


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 13 MAY 2021	DAY: THURSDAY
TABLED BY:	Hon. Amos Kimunya MP Leader of Majority Party
CLERK-AT-THE-TABLE:	A. Shubuko

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

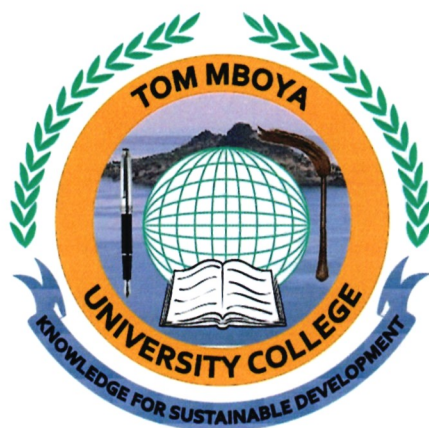
ON

TOM MBOYA UNIVERSITY COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2019**



100.05



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

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019**

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

Table of Content

Page

FUNDAMENTAL STATEMENTS OF THE UNIVERSITY	2
KEY INFORMATION AND MANAGEMENT.....	3
MEMBERS OF THE UNIVERSITY COUNCIL	7
MANAGEMENT TEAM.....	11
CHAIRPERSON’S STATEMENT.....	14
REPORT FROM THE PRINCIPAL	15
CORPORATE GOVERNANCE STATEMENT.....	17
MANAGEMENT DISCUSSION AND ANALYSIS	20
CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	22
REPORT OF THE COUNCIL	29
STATEMENT OF COUNCIL RESPONSIBILITIES.....	30
REPORT OF THE AUDITOR GENERAL.....	31
STATEMENT OF FINANCIAL PERFORMANCE.....	33
STATEMENT OF FINANCIAL POSITION.....	34
STATEMENT OF CHANGES IN NET ASSETS	35
STATEMENT OF CASHFLOWS	36
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	37
NOTES TO THE FINANCIAL STATEMENTS.....	39
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	66
Appendix I PROJECTS IMPLEMENTED.....	67
Appendix II INTER-ENTITY TRANSFERS.....	68
Appendix III TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	69

FUNDAMENTAL STATEMENTS OF THE UNIVERSITY

Vision

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

Mission

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

Mandate

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

Core Values

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

KEY INFORMATION AND MANAGEMENT

(a) Background information

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

The University College currently has got seven (7) faculties, one (1) 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

(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.

●

KEY INFORMATION AND MANAGEMENT

- 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 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Principal	Prof. Charles Omondi. Ochola
2	Ag. Dean Faculty of Biological & Physical Sciences	Dr. Joseph Eyang'an Esekon
3	Ag. Dean Faculty Of Education	Prof. Enose M. Wambulwa Simatwa
4	Ag. 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.



Ms. Esther D. Kodhek- Council Member

Date of Birth: 1st November 1969

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

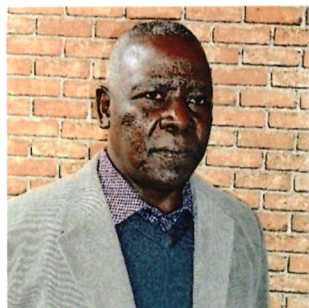


Mr. Elijah N. Ileri –Council Member

Date of Birth: 7th July 1965

Mr. Elijah N. Ileri an independent member of the Council and the Chair of the Executive, Academic and Human Resource Committee of the Council. Mr. Ileri 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 Ileri & 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. Ileri 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. Barack G. Otieno-Council Member



Date of Birth: 16th November 1977

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

MEMBERS OF THE UNIVERSITY COLLEGE COUNCIL (Continued)



Ms. Emma C. Rono-Council Member

Date of Birth: 1st July 1975

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



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

MANAGEMENT TEAM



Prof. Charles Omondi Ochola

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



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 acting 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 Ag. Dean of the School of Business and Economics



Dr. Joseph Eyang'an Esekon

Dr. Joseph Eyang'an Esekon, Ph.D is currently the Ag. 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

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

In its three years of operation, TMUC has leaped from its little known existence to an institution reputed for its consistency in achieving its mandate, especially provision of quality university education. The University College has and will be launching new academic programs to address emerging issues in the surrounding environment and the economy at large in line with Kenyan Vision 2030, MTP SDGs and the "Big Four" agenda.

In the financial year 2018/2019 TMUC received recurrent capitation of KES 186 Million and KES 250 million as Development grants from the Government. The University College reported an operating deficit of Kshs.7,247,362 in period ending 30th June 2019. Although we greatly appreciate this financial support, the unprecedented increase in student enrollment requires increased funding from the Exchequer in order to address following key challenges:

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

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

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



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

CHAIR OF 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, 2019.

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

During the 2018/2019 FY, the University College received **Kshs. 186,711,497** and **Ksh. 250,000,000** for recurrent and Development Expenditure respectively from the Government of Kenya. In addition **Kshs.67,467,190** was recognized from Internally Generated revenues. The development capitation of **Kshs.250,000,000** was given for the ongoing construction of Administration and Lecture Theaters Block.

