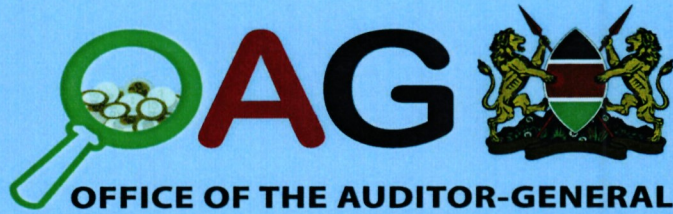


REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
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THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 28 FEB 2023

DAY

TUESDAY

REPORT

BY:

The leader of the majority
party (LOM)

CLERK AT
THE TABLE:

Inzaju Mwale

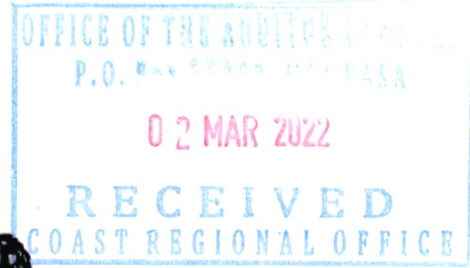
OF

THE AUDITOR-GENERAL

ON

**TECHNICAL UNIVERSITY OF MOMBASA
ENTERPRISES LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2021**



TECHNICAL UNIVERSITY OF MOMBASA ENTERPRISES LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021**

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

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

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Technical University of Mombasa Enterprises Limited

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KEY ENTITY INFORMATION

a) Background Information

Technical University of Mombasa Enterprises 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.

TUMEL has successfully conducted consultancy services for both National and County Governments, private sectors, Non-Governmental Organizations as well as international organizations.

To expand its revenue base, TUMEL has increased its business portfolio by taking up the management of the TUM's hospitality centre which has a capacity of 40 beds and conference facilities.

The hotel services offered here have become handy particularly to government institutions and Non-Governmental organizations that have found them to be cost effective.

b) Principal Activities.

The principal activities of the entity are

- Consultancy and Training
- Provision of Cleaning and Fumigation services
- Management of Hotel and Conferencing
- Sale of Pure drinking water-TUMAQUA

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

c) Directors

KEY ENTITY INFORMATION

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

1.	Dr.Robert O Arunga	Chairman
2.	Dr Gift Kimonge	Member
3.	Ms Jane Wanjiku Mbagi	Member
4.	Ms.Alice Mwololo	Member
5.	Prof.Laila Uweso Abubakar	Member
6.	Prof.Joseph Ouma Rasowo	Member
7.	Dr.Samson Kitheka	Member
8.	Ms.Serah Esendi Okumu	Member
9.	Dickson Abira Omolo	Secretary

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

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

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

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

THE BOARD OF DIRECTORS



DR. ROBERT.O. ARUNGA

Dr Robert Arunga has a PhD in Food Science (Lipids Analysis), Postgraduate studies Biochemistry and B.A. Chemistry, Biology, Maths.
Chairperson of the Board



MS. JANE MBAGI MUTUA

Ms Mutua, holds a Masters in Education, Bachelor of Education. She is a researcher and development practitioner. Currently she is a Technical Education Specialist with Save the Children Kenya programme.
Member to the board

Technical University of Mombasa Enterprises Limited



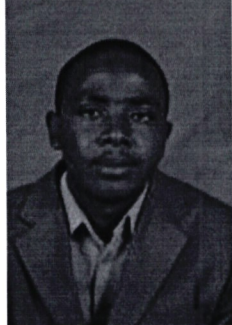
Annual Reports and Financial Statements

For the year ended June 30, 2021

	<p>Dr. Gift Kimonge Doctor of Philosophy (Finance)- Kenyatta University. Master of Business Administration, Finance Option-Kenyatta University. Bachelor of Education (Arts), Economics/ Business Studies Option-Egerton University Member of Institute of Internal Auditors (IIA), Kenya Chapter Member of Institute of Certified Public Accountants of Kenya (ICPAK) Member of the board</p>
 <p>MS. ALICE MWOLOLO</p>	<p>Ms Mwololo 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. She previously worked in the Ministry of Planning and National Development as an Economist in rural development. Member of the Board</p>
 <p>PROF. LAILA UWESO ABUBAKAR</p>	<p>Prof Laila Uweso Abubakar has a PhD in Bio Chemistry Masters of science in Biochemistry & Chemistry and a Bachelor of Science (Biochemistry & Chemistry). Member to the Board</p>

