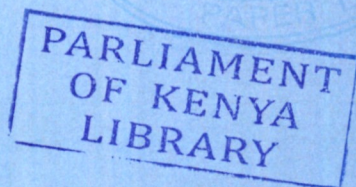


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

18 OCT 2018



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MULTIMEDIA UNIVERSITY OF KENYA**

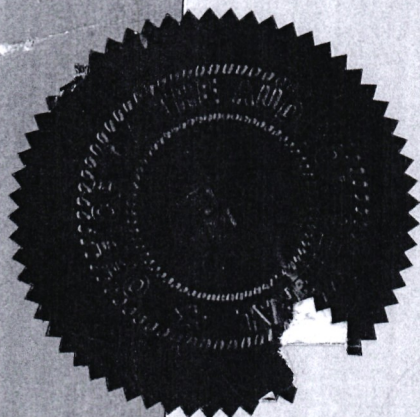
**FOR THE YEAR ENDED
30 JUNE 2017**

*Paper laid by
hom on 18/10/18 (pm)*

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
MULTIMEDIA UNIVERSITY OF KENYA

FOR THE YEAR ENDED
30 JUNE 2017

*Paper laid by
hand on 18/10/184m*

12 OCT 2013



MULTIMEDIA UNIVERSITY OF KENYA

P.O. BOX 15653 - 00503, NAIROBI, KENYA.

(MMU is ISO 9001:2008 Certified)

MULTIMEDIA UNIVERSITY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2017

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



MULTIMEDIA UNIVERSITY OF KENYA

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MULTIMEDIA UNIVERSITY OF KENYA

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Multimedia University is a fully pledged public University wholly owned by the Kenyan government. The University was previously registered as a constituent College of Jomo Kenyatta University of Agriculture and Technology under legal notice no 155 of 28th November 2008. Prior to this registration the constituent College was registered as 'The Kenya University of Communications Technology (KCCT)' a limited company under the Company's Act (CAP 486) on 23rd November 2000 .KCCT was the successor to the Central Training School (CTS), which was founded in 1948 to provide advanced telecommunications, postal and management training to the employees of the then East African Posts and Telecommunications Corporation.

After the collapse of the East African Community (EAC) in 1977, CTS was taken over by the Kenya Post and Telecommunication Corporation (KPTC). In an effort to match the changing global environment of the telecommunications industry, the Kenyan government introduced partial liberalization of telecommunications services in 1990. CTS was then transformed into an autonomous College - the Kenya College of Communications Technology (KCCT) and incorporated under the Companies Act (cap 486) as a wholly owned subsidiary of the then Kenya Posts and Telecommunications Corporation (KPTC).

Multimedia University College of Kenya was elevated to University status Vide legal notice no. 155 and on 4th March 2013 to become a fully pledged University with its own Charter.



KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(b) Principal Activities

The principal activity of the University is to provide quality training in Engineering, media, ICT and Business to meet the aspirations of a dynamic society while inculcating a strong research, innovation, production and extension culture with an efficient team of academic and support staff. The University offers training opportunities with the aim of meeting the training needs of the Information and Communication Technology (ICT) sector.

The University offers Diplomas and Degrees academic Programs. The University also runs academic and professional programmes in collaboration with NCC (UK), CIPS (UK) and KNEC (KENYA).

(c) Fiduciary Oversight Arrangements

- [i] Full Council
- [ii] Executive Committee (Ad-hoc)
- [iii] Finance and Resource Mobilization Committee
- [iv] Audit Committee
- [v] Planning, Establishment, Development and ICT Steering Committee
- [vi] Human Resource, Staff Welfare and Disciplinary Committee of Council
- [vii] Students Welfare
- [viii] Sealing & Honorary Committee (Ad-hoc)



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KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(d) Entity Headquarters

P.O. Box 15653, 00503
Magadi Road
Nairobi, Kenya

(e) Entity Contacts

Telephone: (254) (020), 2071391/2/3
E-mail: vc@mmu.ac.ke
Website: www.mmu.ac.ke

(f) Entity Bankers

1. Kenya Commercial Bank
Ongata Rongai Branch
P.O. Box 267
Ongata Rongai
2. Equity Bank Ltd
Ongata Rongai Branch
P.O. Box 75104-00200
Nairobi, Kenya.

(d) Independent Auditors

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

(e) Principal Legal Adviser

1. J. Thongori & Co. Advocates
P.O. Box 45707-00100, Nairobi.
2. Miller & Company Advocates
P.O. Box 45707-00100, Nairobi.
3. Achach & Company Advocates
P.O. Box 4958-00100, Nairobi.
4. Muchoki Kanga'ta Njenga & Co. Advocates
P.O. Box 926 - 00100, Nairobi.



MULTIMEDIA UNIVERSITY OF KENYA

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II. THE UNIVERSITY COUNCIL



1. Dr. Herbert Misigo Amatsimbi-Chairman

Dr. Herbert Misigo Amatsimbi is a Consultant specializing in History and Economic Development of Kenya and has vast experience in Academia. He is a designer of Governance Training Programmes and is an author and editor of several publications on the History and Economic Development of Kenya.

Dr. Misigo is currently a Senior Lecturer of History at the University of Nairobi.



2. Francesca Boen- Vice Chairperson

Ms. Francesca Cherotich Boen is a Dynamic Human Resource Professional with a proven record of over fifteen years of accomplishments in establishing Human Resource Strategies and Policies. She has strong analytical organizational, interpersonal and presentation skills and has conducted salary surveys within labour markets to determine competitive rates, for peaceful industrial relations. She currently holds a senior human resource position in a government institution.



3. Eng. Arthur Ogwayo-Member

Eng. Arthur Ogwayo is a Founder Partner of M&E Consulting Engineers and former President of Federation of African Organizations of Engineers. Eng. Ogwayo has supervised a wide range of projects including street lighting, power distribution and standby power arrangements. He is currently coordinating a Team promoting use of renewable energy to supplement power generation in Kenya through the use of agricultural waste in clean power generation.



