities & Colleges Central Placement Service)	135,000	-
	------	------
Total	**615,000**	-
c) Key management compensation		
Council Expenses	16,462,162	13,026,207
Compensation to the Principal	10,787,080	8,210,184
Compensation to Senior Management Staff	14,821,692	13,831,212
Council Expenses	16,462,162	13,026,207
Compensation to the Principal	10,787,080	8,210,184
Compensation to Senior Management Staff	14,821,692	13,831,212
Total	**42,070,934**	**35,067,603**

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

There were no Key Audit Matters in the Report of the Auditor General on Tom Mboya University College on Financial Statements for the 15 Months Period ending 30th June 2017.The only other raised by the external auditor, and management comments that were provided to the auditor are summarised below. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Budget Analysis: Under Absorption of the Budget	The Budget was not fully financed hence under expenditure on the following: • Employee Costs • General Expenses • Repairs and Maintenance	Prof. Charles O. Ochola, Principal	Not Resolved: Engaging GoK for enhanced funding	Continuous

Principal

Date 12/12/2018

Chairman of Council

Date 12/12/2018

APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Tuition Block (Library room, Offices classrooms); Extension of Dinning Hall space; ablution block and generator House & Ramp Construction	69,202,220.40	69,202,220.40	100	69,202,220.40	69,202,220.40	GOK
2	Access Road and Sports Field	36,447,774.78	36,447,774.78	100	36,447,774.78	36,447,774.78	GOK
4	Master plan Development	11,600,000.00	11,600,000.00	100	11,600,000.00	11,600,000.00	GOK
		117,249,995	117,249,995		117,249,995	117,249,995	

APPENDIX 11: INTER-ENTITY TRANSFERS

	Break down of Transfers from theState Department of University Education and Research			
	FY 17/18			
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		01/08/2017	10,500,000	2017/18
		11/10/2017	21,000,000	2017/18
		03/11/2017	10,500,000	2017/18
		01/12/2017	8,333,333	2017/18
		01/12/2017	33,000,000	2017/18
		02/01/2018	10,500,000	2017/18
		02/01/2018	1,666,667	2017/18
		08/02/2018	1,666,667	2017/18
		08/02/2018	10,500,000	2017/18
		13/03/2018	10,500,000	2017/18
		13/03/2018	1,666,667	2017/18
		06/04/2018	10,500,000	2017/18
		06/04/2018	1,666,667	2017/18
		02/05/2018	10,500,000	2017/18
		02/05/2018	1,666,667	2017/18
		11/06/2018	10,500,000	2017/18
		11/06/2018	1,666,667	2017/18
		14/06/2018	7,500,000	2017/18
		28/06/2018	10,500,000	2017/18
		28/06/2018	1,666,667	2017/18
		Total	**176,000,002**	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		17/04/2018	31,875,000	2017/18
		19/06/2018	4,462,500	2017/18
		Total	**36,337,500**	

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

Ag. Finance Officer
Tom Mboya University College

Head of Accounting Unit
State Department for University Education and Research

APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Education: State Department for University Education	1/8/2017	Recurrent	10,500,000			-	-	-	10,500,000
	11/10/2017	Recurrent	21,000,000			-	-	-	21,000,000
	3/11/2017	Recurrent	10,500,000			-	-	-	10,500,000
	1/12/2017	Recurrent	8,333,333			-	-	-	8,333,333
	1/12/2017	Recurrent	33,000,000			-	-	-	33,000,000
	2/1/2018	Recurrent	10,500,000			-	-	-	10,500,000
	2/1/2018	Recurrent	1,666,667			-	-	-	1,666,667
	8/2/2018	Recurrent	1,666,667			-	-	-	1,666,667
	8/2/2018	Recurrent	10,500,000			-	-	-	10,500,000
	13/03/2018	Recurrent	10,500,000			-	-	-	10,500,000
	13/03/2018	Recurrent	1,666,667			-	-	-	1,666,667
	6/4/2018	Recurrent	10,500,000			-	-	-	10,500,000
	6/4/2018	Recurrent	1,666,667			-	-	-	1,666,667
	2/5/2018	Recurrent	10,500,000			-	-	-	10,500,000
	2/5/2018	Recurrent	1,666,667			-	-	-	1,666,667
	11/6/2018	Recurrent	10,500,000			-	-	-	10,500,000
	11/6/2018	Recurrent	1,666,667			-	-	-	1,666,667
	14/06/2018	Recurrent	7,500,000			-	-	-	7,500,000
	28/06/2018	Recurrent	10,500,000			-	-	-	10,500,000
	28/06/2018	Recurrent	1,666,667			-	-	-	1,666,667
	17/04/2018	Development			31,875,000	-	-	-	31,875,000
	19/06/2018	Development			4,462,500	-	-	-	4,462,500
Total			**176,000,002**		**36,337,500**				**212,337,502**

TOM MBOYA UNIVERSITY COLLEGE

KNOWLEDGE FOR SUSTAINABLE DEVELOPMENT

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