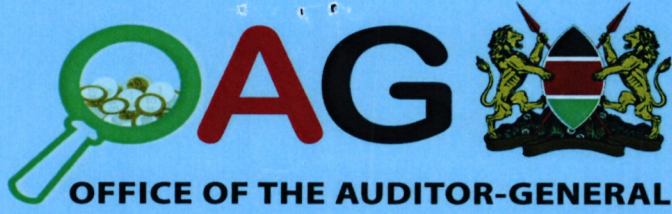


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REPORT	
THE NATIONAL ASSEMBLY PAPER NO. 10	
DATE: 13 OCT 2021	DAY: WED
TABLED BY:	M. Khatip
CLERK-AT THE TABLE:	S. KALANKI

THE AUDITOR-GENERAL

ON

**TECHNICAL UNIVERSITY OF MOMBASA
ENTERPRISES LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2015**

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

 THE NATIONAL ASSEMBLY PARLIAMENT BUILDING	
DATE: 13 OCT 2021	DAY:
TABLED BY:	
CLERK-AT THE-TABLE:	

TUM ENTERPRISES LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2015**

**Prepared in accordance with the Accrual Basis of Accounting Method under the
International Financial Reporting Standards (IFRS)**



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TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

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TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2015

KEY ENTITY INFORMATION

a) Background Information

TUM Enterprise Limited (TUMEL) was established in 2013 as a commercial wing of the University. Its primary role is to help the university mobilize resources through Research, Consultancy and Short term training to improve quality and capacity of staff for the community, private and public organizations.

b) Principal Activities.

The principal activities of the entity are

- Consultancy and Training
- Identification of Other Income Generating Activities.

c) Directors

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

1.	Dr. Linus Ikapel Etyang	Chairman
2.	Dr. Risper Oduwo	Member
3.	Prof. J. K. Z. Mwatelah	Member
4.	Prof. Awadh Binhazim	Member
5.	Ms. Alice Mwolol	Member
6.	Dr. Titus Kadere	Member
7.	Ms. Alice Oludhe	Secretary

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

d) Registered Office

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

e) Corporate Headquarters

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

f) Corporate Contacts

Telephone: (254) 721144845
E-mail: tumel@tum.ac.ke

g) Corporate Bankers

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

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

h) Independent Auditors

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

g) Principal Legal Adviser

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

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

THE BOARD OF DIRECTORS



DR. LINUS IKAPEL ETYANG

Dr Etyang has a PhD in Sociology
MSc in Sociology
MA in Population Education & BA in
Sociology.
He has a wealth of experience in demographics
and research and has worked in various
ministries before going into the retirement.

Chairman to the Board.



DR. RISPER ODUWO

Dr Risper Oduwo has a MSc in Reproductive
Physiology, BSc in Veterinary Medicine and
Surgery in addition to Diploma in Tropical
Medicine and another in Project Management.
She worked for a long time with National
Council of Science and Technology (NCSTI)
now known as National Commission for
Science, Technology and Innovation
(NACOSTI) rising through the ranks to
become the Chief Science Secretary, Health
Sciences Division before retiring. She has a
wealth of experience in research and is a board
member of the African Women's Studies
Centre.

Member of the Board.



PROF. J. K. Z. MWATELAH

Prof.Mwatelah has a PhD transportation
Engineering, Masters in Civil Engineering,
Bachelor of Survey and Photogram.

Member of the Board

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**



PROF. AWADH BINHAZIM

PhD in Comparative Pathology,
Masters of Science in Pathology and
Microbiology,
Bachelor in Veterinary Medicine.

Member of the Board.



MS. ALICE MWOLOLO

Ms Mwoololo holds an M.A. and B.A. in
Economics, and a PGD in Development
Planning from the University of Nairobi.
Currently a Chief Economist in the Budget,
Fiscal and Economic Affairs
Directorate at the National Treasury.
She is specialized in trade and regional
integration policy and has wide experience in
negotiations and implementation of the East
African Community Customs Union and the
Common Market Protocol.

Previously worked in the Ministry of Planning
and National Development as an Economist in
rural development.