MULTIMEDIA UNIVERSITY OF KENYA

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THE UNIVERSITY COUNCIL (CONTINUED)

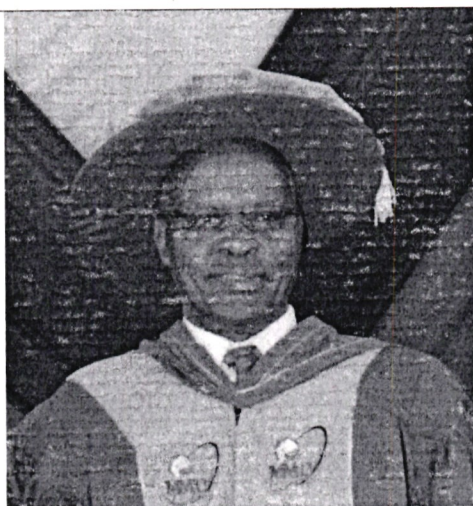


4. Prof. Peter Nyamuhanga Mwita
Treasurer

**Prof. Peter Nyamuhanga Mwita –
Treasurer/Chairman Finance Committee
B.Sc.(KU, Kenya), MAppStats.(Macquarie University,
Australia), Ph.D. (Technical University of
Kaiserslautern, Germany)**

Prof. Peter Nyamuhanga Mwita is a well known statistician and scholar. He is Professor of Statistics in the Department of Statistics and Actuarial Sciences and Dean of the School of Mathematical Sciences at Jomo Kenyatta University of Agriculture and Technology.

Prof. Mwita has wide experience in Boardroom interactions and policy formulation. He is the founding Chairman of the Kenya National Bureau of Statistics (KNBS) Board of Directors, where he successfully led the delinking and restructuring processes of the (former) Central Bureau of Statistics to a very competitive SAGA-KNBS. He successfully led the Bureau in conducting the 2009 Kenya National Population and Housing Census, whose campaign *won the United Nations* public relations Grand Award. He is the current Chairman of Kenya National Statistical Society.



5. Prof. Amb. Festus Kaberia

Prof. Amb. Festus Kaberia is a Professor of Organic Chemistry and a scholar of great repute. Prior to his appointment to MMU he was a professor of organic chemistry at Jomo Kenyatta University. He also served as a deputy commission secretary at the commission for Higher Education.

Prof. Amb. Kaberia has also served as the country as a High Commissioner of Kenya to India.

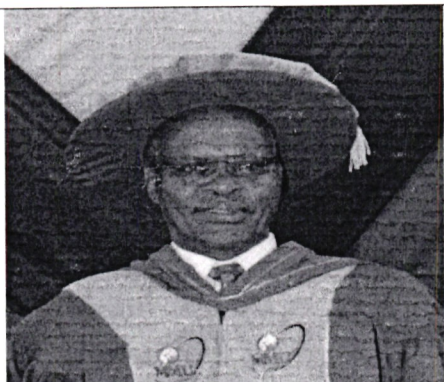


MULTIMEDIA UNIVERSITY OF KENYA

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III. MANAGEMENT TEAM



1. Prof. Amb. Festus Kaberia

Vice Chancellor



2. Prof. Rosebella Maranga

Deputy Vice Chancellor, Administration,
Finance & Planning



3. Prof. Paul Mbatia

Deputy Vice Chancellor, Academic Affairs
Research & Innovation



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MANAGEMENT TEAM (CONTINUED)



4. Mr. Caleb Oboch

Ag. Registrar Administration



5. Dr. Joash Mulabe

Registrar Academic Affairs



6. Mr. Joseph Ndiritu

Ag. Finance Officer



MULTIMEDIA UNIVERSITY OF KENYA

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IV. CHAIRMAN'S STATEMENT

It is my humble duty and pleasure to present the financial report for the year 2016-2017.

The University continues to grow in all areas. Our student population has increased from 2199 in 2013 to 5919 in May 2017 while the number of academic programmes has increased from 23 in 2013 to 45. In 2017, the university started a fully-fledged Social Sciences faculty. This was an addition to the already existing five.

The university also experienced an improvement in the physical and learning infrastructure. This was complemented with engagement and promotion of the competent staff.

According to the National Cohesion and Integration Commission (NCIC) study of 2016, MMU was among the five (5) out of thirty one (31) Universities that complied with diversity law. The University's staff composition based on ethnicity is well balanced and adheres to the National Cohesion and Integration requirement which states that no community should hold more than 33.3 per cent of jobs in any Institution.

This year the University was able to develop, through a comprehensive consultative process, a new strategic plan which is the road map of how the university is to grow and develop for the next five years. The plan envisages MMU being a medium size university which has world class infrastructure and teaching aids that offers quality education. The plan is ambitious but we believe it is attainable with the support from all stakeholders.

Just like other public universities we are facing major challenges in financing our activities. However, the council has setup good strategies and policies that will guide in undertaking activities that generate more revenue to the university and lead to prudent utilization of resources. These strategies and policies will enable the university to unlock the potential it has especially in utilizing its available resources.

As is evident in this financial report the University's revenue has continued to increase but this is offset by the increase staff, depreciation and maintenance costs. The Council has setup a detailed plan for infrastructure refurbishment and development with the aim of reducing costs while offering quality services and environment to our students and cliental.

X



MULTIMEDIA UNIVERSITY OF KENYA

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In conclusion, we would like to thank all our stakeholders and partners especially the Government of Kenya for the continued support. On behalf of the University Council, we also want to thank our dedicated staff and students for their commitment in their work and studies. MMU is heading in the right direction.

Prof. Johnstone M. Kiamba, PhD, MA, BA, LLB, Dip. Law (KSL)
CHAIRMAN OF THE UNIVERSITY COUNCIL



MULTIMEDIA UNIVERSITY OF KENYA

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V. REPORT FROM THE VICE CHANCELLOR

Multimedia University of Kenya (MMU) is committed to providing high quality education that meets international standards. The University has continued to discharge its core mandate of research and dissemination of knowledge as envisioned in the vision 2030. This is evident from the huge array of programmes on offer under the six faculties.

The University management has put strategies in place to enable the University tap into its institutional memory to deliver market driven courses that are derived from research and innovation. In the past financial year a lot has been done and achieved through hard work, strategic thinking and prudent management of resources.

The University's key challenge remains the inadequate financial resources. This has resulted to the University having constrained students' accommodation facilities, low staffing levels and high maintenance costs due to dilapidated facilities. It is my hope that the Government of Kenya through the Ministry of Education will review the funding of the Universities so that it reflects the actual cost of specific programmes.

The University's Management is committed to improving the quality of education and service delivery by prudent use of available resources. During the financial year, the University initiated a number of projects that are geared to making Multimedia University of Kenya a center of excellence.