Technical University of Mombasa Enterprises Limited


**Annual Reports and Financial Statements
For the year ended June 30, 2021**

 <p>PROF. JOSEPH OUMA RASOWO</p>	<p>Prof. Joseph Ouma Rasowo has PhD in Aquatic Ecology/ Aquaculture, MSc in Marine Ecology & Aquaculture, MBA in Strategic Management, BSc in Botany/ Zoology.</p> <p>Member of the Board</p>
 <p>MS SERAH ESENDI OKUMU</p>	<p>Advocate of the High Court Master of Laws (LLM)degree university of Kwazulu Natal-South Africa. Bachelor of Laws (LLB) Catholic University of Eastern Africa. Practicing Advocate and Member of Law Society of Kenya. Member Mombasa Law Society Legal Officer Technical University of Mombasa. Member of the Board</p>
 <p>DR. SAMSON KITHEKA</p>	<p>Dr. Samson Kitheka has PhD in Business Administration (Procurement and Supply Chain Management) JKUAT Master in Business Administration (Procurement and Supply Chain Management)-The University of Nairobi Bachelor of Business Management-Masinde Muliro University of Science and Technology Member of KISM</p> <p>Member of the Board</p>



Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

 <p>DICKSON ABIRA OMOLO</p>	<p>Master of Business Administration (HRM)Kenyatta University Bachelor of Business Administration (Management) University of Eastern Africa Baraton Diploma in Logistics and Transport Management-CILT UK Certificate in Logistics and Transport Management CILT-UK Diploma in Education-Mombasa Polytechnic Member IHRM. Ag. Managing Director-TUM Enterprises Ltd Secretary to the Board</p>
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MANAGEMENT TEAM

 <p>DICKSON ABIRA OMOLO</p>	<p>Master of Business Administration (HRM)Kenyatta University Bachelor of Business Administration (Management) University of Eastern Africa Baraton Diploma in Logistics and Transport Management-CILT UK Certificate in Logistics and Transport Management CILT-UK Diploma in Education-Mombasa Polytechnic Member IHRM. Managing Director- Technical University of Mombasa Enterprises Limited</p>
<p>Leonard Kipngeno Korir</p> 	<p>Bachelor of Commerce (Banking and Finance) Member of Institute of Certified Public Accountants of Kenya (ICPAK) Member of Institute of Internal Auditors (IIA), Kenya Chapter Accountant</p>

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

<p>Fredrick Ouma Ogallo</p> 	<p>Bachelor of Business Management (Purchasing and Supplies Management). Member of Kenya Institute of Supplies Management (KISM) Member of Chartered Institute of Procurement & Supply (CIPS) Procurement Officer</p>
<p>Mohamed Bonaya Adi</p> 	<p>-Master of Science in Human Resource Management -Bachelor of Commerce –Human Resource Management Option. Member-Institute of Human Resource Management (IHRM) Human Resource & Administration Officer.</p>

CHAIRMAN’S STATEMENT

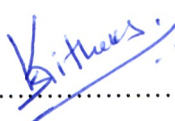
Technical University of Mombasa Enterprises Limited (TUMEL) has passed through several transitional levels. The various phases it has undergone so far reflect the various opportunities available in the growth of businesses in Kenya.

The BOD looks forward to increased revenue from its diverse revenue streams. Consultancy services has also seen an increase in operations with the latest TVET contract, State Department of Fisheries, Lamu County Assembly being a major boost.

TUMEL has also taken up the management of TUM hotel and conferencing centre and is positive in the turning around of the Hotel.

TUMELs revenue has also grown more than 50% and is optimistic of more growth even in the coming year. The company is looking forward to leverage its risk by insuring most of its properties and taking only calculated and informed investment decisions.

Chairman to the Board

Sign.....

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

REPORT OF THE CHIEF EXECUTIVE OFFICER

Technical University of Mombasa Enterprises 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.

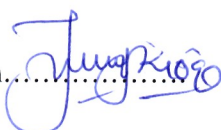
TUMEL has successfully conducted consultancy services for both National and County Governments, private sectors, Non-Governmental Organizations as well as international organizations.