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. Focusing on accommodation, the University College has a bed capacity of only 120 students. Due to inadequate accommodation space for students, the university has resorted to leasing arrangements to accommodate students-with priority to first years. Currently the university has leased a building to house approximately 400 students.

Infrastructural Development

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. So far a total of **Kshs.286,300,000** has been received in the financial years 2017/2018 and 2018/2019 from GoK towards this project

The following are among other the key projects that have been prioritized in order to address the infrastructural needs:

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

It is in light of these much-needed developments that in the 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

CORPORATE GOVERNANCE STATEMENT

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

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

Composition of the Council

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

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

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

The Board Charter spells out the important governance arrangements including;

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

Council Meetings

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

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

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. Ileri - Chair 2. Dr. George B. Otieno - 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. Esther D. Kodhek - Chair 2. Mr. Ezra O. Magati - Member 3. Ms. Emma C. Rono - Member 4. Prof. Julius O. Nyabundi - Member 5. Dr. George B. Otieno - Member 6. Mr. Johnson M. Mwangi - Member
Audit and Risk Management Committee	1. Ms. Emma C. Rono- Chair 2. Mr. Elijah N. Ileri - Member 3. Eng. George K. Simba - Member 4. Mrs. Esther D. Kodhek - Member 5. Mr. Johnson M. Mwangi - Member

Key Council Decisions

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

- i. TMUC Strategic Plan review and execution.
- ii. Approval of Quarterly reports and financial Statements for the 2018/2019 FY.
- iii. Approval of Annual Report and financial Statements for the 2018/2019 FY.
- iv. Approval of Annual Budget 2018/2019 FY.
- v. Approval of TMUC ICT Policy.
- vi. Ensuring financial sustainability by approving the Tom Mboya's financing requirements being the annual budget estimates and the procurement plan.
- vii. Formulating and effecting of the Board Charter.

Council Capacity Building

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance

The Financial year 2018/2019 marked the third 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 2018/2019 it had student enrolment of 1,358.

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

Financial Performance

Income

Recurrent Income for the FY 2018/2019 was **Kshs. 254,178,688** comprising of **Kshs. 186,711,498** from Government recurrent capitation and **Kshs. 67,467,190** from internally generated revenues. In addition, **Kshs. 250,000,000** was received as Development Capitation towards the Construction of Administration and Lecture Halls Block.

FY 2018/2019 recorded the highest income under Tuition and Related Charges in TMUC's third year of operation, up from **Kshs. 36,739,670** to **Kshs. 57,513,150** which translates to a **56.54%** rise.

On the other hand, the Income Generating functionalities such as catering, accommodation, agro processing among others, fell marginally by **6.27%** from **Kshs. 10,619,547** to **Kshs. 9,954,040**.

Recurrent Capitation rose from **Kshs. 176,000,000** to **Kshs. 186,711,497** due to additional Capitation through supplementary II estimates of FY 2018/2019.

The University College also received **Kshs. 250,000,000** in FY 2018/2019 compared to **Kshs.36.337,500** in FY 2017/2018 for Development from the exchequer.

Expenditure

Through the period under review the University incurred recurrent expenditure of **Kshs. 261,008,450** as illustrated below;

- Staff Costs Kshs. 148,870,107
- Council Expenses Kshs. 17,573,204
- Repairs and maintenance Kshs. 3,649,455
- Depreciation and Amortization Kshs. 24,747,142
- General Expenses Kshs. 66,168,541

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 and repairs and maintenance reduced marginally as a result of inadequate funds causing rationalization and eventual scaling down and rescheduling of activities.

Expenditure on Depreciation and amortization has not changed significantly since the University College has not acquired additional noncurrent assets due to inadequate financing.

Key Projects:

Administration and Lecture Theatres Block

Tom Mboya University College is a newly established Institution and therefore requires modern Administration and Lecture Theatres block in compliance with Kenya's Vision 2030 strategy which is to deploy world class infrastructure facilities and services.

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 implemented in phases.

The expected output of this project will include: Human capital development as regards acquiring advanced training in the fields of Agriculture, Physical and Biological Sciences, Business and Education. Further, the project will lead to carrying out demand driven research and innovation, making Kenya a knowledge based economy of high caliber professionals, capable of solving existing problems of economic significance

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

The **Ajira Digital Program** is a government initiative driven by the Ministry of Information, Communications and Technology to empower over one million young people to access digital job opportunities.

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.

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

Tom Mboya University College believes in the future of technology and the youth of our beloved country, thus partnering with the Homabay County ICT. Department. 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.

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.



Approximately 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)**.