In terms of Physical infrastructure, the University completed the construction of the first phase of lecture halls, the construction of the students centre and the partial construction of the Perimeter Wall. In order to boost revenue generation, The University refurbished the Hotel and conference Center and purchased modern equipment for Printing and Laundry section. The University has also embarked on aggressive marketing of academic programmes.



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In Conclusion, there is need to increase the Government funding to enable the University accomplish its core mandate.


Amb. Prof. Festus Kaberia, PhD, OGW
VICE CHANCELLOR



MULTIMEDIA UNIVERSITY OF KENYA

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VI. CORPORATE GOVERNANCE STATEMENT

Introduction

Multimedia University of Kenya (MMU) is a chartered public University established by the Kenyan Government under the Universities Act No. 42 of 2012 and the Multimedia University of Kenya Charter 2013.

The Board regularly reviews the University's corporate governance framework to ensure that it operates within the legal framework establishing the University and ensuring that it meets the needs of all its stakeholders.

This Corporate Governance Statement outlines the key components of the corporate governance framework during the year ended 30 June 2017.

Multimedia University Council

The MMU Council was appointed on 31st July, 2013 vide gazette Notice No. 11530.

The Council constituted four working Committees in line with Mwongozo. These committees are:

- (i) Planning, Finance and Resource Mobilization
- (ii) Human Resource and Staff Welfare
- (iii) Academic and Students Welfare
- (iv) Audit, Risk and Governance

1. Council meetings

The University developed and approved Council meeting Almanac for the FY 2016/17 which outlined the Council meetings to be held in the year. The Council held four Full Council meetings and one (1) Special Meeting.



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2. Succession Plan

The four years term of the Council members appointed on 31st July 2013 ended on 31st July, 2017. New members of the Council have been appointed vide Gazette Notice Number 7602 of 7th August 2017 and have since assumed office.

3. Board Charter

The MMU Council's operations and procedures are guided by a charter which was approved in June, 2016. The Board Charter also outlined the terms and conditions of the Council, their duties, roles and responsibilities.

4. Induction and Training of the Council

The Council attended an induction course organized by States Corporation Advisory Committee (SCAC) and further was trained on governance issues.

5. Council Performance

The Council underwent performance evaluation conducted by States Corporation Advisory Committee (SCAC) on 19th September, 2016. During the 2015/16 financial year, the Council scored 4.80 out of 5 (96 %) which attests to the excellent performance of the Council and improvement from the previous financial year.

6. Council Remuneration

Council compensation is regulated by Article 230 Constitution of Kenya 2010, the State Corporations Act and various circulars on the remuneration of directors. Article 230 mandates the Salaries and Remuneration Commission (SRC) to advise on the salaries of all public servants. Section 10 of the State Corporations Act provides that the remuneration of the Chairman of the Board and the Chief Executive Officer shall be set by the Council with the approval of the State Corporations Advisory Committee. The Board remuneration is in accordance with the provision as guided by the SRC & SCAC.



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7. Conflict of Interest, Ethics and Conduct

In order to ensure that any conflict of interest of a Council member in a particular matter to be considered by the Board is brought to the attention of the Council, the Council has ensured appropriate procedures are put into place through the approval of the Anti-Corruption Policy, Code of Conduct and Ethics and actualized the conflict of interest register and the confidentiality register. Upon their induction, all the Council members took and signed an Oath of Office. Appropriate procedures have been adopted to ensure that, where the possibility of a material conflict arises, the same is dealt with in line with set government guidelines.

8. Governance Audit

The Council during the FY 2016/17 carried out an internal legal audit conducted in line with Chapter 8 of the Mwongozo and a report issued dated 2nd June, 2017. The reports revealed that the Council had to a large extent adhered to the laid down laws, rules and regulations that govern the University as a whole.



MULTIMEDIA UNIVERSITY OF KENYA

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VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Multimedia University of Kenya is committed to positively impacting the society by ensuring we operate in a socially conscious manner the positively impacts society.

The management, staff and students work hand-in-hand to ensure that this objective is attained by advancing the need for affordable and easily accessible education and reducing our negative impact on the environment.

During the year the University was able to host a one day conference on the management of electronic waste and exploring ways to increase the use of renewable energy. The institution also contributed to the mentorship of youth by partnering with partners to undertake various activities to improve education provision.

Our students stand out for their independent actions to impact the lives of the needy in the neighboring communities. This year once again our students visited the Tone La Maji Children's Home to interact with the children and sharing foodstuff and donating clothing.

In the corporate governance area, the university has developed and reviewed many of its policies with the intension of making them up to date with societal expectations. Added to this was the review of the University's strategic plan which takes into consideration of various economic and environmental challenges.

In the long term, MMU intends to review its CSR and other policies to ensure that the University conforms to society's expectation. In the fulfillment of our goal to provide high quality university education and in desire of operating in a sustainable manner, we will remain committed to meeting societal expectations and making the world a better place.



MULTIMEDIA UNIVERSITY OF KENYA

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VIII. REPORT OF THE UNIVERSITY COUNCIL

The University Council submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the University's affairs.

Principal activities

University provides quality training in Engineering, Media, ICT and Business to meet the aspirations of a dynamic society while inculcating a strong research, innovation, production and extension culture with an efficient team of academic and support staff. The University offers training opportunities with the aim of meeting the training needs of the Information and Communication Technology (ICT) sector.

Results

The results of the University for the Year ended June 30, 2017 are set out on page 1-5

University Council

The members of the University Council who served during the year are shown on page VI& VII. In accordance with the University Act of 2012.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Section 38 & 39 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board


Amb. Prof. Festus Kaberia, PhD. OGW.
VICE CHANCELLOR

Date: 19/06/2018



IX. STATEMENT OF THE UNIVERSITY COUNCIL RESPONSIBILITIES

Section 8(1) 1 of the Public Finance Management Act, 2012 and section 14 &15 of the State Corporations Act, require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University'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 PFM Act and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2017, and of the University's financial position as at that date.



