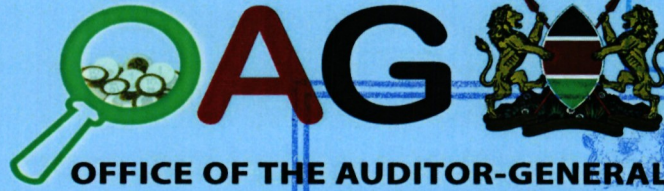


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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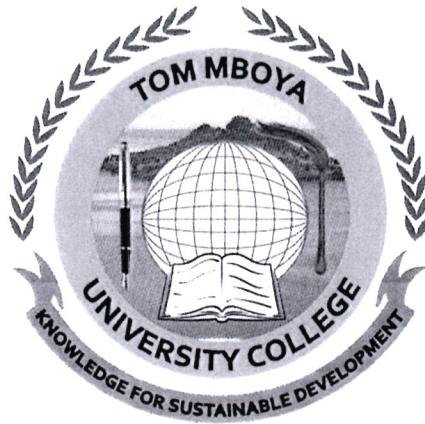
OF

THE AUDITOR-GENERAL

ON

TOM MBOYA UNIVERSITY COLLEGE

FOR THE YEAR ENDED
30 JUNE, 2020



TOM MBOYA UNIVERSITY COLLEGE
(A CONSTITUENT COLLEGE OF MASENO UNIVERSITY)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2020**

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

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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) centre and one (1) institute namely:

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

Vision

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

Mission

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

Core Values

- Excellence and quality in teaching, research, and innovation
- Accountability and efficiency in the use of entrusted resources
 - Integrity and transparency
 - Sustainability

(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;
- 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.

(c) Key Management

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

- Council
- Principal
- College Management Board
- College Academic Board

(d) Fiduciary Management

The Key Management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|--|---------------------------------|
| 1 | Principal | Prof. Charles Omondi. Ochola |
| 2 | Dean Faculty of Biological & Physical Sciences | Dr. Joseph Eyang'an Esekon |
| 3 | Dean Faculty Of Education | Prof. Enose M. Wambulwa Simatwa |
| 4 | Dean Faculty Of Business & Economics | Dr. Alphonse 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. Washington Odhiambo Wambas |
| 8 | Ag. Registrar, Academic and Student Affairs | Mr. Jarred O Malela |

(e) 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.
- Accredite 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 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.

(f) 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

(g) 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

(h) 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

-
(i) Tom Mboya University College Independent Auditors

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

(j) Principal Legal Adviser

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

Members of the University College 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.



Mrs. Sophia Yiega-Council Member

Date of Birth: 6th October 1968

Mrs. Sophia Yiega is a member of the council. She has over 25 years' experience working with the National Government and NGOs in Education, Civil Societies and Community Development. She has worked for Ministry of Education, Action Aid International, Christian Churches Educational Association (C.C.E.A), Concern World Wide, Care International Kenya, SNV Netherlands Development Organization and MEdIT Consultants. Sophia is currently the Chief Executive Officer for Women Educational Researchers of Kenya. She holds a Bachelor of Education (Arts) and M.Ed. (Psychology) from Kenyatta University.



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.

Members of The University College Council (Continued)

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 Strathclyde, 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. Stanley Mbugua Njoroge -Council Member

Date of Birth: 5th May 1974



Dr. Stanley Mbugua Njoroge is an independent member of the Council. He is currently head of Corporate Affairs & Public Relations at the Institute of Certified Public Accountants of Kenya (ICPAK). He has previously served as the Corporate Communications Manager, Athi Water Services Board(AWSB), Corporate Affairs Manager at Kenya Broadcasting Corporation, Public Relations Officer at Kenya Police Service headquarters and as English and Literature Teacher. He holds a Bachelor of Education(Arts) from Egerton University, Post graduate Diploma in Mass Communication and Master of Arts Communication from University of Nairobi, Masters in Intellectual Property from Africa University, Mutare-Zimbabwe and Ph.D. from Kenyatta University.

Members of The University College Council (Continued)



Mrs. Lily Cherono Koech-Sakaja-Council Member

Date of Birth: 16th February, 1969

Mrs. Lily Cherono Koech-Sakaja is a member of the Council. She is currently serving as a Customer fulfilment specialist at NCR Kenya Ltd. Previously she served as a product Administrator at NCR Kenya Ltd and as an Accounts Assistant at AT & T Global Information Solutions (Kenya) Ltd. She holds a Bachelor of Commerce Degree from Poona University, Master of Business Administration(MBA) from Daystar University and is a Certified Public Accountant of Kenya-CPA(K)



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. Ezra O. Magati-Council Member

Date of Birth: 10th October 1963

Mr. Ezra O. Magati is a member of the Council representing the Principal Secretary State Department for University Education and Research. Mr. Magati works as a Finance officer at the Ministry of Education, State Department for University Education. He holds Bachelor of Commerce degree and an MBA from Mohanlal Sukhadhia University

Members of the University College Council (Continued)

Prof. Julius O. Nyabundi–Council Member

Date of Birth: 3rd August 1954



Prof. Julius O. Nyabundi is a member of the Council. Prof. Nyabundi is currently 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

Date of Birth: 8th January 1961



Prof. Charles O. Ochola is secretary to 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.



CPA Julius Okoth Otieno,

Mr. Julius Okoth Otieno is the Ag. Finance Officer. He has over 18 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.



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.

Management Team (Continued)



Miss. Monica Ouma

Miss. Monica Ouma is in charge of Procurement Department. Previously worked as a Procurement Officer at Machakos University before joining Tom Mboya University College. She is a registered member of the Kenya Institute of Supplies Management. She holds a Bachelor of Education Arts and Master of Business Administration from the University of Nairobi. She also has a Professional Diploma in Procurement and Supply from the Chartered Institute of Procurement and Supply.



Mr. Wambas Washington

Mr. Wambas Washington is an Assistant Registrar in charge of Administration and Human Resource department. Previously worked as a Senior Administrative Assistant (Administration and Human Resource) at University of Kabianga before joining Tom Mboya University College. He holds a Bachelor of Science in Environmental Science with IT from Maseno University. Also serves as the secretary to the Management Board.



Prof. Enose M. W. Simatwa,

Prof. Simatwa is currently the Dean and an Associate Professor in the School of Education.

He joined Tom Mboya University College from Maseno University, School of Education where he had risen through the Academic line to the position of Associate Professor. He has also served as an Administrator in different capacities at Secondary and Post-secondary levels. His research areas include Social Sciences such as; Leadership and Policies, Management, Sociology and Psychology. He holds a Bachelor of Education from the University of Nairobi, Master of Education from Kenyatta University and Ph.D from Maseno University.

Management Team (Continued)



Dr. Alphonse 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 Dean of the School of Business and Economics



Dr. Joseph Eyang'an Esekon

Dr. Joseph Eyang'an Esekon, Ph.D is the Dean, Faculty of Biological and Physical Sciences. Before that he was the Ag. Dean, School of Pure and Applied Sciences at Murang'a University of Technology from 2015 to 2017 where he was a Senior Lecturer of Applied Mathematics. He joined Kirinyaga University in 2017 where again he became the Dean, School of Pure and Applied Sciences until May 2018. His research interests are in Mathematical Finance and Nonlinear Black-Scholes Partial Differential Equations. Dr. Esekon has also worked with the Ministry of Planning (Central Planning and Coordination Department) as a Statistician/Economist II before joining Kenya Commercial Bank (KCB) as a Management Trainee. He holds Bachelor of Science (Mathematic & Statistics) from Moi University, Master of Science (Biometry) from the University of Nairobi and Ph.D (Applied Mathematics) from Maseno University.

Chairperson's Statement



As Tom Mboya University College celebrates four (4) years of its existence, it is with a mixture of optimism and caution that it looks to the future. Optimism, because of success so far achieved and the opportunities the future holds and caution, because of the enormous uncertainties generated by the current economic challenges including the Covid-19 pandemic. Charting a course into this future requires the University College to examine its strategic directions and to develop plans that can ensure success in fulfilling Tom Mboya University College's mission in the decades to come.

Tom Mboya University College approaches the coming decades and beyond with unprecedented optimism and initial success. The University College facilities are poised to be expanded and improved; public funding and private support are anticipated and in a move already underway, the University College will focus on the following flagship areas: Public Policy and Allied Studies; Studies of Lake Victoria and Allied Challenges; Tourism and Cultural Studies; and Food Security and Agricultural Studies.

The ongoing process for full accreditation of the University College by the Commission for University Education affirms the positive, forward-moving momentum embodied in these events.

Against this background of success, internal and external circumstances require the University College not to rest on its laurels, but explore its future opportunities and possibilities. The current economic challenges have created an unprecedented and precarious external environment in which the major funding sources for public higher education have dwindled: state funding is constricting; financial pressures on students and families place serious constraints on the ability to increase tuition and other fees to offset the loss of public funding; donors are reducing their financing; and there is a major erosion in rates of return for existing investments.

In addition to the dramatic changes in the external environment, there are internal circumstances that call for reconsideration of the University's strategic directions. Enrolments have declined raising questions about competitiveness, effectiveness, recruitment, and retention. However, affiliation with other institutions will create opportunities that have not yet been strategically

realized. Such opportunities will only yield meaningful results through integration within a comprehensive strategic plan.

Arguably, the student body of the 21st century is bringing a new set of challenges and expectations to the University College. Key issues facing all institutions of higher learning are that the way students now learn and what constitutes learning for them, differ from those of previous generations. We must examine how faculty and academic support systems are equipped to deal with the changes in students' learning methods. This is one facet of the academic planning question facing the University College. From another perspective the question becomes "What educational programmes should be provided to which students in what environment using what resources?" Because the learning environment and resource needs will vary in educational programmes and expectations, it is the academic plan that will drive many of the other plans the University College intends to implement.

Tom Mboya University College is named after a person famed for his great passion for education and political prowess. With that name will come increased visibility as we promote the University College, its history and its significant contributions to society. The great passion for higher education that Thomas Joseph Mboya had will continue to inspire future growth of the institution in various ways including identification of financial resources to help realise this growth.

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 continued smooth operation of this institution



Dr. Augusta N. Abate

Chairperson

Tom Mboya University College Council

Report from The Principal



I am pleased to present the Annual Report and Financial Statements of Tom Mboya University College for the Financial year ended June 30th, 2020.

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 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.

The institution’s role in achieving this vision, is emphasized by our commitment to offering 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.

Financial Overview

Tom Mboya University College suspended its academic programmes in March 2020 following the government response to contain the spread of Coronavirus(Covid-19). As at the time of the closure, there were approximately six weeks remaining to the end of semester two of 2019/2020 academic year. As a result of the suspension of academic programmes, the University College was faced with the challenge of collecting tuition and accommodation fees owed by students.

During the 2019/2020 FY, the University College received **Kshs. 389,262,479** and **Ksh. 105,870,989** for recurrent and Development Expenditure respectively from the Government of Kenya. In addition, **Kshs. 93,203,621** was recognized from Internally Generated revenues. The development capitation of **Kshs. 105,870,989** was given for the ongoing construction of Administration and Lecture Theaters Block.