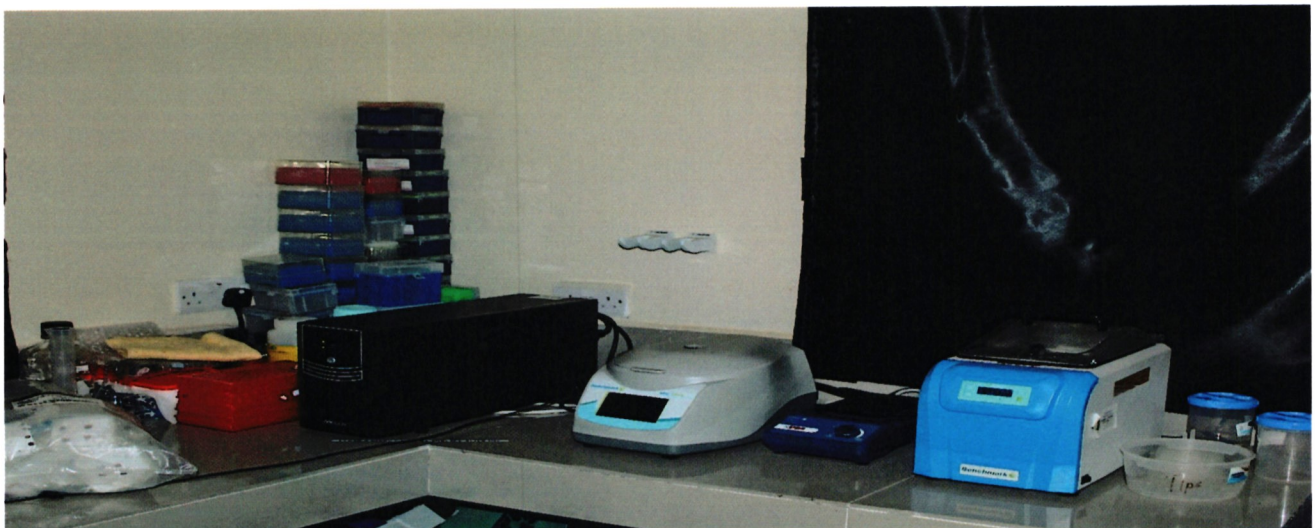
ICEMR is a global network of independent research centres in Malaria-endemic settings, such as Homa-Bay County, with an aim of providing crucial strategies for the control and eventual prevention of malaria. Among its core objectives is 'to build clinical research capacity and improve malaria control 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 Flavias (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 2019 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 2019 are set out on pages 34 to 38

Council

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

Sign



Prof. Charles Omondi Ochola, PhD

Principal /Chief Executive Officer

Date

01/01/2020

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.

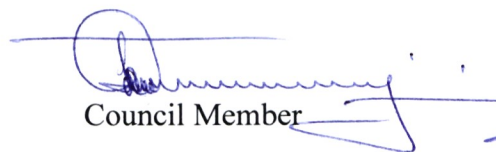
Nothing has come to the attention of the Council that indicate the University College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The University College's financial statements were approved by the Council on the 13th September, 2019 and signed on its behalf by:



Council Chair



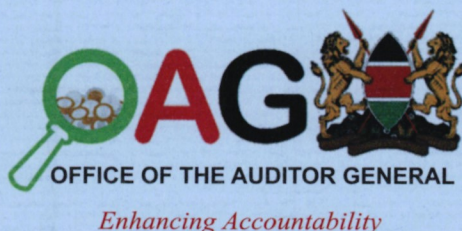
Council Member



Council Member

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, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Tom Mboya University College set out on pages 33 to 66, which comprise of the statement of financial position as at 30 June, 2019, 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, the financial statements present fairly, in all material respects, the financial position of Tom Mboya University College as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Tom Mboya University College 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 opinion.

Emphasis of Matter

Salaries for Staff Seconded from Maseno University

I draw attention to Note 20 to the financial statements which reflects a balance of Kshs.83,948,580 under trade and other payables. The balance includes an amount of Kshs.46,405,334 due to Maseno University in respect of salaries that the University had paid to its staff seconded to Tom Mboya University College. The amount has been outstanding since 2016/2017 financial year. Management has explained that it has

appealed on several occasions to the Government through the Ministry of Education and The National Treasury for financial assistance to clear this debt without success.

My Opinion in respect of this matter is not modified.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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

Non-Use of Official Vehicle Allowance

As disclosed in Note 9 to the financial statements, the statement of financial performance reflects a balance of Kshs.148,870,107 under employees cost which includes an amount of Kshs.127,916,766 in respect of personnel costs. The latter balance includes an amount of Kshs.1,100,000 paid to some employees as non-use of official car allowance. The allowance is not provided for in the terms and conditions of service for academic, senior library and administrative staff of the University College. Further, no documentary evidence was provided for audit review to confirm that those employees had used their vehicles exclusively for official purposes during the period claimed.