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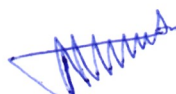
The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Council to indicate that the University 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's financial statements were approved by the University Council on 27th September 2017 and signed on its behalf by:


.....
Vice Chancellor

Date 19/06/2018


.....
Chairman of the Council

Date 19/6/18



MULTIMEDIA UNIVERSITY OF KENYA

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X. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

In the Financial Year 2016/2017 the University realized revenues totalling KES1, 057,224,002. This was an increase of 2% over the previous period (year 2015/2016) total revenue of KES.1, 033,010,776. Tuition income registered KES.395, 461,942 a decline of 3% (three percent) to KES.408,062,297 reported in 2015/2016 financial year. Student hostel and accommodation revenue registered KES.37, 438,246 a decline of 13% (thirteen percent) from KES.43,049,000. The decline in student related revenue can be attributed to the drop in May 2017 student intake due to the overall country performance in the year 2016 form four examinations.

Hotel conference facility and club house registered revenue of KES 77,735,645. This was a decrease of 28% as compared to the last financial year. Government of Kenya recurrent support however increased to KES.491,926,500 from KES.435,565,000 in 2015/2016, a 13% increase.

Total operating expenses in the financial year was KES.1, 231,582,256. This was an increase of 3% from KES.1, 196,592,661 reported the previous year. Employee cost for the period decreased to KES.782, 539,713 from KES.802, 794,477. This was a decrease of 2.5%. However general expense increased by 21% as a result of increased activities in the university and introduction of new courses.

On the overall, the university recorded a Financial Deficit of KES174 Million compared to a deficit of KES.163Million during the previous financial year (this was an increase by KES.13 Million or 8%). The increased deficit arises from the observed reduction in reported revenue and moderate increase in total expenses for the period.

SECTION B

Entity's compliance with statutory requirements

The University has complied with the statutory requirements to a large extent. However due to the cash flow constraints, the university has not been able to comply with its statutory obligation amounting to Kshs.272, 190,366 relating to various taxes. This exposes the university to the contingent liabilities in case penalties are imposed. Additionally the university has not remitted employee pension amounting to Kshs.120, 917,701. This can expose the university to court cases with the employees.

Key projects and investment decisions the entity is planning/implementing

The university is currently putting up lecture halls and renovating the student centre in order to accommodate the increasing number of students. With enough learning facilities the university will be able to introduce more new courses including the Post graduate courses.

Security has been an issue of concern in many learning institutions, to address this and enhance the safety of the students; the university is putting up a perimeter wall around the campus. Both of these projects are being funded by the government through development grant. In addition the University is currently installing security camera in the University.

SECTION D

Major risk facing the entity

a) Liquidity Risks

Currently the university is not able to meet all of its short term obligations. The University has a current asset ratio of 0.4:1. The recommended ratio is 1:1.

The current liabilities of Kshs 771.4 Million exceeded the current asset of Kshs 316.4 Million by 455 Million creating a negative working capital.

The net creditors increased by 13% to 771.4 Million as at 30th June 2017 from 682.4 Million in the previous year.

SECTION E

Material arrears in statutory/financial obligations

Due to cash flow constraints the university has the following arrears relating to statutory obligation:-

S/No.	Description	Amount – (KShs)
1.	P.A.Y.E	235,564,234
2.	Withholding VAT	29,981,121
3.	VAT	1,444,346
4.	Withholding Tax	5,200,665
5.	Staff Pension	120,917,701
	Total	393,108,066

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MULTIMEDIA UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Multimedia University of Kenya set out on pages 1 to 15, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Multimedia University of Kenya as at 30 June 2017, 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 University's Act, 2012 of Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Going Concern

During the year under review, the University recorded a deficit of Kshs.174,358,253 (2016 deficit: Kshs.163,581,885) which increased the accumulated deficit from Kshs.358,321,302 in 2015/2016 to Kshs.532,679,555 as at 30 June 2017. Further, the statement of financial position reflects current liabilities of Kshs.771,375,766 as at 30 June 2017 against current assets of Kshs.316,440,992 resulting in a negative working capital of Kshs.454,934,774 as at the same time. The University was therefore unable to meet its financial obligations as and when they fell due. In particular the university was unable to remit pension and gratuity and taxes of Kshs.144,201,931 and Kshs.272,190,366 respectively to the respective beneficiaries thereby risking fines and penalties.

Report of the Auditor-General on the Financial Statements of Multimedia University of Kenya for the year ended 30 June 2017

The University is therefore technically insolvent and the financial statements have been prepared on a going concern basis on the assumption of continued financial support from the Government, creditors and bankers.

2.0 Receivables from Exchange Transactions

2.1 Long Outstanding Debts

As disclosed in Note 12 to the financial statements, the receivables from exchange transactions balance of Kshs.164,785,287 includes trade debtors totalling to Kshs.104,939,533 out of which a balance of Kshs.77,928,486 has been outstanding for over ten (10) years and some of which date back to year 1998. Although management has adequately provided for these debts in the financial statements, available information indicate that the recovery process has been slow. It was also noted that the balance of kshs164,785,287 was arrived at after netting off impairment allowances totalling Kshs.160,375,412 and whose nature and supporting analysis was not availed for audit review. Further, included in the receivables from exchange transactions balance is staff debtors figure of Kshs.23,570,370 which includes debts totalling Kshs.22,910,549 due from the defunct Kenya College of Communications Technology (KCCT) staff who have since left the University. No satisfactory explanation was provided as to how the University cleared the former employees without recovering the outstanding debts.

Additionally, examination of a sample of student debts revealed that out of the outstanding amount of Kshs.196,650,798, recoverability of the debts totalling to Kshs101,723,862 is doubtful as the same has since been included in non-existent or inactive students as detailed below:

Student Status	Debt (Kshs.)
Withdrawn	50,449,032.00
Suspended	138,500.00
Repeat externally	62,146.00
Registration	12,301,775.00
Expelled	1,408,085.00
Discontinued	7,510,751.00
Deregistered	4,299,489.00
Deferred	245,000.00
Deceased	329,004.00
Completed	16,820,290.00
Academic Leave	8,159,790.00
TOTAL	101,723,862.00

In the circumstances, it has not been possible to confirm that the receivables from exchange transactions balance of Kshs.164,785,287 as at 30 June 2017 is fairly stated.

2.2 Unexplained Variance

The financial statement balances were at variance with the supporting schedules balances as shown below;

	Component/ Particulars	Financial Statement Balance	Support Schedule Balance	Variance
		Kshs.	Kshs.	Kshs.
1	Student debtors	196,650,798	195,022,420	1,628,378
2	Trade debtors	104,939,533	95,917,521	9,022,012
3	Staff debtors	23,570,370	22,910,549	659,821
4	Trade and other payables from exchange transactions- Note 15 totals	771,375,766	771,412,758	-36,992
	TOTAL	1,096,536,467	1,085,263,248	11,273,219

Although the management is aware of the above anomaly, no evidence of any efforts being made to reconcile the two sets of records was availed for audit review.