Infrastructural Development

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. Due to inadequate accommodation space for students, the university has resorted to leasing arrangements to accommodate students-with priority to first years.

The University College has started the construction of administration and Lecture theatres block estimated to cost **Kshs. 1,391,982,000** to completion. The Project is being undertaken in phases. The University College has prioritized Library block; CT resource Centre; Laboratory complex and Hostels as key projects to address the infrastructural needs.

Future outlook

It is in light of these much-needed developments that in the medium-term besides appealing to the State Department of University Education and Research for more allocation of funds, it has become apparent that Fund raising, revenue generation and reduction of costs have to be the Management's top priorities. The current state of affairs renders TMUC entirely dependent on government subsidies and student fees, making 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.

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



Review of Tom Mboya University College’s Performance for Fy 2019/2020

Tom Mboya University College has 11 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Training
- Pillar 2: Research and Consultancy
- Pillar 3: Physical Infrastructure and facilities
- Pillar 4: ICT Infrastructure
- Pillar 5: Resource Mobilization and Visibility
- Pillar 6: Leadership and Integrity(Governance)
- Pillar 7: Human Resource Management
- Pillar 8: Safety and Security
- Pillar 9: Quality Assurance
- Pillar 10: Students Welfare and Management
- Pillar 11: Cross Cutting Issues

Tom Mboya University College develops its annual work plans based on the above 10 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The University College achieved its performance targets set for the FY 2019/2020 period for its 10 strategic pillars, as indicated in the diagram below.

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--------------------|---|--|--|--|
| Pillar 1: Training | To design, develop and mount unique market driven, teaching, research and outreach programmes | No. of undergraduate programmes designed in the area of public policy and allied studies. -Letter of Authority. -No. of Certificate programmes designed and developed. | i. Design and develop undergraduate programmes in the areas of: a. Public Policy and allied studies; b Lake studies and allied challenges; ii Seek accreditation from | -Designed, developed and submitted to CUE Academic programmes in Lake studies and allied challenges, Public Policy and allied studies. -Collaborated with Ndhiwa Constituency to offer basic ICT training to youths |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|------------------------------------|--|--|--|--|
| | | <ul style="list-style-type: none"> -Partnership proposals and signed MoUs -No. of youths and vulnerable groups trained. -e-learning platform and infrastructure created and online common courses mounted | <ul style="list-style-type: none"> CUE iii Design and develop capacity building ICT certificate programmes. iv Collaborate with county governments on giving basic ICT training to youths and vulnerable groups. v Build e-learning platform to mount common courses such as HIV & Aids determinants, prevention and management. | <ul style="list-style-type: none"> and vulnerable groups -E-learning platform developed |
| Pillar 2: Research and Consultancy | -To promote research and consultancy activities for creation and dissemination of knowledge. | <ul style="list-style-type: none"> -Policy on management of TMUC's research activities. - Publications of Research activities. - | <ul style="list-style-type: none"> i. Establish a coordination unit for research and consultancy activities. ii. Develop a research policy. iii. Identify community, county and national research and development needs. iv. Build collaborative | <ul style="list-style-type: none"> -Research policy developed and approved. -Staff trained on writing grant winning research proposal. Collaborations -International Centre of excellence in Malaria Research Project(ICEMR) -TMUC, Thika way Investment Limited |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--|--|---|---|--|
| | | | partnership on research and consultancy in the areas of agriculture and food security; and common diseases around Lake Victoria v. Train staff on writing a competitive research grant proposal. | and DBFZ, of the republic of Germany Collaborative Project. -Cotton Victoria Project a technical regional project to strengthen cotton sector in the lake Victoria basin supported by the Federal republic of brazil through Brazillian Cooperation agency and Federal University of Lavras (UFLA) -Integrated Agricultural Research for Development-IARD(Project) in collaboration with KALRO |
| Pillar 3: Physical Infrastructure and facilities | -To upgrade the existing physical facilities -To develop priority physical infrastructure facilities. | -Signed contracts and architectural drawings -renovation and maintenance schedules. -Standby generators -increased space for operations. | -annually audit facilities to determine their level of utilization and status. -upgrade/renovate existing facilities. -Electricity supply upgrade -Construction of the following | The following capital projects undertaken. -Ongoing construction of Administration and Lecture theatres block. -Completion of office block and tuition block |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|------------------------------|--|--|--|--|
| | | | physical facilities and infrastructure; a. Administration and lecture halls block b. Library & ICT Resource Centre. c. Laboratory Block. d. Perimeter fence & gate. e. Power generator. f. Students' hostels. g. Civil works. h. Farm office and green houses. | -Access road and sports field. -Power generator. -Perimeter fence and gate |
| Pillar 4: ICT Infrastructure | -To leverage technology(ICT) to enhance training and delivery of administrative services | -Policy documents. -Audit report on ICT status and ICT training needs assessment for staff. -training manuals and attendance lists. -Budget on ICT equipment. -Upgraded ICT software and | i. Develop institutional ICT policy in line with the national ICT policy that includes the guiding standards ii. Conduct automation audit and undertake ICT training needs assessment for staff iii. Conduct training of staff | -ICT policy developed. -Staff trained on ERP. -Funding level for ICT equipment and software increased to Kshs.20 million. -ERP upgrades conducted. -ICT security systems established and enhanced. |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--|---|---|--|---|
| | | hardware. -Monitoring and evaluation report on adherence to the ICT policy and standards guiding service provision. | on ERP iv. Increase funding for ICT equipment and software v. Conduct regular upgrading of ICT software to keep up with the rapid technological changes; vi. Establish and enhance ICT security systems vii. Monitor and evaluate implementation of the ICT policy and standards to guide service provision. | Ongoing Ongoing Ongoing |
| Pillar 5: Resource Mobilization and Visibility | -To expand TMUC's resource base and enhance its visibility. | -Increased research grants. -Signed collaborations. -Number of IGUs initiated. -Proposal for increasing exchequer funding to the Principal Secretary in charge of University Education and | i. Explore viable funding options through partnership and collaboration with research partners, donors, public and the private sector and friends of Tom Mboya network or foundation ii. Develop more income generating | -Collaborating with International Centre of excellence in Malaria Research Project (ICEMR) -Trained 400 youths in ICT through Ajiira digital platform in Collaboration with Ministry of ICT. -Trained 200 youths on basic ICT skills |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--|--|---|--|---|
| | | research | units (IGUs) iii. Leverage on the growing demand for accommodation, catering services, exhibitions and meeting facilities vi. Request for increased capitation from the treasury with justification v. Prepare and implement a cost reduction plan; vi. Promote corporate image by advertising TMUC's academic programmes during education days and other relevant social forums | in Collaboration with Ministry of ICT and Ndhwa Constituency. -Implemented a cost reduction plan leading to manageable employee costs, travel expenses, ICT expenses, library expenses and other administrative expenses. -Participated in educations in schools within Homa Bay county to promote corporate image and market academic programmes |
| Pillar 6: Leadership and Integrity(Governance) | -To ensure that TMUC gets a charter to operate as a fully-fledged University. -To create a culture of ownership, efficiency and effectiveness in policy execution | -Application for charter. -Charter -Workshop proceedings and copies of certificates of participation. -Code of conduct | i Meet CUE requirements for award of Charter ii Apply for grant of Charter iii. Conduct training on accountability, good governance, resource | -Appointment of Committee for the award of Charter. -Staff and students sensitized through meetings and trainings on accountability, resource management and |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------------------|--|---|--|---|
| | among TMUC employees. | and ethics manual. -Policy document. -Appointment letters of corruption prevention committee and reports - | management as well as ethics and integrity iv. Develop a code of conduct and Ethics for staff v. Develop a whistle blowers' policy vi. Constitute a Corruption Prevention Committee vii. Train Integrity Assurance Officers viii. Implementation of policies, regulations and Legislations ix Strengthen internal audit department | integrity. -Integrity assurance officers appointed and trained. -Corruption Prevention Committee appointed. -Management of TMUC affairs by following laid down policies, regulations and legislations. -Integrity assurance officers appointed and trained -Policies, regulations and legislations implemented. -Internal audit department strengthened through additional staff recruitment and trainings. |
| Pillar 7. Human Resource Management | -To attract, develop, motivate and train qualified staff | -Approved policy. -increased budgetary allocations for personnel emoluments. | -Develop and implement schemes of service for staff -Conduct team building | -Advertised and recruited 39 additional academic and key administrative staff. -Medical Insurance |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------------|--|---|---|--|
| | | <ul style="list-style-type: none"> -work environment survey and implementation of the recommendations. -Annual training needs assessment report. - | <ul style="list-style-type: none"> workshops/ seminars for attitude change among members of staff. -Raise staffing level to 80% of the approved establishment by 2023. -Provision of quality medical care/services to staff and their legal dependants. -Ensure a conducive work environment -Ensuring compliance to the national, safety and security standards. -Increase staff productivity and effectiveness at all levels by capacity development. | <ul style="list-style-type: none"> provided to council members, staff and their legal dependants. -Provided office space, furniture, equipment, computers and internet to staff to ensure good working environment. -Security firm contracted to offer security services -Trained academic staff on research grant proposal writing and facilitating staff to attend professional development programmes. Ongoing |
| Pillar 8: Safety and Security | -To ensure safety and security of TMUC staff | <ul style="list-style-type: none"> -Perimeter wall in place -Training reports and attendance lists and certificates. -Installed security gadgets. | <ul style="list-style-type: none"> -Construction of perimeter wall around the University College; -Conduct sensitization trainings for both staff and students | <ul style="list-style-type: none"> -Awarded contract for the Construction of perimeter wall and gate house. -Firefighting equipment installed and regularly maintained. -Assets insured |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|-----------------------------|--|---|--|--|
| | | -Installed and serviced fire extinguishers -Insurance policy documents. -Implementation plan for ICT security systems and documented evidence of maintenance | on safety and security preparedness; -Installation of surveillance cameras, scanning gadgets at all University college critical points -Installation and maintenance of firefighting equipment and conduct fire drills -Insurance of University assets -Establish and enhance ICT security systems | against possible risks. -Ongoing |
| Pillar 9: Quality Assurance | -To develop a culture of quality in service delivery in TMUC | -Quality assurance unit in place. -Increased budgetary allocation for personnel emoluments -Policy document. -QMS operations procedures manual. M&E reports -ISO 9001:2015 Certificate | -Establish a quality assurance Unit -Recruit/Appoint key staff of the QA Unit -Develop a Quality Assurance policy. -Document the University's processes and operations procedures -Operationalize the M&E function | -Quality Assurance Unit established and staff appointed. -Ongoing -Ongoing -Ongoing -Ongoing |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--|---|--|---|---|
| | | | of the QA Unit -Obtain ISO Certification against ISO 9001:2015 standards | -Ongoing |
| Pillar 10: Students Welfare and Management | -To strengthen student welfare services -To develop programmes geared towards addressing the welfare of needy students | -Dean of students' appointment letter/advert -Survey report. -Implementation status report. -M & E frame work. -Appointed games tutor. -No. of cultural weeks held. -No. of CSR activities identified. -Career office in place -No. of students placed in internship reports | -Recruit/Appoint Dean of Students -Undertake a survey on students counselling needs -Implement the survey report -Develop M&E and referral framework for counselled cases. -Undertake students' financial needs assessment survey -Develop a comprehensive Student works study Programme -Establish a fund for a Work-Study Programme -Strengthen the existing games department -Undertake a cultural and arts week | Recruitment of Dean of Students initiated. Ongoing -Ongoing -Ongoing -Ongoing -Ongoing -Ongoing -Ongoing |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|---------------------------------|-------------------------------------|--|---|--|
| | | | -Identify Corporate Social Responsibility activities -Establish and operationalize Career Services Office -Identify internship and placement opportunities for students -Develop procedures and guidelines for students on exchange programs | -Ongoing -Ongoing -Ongoing -Ongoing |
| Pillar 11: Cross Cutting Issues | -To mainstream cross cutting issues | -Policy documents. -additional staff -sensitization posters, programmes on integration | Develop and implement policy on; -Disability Mainstreaming -HIV and AIDS mainstreaming -Alcohol, Drug and Substance Abuse -Gender Mainstreaming -Strengthening the AIDS Control Unit | -Ongoing |

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.