To expand its revenue base, TUMEL has increased its business portfolio by taking up the management of the TUM's hospitality centre, which has a capacity of 40 beds and conference facilities.

The hotel services offered here have become handy particularly to government institutions and Non-Governmental organizations that have found them to be cost effective.

TUMEL is also processing and bottling water, both for the university and the surrounding market segment. In addition, it is also offering Cleaning Services for organizations.

Managing Director

Sign.....

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

CORPORATE GOVERNANCE STATEMENT

Technical University of Mombasa Enterprises Limited, a public Company in Kenya, is committed 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. For the 2019 financial year, the institution has complied with all the provisions set out in the Company's Act, 2012, as far as they relate to the Organization.

The functions and responsibilities of the BOD are as provided for in the Memorandum of Association. These responsibilities relate to the proper conduct of Entity business, policy development, strategic planning and monitoring effectiveness

The BOD is committed in ensuring financial sustainability; enhancing the customer experience; and viability of its investment decisions.

The entity has managed its budgets well, increased the infrastructure facilities, developed new market driven programmes and key areas of strength are Consultancy, Cleaning Services and Water processing.

The day-to-day management 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.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements For the year ended June 30, 2021

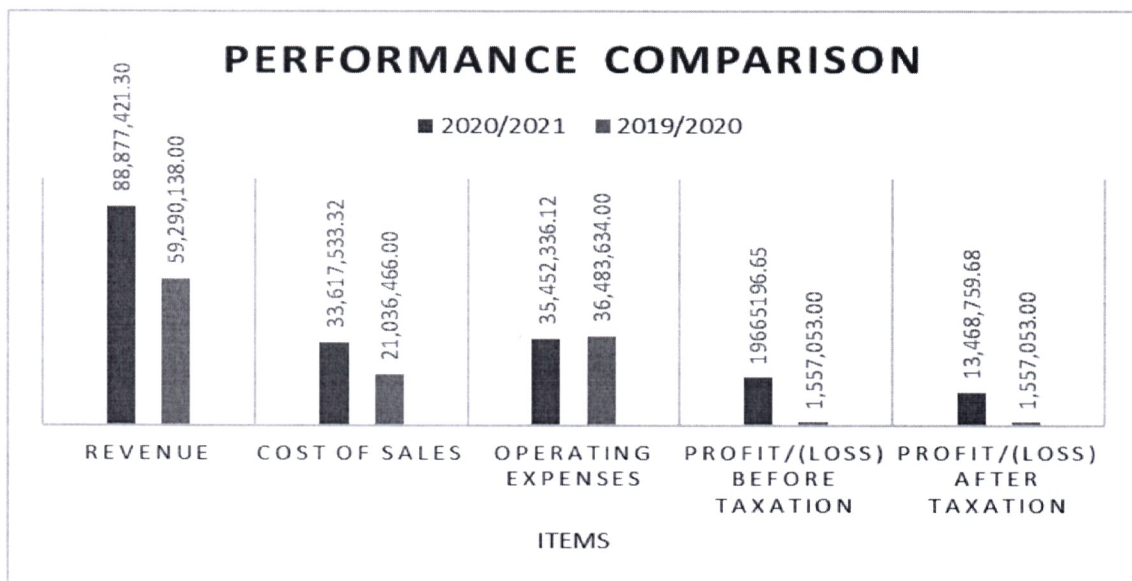
MANAGEMENT DISCUSSION AND ANALYSIS

In the financial year ended 30th June 2021, Technical University of Mombasa Enterprises Limited received revenue from its operations for recurrent expenditure. This supported employees' salaries and other expenditure.

Technical University of Mombasa Enterprises Limited strives to comply with all statutory requirements. All payments for taxes deducted from staff salaries and suppliers, pension, NHIF contributions and NSSF are always remitted on time to the relevant authorities. At the end of this financial period, some payments were still outstanding but they were settled in the succeeding month and within the stipulated period.

Technical University of Mombasa Enterprises Limited like any other institution is exposed to a variety of risks associated with day to day operations. The management is targeting to ensure that all debtors have nil balance by putting in place controls such as debtors aging lists to caution the growing list. Credit risk also arises from cash and cash equivalents and deposits. Currently the entity does not have significant concentration of credit risks as it deals with only well established and reputable financial institutions.