Member of the Board

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**



DR. TITUS KADERE

He has PhD in Food Science and Technology,
Masters of Science in chemical Engineering
Diploma in Applied Science (Food
Production)

Member of the Board.



MS. ALICE OLUDHE

MBA in Strategic Management
Ms.Oludhe holds a Bed Honors from UNISA
Member of IHRM
She is a professional trainer in Management
and Entrepreneurship
Managing Director-TUMEL

Secretary to the Board

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

MANAGEMENT TEAM



MS. ALICE OLUDHE

MBA in Strategic Management
Ms.Oludhe holds a Bed Honours from UNISA
Member of IHRM
She is a professional trainer in Management
and Entrepreneurship

Managing Director-TUMEL

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

CHAIRMAN'S STATEMENT

TUM Enterprises Limited (TUMEL) once again has put its best foot forward and expanded its market. While TUMEL did not restrict its activities to consultancy and training, this is where our major activities have been drawn. Generally, TUMEL encountered very few risks in its operations during the previous year. The greatest risk was market risk since TUMEL was not guaranteed of a market share in the very competitive consultancy and training services industry. The determination and aggressiveness has enabled TUMEL see a growth in this areas. The company also acquired a water processing plant with the aim of selling and distribution of pure drinking water as has been envisioned since the inception of TUMEL.

The Board of Directors is very positive on the progress and continuity of TUMEL as an organization of choice.

Chairman to the Board

for

Sign.....
25/11/2019

TUM ENTERPRISE LIMITED

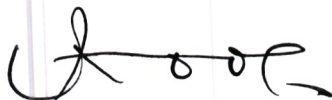
**Annual Reports and Financial Statements
For the year ended June 30, 2015**

REPORT OF THE CHIEF EXECUTIVE OFFICER

TUM Enterprise Limited (TUMEL) As is mandated by its articles of association has been able to break even and even venture into new opportunities. The year just ended has been one of very fast growth. The consultancies and trainings handled has also increased. TUMEL has acquired a water processing plant. This is as discussed and approved in the previous Board of Directors resolutions. The aim of the company is to not only supply the entire Technical University of Mombasa fraternity with pure drinking water but also to cut a niche in the overall Mombasa water as a supplier of quality pure drinking water.

The business environment is stable and the company is confident that it can operate efficiently despite the risks in the industry. All investments are well thought and calculated. The company is not exposed to any major risk. as the FY 2014/2015 ends, TUMEL can only plan for an improved year ahead given the financial performance of this year. The company intends to invest more on marketing and promotion since there is so much untapped market that TUMEL can capitalize.

Managing Director



Sign.....

25/11/2019

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2015

CORPORATE GOVERNANCE STATEMENT

It is the responsibility of TUMEL to undertake its affairs in a responsible and transparent manner. The institution takes recognition of the various stakeholders, the funding agencies, and the regulations thereto, relating to its obligations as provided in the Articles, and the Company's Act

The functions, responsibilities and mandate of the Board of directors are as outlined in the Memorandum of association. These responsibilities include the oversight and advisory roles as relates to the operations of TUMEL, pass resolutions to enable the company operate optimally, Advice on policy development and Strategic plans, Ensure proper conduct of business, and compliance with the several stakeholders and bodies

The BOD is committed in ensuring financial sustainability; enhancing the customer experience; and continuously building its service delivery in support of the country and regional economy. The entity has managed its budgets well, increased the infrastructure facilities, developed new market driven programmes and key areas of strength of Consultancy and Water processing.

The daily operations of the organization is vested on the Managing Director and Management Team. The functions of the Management team and Managing Director are as provided in the memorandum of association and the Articles. Meetings of the Management team include Regular, Board of management, Special and Extraordinary meetings. The managing Director is the Chairperson of Management meetings.

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

The organization has seen an increase in its revenue. The suppliers have all been paid and payments in regards to its statutory obligations have been met.

At the end of FY 2014/2015, there were no considerable outstanding bills that can affect the company.