Roles and functions of the Council

- Administer the property and funds of the University College in a manner and for the purposes which shall promote the interest of the University College, however, the Council shall not charge or dispose of immovable property of the University College except in accordance with the procedures laid down by the Government of Kenya;
- Receive, on behalf of the University College, donations, endowments, gifts, grants or other moneys and make disbursements there from to the University College or other bodies or persons;
- Provide for the welfare of staff and students of the University College;
- Enter into association with other Universities, University Colleges or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate as provided for in section 29 of the Act;

- Approve regulations governing the conduct and discipline of the students of the University College;
- Approve regulations governing the conduct and discipline of the staff of the University College;
- Raise funds and secure financial support for the University College;
- Determine University College fees and other charges;
- Establish scholarships, bursaries and other awards;
- Approve the terms and conditions of service and criteria for recruitment, appointment and promotion of staff;
- Approve the regulations governing staff and student conduct
- Approve academic affiliations and associations with other University Colleges and institutions;
- Establish its Committees;
- Establish Campuses, departments, faculties, schools, institutes and any other teaching facility;
- Employ staff
- Approve the statutes of the University College and cause them to be published in the Kenya Gazette;
- Approve the policies of the University College;
- Approve the budget;
- Recommend for appointment of Principals, Deputy Principals and Principals of constituent University Colleges through a competitive process;
- To confer after receiving a report from the Academic Board, the title of Emeritus Professor, Visiting Professors, Honorary Professor, Honorary Lecturer or Honorary Fellow;
- To promote and to make financial provisions and facilities for execution of the functions of the University College;
- Subject to the laid down government procedures to approve sale, purchase, exchange, lease, or take on, lease movable and immovable property on behalf of the University College;
- Subject to the laid down government procedures, to approve the borrowing of money on behalf of the university; and for that purpose and subject to the Act, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon movable and immovable property or otherwise as the Council may deem fit;
- To receive, on behalf of the University College, donations, endowments, gifts, development grants or other moneys and make legitimate disbursements wherefrom;
- To approve the constitution of the Students Organization and so far as is reasonably practicable, to ensure that the Students' Organization operates in a fair and democratic manner;
- To approve the opening and/or closing of the University College's bank account(s) for the funds of the university.
- All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signified under the hand of the Chairperson,

the Principal, or any other member of the Council or management generally or specifically authorized by the Council to perform such function on its behalf.

- The Council shall ensure that a proper management structure is in place and make sure that the structure functions to maintain corporate integrity, reputation and responsibility.
- The Council shall monitor and evaluate the implementation of policies, strategies and management plans of the University College.
- The Council shall receive and evaluate reports on management and governance of the University as provided for by various legislations and the Statutes for effective monitoring and evaluation.
- The Council shall constantly review the viability and financial sustainability of the University, and shall do so once every year.
- The Council shall ensure that the University College complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.
- The Council shall perform such other duties as may be contained in the Statutes and may have such other powers as contained in the Act.
- In carrying out its duties the Council may delegate any of its powers or responsibilities to Committees as shall be deemed necessary.
- Council may empower such Committees act jointly with any committee appointed by Academic Board provided that Council shall not delegate to a Committee the power to approve without further reference to Council the annual estimates of expenditure of accounts.
- Undertake any other that shall be provided for by the Act, Legal Notice, Legislation and Government Circulars

Appointment and removal of Council members

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.

Succession Plan

The Tom Mboya University Council has a succession plan. Eng. George K. Simba will exit the Council in the year 2021 while the rest of the members will carry on institutional memory. Mr. Elijah N. Ileri having served in the previous Council was reappointed for the sake of continuity. This therefore means by the time all other members will exit the Council member who will have succeeded Eng. Simba will carry on the institutions memory to the next Council. Further a few other members from the existing Council will be reappointed as those who are serving their second terms exit to join other Councils or Boards.

Council and Committee Charters

Tom Mboya University Council in April, 2018 approved the Council and Its Committees Charters. These Charters gives the roles and responsibilities of each Committee and the Council. They generally give guidance on the conduct of Council business at all levels.

The Council 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.

In total there were six (6) full Council meetings in the year. The attendance of committee and council meetings is tabulated below:

| SNO. | NAME OF MEMBER | FPI COMMITTEE | EXEC COMMITTEE | AUDIT COMMITTEE | COUNCIL |
|------|----------------------|---------------|----------------|-----------------|---------|
| 1. | Dr. Augusta Abate | 1 | 1 | | 5 |
| 2. | Mr. Elijah N. Ileri | | 4 | 3 | 6 |
| 3. | Eng. George K. Simba | | 4 | 3 | 6 |
| 4. | Mr. Johnson Mwangi | 5 | | 2 | 5 |
| 5. | Mr. Clement O. Odeka | 1 | 1 | | 1 |
| 6. | Prof. Julius O. | 5 | 4 | | 6 |

| SNO. | NAME OF MEMBER | FPI COMMITTEE | EXEC COMMITTEE | AUDIT COMMITTEE | COUNCIL |
|------|-------------------------|---------------|----------------|-----------------|---------|
| | Nyabundi | | | | |
| 7. | Ms. Lily C-Koech Sakaja | 3 | | 2 | 4 |
| 8. | Ms. Sophia Yiega | 3 | | 2 | 4 |
| 9. | Dr. Mbugua Njoroge | 3 | 2 | | 4 |
| 10. | Ms. Ezra Magati | 5 | 3 | | 5 |
| 11. | Ms. Esther D. Kodhek | 3 | | 1 | 2 |
| 12. | Ms. Emma Rono | 2 | | 1 | 2 |
| 13. | Ms. George B. Otieno | 3 | 2 | | 2 |

S/No. 7, 8 and 9 were appointed effective 8/11/2019 to replace S/No. 11, 12 and 13 upon expiry of their three-year term.

S/No. 5 replaced S/No. 10 effective 04/06/2020 as the alternate representative to the Principal Secretary, State department for University Education and Research.

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.

| Name of the Committee | Members |
|--|---|
| Executive, Academic and Human Resource Committee | 1. Mr. Elijah N. Ireri - Chair 2. Dr. Stanley Mbugua - Member 3. Eng. George K Simba - Member 4. Mr. Ezra O. Magati - Member 5. Prof. Julius O. Nyabundi - Member |
| Finance, Planning and Investment Committee | 1. Mrs. Lily C. Koech-Sakaja - Chair 2. Mr. Ezra O. Magati - Member 3. Mrs. Sophia Yiega - Member 4. Prof. Julius O. Nyabundi - Member 5. Dr. Stanley Mbugua - Member |

| Name of the Committee | Members |
|-------------------------------------|---------------------------------------|
| Audit and Risk Management Committee | 6. Mr. Johnson M. Mwangi - Member |
| | 1. Mrs. Sophia Yiega - Chair |
| | 2. Mr. Elijah N. Ireri - Member |
| | 3. Eng. George K. Simba - Member |
| | 4. Mrs. Lily C. Koech-Sakaja - Member |
| 5. Mr. Johnson M. Mwangi - Member | |

Council remuneration

Remuneration of the Council members has been as guided by the relevant circulars from the head of public service. These circulars have been adhered to, to ensure that Council remuneration does not go beyond the required percentage of the total budget.

Council and member Performance

The Council and individual performance review was conducted by State Corporations Advisory Authority. The Council performance for the year was **91.86%**

Conflict of interest

In the year under review the members did not have any personal interests in the matters that were tabled before them that would lead them to be conflicted. As such there was no recording of interest.

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.

Management Discussion and Analysis

Operational Performance

The Financial year 2019/2020 marked the fourth year of operation for Tom Mboya University College. The University College remains committed to maintaining efficiency and effectiveness in its operations.

Student enrollment

The student enrollment in the various academic programmes has been on the increase since the establishment of TMUC in May 2016. In the FY 2019/2020 it had student enrolment of 1,358.

The majority of the students are Government Sponsored as placed by KUCCPS.

Financial Performance

Recurrent Income

Recurrent Income for the FY 2019/2020 was **Kshs. 307,387,299** comprising of **Kshs. 214,183,679** from non-exchange transactions (GoK recurrent capitation) and **Kshs. 93,203,621** from exchange transactions (internally generated revenues).

Tuition and other related charges included in the revenue from exchange transactions increased from **Kshs. 57,513,150** in FY 2018/2019 to **Kshs. 68,405,775** in FY 2019/2020 which translates to a **18.92%** rise. This rise is attributed to increase in student enrolment.

Other incomes increased from **Kshs. 9,954,040** in FY 2018/2019 to **Kshs 24,797,846** in FY 2019/2020.

Development Income

The University College also received **Kshs. 105,870,989** in FY 2019/2020 compared to **Kshs. 250,000,000** in FY 2018/2019 from the exchequer towards the Construction of Administration and Lecture Halls Block.

The University College had been allocated Kshs. 250,000,000 in the FY 2019/2020 printed estimates but later revised to Kshs. 105,870,989 in the supplementary II budget.

Recurrent Expenditure

During the period under review the University incurred recurrent expenditure of **Kshs. 301,061,738** as follows;

- Employee costs Kshs. 161,187,037
- Council Expenses Kshs. 10,187,278
- Repairs and maintenance Kshs. 9,065,564
- Depreciation and Amortization Kshs. 34,596,752

- General Expenses Kshs. 86,025,108

Staff costs and General Expenses comprising of teaching and Administrative overheads has been on the increase due to the recruitment of academic and key administrative staff to handle the growing number of students and academic programmes.

Expenses incurred in Council affairs reduced in comparison to 2018/2019 FY due to the effect of COVID-19 that led to interruption of council activities in third and fourth quarter of 2019/2020 FY.

Expenditure on Depreciation and amortization has increased as a result of addition of Property, Plant and equipment to support core mandate.