Below is a graphical comparative financial performance of the organization



Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Technical University of Mombasa Enterprises Limited exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile -

Technical University of Mombasa Enterprises Limited enjoys a strategic standpoint being subsidiary to government entity. With the reliable expertise from the University, the company easily has edge advantage in the region. The company has formed consortium with other entities to reap the benefits that comes with it.

ii) Environmental performance

Technical University of Mombasa Enterprises Limited is NEMA compliant with up-to-date environmental audit from certified firm. The company has tried to ensure there is adequate waste management in the hotel and effluence in water plant are safely disposed. The major setback has been treatment of waste and recycling.

iii) Employee welfare

Technical University of Mombasa Enterprises Limited Human Resource policy which in line The Labour Relations Act, 2007 stipulate fair employment process based on merit. The recruitment process give emphasis on fair employment procedures. An advert is widely shared to ensure the process is as transparent as possible. The company has inhouse training for its staff, career progression, promotions, yearly appraisal and bonus reward.

Staff are insured with WIBA and registered and compliance with Occupational Safety and Health Act of 2007, (OSHA)

iv) Market place practices-

The company adhere to the following practices in the Market place:

a) Responsible competition practice.

Technical University of Mombasa Enterprises Limited has zero tolerance to corruption as outlined in its Anti-Corruption and Whistle Blowing policies.

The company competes fairly in all spheres with its competitors from tender application and market base expansion.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

b) Responsible Supply chain and supplier relations

Technical University of Mombasa Enterprises Limited adheres to Public Procurement and Asset Disposal Act and its Regulation and Public Finance Management Act and its regulations.

The company has not been debarred by the Public Procurement Regulatory Authority, it honours its contractual obligations and prompt payment to suppliers as per its Financial Management policy.

c) Responsible marketing and advertisement

The company maintains ethical marketing practices.

d) Product stewardship

The company safeguards consumer rights and interests.

Corporate Social Responsibility / Community Engagements

Technical University of Mombasa Enterprises Limited participates in Corporate Social Responsibility from cleaning the neighbourhood and employment of locals which has improved hygiene and reduced unemployment for the youths.

The company has visited various children homes and offers food donations.

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

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 30th June 2021

The Directors submit their report together with the audited financial statements for the year ended June 30th 2021, which show the state of the entity's affairs.

Principal activities

The principal activities of the entity are;

- Consultancy and Training
- Sale of Pure Drinking Water-TUMAQUA
- Management of Tum Hotel and Conferencing
- Cleaning Services

Results

The results of the entity for the year ended June 30th, 2021 are set out, below is summary of the profit or loss made during the year.

Dividends

Subject to the approval of the shareholders, the TUMEL board of Directors recommend payment of a first and final dividend for the year of Ksh. 4,040,627.90.

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 2019.

By Order of the Board



Corporate Secretary

Nairobi *Nombasa*

Date..... *1.3.22*

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and 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.

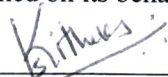
The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate 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 and the company's Act) 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 30th 2021, 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.

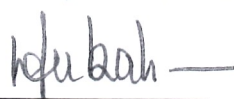
Nothing has come to the attention of the Directors to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

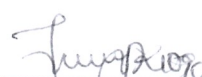
The entity's financial statements were approved by the Board on 13/6/2021 and signed on its behalf by:



Director



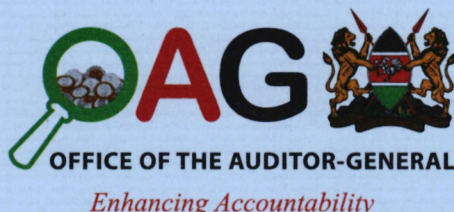
Director



Director

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, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

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 19, which comprise of the statement of financial position as at 30 June, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and

Report of the Auditor-General on Technical University of Mombasa Enterprises Limited for the year ended 30 June, 2021

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 the Technical University of Mombasa Enterprises Limited as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unreconciled Variances Between the Financial Statements and the Ledger

The balances and amounts for various account items reflected in the financial statements for the year ended 30 June, 2021 differs with the ledger balances as shown below:

Account Item	Note	Financial Statements Balance (Kshs.)	Ledger Balance (Kshs.)	Absolute Variance (Kshs.)
Revenue - TUM Hotel and Conferencing	3	9,515,192	10,032,451	(517,259)
Cost of Sales - Consultancy Facilitation Expense	4	25,598,106	20,537,466	5,060,640
Gross Trade and Other Receivables	11	41,334,421	41,930,589	(576,168)
Trade Payables	15	2,066,782	2,108,382	(41,600.00)
Other Trade Payables	16	19,535,975	18,528,264	1,007,711

In the circumstances, the accuracy and completeness of the amounts and balances reflected in the financial statements could not be confirmed.