In the circumstances, it has not been possible to confirm the accuracy and completeness of the receivables from exchange transactions balance of Kshs.164,785,287 as at 30 June 2017.

3.0 Un-approved Excess Expenditure

Note 17 to the financial statements reflects an amount of Kshs.24,822,952 in respect of purchase of computers during the year under review against the approved budget allocation of Kshs.13,000,000 resulting to unapproved excess expenditure of Kshs.11,822,952. This is contrary to Section 68 (1) of the Public Finance Management Act, 2012 and Section 12 of State Corporations Act, Cap 446 of the laws of Kenya. The University was therefore in breach of the Law.

4.0 Cash and Cash Equivalents

The cash and cash equivalent balance of Kshs.132,758,978 as at 30 June 2017, could not be confirmed as it contains receipts in bank statements not yet recorded in the cash books and payments in bank statement not yet recorded in the cash book amounting to Kshs.11,528,183 and Kshs.641,352 respectively and whose nature has not been explained as detailed below:

Account code	Account Name	Receipts in Bank not in Cash Book Kshs.	Payment in Bank Statement not in Cash Book Kshs.
2001	KCB Main account	6,186,870.00	612,282.00
2005	KCCT Madaraka PC Assembly Account	0	29,070.00
2011	Equity Bank Collection	4,131,381.00	0
2012	Equity Development Account	1,209,932.00	0
	Total	11,528,183.00	641,352.00

Although the management is aware of the above anomaly, no efforts to reconcile the two (2) sets of records was availed for audit review.

In the circumstances, it has not been possible to confirm the accuracy, validity and completeness of the cash and cash equivalent balance of Kshs.132,758,978 as at 30 June 2017.

5.0 Prior Year Unresolved Matters

Direct Procurement of Consultancy Services

As previously reported, the University directly procured consultancy services amounting to Kshs.157,326,957 from Jomo Kenyatta University of Agriculture and Technology (JKUAT) for the Proposed New Engineering Complex building without complying with the requirements set in Section 74 of the Public Procurement and Disposal Act, of 2005. As at 30 June 2014, the University had paid a total of Kshs.54,594,241 leaving a balance of Kshs.102,732,711. Although the University relied on Section 4 (2) (c) of the Act in the procurement of the consultancy services, reference was not made to Section 3 (1) of the same Act, where a Government or any Department of the Government is defined separately as a procuring entity.

Further, records held by the University indicate that a letter of notification of award was issued to the JKUAT Consultants by the Multimedia University on 2 August 2012. Available information also indicates that Vice Chancellor, Jomo Kenyatta University of Agriculture and Technology nominated a team of seven Consultants on 10 October 2012, two months after the notification of award. It is therefore not clear how the management of Multimedia University identified the consultants before formal appointment was made by the Vice Chancellor, JKUAT. It was however noted that the consultants raised fee note No.one (1) dated 27 November 2012 for Kshs.110,128,867 out of which the University has so far paid Kshs.54,594,241 or 49.5% of the fee note. No evidence of any report on the consultancy services, contract and the payment voucher was availed for audit review.

In the circumstances it has not been possible to confirm if the University got the value for its money in the above transaction.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no key audit matters to communicate in my report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the management either intends to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

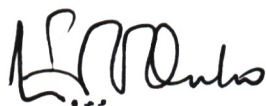
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's 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's ability to continue as a going concern or sustainability of service. 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 Institute to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

04 July 2018



MULTIMEDIA UNIVERSITY OF KENYA

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XI. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2016/2017	2015/2016
		Shs	Shs
Revenue from Non-exchange transactions			
Public contributions and donations	1	14,543,932	3,408,816
Transfers from other governments	2	516,413,274	452,776,381
Total		530,957,206	456,185,197
Revenue from exchange transactions			
Rendering of services	3	523,260,787	573,396,460
Finance Income external investment	4	3,006,009	3,429,120
Total		526,266,796	576,825,579
Total revenue		1,057,224,002	1,033,010,776
Expenses			
Employee costs	5	782,539,713	802,794,477
Remuneration of Council Members	6	11,998,339	9,596,275
Depreciation and amortization expense	7	85,108,675	97,325,054
Repairs and maintenance	8	24,569,349	15,820,109
Use of goods and services	9	21,305,643	17,263,329
General expenses	10	306,060,536	253,793,417
Total expenses		1,231,582,256	1,196,592,661
Deficit before tax		(174,358,253)	(163,581,885)
Taxation		--	--
Deficit for the period		(174,358,253)	(163,581,885)

The notes set out on pages 6 to 17 form an integral part of the Financial Statements.



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XII. STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30th JUNE 2017

	Note	2016/2017 Shs	2015/2016 Shs
Assets			
Current assets			
Cash and cash equivalents	11	132,758,978	167,210,562
Receivables from exchange transactions	12	164,785,287	196,321,533
Receivables from non-exchange transactions	13	7,556,680	4,813,163
Inventories	14	11,340,047	19,353,477
Total Current Assets		316,440,992	387,698,735
Non-current assets			
Property, plant and equipment	17	2,773,342,650	2,475,005,570
Total Non Current Assets		2,773,342,650	2,475,005,570
Total assets		3,089,783,642	2,862,704,305
Liabilities			
Current liabilities			
Trade and other payables	15	166,516,312	158,783,382
Payment received in advance	15	102,941,985	60,862,821
Taxation	15	272,190,366	251,928,944
Employee benefit obligation	15	220,496,302	203,002,657
Refundable deposits from customers	15	9,230,802	7,882,802
Total Current Liabilities		771,375,766	682,460,605
Non Current Liabilities			
Deferred income	16	740,829,084	428,306,656
Total liabilities		1,512,204,850	1,110,767,261
Net assets		1,577,578,792	1,751,937,045
Equity fund	18	1,269,222,498	1,269,222,498
Accumulated deficit	18	(532,679,555)	(358,321,302)
Revaluation reserve	18	841,035,849	841,035,849
Total capital reserves and accumulated deficit		1,577,578,792	1,751,937,045

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

[Signature]

Vice Chancellor

Date: 19/06/2018

[Signature]