Development/Capital Expenditure

The University College in the FY 2019/2020 incurred expenditure amounting to **Kshs. 180,182,839** on the following development and capital expenses including payment of part of outstanding Maseno University debt.

- | | |
|---|-------------------|
| • Construction of Administration and Lecture Theatres block | Kshs. 131,754,615 |
| • Purchase of Motor Vehicles | Kshs. 20,035,621 |
| • Furniture and fittings | Kshs. 2,663,000 |
| • Computers | Kshs. 8,007,201 |
| • ICT Infrastructure | Kshs. 2,750,000 |
| • Office equipment | Kshs. 3,799,774 |
| • Maseno University debt | Kshs. 10,344,000 |
| • Other Capital items | Kshs. 828,628 |

Key Projects which are ongoing include:

- Construction of Administration and Lecture Theatres Block estimated to cost **Kshs. 1,391,982,000** to completion.
- Perimeter Wall and gate **Kshs. 35,000,000**
- Power Generator **Kshs. 7,000,000**

Compliance with Statutory obligations

Tom Mboya University College has complied with all statutory requirements and has no arrears pertaining to any statutory obligations.

Corporate Social Responsibility Statement

Youth Empowerment

Tom Mboya University College believes in the future of technology and the youth of our beloved country, thus partnering with the Ministry of Information Communication and Technology through the Ajira Digital Program. **Ajira** is a project being coordinated by the Ministry of Information, Communications and Technology, Ministry of Public Service, Youth and Gender Affairs, Ministry of Education and Ministry of Foreign Affairs. **Ajira** seeks to position Kenya as a choice labour destination for multinational companies as well as encourage local companies and public sector to create digital work. The government digitization projects already create lots of viable micro work that can be completed by digital workers.

The main objectives are to raise the profile of digital work and;

- Promote a mentorship and collaborative learning approach to finding digital work;
- Provide Kenyans with access to digital work
- Promote Kenya as a destination for online workers.
- Training on key soft skills and financial literacy

TMUC provided the youth of Homabay with a platform to be trained and be empowered to exploit the potential of Information Technology.

Access to digital work will build wealth and grow the middle class across the country. A larger middle class means more opportunities for businesses and direct growth of GDP.



400 youth benefited from the **Ajira** Training held at TMUC.

Health

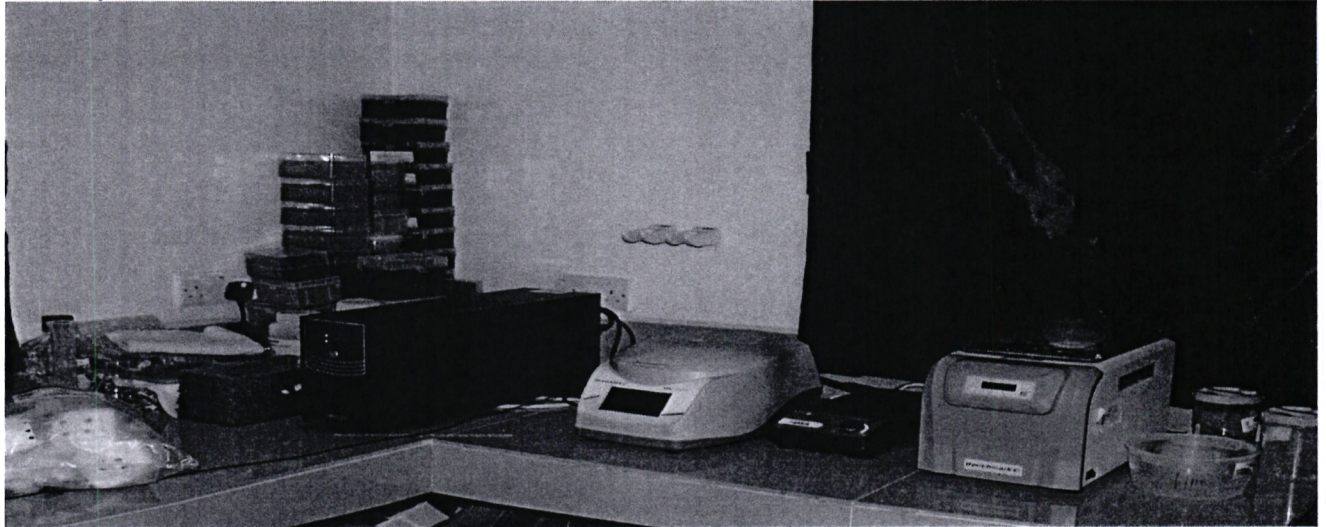
In its bid to give back to the community Tom Mboya University College has collaborated with The University of California, Irvine, of United States America in **International Center of Excellence in Malaria Research Project (ICEMR)**.

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.



Mosquito controlled environment

Laboratory rooms for malaria research



Laboratory rooms Equipment

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

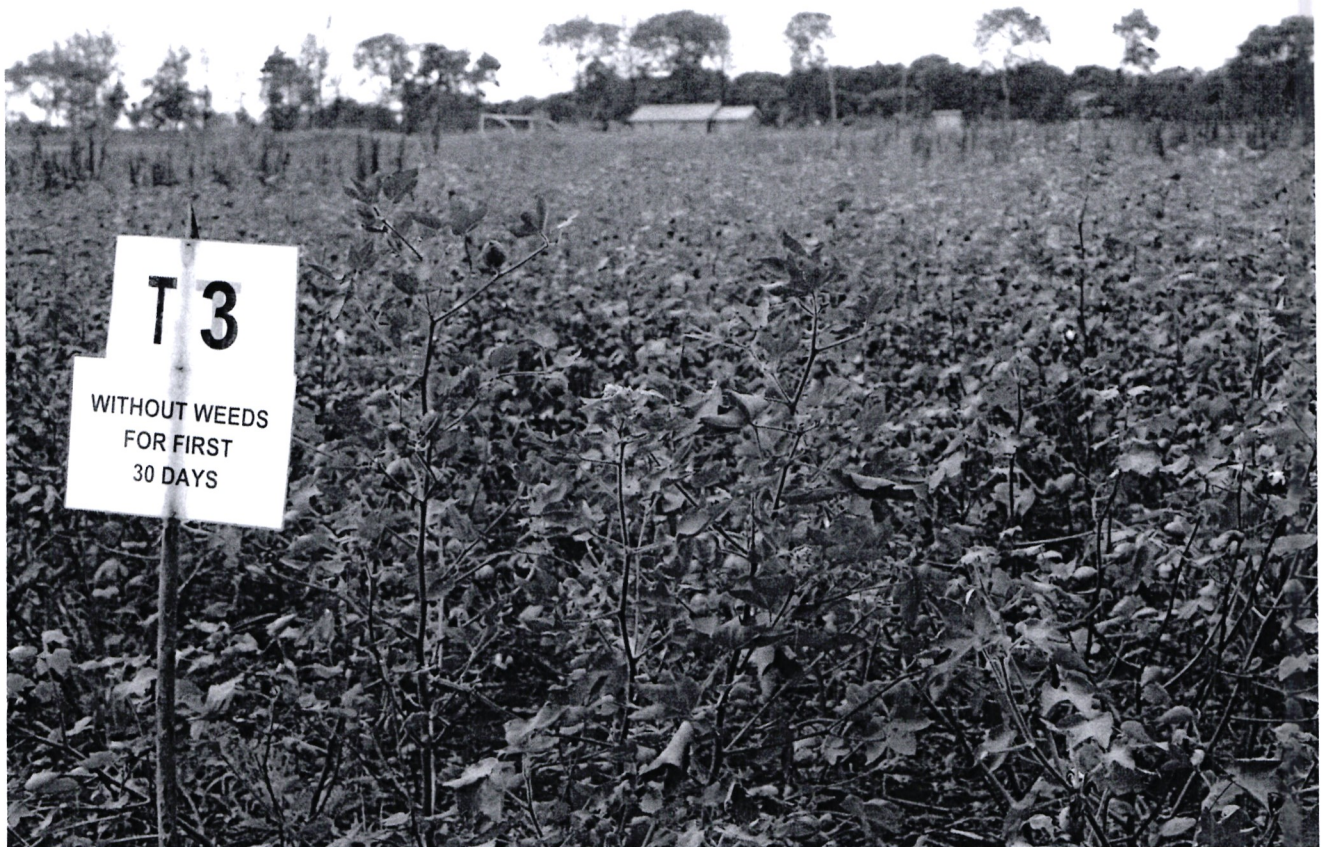
Tom Mboya University College, through the Agricultural Extension Division is the hosting institution for a regional project to strengthen the Cotton Sector in the Lake Victoria Basin. This initiative is called the **COTTON VICTORIA PROJECT**, supported by the Federal Republic of Brazil, Brazilian Cooperation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



Cotton plantation demonstration plot.



Cotton plantation demonstration plot

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.



Tomato Green House



kales and cabbage plots

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 30th June 2020 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 2020 are set out on pages 47 to 51

Council

The members of the Council who served during the year are shown on page 7 to 10 of this report.

Surplus remission

Tom Mboya University College is not a Regulatory Authority and is therefore exempted from the remission of surplus funds as per section Section 219 (2) of the Public Financial Management Act regulations.

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

Prof. Charles Omondi Ochola, PhD



Principal /Chief Executive Officer

Statement of 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 17th September, 2020 and signed on its behalf by:



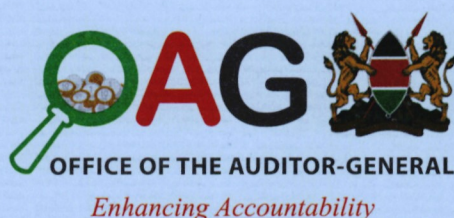
Council Chair



Principal/CEO

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TOM MBOYA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tom Mboya University College set out on pages 47 to 85, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tom Mboya University College as at 30 June, 2020, 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 University Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Council Expenses

The statement of financial performance reflects an expenditure of Kshs.10,187,278 in respect of Council expenses out of which an amount of Kshs.740,000 was paid to Council Members as transport allowances, taxi allowances and air travel costs. However, supporting documents including taxi receipts and air tickets for air travels were not provided for audit review.

Consequently, the accuracy and propriety of the expenditure of Kshs.740,000 incurred on Council Members transport allowances, taxi allowances and air travel costs could not be confirmed.

2. Salaries for Staff Seconded from Maseno University

The statement of changes in net assets reflected capital reserves of Kshs.247,514,661 which includes an amount of Kshs.47,269,971 in respect of salaries paid by Maseno University to staff seconded to Tom Mboya University College. The amount has been outstanding since 2016/2017 financial year and Management did not recognize the debt

in the financial statements of Tom Mboya University College. No explanation was provided for the omission.