Under the circumstances, the regularity and value for money of the expenditure of Kshs.1,100,000 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me

to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 the International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University College to cease sustaining its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

12 March, 2021

**STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30THJUNE 2019**

		2018/2019	2017/2018
	Notes	Kshs	Kshs
Revenue from non-exchange transactions			
Recurrent Capitation Grants	6	186,711,498	176,000,000
Total revenue from non-exchange transactions		186,711,498	176,000,000
Revenue from exchange transactions			
Tuition fees & other related charges	7	57,513,150	36,739,670
Other Incomes	8	9,954,040	10,619,547
Total revenue from exchange transactions		67,467,190	47,359,217
Total revenue		254,178,688	223,359,217
Expenses			
Employee Costs	9	148,870,107	95,079,784
Council Expenses	10	17,573,204	17,853,660
Depreciation and amortization expense	11	24,747,142	23,302,328
Repairs and maintenance	12	3,649,455	8,406,544
General expenses	13	66,168,541	76,974,709
Total expenses		261,008,450	221,617,025
Surplus before Tax		(6,829,762)	1,742,192
Taxation		-	-
Surplus/(Deficit) for the period		(6,829,762)	1,742,192

The notes set out on pages 40 to 70 form an integral part of these Financial Statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019**

		2018/2019	2017/2018
	Notes	Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	320,769,182	120,781,785
Receivables from exchange transactions	15	6,277,706	5,207,301
Receivables from non- exchange transactions	16	19,666,507	-
Inventories	17	4,440,158	4,224,652
Total Current Assets		351,153,553	130,213,738
Non-current assets			
Property ,plant and equipment	18	349,390,294	330,464,619
Intangible Assets	19	17,641,717	23,522,290
Total Non-Current Assets		367,032,011	353,986,909
Total assets		718,185,565	484,200,647
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	83,948,580	93,253,591
Refundable deposits from customers	21	1,577,100	1,493,000
Prepayments and Deposits	22	5,706,008	5,670,417
Total current liabilities		91,231,689	100,417,008
Total liabilities		91,231,689	100,417,008
Net assets			
Capital Fund		200,187,691	200,187,691
Capital Development Grants		441,337,500	191,337,500
Accumulated Surplus/(Deficit)		(14,571,314)	(7,741,552)
Total net assets		626,953,877	383,783,639
Total net assets and liabilities		718,185,565	484,200,647

The Financial Statements set out on pages 34 to 38 were signed on behalf of the Council by:

Principal
Prof. Charles Omondi Ochola

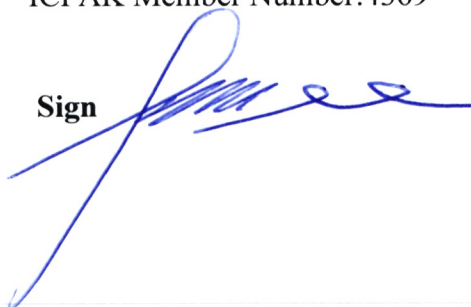
Ag. Finance Officer
Mr. Julius O Otieno
ICPAK Member Number:4369

Council Chair
Dr. August N. Abate

Sign



Sign



Sign



**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2019**

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

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30THJUNE 2019**

		2018/2019	2017/2018
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Recurrent Capitation Grants		186,711,498	176,000,000
Tuition & Other related charges		57,513,150	36,739,670
Other Incomes		9,954,040	10,619,547
Adjustments for non – cash items			
Increase in accrued Income		(20,736,912)	(4,679,132)
Increase in refundable Deposits		84,100	1,093,570
Increase in Income Received in Advance		35,591	4,782,217
Net cash receipts from Operating Activities		233,561,467	224,555,872
Payments			
Staff Costs		148,870,107	95,079,784
General Expenses		66,168,541	76,974,709
Repairs and Maintenance		3,649,455	8,406,544
Council Expenses		17,573,204	17,853,660
Adjustments for non – cash items			
Increase in Inventories		215,506	2,940,234
Accrued Accounts Payables		9,305,013	(18,207,117)
Salary paid Maseno University for Seconded Staff		-	(3,279,721)
Items procured by Maseno University for TMUC		-	(5,534,987)
Retention fees on Capital Projects		-	(924,731)
Accrued KRA withholding tax		-	(1,536,421)
Accrued PAYE deduction		-	401,776
Net cash Payments		245,781,828	172,173,730
Net cash flows from operating activities	25	(12,220,361)	52,382,142
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(37,792,242)	(75,253,710)
Development Capitation Grants		250,000,000	36,337,500
Net Cash flow From Investing Activities		212,207,758	(38,916,210)
Net increase in cash and cash equivalents		199,987,397	13,465,932
Cash and cash equivalents as at 1st July	14	120,781,785	107,315,853
Cash and cash equivalents as at 30th June	14	320,769,182	120,781,785

Note:

The Cash balance of **Kshs.264,059,441** under note 14 in the Development KCB A/C is committed for the ongoing Construction of Administration and Lecture Theatres Block estimated to cost **Kshs.1,391,982,000** to completion. The Project is being undertaken in phases.