2. Unexplained Variance in Revenue

The statement of profit or loss and other comprehensive income reflects revenue amount of Kshs.88,877,421 which as disclosed in Note 3 to the financial statements includes an amount of Kshs.16,180,163 in respect of TUMEL cleaning. However, analysis of the revenue ledger revealed that the revenue includes an amount of Kshs.1,134,072 relating to an invoice No.410 which was recorded in the invoice book as Kshs.29,986 resulting in unexplained variance of Kshs.1,104,086.

In addition, receipt books and revenue reports for the year under review indicated receipts of Kshs.1,000,000 from Kenya Rural Roads Authority in respect of conference services offered and which was omitted from the revenue ledger, cash book and bank statements.

In the circumstances, the accuracy and completeness of the revenue amount of Kshs.2,134,072 could not be confirmed.

3. Inaccuracy of Property, Plant and Equipment

The statement of financial position as at 30 June, 2021 and as disclosed in Note 7 to the financial statements reflects a net book value (NBV) balance of Kshs.1,900,189 for property, plant and equipment which includes a water bottling plant balance of Kshs.1,492,209. However, the disclosed balance varies with the recalculated balance of Kshs.1,436,315 by Kshs.55,794.

In the circumstances, the accuracy of the water bottling plant balance of Kshs.1,492,209 could not be confirmed.

4. Unsupported Loan from Technical University of Mombasa

As previously reported, the statement of financial position reflects a loan balance of Kshs.2,000,000 as at 30 June, 2021 (2020: Kshs.4,000,000) from Technical University of Mombasa. However, the loan agreement detailing the purpose, terms and conditions and the approval of the loan by the Board was not provided for audit review.

Consequently, the accuracy, completeness and legality of the loan balance of Kshs.2,000,000 could not be ascertained.

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 final revenue budget and actual receipts on comparable basis of Kshs.104,200,000 and Kshs.88,877,421 respectively resulting to an under realization of Kshs.14,794,710 or 17% of the budget. Similarly, the Company expended Kshs.75,408,662 against an approved budget of Kshs.84,298,580 resulting to an under-expenditure of Kshs.8,889,918 or 12% of the budget.

Based on the approved estimates, under realization of receipts and under expenditure affected the planned activities of the Company.

Other Information

The Directors are responsible for the other information, which comprises the Chairman's report, Directors' report, the statement of corporate governance, management discussions and analysis, statement of environmental and sustainability reporting, corporate social responsibility statement and the statement of Directors' responsibilities.

The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

1. Late Submission of Financial Statements for Audit

The financial statements of Technical University of Mombasa Enterprises Limited for the year ended 30 June, 2021 were submitted to the Office of the Auditor-General on 26 October, 2021, which is one month after the stipulated deadline of 30 September, 2021. This is contrary to Section 81(4)(a) of the Public Finance Management Act, 2012 which requires that, "not later than three months after the end of each financial year, the Accounting Officer for the entity shall submit the entity's financial statements to the Auditor-General".

In the circumstances, Management was in breach of the law.

2. Non-Compliance to the Prescribed reporting Format

The financial statements presented did not comply with the format prescribed by the Public Sector Accounting Standards Board (PSASB) as follows;

- (i) The financial statements refer to statement of profit and loss and other comprehensive income instead of statement of profit or loss and other comprehensive income.
- (ii) The financial statements refer to statement of comparison of budget instead of statement of comparison of budget and actual amounts.
- (iii) The financial statements did not include a report on Follow up of Auditor's Recommendations.

In the circumstances, the financial statements do not comply with the financial reporting guidelines issued by PSASB.