Consequently, the accuracy and propriety of the capital reserves balance of Kshs.247,514,661 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted receipts of Kshs.477,957,913 and actual receipts of Kshs.307,387,300 resulting to an overall under funding of Kshs.170,570,613 or 26%. Similarly, the statement reflects total budgeted expenditure of Kshs.396,215,000 and actual expenditures of Kshs.301,061,738 resulting to under absorption of Kshs.95,849,261 or 24%. The underfunding and under-expenditure may have affected the planned activities of the University College.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Staff Regional Diversity

Review of employee records and payroll details revealed out of one hundred and eight (108) employees, fifty-seven (57) employees or 53% were from the dominant community in the County. This is contrary Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment should have more than one third of its staff from the same ethnic community.

Consequently, the University College was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Functional Internal Audit Unit

The University College has an Internal Audit Unit which is not fully functional as it is manned by only one officer contrary to the University's staff establishment which requires that the Internal Audit Unit be manned by five (5) officers headed by the Chief Internal Auditor. Lack of a functional Internal Audit Unit may lead to weak internal controls resulting in loss of public funds.

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

Responsibilities of Management and 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, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the to cease to continue 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 to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 January, 2022

Report of the Auditor-General on Tom Mboya University College for the year ended 30 June, 2020

**Statement of Financial Performance
For The Year Ended 30th June 2020**

| | | 2019/2020 | 2018/2019 |
|---|-------|--------------------|--------------------|
| | Notes | Kshs | Kshs |
| Revenue from non- exchange transactions | | | |
| Recurrent Capitation Grants | 6 | 214,183,679 | 186,711,498 |
| Revenue from exchange transactions | | | |
| Tuition fees & other related charges | 7 | 68,405,774 | 57,513,150 |
| Other Incomes | 8 | 24,797,846 | 9,954,040 |
| Total Revenue from Exchange Transactions | | 93,203,620 | 67,467,190 |
| Total revenue | | 307,387,299 | 254,178,688 |
| | | | |
| Expenses | | | |
| Employee Costs | 9 | 161,187,037 | 148,870,107 |
| Council Expenses | 10 | 10,187,278 | 17,573,204 |
| Depreciation and amortization expense | 11 | 34,596,752 | 24,747,142 |
| Repairs and maintenance | 12 | 9,065,563 | 3,649,455 |
| General expenses | 13 | 86,025,108 | 66,168,541 |
| Total expenses | | 301,061,738 | 261,008,450 |
| Surplus before Tax | | 6,325,562 | (6,829,762) |
| Taxation | | - | - |
| Surplus/(Deficit) for the period | | 6,325,562 | (6,829,762) |

The notes set out on pages 53 to 88 form an integral part of these Financial Statements

**Statement of Financial Position
As at 30th June 2020**

| | | 2019/2020 | 2018/2019 |
|---|-------|----------------------|--------------------|
| | Notes | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 14 | 505,176,886 | 320,769,182 |
| Receivables from exchange transactions | 15 | 18,277,553 | 6,277,706 |
| Receivables from non- exchange transactions | 16 | 15,767,805 | 19,666,507 |
| Inventories | 17 | 7,321,136 | 4,440,158 |
| Total Current Assets | | 546,543,380 | 351,153,553 |
| Non-current assets | | | |
| Property ,plant and equipment | 18 | 490,512,954 | 349,390,294 |
| Intangible Assets | 19 | 11,761,144 | 17,641,717 |
| Total Non-Current Assets | | 502,274,098 | 367,032,011 |
| Total assets | | 1,048,817,478 | 718,185,565 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 20 | 66,831,846 | 83,948,580 |
| Deferred Income | 21 | 8,495,435 | - |
| Refundable deposits from customers | 22 | 2,477,000 | 1,577,100 |
| Prepayments and Deposits | 23 | 9,457,000 | 5,706,008 |
| Total current liabilities | | 87,261,281 | 91,231,689 |
| Total liabilities | | 87,261,281 | 91,231,689 |
| Net assets | | | |
| Capital Fund | | 247,514,661 | 200,187,691 |
| Capital Development Grants | | 722,287,288 | 441,337,500 |
| Accumulated Surplus/(Deficit) | | (8,245,752) | (14,571,314) |
| Total net assets | | 961,556,197 | 626,953,877 |
| Total net assets and liabilities | | 1,048,817,478 | 718,185,565 |

The Financial Statements set out on pages 47 to 51 were signed on behalf of the Council by:

Principal
Prof. Charles Omondi Ochola

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

Council Chair
Dr. August N. Abate

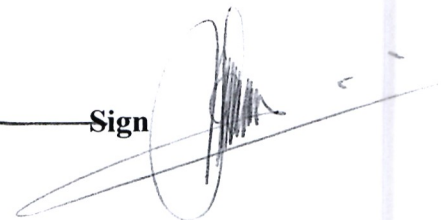
Sign



Sign



Sign



Statement of Changes in Net Assets For The Year Ended 30th June 2020

| | Capital Reserve | Revaluation reserve/ Adjustments | Accumulated Surplus/ (Deficit) | Capital/ Development Grants fund | Total |
|--|--------------------|----------------------------------|--------------------------------|----------------------------------|--------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. |
| At July 1, 2018 | 200,187,691 | (372,637,542) | (7,741,552) | 191,337,500 | 383,783,639 |
| Surplus/Deficit for the year | - | - | (6,829,762) | - | (6,829,762) |
| Capital/Development grants received during the year | - | - | - | 250,000,000 | 250,000,000 |
| At June 30, 2019 | 200,187,691 | (372,637,542) | (14,571,314) | 441,337,500 | 626,953,877 |
| At July 1, 2019 | 200,187,691 | | (14,571,314) | 441,337,500 | 626,953,877 |
| Revaluation adjustments (Biological Assets) | 57,000 | | - | - | 57,000 |
| Surplus/(Deficit) for the year | - | | 6,325,562 | - | 6,325,562 |
| Transfer of Maseno University Debt (Salaries for seconded Staff) | 47,269,971 | | - | - | 47,269,971 |
| Capital/Development grants received during the year | - | | - | 280,949,788 | 280,949,788 |
| At June 30, 2020 | 247,514,661 | | (8,245,752) | 722,287,288 | 961,556,197 |

1. In the 2017/2018 Financial year the University College did professional valuation of Assets taken over from the former Homa Bay Agricultural Training College which had been recognized in the 2016/2017 financial year statements based on desktop valuation. As a result of the professional valuation, the value of assets taken over from ATC reduced from **Kshs. 572,825,233** to **Kshs. 200,187,691** resulting in the adjustment of Capital reserves by **Kshs. 372,637,542** in the 2017/2018 financial statements as indicated in the above statement of changes in net assets.
2. In the 2016/2017 FY Maseno University as the mentoring institution paid salaries for its seconded staff to Tom Mboya University College and other goods and services worth **Kshs. 47,269,971**. The University College continued to recognize this amount as a payable in its books. However, in the current financial year 2019/2020 Maseno University confirmed that it never recognized this amount as a pending bill on account of seconded staff since these payments were factored in its recurrent budget and there was no obligation for Tom Mboya University College to make any reimbursement since this was part of the mentorship programme. The University College transferred this amount from the payables to the capital reserves as shown above.

Statement of Cash flows
For the year ended 30th June 2020

| | Notes | 2019/2020 | 2018/2019 |
|--|-----------|--------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Recurrent Capitation Grants | | 214,183,679 | 167,044,991 |
| Tuition & Other related charges | | 72,771,465 | 56,562,436 |
| Other Incomes | | 24,797,846 | 9,954,040 |
| Net cash receipts from Operating Activities | | 311,752,990 | 233,561,467 |
| Payments | | | |
| Staff Costs | | 140,685,051 | 148,870,107 |
| General Expenses | | 78,883,237 | 75,689,061 |
| Repairs and Maintenance | | 8,700,669 | 3,649,455 |
| Council Expenses | | 10,187,278 | 17,573,204 |
| Net cash Payments | | 238,456,235 | 245,781,828 |
| Net cash flows from operating activities | 25 | 73,296,755 | (12,220,361) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | (169,838,839) | (37,792,242) |
| Development Capitation Grants | | 280,949,788 | 250,000,000 |
| Net Cash-flow From Investing Activities | | 111,110,949 | 212,207,758 |
| Net increase in cash and cash equivalents | | 184,407,704 | 199,987,397 |
| Cash and cash equivalents as at 1st July | 14 | 320,769,182 | 120,781,785 |
| Cash and cash equivalents as at 30th June | 14 | 505,176,886 | 320,769,182 |

Note:

Note: The Cash balance of **Kshs. 504,859,525** includes contractors' retention monies and funds already committed for the ongoing construction of Administration and Lecture Theatres Block estimated to cost **Kshs. 1,391,982,000**. In addition, the University College has already awarded contracts for the Construction of gate and perimeter wall and power generator to be financed from the above balances.

**Statement of Comparison of Budget and Actual Amounts
For The Year Ended 30th June 2020.**

| | Original Budget | | Adjustments | | Final Budget | | Actual on comparable basis | | Performance Difference | | Percentage Difference |
|---|----------------------|------|----------------------|------|--------------------|------|----------------------------|------|------------------------|------|-----------------------|
| | 2019-2020 | Kshs | 2019-2020 | Kshs | 2019-2020 | Kshs | 2019-2020 | Kshs | 2019-2020 | Kshs | |
| Revenue | | | | | | | | | | | |
| Revenue from Non-Exchange Transactions | | | | | | | | | | | |
| Recurrent Grants from GoK | 1,009,133,000 | | (627,142,892) | | 381,990,108 | | 206,911,309 | | (175,078,800) | | (46) |
| Special Capitalation (Supplementary Estimates II) | - | | 15,767,805 | | 15,767,805 | | 7,272,370 | | (8,495,435) | | (54) |
| Revenue from Exchange Transactions | | | | | | | | | | | |
| Tuition fees & other related charges | 86,649,000 | | (25,634,307) | | 61,014,693 | | 68,405,774 | | 7,391,082 | | 12 |
| Other Incomes | 10,955,000 | | 8,230,307 | | 19,185,307 | | 24,797,846 | | 5,612,539 | | 29 |
| Total income | 1,106,737,000 | | (628,779,087) | | 477,957,913 | | 307,387,299 | | (170,570,614) | | |
| Expenses | | | | | | | | | | | |
| Employee Costs | 471,885,000 | | (276,667,000) | | 195,218,000 | | 161,187,037 | | 34,030,963 | | 17 |
| Council Expenses | 30,000,000 | | (10,000,000) | | 20,000,000 | | 10,187,278 | | 9,812,722 | | 49 |
| Repairs and Maintenance | 34,650,000 | | (20,742,000) | | 13,908,000 | | 9,065,563 | | 4,842,437 | | 35 |
| General Expenses | 506,362,000 | | (376,425,000) | | 129,937,000 | | 86,025,108 | | 43,911,892 | | 34 |
| Depreciation Expense | 63,840,000 | | (26,688,000) | | 37,152,000 | | 34,596,752 | | 2,555,248 | | 7 |
| Total expenditure | 1,106,737,000 | | (710,522,000) | | 396,215,000 | | 301,061,738 | | 95,153,263 | | |
| Surplus/(Deficit) for the period | - | | 81,742,913 | | 81,742,913 | | 6,325,562 | | (75,417,351) | | |

Statement of Comparison of Budget and Actual Amounts For The Year Ended 30th June 2020 (Continued)

Explanation of Material Budget Variances

Difference between original and final budget

The University College submitted its 2019/2020 FY recurrent Budget of **Kshs. 1,106,737,000** to be financed through internally generated revenue of **Kshs. 97,604,000** and recurrent government grants of **Kshs. 1,009,133,000**. However, the Government only allocated **Kshs. 381,990,108** for recurrent grants and **Kshs. 80,200,000** for Internally Generated revenue and an additional allocation of **Kshs. 15,767,805** through supplementary estimates II for 2017-2021 CBA salaries. The University College therefore rationalized its budget to fit within the approved ceilings and this explains the difference between the original budget and the final Budget.