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE 2019.**

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference	Performance Percentage
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Revenue from Non-Exchange Transactions						
Recurrent Grants from GoK	878,769,000	(711,724,008)	167,044,992	167,044,991	-	-
Special Capitalation (Supplementary Estimates II)	-	19,666,507	19,666,507	19,666,507	-	-
Revenue from Exchange Transactions						
Tuition fees & other related charges	44,728,000	-	44,728,000	57,513,150	12,785,150	28.58
Other Incomes	8,369,000	-	8,369,000	9,954,040	1,585,040	18.94
Total income	931,866,000	(692,057,501)	239,808,499	254,178,688	14,370,189	5.99
Expenses						
Employee Costs	522,273,000	(371,914,681)	150,358,319	148,870,107	1,488,212	0.99
Council Expenses	25,000,000	(7,209,160)	17,790,840	17,573,204	217,636	1.22
Repairs and Maintenance	17,743,000	(13,756,130)	3,986,870	3,649,455	337,415	8.46
General Expenses	303,012,000	(235,339,530)	67,672,470	66,168,541	1,503,929	2.22
Depreciation Expense	63,838,000	(38,681,930)	25,156,070	24,747,142	408,928	1.63
Total expenditure	931,866,000	(666,901,431)	264,964,569	261,008,450	3,956,119	1.49
Surplus/(Deficit) for the period	-	(25,156,070)	(25,156,070)	(6,829,762)	10,414,069	

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

EXPLANATION OF MATERIAL VARIANCES

1. The University College submitted its 2018/2019 FY recurrent Budget of **Kshs. 931,866,000** to be financed through internally generated revenue of **Kshs. 53,097,000** and recurrent government grants of **Kshs. 878,769,000**. However, the Government only allocated **Kshs. 167,044,992** for recurrent grants and additional allocation of **Kshs. 19,666,507** through supplementary estimates II. 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.
2. Revenue from exchange transactions were above the budget due to increased enrolment of students in the 2018/2019 academic year.

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 2019

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 2018/2019.

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 2019

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> <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>

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. This Standard is not applicable to the University during the period under review

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 2018-2019 was approved by the National Assembly in June 2018. 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 entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

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

Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is calculated on the straight-line basis to write down the cost of each asset, or the re-valued amount, to its residual value over its estimated useful life using the following annual rates:

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

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		2018/2019	2017/2018
6	Recurrent Grants	Kshs	Kshs
	Recurrent Capitation from GoK	167,044,991	176,000,000
	Special Capitation (Supplementary II)	19,666,507	-
		186,711,498	176,000,000

The University College was allocated Special Capitation grant of **Kshs.19,666,507** for the implementation of 2013-2017 CBA under supplementary II 2018/2019 FY.

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 (2018/2019)	Total grant Income Prior year (2017/2018)
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education: State Department for University Education	186,711,498	-	250,000,000	436,711,498	212,337,500
Total	186,711,498	-	250,000,000	436,711,498	212,337,500

The total grant income for the year 2017/2018 comprises of **Kshs. 176,000,000** for recurrent grants and **Kshs. 36,337,500** for development grants.

NOTE		2018/2019	2017/2018
		Kshs	Kshs
7	Tuition and related charges		
	Activity fees	3,448,000	2,640,000
	Computer Time income	6,611,000	4,715,000
	Examination fee	5,059,000	3,572,000
	Library fee	1,779,000	1,374,000
	Maintenance fee	1,185,000	914,000
	Registration fee	1,216,500	900,500
	Student ID	241,500	411,000
	Student Medical fee	3,507,000	2,698,000
	Supervision-PGDE	284,000	-
	Fieldwork-PGDE	411,600	-
	CUE Fees	1,573,650	-
	Attachment Fees	1,095,000	-
	Replacement of Exam Card	2,100	-
	Examination Re-sit	73,000	-
	Student Organization fees	1,114,000	-
	Tuition fees	29,912,800	19,515,170
	Total Tuition and related charges	57,513,150	36,739,670

Tom Mboya University College
Annual Reports and Financial Statements
For the year ended June 30, 2019

NOTE		2018/2019	2017/2018
		Kshs	Kshs
8	Other Incomes		
	Accommodation Fees	2,849,700	4,500,000
	Hire of Halls	79,875	10,000
	Application fee	141,000	220,000
	Catering income	4,887,630	5,354,620
	Tendering charges	9,000	28,690
	Farm income	346,103	258,400
	Interest Income	1,027,718	-
	SOTMUC Other Incomes	30,370	-
	Miscellaneous	582,644	247,837
	Total Other Incomes	9,954,040	10,619,547
9	Employee Costs		
	Personnel Emoluments (Payroll)	127,916,766	78,679,357
	Part-time payments	15,678,946	11,704,404
	Casual Wages	4,844,895	4,372,473
	Staff development	429,500	323,550
	Total Employee Costs	148,870,107	95,079,784
10	Council expenses		
	Chair Honorarium	960,000	720,000
	Council Meetings and Facilitation Costs	16,613,204	17,133,660
	Total Council expenses	17,573,204	17,853,660
11	Depreciation and Amortization expenses		
	Buildings	2,662,625	2,662,625
	Motor Vehicles	3,586,750	3,586,750
	Furniture & Fittings	1,887,378	1,690,203
	Computers	1,690,686	857,520
	ICT Infrastructure	984,315	984,315
	Library Books	6,515,020	6,242,622
	Office Equipment	321,407	241,607
	Plant and Equipment	1,218,388	1,156,113
	Amortization of Intangible Asset-ERP	5,880,573	5,880,573
	Total Depreciation and Amortization expenses	24,747,142	23,302,328