Chairman of the Council

Date: 19/6/18



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XIII. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30th JUNE 2017

		2016/2017	2015/2016
		Shs	Shs
Cash and cash equivalents at the beginning of the quarter	11	167,210,562	151,993,784
Cash flows from operating activities			
Receipts			
Government grants and subsidies	2a	491,926,500	435,565,392
Rendering of services	3	523,260,787	3,429,120
Finance income – Interest from fixed deposit	4	3,006,009	573,396,460
Total		1,018,193,296	1,012,390,971
Payments			
Compensation of employees	5	782,539,713	802,794,477
Rent paid	10	6,601,760	9,772,080
Other payments	10,8, 9,6	357,332,107	286,701,050
Net cash flows from operating activities		1,146,473,581	1,099,267,608
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	17	(157,727,446)	(160,520,239)
Decrease/increase in current receivables	12,13	28,792,728	9,040
Decrease/increase in trade payables	15	88,915,161	146,189,053
Decrease/increase in stock	14	8,013,430	(7,138,287)
Net cash flows used in investing activities		(32,006,127)	(21,460,433)
Cash flows from financing activities			
Receipts/Government Dev. Grant		125,834,829	123,553,847
Net cash flows used in financing activities		125,834,829	123,553,847
Net increase/(decrease) in cash and cash equivalents		(34,451,583)	15,216,778
Cash and cash equivalents at end of the quarter	11	132,758,979	167,210,562



XIV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2017

CAPITAL RESERVES & ACCUMULATED DEFICIT					DEFERRED INCOME					
	Equity Fund	Accumu- lated deficit	Revaluation Reserve	Total	GOK Grant	GOK Engineering Donation	Korea Grant	CCK Grant Hostel	CCK Grant	Total
As 30th June 2015	1,269,222,498	(194,739,417)		1,074,483,081	294,464,211	--	3,623,460	1,679,999	25,604,944	325,372,614
For the period		(163,581,885)	841,035,849	677,453,964	123,553,847	--	--		--	123,553,847
Grants	--	--	--	--	--	--	--	(60,000)	--	(60,000)
Grant Amortization	--	--	--	--	(17,210,989)	--	(286,062)	--	(3,062,753)	(20,559,804)
As 30th June 2016	1,269,222,498	(358,321,302)	841,035,849	1,751,937,045	400,807,069	--	3,337,398	1,619,999	22,542,191	428,306,657
As 30th June 2016	1,269,222,498	(358,321,302)	841,035,849	1,751,937,045	400,807,069	--	3,337,398	1,619,999	22,542,191	428,306,657
For the period	--	(174,358,253)	--	(174,358,253)	125,834,829	225,718,308	--	--	--	351,553,137
Prior Year adjustments	--	--	--	--	--	--	--	--	--	--
Grants	--	--	--	--	24,486,774	(13,543,099)	--	(60,000)	--	(38,089,873)
Amortization	--	--	--	--						
Grant Amortization-Korea	--	--	--	--	--	--	(286,061)	--	--	(286,061)
Grant Amortization-CCK HOSTEL	--	--	--	--	--	--	--	--	(654,773)	(654,773)
As 30th June 2017	1,269,222,498	(532,679,555)	841,035,849	1,577,578,792	502,155,124	212,175,210	3,051,337	1,559,999	21,887,418	740,829,087



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XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2017

	Budget 2016/2017	Actual 2016/2017	Variance	Explanation of material variances
	Shs	Shs	Shs	
Revenue				
Public contributions and donations	--	14,543,932	(14,543,932)	(a)
Amortization of government development grant		24,486,774	(24,486,774)	b)
Government grants and subsidies	491,927,000	491,926,500	500	
Rendering of services	687,000,000	526,266,796	160,733,204	(c)
Total income	1,178,927,000	1,057,224,002	121,702,997	
Expenses				
Compensation of employees	832,252,011	782,539,713	49,712,298	(d)
General Expenses	395,847,998	345,333,768	50,514,229	(d)
Rent paid	12,000,000	6,601,760	5,398,240	
Council Expenses	12,000,000	11,998,339	1,661	
Depreciation	--	85,108,675	(85,108,675)	(e)
Total expenditure	1,252,100,008	1,231,582,256	20,517,753	
Surplus for the period	(73,173,009)	(174,358,253)	101,185,244	

- (a) The amortization of the deferred income was not taken into account in the budget.
- (b) The amortization of the deferred income from government development funds was not taken into account in the budget.
- (c) Reduction in the student numbers for the May 2017 semester due to the overall performance of the students in the KCSE led to reduction in the revenue from tuition. In addition the political atmosphere in the country affected the hotel and conference business negatively.
- (d) The movements due to cost cutting measures that have been put in place to curb expenditure.
- (e) The depreciation for PPE was not taken into account in the budget



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XVI. NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2017

I Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

II Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

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.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

Revenue represents the invoiced value of services net of value added tax and is recognized when the service has been rendered to customers.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017 (Continued)

c) Property, plant and equipment – IPSAS 17

Property, plant and equipment are stated at the revalued cost less accumulated depreciation and impairment losses with the exception of lease holds land and library books costs which are carried at cost. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

Leasehold land is not depreciated.

Depreciation on other property and equipment is calculated on a straight-line basis using the following annual rates:

S/No.	Description	Percentage
1.	Buildings	02%
2.	Plant & Machinery	06%
3.	Furniture & Fittings	12.5%
4.	Computers & Printers	30%
5.	Motor Vehicles	12.5%
6.	Library books	20%

d) Research and development costs

The Entity expenses research costs as incurred.

e) Financial instruments – IPSAS 29

Financial assets and financial liabilities are recognized in the balance sheet when the University becomes a party to the contractual provisions of the instrument.

f) Inventories – IPSAS 12

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

g) Provisions – IPSAS 19

The University reviews its debtor's portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amount that is irrecoverable especially due from students. Currently the University provide for bad debts as general provision of 2%.