In the year, the organization was exposed to Liquidity risk. This is because like any company the organization is obligated to pay its creditors their dues when they fall due. This risk has been mitigated by honouring all obligations within 30 days from when they fall due unless for special cases.

Market risk is a risk that is not unique to TUMEL but is a characteristic of all profit making organizations. To avert this the company has been aggressive and particular as regards its marketing strategies and methods. The company has been facing stiff competition from other players in the industry.

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

REPORT OF THE DIRECTORS

The Board is required to prepare financial statements which give a true and fair view of the state of affairs of TUMEL at the end of 30 June 2015

The Directors submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the entity's affairs.

Principal activities

The principal activities of the entity are
Consultancy and Training
Identification of Other Income Generating Activities.

Results

The results of the entity for the year ended June 30, 2015 are set out, below is summary of the profit or loss made during the year.

Dividends

Subject to the approval of the shareholders, the Directors recommend no payment of a first and final dividend for the year.

Directors

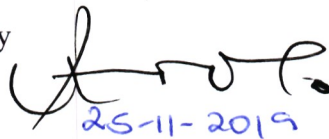
The members of the Board of Directors who served during the year are shown on page vi

Auditors

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

By Order of the Board

Corporate Secretary
Nairobi
Date:.....



25-11-2015

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

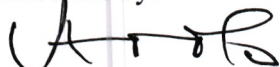
The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2015, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements


The entity's financial statements were approved by the Board on 25-11-2019 and signed on its behalf by:



Director



Director



Director

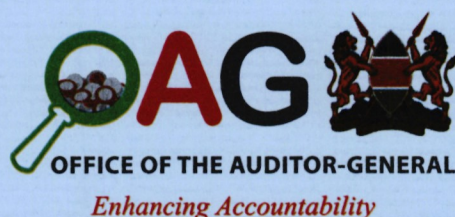
TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (OAG)

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 TECHNICAL UNIVERSITY OF MOMBASA ENTERPRISES LIMITED FOR THE YEAR ENDED 30 JUNE, 2015

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Technical University of Mombasa Enterprises Limited set out on pages 1 to 16, which comprise the statement of financial position as at 30 June, 2015, and the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows and the 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 Technical University of Mombasa Enterprises Limited as at 30 June, 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

Presentation and Inaccuracies of the Financial Statements

The statement of financial position reflects a balance of Kshs.1,450,444 under trade and other payables which, as disclosed in Note 13 to the financial statements, includes an amount of Kshs.67,000 relating to audit fee payable. However, this amount is understated by Kshs.383,000 comprising of unpaid audit fees of Kshs.133,000 for financial year 2013/2014 and audit fees chargeable of Kshs.250,000 for the financial year under review.

Further, the statement of changes in equity has been presented for only one year. This is contrary to Paragraph 38 of International Accounting Standard No.1 – Presentation of Financial Statements which requires comparative information to be disclosed in respect of the previous period for all amounts reported in the financial

statements. In addition, the financial statements presented for audit include a summary statement of appropriation instead of the statement of comparison of budget and actual amounts.

Under the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2015 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual revenue on comparable basis of Kshs.7,000,000 and Kshs.4,403,670 respectively resulting to an under-collection of Kshs.2,596,330 or 37% of the budget. Similarly, the Company incurred expenditure of Kshs.2,896,938 against an approved budget of Kshs.6,000,000 resulting to an under-expenditure of Kshs.3,103,062 or 52% of the budget. The under-collection and under-performance affected the planned activities and may have impacted negatively on service delivery.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Late Submission of Financial Statements for Audit

The financial statements of the Company for the year ended 30 June, 2015 were submitted to the Auditor-General for audit on 30 September, 2019, a delay of four (4)

years after the end of the fiscal year to which the accounts relate. This is contrary to Section 47 of the Public Audit Act, 2015 which requires that financial statements be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

The Management was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 effective processes and systems of internal control, risk Management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS)

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 Company's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to liquidate the Company or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion.
- My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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