Tom Mboya University College
Annual Reports and Financial Statements
For the year ended June 30, 2019

NOTE		2018/2019	2017/2018
		Kshs	Kshs
12	Maintenance and Repairs		
	Plant and Equipment	334,370	661,750
	Motor Vehicles Repairs & Spares	680,540	124,430
	Maintenance of Office Equipment	20,750	-
	Maintenance of Grounds	342,088	39,730
	Repair & Maintenance of Generators	24,950	26,460
	Refurbishment of Buildings	894,514	311,555
	Water Supply Repairs	358,787	-
	Maintenance of Hostels	55,924	28,010
	Farm Maintenance	1,050	-
	Electrical Expenses	376,154	-
	Minor Works and Construction	560,328	7,214,609
	Total Maintenance and Repairs	3,649,455	8,406,544
13	General expenses		
	Admission related expenses	9,200	62,675
	Advertising and publicity	786,073	2,593,630
	Audit fees	696,000	696,000
	Bank charges/commissions	389,894	330,440
	Cleaning materials	227,794	511,727
	Cooking fuel/gas	315,350	375,000
	Electricity expenses	1,041,320	1,164,746
	Examination material	3,750	304,534
	ICT expenses	1,894,040	2,137,750
	Internet access and services	1,061,601	2,140,629
	Field Trip/Industries	70,435	243,925
	Fuel For Boilers/Generators	-	39,280
	Land Preparation/Crops inputs	131,486	79,300
	Medical expenses	319,229	10,966,825
	Office Running Expenses	10,000	594,887
	Performance Contract	1,103,290	136,363
	Purchase of Periodicals	914,201	778,845
	Postal telegram	9,450	-
	Penalties & Fines	-	98,620
	Food & Catering Expenses	6,358,658	6,204,120
	Security services	18,528,720	6,492,976

Tom Mboya University College
Annual Reports and Financial Statements
For the year ended June 30, 2019

NOTE		2018/2019	2017/2018
		Kshs	Kshs
	Stationery Expenses	2,890,193	1,995,997
	Subscription Expenses	32,720	169,250
	Tender Expenses	-	287,200
	Teaching materials	53,504	370,709
	Telephone expenses	263,457	570,724
	Transport Operating Expenses	1,329,801	782,422
	Travelling and accommodation	9,723,798	7,015,299
	Veterinary Services	4,250	33,920
	Water Charges	602,515	1,375,235
	Legal Expenses	60,000	665,360
	Licenses and Permits	51,750	7,500
	Strategic Plan	379,800	4,883,600
	Master Plan	-	11,600,000
	Rent Expenses	8,194,199	6,165,650
	KUCCPS Placement Fees	1,464,000	135,000
	Student Welfare	402,490	159,835
	External Examiners	50,270	1,071,800
	Asset Valuation	-	2,742,000
	CUE Expenses	854,500	480,000
	SOTMUC Expenses	990,683	256,867
	Professional Membership Fees	73,000	-
	Development of New Programmes	48,532	-
	ERP Maintenance	1,740,000	-
	Teaching Practice	332,350	-
	Sanitary Expenses	305,500	-
	Laboratory Reagents	737,339	-
	Staff Welfare	108,000	-
	Insurance of Assets	1,434,033	-
	Shows & Exhibitions	59,300	-
	Purchase of drugs (Students Clinic)	77,709	-
	Increase in Provision for Doubtful Debts	34,358	254,069
	Total General expenses	66,168,541	76,974,709
14	Cash and Cash Equivalent		
	TMUC Current Operations A/C KCB Homabay Branch A/C No. 1182330096	11,800,040	22,830,903

Tom Mboya University College
Annual Reports and Financial Statements
For the year ended June 30, 2019