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017 (Continued)

i) Changes in accounting policies and estimates – IPSAS 3

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.

j) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees. 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.

k) Related parties – IPSAS 20

The University 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 University, or vice versa. Members of key management are regarded as related parties and comprise the University Council, University top management and other members of staff

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short term liquid investment which are readily convertible to known amounts of cash and which are within three months to maturity when acquired.

m) Comparative figures

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

n) Subsequent events – IPSAS 14

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, 2014.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017 (Continued)

	Current 2016/2017 Shs	Prior Year 2015/2016 Shs
1. Public contributions and donations		
CCK Grant	714,773	3,122,753
Korea Grant	286,062	286,062
Government of Kenya	13,543,098	
Total transfers and sponsorships	14,543,932	3,408,816
Reconciliation of public contributions and donations		
Balance unspent at beginning of quarter	27,499,588	30,908,403
Current year receipts	--	
Conditions met-transferred to revenue	1,000,834	3,408,816
Conditions to be met-remain liabilities	26,498,754	27,499,587
Reconciliation GOK Equipment donations currently receipts	225,718,308	
Conditions met and transferred to revenue	(13,543,098)	
Conditions to be met remain a liability	212,175,210	
2. Transfers from the Government		
Unconditional grants		
Operational grant-Recurrent grant (Appendix 2)	491,926,500	435,565,392
	491,926,500	435,565,392
Development Grant Amortization		
Development Grant Amortization	24,486,774	17,210,989
Total Government Grants	516,413,274	452,776,381



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017 (Continued)

3. Rendering of services		
Tuition and other charges	395,461,942	408,062,297
Student Accommodation & Catering	37,438,246	43,049,330
Conference facilities	70,707,310	101,273,023
Printing and Laundry	3,421,738	1,838,705
Club house sales	7,028,335	6,921,918
Other University Income	9,203,216	12,251,186
Total revenue from the rendering of services	523,260,787	573,396,460
4. Finance Income -- external Investments		
Equity Bank Interest from fixed deposits	3,006,009	3,429,120
Total Finance Income – external investments	3,006,009	3,429,120
5. Employee costs		
Salaries and wages	372,874,574	404,251,627
Employee related costs – contributions to pensions and medical aids	95,895,979	83,136,703
Travel, motor car, accommodation, subsistence and other allowances	11,875,077	13,567,371
Housing benefits, car allowance	301,894,083	301,838,777
Total Employee Costs	782,539,713	802,794,477
6. Remuneration of Council		
	--	--
Mileage	603,420	9,596,275
Sitting Allowance	3,888,400	
P.A.Y.E	1,581,200	
Domestic Travel	205,949	
Travelling & Accommodation	3,978,600	
Other Council Expenses	1,740,770	
Total Director emoluments	11,998,339	9,596,275
7. Depreciation and amortization expenses		
Motor Vehicle	5,998,666	5,977,509
Furniture and Fitting	6,498,964	37,263,135
Computers	15,238,455	10,316,489
Buildings	34,924,902	24,714,555
Library Books	4,877,479	3,789,304
Plant and Equipment	17,570,208	15,264,064
Total Depreciation and amortization	85,108,674	97,325,056



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8. Repairs and maintenance		
Hard ware costs	20,859,244	12,393,438
Vehicles Repairs	2,136,162	3,426,671
Plant and Equipment operations cost	1,573,943	--
Total repairs and maintenance	24,569,349	15,820,109
9. Contracted services	--	--
Cleaning Services	9,300,140	5,707,227
Security Services	12,005,503	11,556,103
Total contracted services	21,305,643	17,263,329
10. General Expenses		
Advertising	9,053,622	15,508,275
Audit fees	750,000	750,000
Staff Education support	2,789,797	2,942,257
Electricity	32,500,230	30,758,954
Ceremonies	31,294,849	11,518,887
Consulting fees	17,484,218	10,127,186
Catering costs	69,724,332	70,840,812
Fuel and oil	4,298,825	3,522,684
Insurance	11,681,914	7,979,673
Legal expense	-	8,100,420
Internet services	11,703,660	11,844,442
Student Activities	19,025,895	21,221,333
Cooking gas	--	--
Research Costs	975,786	--
Honoraria	11,176,288	7,037,558
Postage	939,671	1,103,928
Printing and stationery	25,588,381	14,322,371
Library Expenses	869,865	2,556,003
Rental	6,601,760	9,772,080
Cleaning Materials	5,476,995	2,990,866
Skills/staff development	11,622,564	5,625,936
Increase in bad debts	21,346,734	
Lab Chemicals	1,041,161	
Medical materials	4,585,989	5,650,476
Other Expenses	5,528,000	9,619,275
Total general expenses	306,060,536	253,793,417



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11.Detailed analysis of the cash and cash equivalents		
	2016/2017	2015/2016
	Shs	Shs
Current Account	68,480,841	104,757,573
Fixed deposits account	63,860,889	62,302,631
Others-Cash in Hand	417,248	150,357
Total Cash and cash equivalents	132,758,978	167,210,562
Financial Institution	30.06.2017	2015/2016
a) Current account		
Kenya Commercial bank-Main account	1,740,562	4,419,823
Kenya Commercial bank-Madaraka	25,223,783	62,194,131
Kenya Commercial bank-Hotel Account	4,325,599	8,894,890
Equity Bank- Development	36,432,462	26,532,306
Equity Bank- MMU student collection Account	758,436	2,716,423
Total	68,480,841	104,757,573
b) Fixed deposits account		
Equity Bank	63,860,889	62,302,631
Sub- total	63,860,889	62,302,631
c) Others(specify)		
Petty Cash	59,971	7,712
Catering Cash Sale Main Kitchen	42,130	19,375
Main Cash Office	315,147	123,270
Sub- total	417,248	150,357
Grand- total	132,758,978	167,210,562
12.Receivables from exchange transactions		
Current receivables		
Student Debtors	196,650,798	201,236,353
Trade Debtors	104,939,533	104,698,900
Staff Debtors	23,570,370	29,414,960
Less: impairment allowances	160,375,412	139,028,678
Total current receivables	164,785,287	196,321,533
Total receivables	164,785,287	196,321,533