28 September, 2021

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE YEAR ENDED 30 JUNE 2015

	Note	2015 Kshs	2014 Kshs
REVENUES			
Revenue	3	4,403,670	3,942,375
Cost of sales	4	(1,450,988)	(3,750,324)
Gross profit		2,952,682	192,051
OPERATING EXPENSES			
Administration Costs		800,208	0
Audit Fees			67,000
Bank Charges			6,680
TOTAL OPERATING EXPENSES	5	(800,208)	(73,680)
PROFIT/(LOSS) BEFORE TAXATION		2,152,474	118,371
INCOME TAX EXPENSE/(CREDIT)	6	(645,742)	(35,511)
PROFIT/(LOSS) AFTER TAXATION		1,506,732	82,859

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 Kshs	2014 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	1,726,699	-
Total Non-Current Assets		1,726,699	-
Current Assets			
Bank and Cash balances	8	3,057,981	5,226,273
Trade and other receivables	9	3,255,356	-
Total Non-Current Assets		6,313,337	5,226,273
Total Assets		8,040,035	5,226,273
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital(100,000)	10		
Shareholder's contribution	11	5,000,000.00	5,000,000
Retained earnings	12	1,589,592	82,859
Capital and Reserves		6,589,592	5,082,859
Current Liabilities			
Audit fees	13	67,000	67,000
other payables	14	1,383,444	76,413
Total Current Liabilities		1,450,444	143,413
TOTAL EQUITY AND LIABILITIES		8,040,035	5,226,272

The financial statements were approved by the Board on 25/11/2014 and signed on its behalf by:

Managing Director

Name

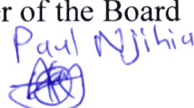
Sign:

Dickson Omolo


Member of the Board

Name:

Sign:

Paul Njehia


TUM ENTERPRICE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Ordinary share capital	Share Holders contribution	Retained earnings	Total
At July 1, 2014	-	5,000,000	82,859	5,082,859
Profit/(Loss)	-	-	1,506,732	1,506,732
At June 30, 2015	-	5,000,000	1,589,591	6,589,591

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TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Kshs	2014 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations		1,506,732	82,859
Depreciation(PPE)	7	246,671	-
Decrease (increase) in Receivables	9	(3,255,356)	-
Increase (decrease) in trade payables	14	1,374,031	76,413
Audit Fee payable	13	(67,000)	(67,000)
Net cash generated from/(used in) operating activities		(194,922)	226,272
CASH FLOWS FROM FINANCING ACTIVITIES			
Shareholders Contribution			5,000,000
Net cash generated from/(used in) financing activities			5,000,000
CASH FLOWS FROM INVESTING ACTIVITIES			
WATER PROCESSING PLANT	7	(1,973,370)	
Net cash generated from/(used in) investing activities	7	(1,973,370)	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2,168,292)	5,226,272
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8	5,226,272	0
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8	3,057,982	5,226,272

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2015**

SUMMARY STATEMENT OF APPROPRIATION:

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilisation Difference to Final Budget
	a	b	c= a+b	d	e=d-c	f=e/c%
REVENUE						
Revenue	6,000,000	-	6,000,000	4,403,670	(1,596,330)	27%
Total Income	6,000,000	-	6,000,000	4,403,670	(1,596,330)	27%
EXPENDITURE						
Administration Expenses	1,000,000	500,000	1,500,000	800,208	(699,792)	47%
Cost of sales	4,000,000	-	4,000,000	1,450,988	(2,549,012)	64%
Finance cost	500,000	-	500,000	0	0	0%
Corporate tax	500,000	-	500,000	645,742	(145,742)	29%
Other Payments					-	
Total Expenditure	6,000,000	500,000	6,500,000	2,896,938	(6,355,050)	98%
Surplus for the Period			(500,000)	1,506,732	758,720	

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

TUM Enterprises Limited is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by Technical University of Mombasa and is domiciled in Kenya. The entity's principal activity is Consultancy.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

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

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

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2015

a) Property, plant and equipment

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

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

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

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

b) Depreciation and impairment of property, plant and equipment

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

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

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

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

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

c) Intangible assets

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

d) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

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

e) Investment property

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

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

f) Finance and operating leases

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

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

g) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2015

doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

h) Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Taxation (Continued)