NOTE		2018/2019	2017/2018
		Kshs	Kshs
	TMUC Development KCB A/C Homabay Branch A/C No. 1182330010	264,059,441	44,084,549
	TMUC Fee Collection Equity A/C Homabay Branch A/C No. 0980269346780	25,852,011	44,890,343
	TMUC IGA KCB A/C Homabay Branch A/C No. 1198213183	14,881,196	8,975,990
	TMUC Student Activity Fees KCB Homabay Branch A/C No. 1237325331	939,810	-
	TMUC Students Organization KCB Homabay Branch A/C No. 1237325269	393,379	-
	TMUC Deposit A/C KCB Homabay Branch A/C No. 1255384476	2,843,304	-
	Total Cash and Cash Equivalents	320,769,182	120,781,785
15	Receivables from Exchange Transactions		
	Students Debtors	5,768,533	5,081,370
	Other Sundry Debtors	417,600	
	Deposits(Guarantees)	380,000	380,000
	Less Provision for Doubtful Debts	(288,427)	(254,069)
	Total Receivables from Exchange Transactions	6,277,706	5,207,301
16	Receivables from Non- Exchange Transactions		
	Special Capitation grant from State Dept. for University Education & Research (Supplementary Estimates II 2018/2019 FY)	19,666,507	-
17	Inventories		
	Stocks Maintenance Stores	852,174	1,251,568
	Stocks Stationery	1,617,557	1,434,044
	Stocks Medical Drugs Reagents & Others	428,534	395,955
	Stocks Cleaning Materials	319,921	266,172
	Catering Stocks	973,972	628,913
	Biological Assets	248,000	248,000
	Total Inventories	4,440,158	4,224,652

18. PROPERTY, PLANT AND EQUIPMENT

Cost/Valuation	Land Kshs	Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers Kshs	ICT Infrastructure Kshs	Library Books Kshs	Office Equipment Kshs	Plant & Equipment Kshs	Work in Progress Kshs	Total Kshs
At 1st July 2017	420,000,000	106,882,400	-	11,434,125	2,313,010	3,146,325	30,456,343	726,142	559,860	77,099,201	652,617,406
Additions	-	-	16,295,000	17,657,556	4,412,500	-	756,765	481,895	-	35,649,994	75,253,710
Disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation Gain/(Loss) Adjustment(Master Plan)	(286,667,775)	(69,579,620)	(1,948,000)	(15,570,055)	(4,150,375)	(190,424)	-	-	5,220,707	-	(372,885,542)
Completed Projects	36,447,775	69,202,220	-	-	-	-	-	-	-	(7,099,200)	(7,099,200)
										(105,649,995)	-
At 30 th June 2018	169,780,000	106,505,000	14,347,000	13,521,626	2,575,135	2,955,901	31,213,108	1,208,037	5,780,567	-	347,886,374
Additions	-	-	-	1,577,400	2,502,000	-	1,361,992	399,000	311,375	31,640,475	37,792,242
As at 30 th 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
Depreciation and impairment											
At 1st June 2017	-	2,672,060	-	1,381,735	770,243	1,038,287	83,509	90,397	108,357	-	6,144,588
Depreciation	-	2,662,625.00	3,586,750.00	1,690,203.00	857,519.00	984,315.00	6,242,621.00	241,607.00	1,156,113.00	-	17,421,753
Transfer/adjustment	-	(2,672,060)	-	(1,381,735)	(770,243)	(1,038,287)	(83,509)	(90,397)	(108,357)	-	(6,144,588)
At 30 th June 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	-	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
As at 30 th June 2019	-	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 30 th 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
At 30 th June 2018	169,780,000	103,842,375	10,760,250	11,831,423	1,717,615	1,971,586	24,970,486	966,430	4,624,454	-	330,464,619

WIP relates to the cost of Construction of Phase 1 of the Administration and Lecture Theatres Block.

19. INTANGIBLE ASSETS-ERP SOFTWARE

Description	2017/2018	2016/2017
	Kshs	Kshs
Cost		
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	5,880,573	-
Amortization	5,880,573	5,880,573
At end of year	11,761,146	-
Impairment loss	-	-
At end of year	11,761,146	5,880,573
NBV	17,641,717	23,522,290

		2018/2019	2017/2018
		Kshs	Kshs
20	Trade and Other Payables		
	Accounts Payable	10,560,783	18,863,442
	Salaries for Seconded Staff from Maseno University	46,405,334	46,405,334
	Procured Items from Maseno University	5,864,636	5,864,636
	Maseno Advances	15,688,878	15,688,878
	Retention	2,843,706	4,505,502
	PAYE Deduction Payable	2,585,243	1,925,799
	Total Trade and Other Payables	83,948,580	93,253,591
21	Refundable Deposits from Customers		
	Students' Refund (Caution Money)	1,577,100	1,099,000
	HELB Control Account	-	394,000
	Total Refundable Deposits from Customers	1,577,100	1,493,000
22	Prepayments & Deposits		
	Student Advanced Receipts	5,706,008	5,670,417

23 DEFERRED INCOME

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

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 2019, 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

	2018-2019	2017-2018
	Kshs	Kshs
Deficit for the year before tax	(6,829,762)	1,742,192
Adjusted for:		
Depreciation and Amortization	24,747,142	23,302,328
Items Procured by Maseno University	-	(5,534,987)
Working Capital Adjustments		
Increase in Receivables	(20,736,912)	(4,679,131)
Increase in refundable Deposits	84,100	1,093,570
Increase in income received in advance	35,591	4,782,217
Increase in inventories	(215,506)	2,940,234
Decrease in Payables	(9,305,013)	28,735,719
Net Cash flow from Operating Activities	(12,220,361)	52,382,142