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	2016/2017	2015/2016
	Shs	Shs
13. Receivables from non-exchange contracts		
Current receivables		
Imprest	7,556,680	4,813,163
Total current receivables	7,556,680	4,813,163
14. Inventories		
Catering Stores	1,649,601	1,920,015
Medical supplies	1,263,200	1,607,912
Stationary stores	3,037,727	7,094,280
Cleaning Materials	1,880,110	4,206,003
Hardware stores	3,509,409	4,525,268
Total Inventories at the lower of cost and not realizable value	11,340,047	19,353,477
15. Trade Payables from Exchange Transaction		
Trade payables	166,516,311	158,783,382
Payments received in advance	102,941,985	60,862,821
Taxation	272,190,366	251,928,944
Employee benefit Obligation		
Pension & Gratuity	144,201,931	112,319,260
Third party payments	29,142,995	22,811,146
Part-time Lecturers	47,151,376	67,872,252
Sub Total Employee benefit obligation	220,496,302	203,002,657
Refundable deposits from customers-Caution Money	9,230,802	7,882,802
Total Creditors	771,375,765	682,460,605
16. Differed Income		
MOHEST Development Grant	502,155,124	400,807,069
CCK Grant-Variou Asset	21,887,417	22,542,190
CCK Grant –Hostel	1,559,999	1,619,999
Korea Grant	3,051,336	3,337,397
G.O.K Engineering Equipment	212,175,210	--
Total deferred income	740,829,087	428,306,656

17. NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30TH JUNE 2017 (Continued)

Property, plant and equipment	Land	Motor vehicles	Furniture and fittings	Computers	Buildings	Others- Library Books	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2015	280,000,000	35,344,166	295,133,614	140,806,191	1,206,110,205	13,205,592	244,344,050	200,764,419	2,415,708,236
Additions	--	12,967,993	9,986,007	18,405,639	--	5,740,928	15,559,581	99,647,735	162,307,882
Transfer to/from WIP	--	--	--	--	15,277,165	--	--	(15,277,165)	--
Revaluation adjustments	--	-18,010,259	(256,732,120)	(133,239,930)	524,857,730	--	(201,394,131)	--	84,518,710
At June 2016	280,000,000	30,301,900	48,387,500	25,971,900	1,746,245,100	18,946,519	58,509,500	285,134,989	2,493,497,408
Additions	--	17,687,430	3,604,208	24,822,952	--	14,455,092	8,608,677	88,549,087	157,727,446
Donations	--	--	--	--	--	--	225,718,308	--	225,718,308
Transfer/adjustments	--	--	--	--	--	--	--	--	--
As at June 2017	280,000,000	47,989,330	51,991,708	50,794,852	1,746,245,100	33,401,612	292,836,486	373,684,076	2,876,943,163
Depreciation & impairment									
At 1 July 2015	--	25,019,235	251,176,973	127,543,886	240,308,815	13,170,754	187,714,038	--	844,933,701
Depreciation	--	5,977,509	37,270,430	11,130,846	24,714,555	3,789,304	15,264,064	--	98,146,708
Impairment Acc dep. Written off to revaluation reserve	--	(30,893,254)	(288,282,145)	(138,461,848)	(264,069,138)	--	(202,882,184)	--	(924,588,569)
At 30 June 2016	--	103,490	165,258	212,884	954,232	16,960,058	95,917	--	18,491,840
Depreciation	--	5,998,666	6,498,964	15,238,455	34,924,902	4,877,479	17,570,208	--	85,108,675
Disposals	--	--	--	--	--	--	--	--	--
Transfer/adjustment	--	--	--	--	--	--	--	--	--
As at June 2017	--	6,102,156	6,664,221	15,451,340	35,879,134	21,837,537	17,666,125	--	103,600,514
Net book values									
As at June 2017	280,000,000	41,887,174	45,327,487	35,343,512	1,710,365,965	11,564,074	275,170,360	373,684,076	2,773,342,648
At 30 June 2016	280,000,000	30,198,410	48,222,242	25,759,016	1,745,290,867	1,986,461	58,413,583	285,134,989	2,475,005,568



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18. FUNDS AND RESERVES	2016/2017 Kshs	2015/2016 Kshs
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a) Equity Fund	1, 269,222,498	1, 269,222,498
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There was no change in the capital fund during the financial year 2016/2017

b) Accumulated deficit

The accumulated fund brought forward from 2015/2016 was Kshs (358,321,302). This has been negatively affected by the current year deficit of Kshs (174,358,253) bringing the current accumulated fund to Kshs (532,679,555).

	2016/2017 Kshs	2015/2016 Kshs
Balance B/F	(358,321,302)	(194,739,417)
Current year Deficit	(174,358,253)	(163,581,885)
Closing Balance	(532,679,555)	(358,321,302)

c) Revaluation reserve

During the year 2015/2016 the university engaged Sec & M Company to revalue its fixed assets and this resulted to a revaluation of reserve of Kshs 841,035,849. There was no revaluation of the fixed assets in the year 2017/2018 therefore any movement in the revaluation reserve.

	2016/2017 Kshs	2015/2016 Kshs
Revaluation reserve	841,035,849	841,035,849



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APPENDIX 1:

PROJECT IMPLEMENTED BY THE ENTITY

Project	Total Project	Total Cost to Date	Completion % to Date	Budget	Actual	Sources of Funds
PABX	26,906,892	16,144,135	60%	27,000,000	26,906,892	G.O.K
CCTV	10,658,080	8,597,920	81%	10,000,000	10,658,080	G.O.K
Proposed Lecture Rooms & Offices	37,650,300	35,633,228	95%	50,000,000	37,650,300	G.O.K
Library Security System	1,282,400	1,282,400	100%	3,000,000	1,282,400	G.O.K
Student Centre Reconstruction	24,821,865	17,655,315	71%	25,000,000	24,821,865	G.O.K
Generator	15,000,000			15,000,000	15,000,000	G.O.K



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APPENDIX 2:

BREAKDOWN OF TRANSFERS FROM THE STATE DEPARTMENT OF UNIVERSITY EDUCATION

Bank Statement Date	Amount (KShs)	The year to which the account relates
8/10/2016	40,993,875.00	2016/2017
8/26/2016	40,993,875.00	2016/2017
9/30/2016	40,993,875.00	2016/2017
11/9/2016	40,993,875.00	2016/2017
12/13/2016	40,993,875.00	2016/2017
12/30/2016	40,993,875.00	2016/2017
2/9/2017	40,993,875.00	2016/2017
3/15/2017	40,993,875.00	2016/2017
4/7/2017	40,993,875.00	2016/2017
5/2/2017	40,993,875.00	2016/2017
6/2/2017	40,993,875.00	2016/2017
6/27/2017	40,993,875.00	2016/2017
Totals	491,926,500.00	
Development Funds		
Bank Statement Date		
12/7/2016	46,245,888.00	2016/2017
1/24/2017	29,071,526.00	2016/2017
5/10/2017	50,517,415.00	2016/2017
TOTALS	125,834,829.00	