Recurrent Government grants

The University College was allocated **Kshs. 381,990,108** for recurrent grants out of which **Kshs. 206,911,309** was used to finance the payment of salaries, operating and administrative expenses while the balance of **Kshs. 175,078,800** was recognized under the capital fund to finance the purchase of mandatory teaching equipment and other capital items to support core mandate. In addition, the University College was allocated **Kshs. 15,767,805** for the implementation of 2017-2021 CBA. The University paid salary arrears for the years 2017/2018, 2018/2019 and 2019/2020 amounting to **Kshs. 7,272,370.45**. The balance of **Kshs. 8,495,434.55** was recognized as deferred income to be used to implement the new approved scales by SRC in the FY 2020/2021.

Revenue from exchange transactions

Revenue from exchange transactions in the FY 2019/2020 is more than the budget due to the increase in the students' enrolment.

Employee Costs

The University College recruited academic staff who delayed to report due to the suspension academic programmes as a result of COVID-19 pandemic and also the requirement to give notices of disengagement from their previous employers. This explains the variance in the employee costs.

Council Expenses

The Council meetings and activities were interrupted in the third and fourth quarter of 2019/2020 FY due to the COVID-19 containment measures which explains the variance in the council expenses.

Repair, maintenance and General expenses

The closure of the University College following the directive from the Government to contain the spread of corona virus led to procurement of only essential services causing the budget variances in repair, maintenance and general expenses.

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 2020

| Standard | Impact |
|---|---|
| IPSAS 40: Public Sector Combinations | Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. This Standard is Not relevant to Tom Mboya University College and as such no impact on the Financial Statements for the year 2019/2020. |

Notes to The Financial Statements (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

| Standard | Effective date and impact: |
|---|---|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>This Standard is not applicable to the University during the period under review.</p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> |

| Standard | Effective date and impact: |
|---|--|
| | <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p>This Standard is not applicable to the University during the period under review</p> |
| <p>Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| <p>Other improvements to IPSAS</p> | <p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate reference to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments</p> |

| Standard | Effective date and impact: |
|----------|--|
| | <p>to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-Time-Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> |

iii Early adoption of standards

The entity did not early-adopt any new or amended standards in the year 2020.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Government Grants

The University College recognizes revenues Government grants when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the 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 2019-2020 was approved by the National Assembly in June 2019. 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 College recorded additional appropriations of **Kshs. 53,097,000** and **Kshs. 19,666,507** from Appropriations in Aid and recurrent Government grants respectively through 2018/2019 FY Supplementary Estimates II. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance. 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.

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 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.

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% |

| Description | Annual Rate |
|------------------------|--------------------|
| Motor vehicles | 25% |
| Furniture and fittings | 12.50% |
| Crockery & Utensils | 33.50% |
| Library Books | 20% |
| Intangible Asset(ERP) | 20% |

The University College shall charge full year's depreciation on the year of acquisition and no depreciation on the year of disposal.

f) 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.

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible Assets for Tom Mboya University College are amortized at the rate of 20% percent on straight line basis.

h) 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.

i) 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 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.

j) Inventories

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

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

- 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.

k) 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 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.

Bad Debts Provision

TMUC makes provisions for bad debts at 5% on sundry debtors.

l) 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.

m) 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.

n) 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 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

t) Comparative figures

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

u) 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.

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.

| NOTE | | 2019/2020 | 2018/2019 |
|----------|---------------------------------------|--------------------|--------------------|
| 6 | Recurrent Grants | Kshs | Kshs |
| | Recurrent Capitation from GoK | 206,911,309 | 167,044,991 |
| | Special Capitation (Supplementary II) | 7,272,370 | 19,666,507 |
| | | 214,183,679 | 186,711,498 |

The University College was allocated **Kshs. 381,990,108** for recurrent grants out of which **Kshs. 206,911,309** was used to finance the payment of salaries, operating and administrative expenses while the balance of **Kshs. 175,078,800** was recognized under the capital fund to finance the purchase of mandatory teaching equipment and other capital items to support core mandate. In addition, the University College was allocated **Kshs. 15,767,805** for the implementation of 2017-2021 CBA. The University paid salary arrears for the years 2017/2018, 2018/2019 and 2019/2020 amounting to **Kshs. 7,272,370.45**. The balance of **Kshs. 8,495,434.55** was recognized as deferred income to be used to implement the new approved scales by SRC in the FY 2020/2021.

| 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 (2019/2020) | Total grant Income Prior year (2018/2019) |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Ministry of Education: State Department for University Education | 214,183,679 | 8,495,435 | 280,949,788 | 503,628,902 | 436,711,498 |
| Total | 214,183,679 | 8,495,435 | 280,949,788 | 503,628,902 | 436,711,498 |

The total grant income for the year 2018/2019 comprised of **Kshs. 186,711,498** for recurrent grants and **Kshs. 250,000,000** for development grants.

| NOTE | | 2019/2020 | 2018/2019 |
|-------------|------------------------------------|------------------|------------------|
| | | Kshs | Kshs |
| 7 | Tuition and related charges | | |
| | Activity fees | 4,629,500 | 3,448,000 |
| | Computer Time income | 8,608,500 | 6,611,000 |
| | Examination fee | 6,370,200 | 5,059,000 |
| | Library fee | 2,291,973 | 1,779,000 |
| | Maintenance fee | 1,530,200 | 1,185,000 |
| | Registration fee | 1,565,978 | 1,216,500 |
| | Student ID | 296,500 | 241,500 |
| | Student Medical fee | 4,598,753 | 3,507,000 |

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| NOTE | | 2019/2020 | 2018/2019 |
|-----------|---|--------------------|--------------------|
| | | Kshs | Kshs |
| | Supervision-PGDE | 101,000 | 284,000 |
| | Fieldwork-PGDE | 105,400 | 411,600 |
| | CUE Fees | 2,715,720 | 1,573,650 |
| | Attachment Fees | 5,790,000 | 1,095,000 |
| | Replacement of Exam Card | 400 | 2,100 |
| | Examination re-sit | 70,000 | 73,000 |
| | Student Organization Fees | 1,536,000 | 1,114,000 |
| | Tuition fees | 28,195,650 | 29,912,800 |
| | Total Tuition and related charges | 68,405,774 | 57,513,150 |
| | | | |
| 8 | Other Incomes | | |
| | Accommodation Fees | 3,430,000 | 2,849,700 |
| | Hire of Halls | 20,000 | 79,875 |
| | Application fee | 94,500 | 141,000 |
| | Catering income | 6,470,559 | 4,887,630 |
| | Tendering charges | 2,000 | 9,000 |
| | Farm income | 379,362 | 346,103 |
| | Interest Income | 12,265,318 | 1,027,718 |
| | SOTMUC Other Incomes | 29,050 | 30,370 |
| | Miscellaneous | 518,910 | 582,644 |
| | Research Grant Administrative Charges | 150,000 | |
| | Departmental Catering Services | 586,450 | |
| | Farm Kitchen Sales Income | 851,696 | |
| | Total Other Incomes | 24,797,846 | 9,954,040 |
| | | | |
| 9 | Employee Costs | | |
| | Personnel Emoluments (Payroll) | 136,020,177 | 127,916,766 |
| | Part-time payments | 20,849,700 | 15,678,946 |
| | Casual Wages | 4,270,059 | 4,844,895 |
| | Staff development | 47,100 | 429,500 |
| | Total Employee Costs | 161,187,037 | 148,870,107 |
| | | | |
| 10 | Council expenses | | |
| | Chair Honorarium | 960,000 | 960,000 |
| | Council Meetings and Facilitation Costs | 9,227,278 | 16,613,204 |
| | Total Council expenses | 10,187,278 | 17,573,204 |
| | | | |
| 11 | Depreciation and Amortization expenses | | |
| | Buildings | 2,662,625 | 2,662,625 |

| NOTE | | 2019/2020 | 2018/2019 |
|-----------|---|-------------------|-------------------|
| | | Kshs | Kshs |
| | Motor Vehicles | 8,595,655 | 3,586,750 |
| | Furniture & Fittings | 2,220,253 | 1,887,378 |
| | Computers | 4,357,084 | 1,690,686 |
| | ICT Infrastructure | 1,900,065 | 984,315 |
| | Library Books | 6,653,846 | 6,515,020 |
| | Office Equipment | 1,081,362 | 321,407 |
| | Plant and Equipment | 1,245,288 | 1,218,388 |
| | Amortization of Intangible Asset-ERP | 5,880,573 | 5,880,573 |
| | Total Depreciation and Amortization expenses | 34,596,752 | 24,747,142 |
| | | | |
| 12 | Maintenance and Repairs | | |
| | Plant and Equipment | 351,840 | 334,370 |
| | Motor Vehicles Repairs & Spares | 251,444 | 680,540 |
| | Maintenance of Office Equipment | 4,200 | 20,750 |
| | Maintenance of Grounds | 611,782 | 342,088 |
| | Repair & Maintenance of Generators | - | 24,950 |
| | Refurbishment of Buildings | 621,413 | 894,514 |
| | Water Supply Repairs | 25,520 | 358,787 |
| | Maintenance of Hostels | 71,175 | 55,924 |
| | Farm Maintenance | - | 1,050 |
| | Electrical Expenses | 862,476 | 376,154 |
| | Minor Works and Construction | 5,894,963 | 560,328 |
| | Repair & Maintenance of Boilers | 30,500 | - |
| | Animal Feeds | 84,392 | - |
| | Maintenance of Fire Extinguishers | 255,858 | - |
| | Total Maintenance and Repairs | 9,065,563 | 3,649,455 |
| | | | |
| 13 | General expenses | | |
| | Admission related expenses | 203,600 | 9,200 |
| | Advertising and publicity | 1,779,452 | 786,073 |
| | Audit fees | 696,000 | 696,000 |
| | Bank charges/commissions | 395,898 | 389,894 |
| | Cleaning materials | 455,292 | 227,794 |
| | Cooking fuel/gas | 530,000 | 315,350 |
| | Electricity expenses | 717,338 | 1,041,320 |
| | Examination material | - | 3,750 |
| | ICT expenses | 1,160,300 | 1,894,040 |
| | Internet access and services | 1,518,641 | 1,061,601 |