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 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	-	-
At 30 June 2018				
Receivables from exchange transactions	5,207,301	5,207,301	-	-
Receivables from Non exchange transactions	-	-	-	-
Bank balances	120,781,785	120,781,785	-	-
Total	125,989,086	125,989,086	-	-

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 2019				
Trade payables	2,585,243.08	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
At 30 June 2018				
Trade payables	-	30,532,362	69,884,647	100,417,009
Provisions	-	-	-	-
Employee Benefit Obligations	-	-	-	-
Total	-	30,532,362	69,884,647	100,417,009

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 2018/2019 **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:

	2018-2019	217-2018
	Kshs	Kshs
Accumulated (Deficit)	(14,571,314)	(7,741,552)
Capital reserve	200,187,691	200,187,691
Capital Development Grants	441,337,500	191,337,500
Total funds	626,953,877	383,783,639
Maseno University Advances	67,958,849	67,958,849
Funds Committed for Capital Development Project	264,059,441	44,084,549
Less: cash and bank balances	(320,769,182)	(120,781,785)
Net debt/(excess cash and cash equivalents)	11,249,108	(8,738,387)
Gearing	1.79%	-2.28%

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

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt.(Recurrent & Development)	436,711,498	212,337,502
Grants from County Government	-	-
Donations in kind	-	-
Total	436,711,498	212,337,502
c) Expenses incurred on behalf of related party		
Salaries and wages for TMUC employees	127,916,766	78,679,357
Commission for University Education(CUE)	854,500	480,000
Kenya Universities & Colleges Central Placement Service(KUCCPS)	1,464,000	135,000
Total	130,235,266	79,294,357
d) Key management compensation		
Council Expenses	17,573,204	17,853,660
Compensation to the CEO	14,414,891	11,686,511
Compensation to Other Senior Management	19,339,108	14,916,551
Total	51,327,204	44,456,722

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	2018-2019	2017-2018
	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 Phase I	285,851,040.76	-
Sub-total	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



Chairman of Council



Date

10/01/2020

Date

18/01/2020

APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget FY 2018-2019	Actual	Sources of funds
1 Administration & Lecture Theatres Block	1,391,982,000	31,640,475	2.27%	250,000,000	31,640,475	GOK
Total	1,391,982,000	31,640,475	2.27%	250,000,000	31,640,475	GOK

APPENDIX 11: INTER-ENTITY TRANSFERS

Break down of Transfers from the State Department of University Education and Research			
FY 17/18			
a.	Recurrent Grants		
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	2/8/2018	14,204,506.00	2018/19
	30/8/2018	14,204,506.00	2018/19
	1/10/2018	14,204,506.00	2018/19
	8/11/2018	14,204,506.00	2018/19
	3/12/2018	13,352,236.00	2018/19
	27/12/2018	12,499,965.00	2018/19
	1/2/2019	14,204,506.00	2018/19
	7/3/2019	14,204,506.00	2018/19
	28/3/2019	13,352,236.00	2018/19
	2/5/2019	14,204,506.00	2018/19
	6/6/2019	14,204,506.00	2018/19
	28/6/2019	14,204,506.00	2018/19
	9/7/2019	19,666,506.90	2018/19
	Total	186,711,497.90	
b.	Development Grants		
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	11/3/2019	112,500,000.00	2018/19
	20/3/2019	12,500,000.00	2018/19
	19/6/2019	125,000,000.00	2018/19
	Total	250,000,000.00	

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	2/8/2018	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	30/8/2018	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	1/10/2018	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	8/11/2018	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	3/12/2018	Recurrent	13,352,236.00	13,352,236.00	-	-	-	13,352,236.00	
	27/12/2018	Recurrent	12,499,965.00	12,499,965.00	-	-	-	12,499,965.00	
	1/2/2019	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	7/3/2019	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	28/3/2019	Recurrent	13,352,236.00	13,352,236.00	-	-	-	13,352,236.00	
	2/5/2019	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	6/6/2019	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	28/6/2019	Recurrent	14,204,506.00	14,204,506.00	-	-	-	14,204,506.00	
	9/7/2019	Recurrent	19,666,506.90	19,666,506.90	-	-	-	19,666,506.90	
	11/3/2019	Development	112,500,000.00		112,500,000.00	-	-	-	112,500,000.00
20/3/2019	Development	12,500,000.00		12,500,000.00	-	-	-	12,500,000.00	
19/6/2019	Development	125,000,000.00		125,000,000.00	-	-	-	125,000,000.00	
Total			436,711,497.90	186,711,497.90	250,000,000.00			436,711,497.90	



REGIONAL ASSEMBLY
RECEIVED
JULY 10 1980