Current income tax (Continued)

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

TUM ENTERPRISE LIMITED

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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.

a) Cash and cash equivalents

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

b) Borrowings

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

i) Trade and other payables

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

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For the year ended June 30, 2015**

3 REVENUE

	2015	2014
	Kshs	Kshs
Joint Venture with IRC	-	3,942,375
Kenya Ferry	757,910	-
Kenya ferry-training 2	823,341	-
Cash sales	16,250	-
County Government of Kilifi	2,806,169	-
Total	4,403,670	3,942,375

4 COST OF SALES

	2015	2014
	Kshs	Kshs
IRC-Subcontractors	0	2,475,495
Consultancy Facilitation Expenses	213,050	550,000
Consultants charges	1,237,938	724,829
Total	1,450,988	3,750,324

5 OPERATING EXPENSES

Description	2015	2014
	Kshs	Kshs
ACCOMODATION ALLOWANCE	78,000	-
Audit Fees	-	67,000
Bank Charges	8,200	6,680
BOARD OF DIRECTORS ALLOWANCEA	238,000	-
Depreciation Expense	246,671	-
MEALS	21,230	-
PRINTING&PHOTOCOPYING	500	-
STATIONERY	21,247	-
TRAVELLING &SUBSISTENCE	186,360	-
Total	800,208	73,680

6 INCOME TAX EXPENSE/(CREDIT)

	2015	2014
	Kshs	Kshs
Profit before taxation	2,152,474	118,371
Tax at the applicable tax rate of 30%	(645,742)	(35,511)
Profit/loss after tax	1,506,732	82,859

TUM ENTERPRISE LIMITED

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For the year ended June 30, 2015

7 PROPERTY, PLANT AND EQUIPMENT

2015	WATER BOTTLING PLANT	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
COST OR VALUATION					
At July 1, 2014	-	-	-	-	-
Additions	1,973,370	-	-	-	1,973,370
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
At June 30, 2015	1,973,370	--	-	-	1,973,370
DEPRECIATION					
At July 1, 2015	-	-	-	-	-
Charge for the year	(246,671)	-	-	-	(246,671)
Impairment loss	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-
At June 30, 2015	246,671				246,671
NET BOOK VALUE At June 30, 2015	1,726,699	-	-	-	1,726,699

TUM ENTERPRISE LIMITED

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	Cost or valuation	Normal annual depreciation charge
WATER BOTTLING PLANT	1,973,370.	246,671
Total	1,973,370	246,671

8. BANK AND CASH BALANCES

	2015	2014
	Kshs	Kshs
National Bank of Kenya	3,024,482	5,216,360 <i>OB</i>
Petty Cash	33,499	9,912 <i>OB</i>
	3,057,981	5,226,273

9. TRADE AND RECEIVABLES

	2015	2014
	Kshs	Kshs
Kenya Ferry-Training 2	449,187	-
County Government-Kilifi	2,806,169	-
	3,255,356	-

10. SHARE CAPITAL

	2015	2014
	Kshs	Kshs
Share capital 1000 shares @100 not paid up	-	-

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11. SHAREHOLDERS CONTRIBUTION

	2015	2014
	Kshs	Kshs
Shareholders contribution	5,000,000	5,000,000
	5,000,000	5,000,000

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

12 RETAINED EARNINGS

	2015	2014
	Kshs	Kshs
Retained Earnings	1,589,592	82,859
	1,589,592	82,859

13 AUDIT FEES PAYABLE

	2015	2014
	Kshs	Kshs
Audit fees	67,000	67,000
	67,000	67,000

14. TRADE AND OTHER PAYABLES

	2015	2014
	Kshs	Kshs
Corporate tax payable	681,253	35,511
Paye control a/c	205	40,902
VAT Payable	701,986	-
	1,383,444	76,413

15. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The company's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

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

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

TUM ENTERPRISE LIMITED

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iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

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

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

16. INCORPORATION

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

17. EVENTS AFTER THE REPORTING PERIOD

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

18. CURRENCY

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