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| NOTE | 2019/2020 | 2018/2019 |
|-------------------------------------|------------|------------|
| | Kshs | Kshs |
| Field Trip/Industries | 429,050 | 70,435 |
| Land Preparation/Crops inputs | 299,944 | 131,486 |
| Medical expenses | 8,917,678 | 319,229 |
| Office Running Expenses | 824,642 | 10,000 |
| Performance Contract | 846,630 | 1,103,290 |
| Purchase of Periodicals | 713,010 | 914,201 |
| Postal telegram | 9,450 | 9,450 |
| Penalties & Fines | 9,034 | - |
| Food & Catering Expenses | 7,431,295 | 6,358,658 |
| Security services | 18,855,980 | 18,528,720 |
| Stationery Expenses | 2,499,437 | 2,890,193 |
| Subscription Expenses | 153,500 | 32,720 |
| Tender Expenses | - | - |
| Teaching materials | - | 53,504 |
| Telephone expenses | 412,329 | 263,457 |
| Transport Operating Expenses | 1,707,582 | 1,329,801 |
| Travelling and accommodation | 8,052,989 | 9,723,798 |
| Veterinary Services | 47,050 | 4,250 |
| Water Charges | 892,929 | 602,515 |
| Legal Expenses | 1,750,712 | 60,000 |
| Licenses and Permits | 15,800 | 51,750 |
| Strategic Plan | 328,000 | 379,800 |
| Rent Expenses | 8,941,905 | 8,194,199 |
| KUCCPS Placement Fees | 871,500 | 1,464,000 |
| Student Welfare | 882,848 | 402,490 |
| External Examiners | 981,240 | 50,270 |
| CUE Expenses | 680,645 | 854,500 |
| SOTMUC Expenses | 719,578 | 990,683 |
| Professional Membership Fees | - | 73,000 |
| Development of New Programmes | 17,000 | 48,532 |
| ERP Maintenance | 4,520,340 | 1,740,000 |
| Teaching Practice | 213,690 | 332,350 |
| Sanitary Expenses | 331,500 | 305,500 |
| Laboratory Reagents | 1,856,150 | 737,339 |
| Staff Welfare | - | 108,000 |
| Insurance of Assets | 1,857,334 | 1,434,033 |
| Shows & Exhibitions | 88,800 | 59,300 |
| Purchase of drugs (Students Clinic) | 641,413 | 77,709 |
| Recruitment Expenses | 208,088 | - |

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| NOTE | | 2019/2020 | 2018/2019 |
|-----------|---|--------------------|--------------------|
| | | Kshs | Kshs |
| | Seminars & Conference | 366,000 | - |
| | Research Expenses | 125,125 | - |
| | Uniforms & Clothing | 149,540 | - |
| | Senate Expenses | 80,199 | - |
| | Professional services | 490,200 | - |
| | Value addition-Agriculture extension | 5,000 | |
| | Increase in Provision for doubtful debts | 343,450 | 34,358 |
| | Total General expenses | 86,025,108 | 66,168,541 |
| | | | |
| 14 | Cash and Cash Equivalents | | |
| | TMUC Current Operations A/C KCB Homabay Branch A/C No. 1182330096 | 44,554,340 | 11,800,040 |
| | TMUC Development KCB A/C Homabay Branch A/C No. 1182330010 | 347,894,661 | 264,059,441 |
| | TMUC Fee Collection Equity A/C Homabay Branch A/C No. 0980269346780 | 69,827,342 | 25,852,011 |
| | TMUC IGA KCB A/C Homabay Branch A/C No. 1198213183 | 25,055,947 | 14,881,196 |
| | TMUC Student Activity Fees KCB Homabay Branch A/C No. 1237325331 | 939,810 | 939,810 |
| | TMUC Students Organization KCB Homabay Branch A/C No. 1237325269 | 424,312 | 393,379 |
| | TMUC Deposit A/C KCB Homabay Branch A/C No. 1255384476 | 16,480,473 | 2,843,304 |
| | Total Cash and Cash Equivalents | 505,176,886 | 320,769,182 |
| | | | |
| 15 | Receivables from Exchange Transactions | | |
| | Students Debtors | 12,637,547 | 5,768,533 |
| | Other Sundry Debtors | 175,325 | 417,600 |
| | Deposits(Guarantees) | 700,000 | 380,000 |
| | Prepaid Medical Insurance | 5,396,558 | - |
| | Less Provision for Doubtful Debts | (631,877) | (288,427) |
| | Total Receivables from Exchange Transactions | 18,277,553 | 6,277,706 |
| | | | |
| | | | |
| 16 | Receivables from Non- Exchange Transactions | | |
| | Special Capitation (Supplementary Estimates II 2019/2020 FY) | 15,767,805 | 19,666,507 |

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| NOTE | | 2019/2020 | 2018/2019 |
|-----------|--|------------------|------------------|
| | | Kshs | Kshs |
| 17 | Inventories | | |
| | Stocks Maintenance Stores | 1,349,087 | 852,174 |
| | Stocks Stationery | 2,321,378 | 1,617,557 |
| | Stocks Medical Drugs Reagents & Others | 715,133 | 428,534 |
| | Stocks Cleaning Materials | 178,270 | 319,921 |
| | Catering Stocks | 1,543,450 | 973,972 |
| | Biological Assets | 305,000 | 248,000 |
| | ICT Store | 858,700 | - |
| | Uniforms & clothing | 8,400 | - |
| | Lab Store | 41,718 | - |
| | Total Inventories | 7,321,136 | 4,440,158 |

18. Property, Plant and Equipment

| Cost/Valuation | Land Kshs | Buildings Kshs | Motor vehicles Kshs | Furniture and fittings Kshs | Computers Kshs | ICT Infrastructu re Kshs | Library Books Kshs | Office Equipment Kshs | Plant & Equipment Kshs | Work in Progress Kshs | Total Kshs |
|--|--------------|-------------------|---------------------------|--------------------------------------|-------------------|-----------------------------------|--------------------------|-----------------------------|------------------------------|-----------------------------|---------------|
| At 1st July 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 |
| Additions | - | - | - | 1,577,400 | 2,502,000 | - | 1,361,992 | 399,000 | 311,375 | 31,640,475 | 37,792,242 |
| As at 30th June 2019 | 169,780,000 | 106,505,000 | 14,347,000 | 15,099,026 | 5,077,135 | 2,955,901 | 32,575,100 | 1,607,037 | 6,091,942 | 31,640,475 | 385,678,616 |
| Additions | - | - | 20,035,621 | 2,663,000 | 8,007,201 | 2,750,000 | 694,128 | 3,799,774 | 134,500 | 131,754,615 | 169,838,839 |
| As at 30th June 2020 | 169,780,000 | 106,505,000 | 34,382,621 | 17,762,026 | 13,084,336 | 5,705,901 | 33,269,228 | 5,406,811 | 6,226,442 | 163,395,090 | 555,517,455 |
| Depreciation and impairment | | | | | | | | | | | |
| At 1st July 2018 | - | 2,662,625 | 3,586,750 | 1,690,203 | 857,519 | 984,315 | 6,242,621 | 241,607 | 1,156,113 | - | 17,421,753 |
| Depreciation At 30th June 2019 | - | 2,662,625 | 3,586,750 | 1,887,378 | 1,690,686 | 984,315 | 6,515,020 | 321,407 | 1,218,388 | - | 18,866,569 |
| Depreciation As at 30th June 2020 | - | 5,325,250 | 7,173,500 | 3,577,581 | 2,548,205 | 1,968,630 | 12,757,641 | 563,014 | 2,374,501 | - | 36,288,322 |
| Net book values At 30th June 2020 | - | 2,662,625 | 8,595,655 | 2,220,253 | 4,357,084 | 1,900,065 | 6,653,846 | 1,081,362 | 1,245,288 | - | 28,716,179 |
| At 30th June 2019 | - | 7,987,875 | 15,769,155 | 5,797,834 | 6,905,289 | 3,868,695 | 19,411,487 | 1,644,376 | 3,619,789 | - | 65,004,501 |
| At 30th June 2020 | 169,780,000 | 98,517,125 | 18,613,466 | 11,964,192 | 6,179,047 | 1,837,206 | 13,857,741 | 3,762,435 | 2,606,653 | 163,395,090 | 490,512,954 |
| At 30th June 2019 | 169,780,000 | 101,179,750 | 7,173,500 | 11,521,445 | 2,528,930 | 987,271 | 19,817,459 | 1,044,023 | 3,717,441 | 31,640,475 | 349,390,294 |

WIP relates to the cost of Construction of Phased Administration and Lecture Theatres Block.

19. Intangible Assets-ERP Software

| Description | 2019/2020 | 2017/2018 |
|------------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Cost | | Kshs |
| At beginning of year | 29,402,863 | 29,402,863 |
| Additions | - | - |
| 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 year | 11,761,146 | 5,880,573 |
| Amortization | 5,880,573 | 5,880,573 |
| At end of year | 17,641,719 | 11,761,146 |
| Impairment loss | - | - |
| At end of year | 17,641,719 | 11,761,146 |
| NBV | 11,761,144 | 17,641,717 |

| | | 2019/2020 | 2018/2019 |
|-----------|---------------------------------------|-------------------|-------------------|
| | | Kshs | Kshs |
| 20 | Trade and Other Payables | | |
| | Accounts Payable | 35,420,963 | 10,560,783 |
| | Secoded Staff from Maseno University | - | 46,405,334 |
| | Procured Items from Maseno University | 5,344,439 | 15,688,878 |
| | Maseno Advances | 5,000,000 | 5,864,637 |
| | Retention | 16,265,342 | 2,843,706 |
| | PAYE Deduction Payable | 4,801,102 | 2,585,243 |
| | Total Trade and Other Payables | 66,831,846 | 83,948,580 |

21 Deferred Income

| Description | 2019/2020 | 2018/2019 |
|--|------------------|-----------|
| | Kshs | Kshs |
| State Department for University Education & Research | 8,495,435 | - |
| International funders | - | - |
| Public Contributions and Donations | - | - |
| Total deferred income | 8,495,435 | - |

| The deferred income movement is as follows: | | | | |
|--|---------------------|-----------------------|----------------------------------|------------------|
| | National Government | International funders | Public Contributions & donations | Total |
| | Kshs | Kshs | Kshs | Kshs |
| Balance brought forward | - | - | - | - |
| Additions | 8,495,435 | - | - | 8,495,435 |
| Transfers to Capital fund | - | - | - | - |
| Transfers to Income Statement | - | - | - | - |
| Other transfers | - | - | - | - |
| Balance carried forward | 8,495,435 | - | - | 8,495,435 |

| | | 2019/2020 | 2018/2019 |
|-----------|---|------------------|------------------|
| | | Kshs | Kshs |
| 22 | Refundable Deposits from Customers | | |
| | Students' Refund (Caution Money) | 2,327,500 | 1,577,100 |
| | HELB Control Account | 149,500 | - |
| | Total Refundable Deposits from Customers | 2,477,000 | 1,577,100 |
| 23 | Prepayments & Deposits | | |
| | Student Advanced Receipts | 9,457,000 | 5,706,008 |

24 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 2020, 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.

25. Cash Generated from Operations

| | 2019-2020 | 2018-2019 |
|--|-------------------|---------------------|
| | Kshs | Kshs |
| Surplus/(Deficit) for the year before tax | 6,325,562 | (6,829,762) |
| Adjusted for: | | |
| Depreciation and Amortization | 34,596,752 | 24,747,142 |
| Outstanding Maseno University Debt Waived | 47,269,971 | - |
| Working Capital Adjustments | | |
| Less Increase in Receivables | (8,101,146) | (20,736,912) |
| Add Increase in refundable Deposits | 899,900 | 84,100 |
| Increase in income received in advance | 3,750,992 | 35,591 |
| Increase in inventories | (2,880,977) | (215,506) |
| Revaluation of Biological Assets included in inventory | 57,000 | - |
| Increase in Deferred Income | 8,495,435 | - |
| Increase in Payables | (17,116,734) | (9,305,013) |
| Net Cash flow from Operating Activities | 73,296,755 | (12,220,361) |

26 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 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 | Fully performing | Past due | Impaired |
|--|---------------------|-------------------------|-----------------|-----------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2020 | | | | |
| Receivables from exchange transactions | 18,277,553 | 18,277,553 | - | - |
| Receivables from Non exchange transactions | 15,767,805 | 15,767,805 | - | - |
| Bank balances | 505,176,886 | 505,176,886 | - | - |
| Total | 539,222,244 | 539,222,244 | - | - |
| At 30 June 2019 | | | | |
| Receivables from exchange transactions | 6,277,706 | 6,277,706 | - | - |
| Receivables from Non exchange transactions | 19,666,507 | 19,666,507 | - | - |
| Bank balances | 320,769,182 | 320,769,182 | - | - |
| Total | 346,713,395 | 346,713,395 | - | - |

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 Tom Mboya University College Council, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management

requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the University College 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.

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|------------------------------|-------------------|--------------------|-------------------|-------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2020 | | | | |
| Trade payables | 13,209,805 | 8,500,469 | 46,448,152 | 68,158,426 |
| Provisions | - | 15,982,017 | - | 15,982,017 |
| Employee Benefit Obligations | - | 1,492,339 | - | 1,492,339 |
| Total | 13,209,805 | 25,278,825 | 46,448,152 | 85,632,782 |
| At 30 June 2019 | | | | |
| Trade payables | 2,585,243 | 5,924,008 | 74,519,715 | 83,028,966 |
| Provisions | - | 7,324,609 | - | 7,324,609 |
| Employee Benefit Obligations | - | 878,113 | - | 878,113 |
| Total | 2,585,243 | 14,126,730 | 74,519,715 | 91,231,688 |

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

The Internal Audit 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.

(a) Foreign currency risk

The University College during the FY 2019/2020 **did not** have transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

(b) Interest rate risk

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

Management of interest rate risk

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

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:

| | 2019-2020 | 2018-2019 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Accumulated (Deficit) | (8,245,752) | (14,571,314) |
| Capital reserve | 247,514,662 | 200,187,691 |
| Capital Development Grants | 722,287,288 | 441,337,500 |
| Total funds | 961,556,197 | 626,953,877 |
| Maseno University Advances | 10,344,439 | 67,958,849 |
| Funds Committed for Capital Development Project | 347,894,661 | 264,059,441 |
| Less: cash and bank balances | (505,176,886) | (320,769,182) |
| Net debt/(excess cash and cash equivalents) | (146,937,786) | 11,249,108 |
| Gearing | (15.28%) | 1.79% |

27 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.;
- iii) State Department for University Education and Research
- iv) University College Council
- v) Employees

| | 2019-2020 | 2018-2019 |
|---|-------------|-------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Grants from the Government | | |
| Grants from National Govt (Recurrent & Development) | 503,628,902 | 436,711,498 |
| Grants from County Government | - | - |
| Donations in kind | - | - |
| Total | | |

| | 2019-2020 | 2018-2019 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| | 503,628,902 | 436,711,498 |
| b) Expenses incurred on behalf of related party | | |
| Salaries and wages for TMUC employees | 136,020,177 | 127,916,766 |
| Commission for University Education(CUE) | 680,645 | 854,500 |
| Kenya Universities & Colleges Central Placement Service (KUCCPS) | 871,500 | 1,464,000 |
| Total | 137,572,322 | 130,235,266 |
| c) Key management compensation | | |
| Council Expenses | 10,187,278 | 17,573,204 |
| Compensation to the CEO | 11,863,083 | 14,414,891 |
| Compensation to other Senior Management | 23,839,193 | 19,339,108 |
| Total | 45,889,554 | 51,327,204 |

27 Contingent Assets and Contingent Liabilities

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

28 Capital Commitments

| Capital Commitments | 2019-2020 | 2018-2019 |
|--|----------------------|----------------------|
| | Kshs | Kshs |
| Authorized for | | |
| Construction of Administration & Lecture Theatres Block | 1,391,982,000 | 1,391,982,000 |
| Sub-total | 1,391,982,000 | 1,391,982,000 |
| Authorized and Contracted for | | |
| Construction of Administration & Lecture Theatres Block Phase1 | | 285,851,040.76 |

| Capital Commitments | 2019-2020 | 2018-2019 |
|---|-------------------------|-----------------------|
| | Kshs | Kshs |
| Construction of Administration & Lecture Theatres Block Phase 2 | 997,039,390.60 | |
| Construction of Perimeter Fence and Gate House | 35,000,000 | |
| Purchase of Power Generator | 7,000,000 | |
| Sub-total | 1,039,039,390.60 | 285,851,040.76 |

29 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.

30 Events After the Reporting Period

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

31 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.

32 Currency

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

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 Period ending 30th June 2018. The emphasis of the matter raised by the external auditor, and management comments that were provided to the auditor are summarised below. We have nominated focal person to resolve the issue 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 Performance: Under Absorption of the Budget | The Budget was not fully financed hence under expenditure on the following: <ul style="list-style-type: none"> • Employee Costs • Council Expenses • General Expenses • Repairs and Maintenance | Prof. Charles O. Ochola, Principal | Not Resolved: Engaging GoK for enhanced funding | Continuous |

Principal



Date

28/12/2020

Chairman of Council



Date

28/12/2020

Appendix 1: Projects Implemented by The Entity

Status of Projects completion

| | Project | Total project Cost | Total expended to date | Completion % to date | Budget FY 2019-2020 | Actual | Sources of funds |
|---|---|---------------------------|-------------------------------|-----------------------------|----------------------------|--------------------|-------------------------|
| 1 | Administration & Lecture Theatres Block | 1,391,982,000 | 163,395,090 | 11.74% | 250,000,000 | 131,754,615 | GOK |
| | Total | 1,391,982,000 | 163,395,090 | 11.74% | 250,000,000 | 131,754,615 | GOK |

Appendix 11: Inter-Entity Transfers

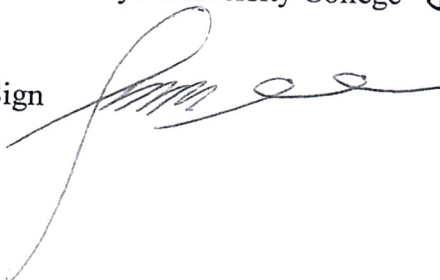
| Break down of Transfers from the State Department of University Education and Research | | | |
|--|--------------------|----------------------------|--|
| FY 19/20 | | | |
| a. | Recurrent Grants | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> |
| | | | <u>Indicate the FY to which the amounts relate</u> |
| | | 08/08/2019 | 31,832,509.00 |
| | | 29/08/2019 | 31,832,509.00 |
| | | 26/09/2019 | 31,832,509.00 |
| | | 01/11/2019 | 31,832,509.00 |
| | | 29/11/2019 | 31,832,509.00 |
| | | 27/12/2019 | 31,832,509.00 |
| | | 04/02/2020 | 31,832,509.00 |
| | | 02/03/2020 | 31,832,509.00 |
| | | 03/04/2020 | 31,832,509.00 |
| | | 08/05/2020 | 31,832,509.00 |
| | | 05/06/2020 | 31,832,509.00 |
| | | 26/06/2020 | 31,832,509.00 |
| | | 06/07/2020 | 15,767,805.00 |
| | | Total | 397,757,913.00 |
| b. | Development Grants | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> |
| | | | <u>Indicate the FY to which the amounts relate</u> |
| | | 29/11/2019 | 70,870,988.80 |
| | | 10/03/2020 | 35,000,000.00 |
| | | Total | 105,870,988.80 |

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

Finance Officer
Tom Mboya University College


Head of Accounting Unit
State Department for University Education and Research

Sign



Sign

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 | | | Receivables | Others - must be specific | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|--------------------|------------------------------------|-----------------------|-----------------------|---------------------|---------------------------|---------------------------------|
| | | | | Statement of Financial Performance | Capital Fund | Deferred Income | | | |
| Ministry of Education: State Department for University Education | 08/08/2020 | Recurrent | 31,832,509.00 | 31,832,509.00 | | - | - | 31,832,509.00 | |
| | 29/08/2019 | Recurrent | 31,832,509.00 | 31,832,509.00 | | - | - | 31,832,509.00 | |
| | 26/09/2019 | Recurrent | 31,832,509.00 | 31,832,509.00 | | - | - | 31,832,509.00 | |
| | 01/11/2019 | Recurrent | 31,832,509.00 | 31,832,509.00 | | - | - | 31,832,509.00 | |
| | 29/11/2019 | Recurrent | 31,832,509.00 | 31,832,509.00 | | - | - | 31,832,509.00 | |
| | 27/12/2019 | Recurrent | 31,832,509.00 | 31,832,509.00 | | - | - | 31,832,509.00 | |
| | 04/02/2020 | Recurrent | 31,832,509.00 | | 31,832,509.00 | - | - | 31,832,509.00 | |
| | 02/03/2020 | Recurrent | 31,832,509.00 | | 31,832,509.00 | - | - | 31,832,509.00 | |
| | 03/04/2020 | Recurrent | 31,832,509.00 | | 31,832,509.00 | - | - | 31,832,509.00 | |
| | 08/05/2020 | Recurrent | 31,832,509.00 | | 31,832,509.00 | - | - | 31,832,509.00 | |
| | 05/06/2020 | Recurrent | 31,832,509.00 | | 31,832,509.00 | - | - | 31,832,509.00 | |
| | 26/06/2020 | Recurrent | 31,832,509.00 | 15,916,254.50 | | | | | 15,916,254.50 |
| | 06/07/2020 | Recurrent | 15,767,805.00 | 7,272,370.45 | | | 8,495,434.55 | 15,767,805.00 | 15,767,805.00 |
| | 29/11/2019 | Development | 70,870,988.80 | | 70,870,988.80 | | | | 70,870,988.80 |
| | 10/03/2020 | Development | 35,000,000.00 | | 35,000,000.00 | | | | 35,000,000.00 |
| | Total | | | 503,628,901.80 | 214,183,678.95 | 280,949,788.30 | 8,495,434.55 | 15,767,805.00 | 503,628,901.80 |