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 Kenyan 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 my audit;
- (ii) In my opinion, proper books of account have been kept by the Company, so far as appears from the examination of those books;
- (iii) The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Kenyan Companies Act, and for maintaining effective internal controls 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 controls, 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 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 are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 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 controls.
- 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 method 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 September, 2022

Technical University of Mombasa Enterprises Limited**Annual Reports and Financial Statements****For the year ended June 30, 2021****STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020/2021	2019/2020
		Kshs	Kshs
REVENUES			
Revenue	3	88,877,421.30	59,290,138.00
Cost of sales	4&5	(33,617,533.32)	(21,036,466.00)
Gross profit		55,259,887.98	38,253,672.00
OPERATING EXPENSES			
Administration Costs	6	35,452,336.12	36,483,634.00
TOTAL OPERATING EXPENSES		(35,452,336.12)	(36,483,634.00)
Non-Operating Expenses	19	(142,355.21)	(212,984.00)
PROFIT/(LOSS) BEFORE TAXATION		19,665,196.65	1,557,053.00
INCOME TAX EXPENSE/(CREDIT)	17	(6,196,436.97)	-
PROFIT/(LOSS) AFTER TAXATION		13,468,759.68	1,557,053

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	1,900,189.44	2,106,482.00
Intangible Asset	8	188,514.67	
Total Non-Current Assets		2,088,704.11	2,106,482.00
Current Assets			
Bank and Cash balances	9	13,590,615.00	1,414,368.00
Inventory	10	1,705,360.69	2,411,285.00
Trade and other receivables	11	33,553,229.68	19,976,624.00
Total Current Assets		48,849,205.61	23,802,277.00
Total Assets		50,937,909.72	25,908,759.00
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary Shares	12	100,000.00	100,000.00
Shareholder's contribution	12	4,900,000.00	4,900,000.00
Retained earnings	13	8,866,392.98	2,341,718.00
Profit for the year		13,468,759.68	1,557,053.00
Capital and Reserves		27,335,152.66	8,898,771.00
Long term liabilities			
TUM Loan	14	2,000,000.00	4,000,000.00
Total long-term liabilities		2,000,000.00	4,000,000.00
Current Liabilities			
Trade Payables	15	2,066,781.80	1,642,004.00
Other Current Liabilities	16	19,535,975.26	11,367,984.00
Total Current Liabilities		21,602,757.06	13,009,988.00
TOTAL EQUITY AND LIABILITIES		50,937,909.72	25,908,759.00

The financial statements were approved by the Board on _____ and signed on its behalf by:

Managing Director

Name: *Bernard Nyakundi*

Sign: *[Signature]*

Head of Finance

Name: *Leonard Kosiv*

ICPAK M/NO *25611*

[Signature]

Chairman of the Board

Name: *Arthur S.*

Sign: *[Signature]*

Technical University of Mombasa Enterprises Limited

Annual Reports and Financial Statements

For the year ended June 30, 2021

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2021**

	Note	Ordinary share capital	Share Holders contribution	Retained earnings	Total
At July 1, 2019		100,000.00	4,900,000.00	3,848,841.00	8,848,841.00
Adjustments		-		(1,507,123.00)	(1,507,123.00)
Profit/(Loss) 2019/20		-		1,557,053.00	1,557,053.00
At June 30, 2020		100,000.00	4,900,000.00	3,898,771.00	8,898,771.00
At July 1, 2020		100,000.00	4,900,000.00	3,898,771.00	8,898,771.00
Additions	18			4,967,620.78	4,967,620.78
Profit /(Loss) for 2020/21				13,468,759.68	13,319,698.90
At June 30, 2021		100,000	4,900,000	22,335,151.46	27,335,151.46

Technical University of Mombasa Enterprises Limited

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For the year ended June 30, 2021

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operations		13,468,759.68	1,557,053.00
Depreciation & Amortization	7	358,826.05	338,806.35
Decrease/(Increase) in Inventory	10	705,924.31	-
Decrease/(Increase) in Trade Receivables & Other Receivables	11	(13,576,604.88)	(6,401,374.00)
(Decrease)/Increase in Trade Payables	15	424,777.80	5,432,529.00
(Decrease)/Increase in Other Payables	16	8,167,991.26	-
Net cash generated from/ (used in) operating activities		9,549,674.22	926,715.00
CASH FLOWS FROM INVESTING ACTIVITIES			
Water Processing Plant		-	(329,299.00)
Purchase of Furnitures	7	(102,250.00)	
Purchase of ERP Software	8	(196,798.00)	
Purchase of Printer	7	(42,000.00)	
Net cash generated from/(used in) investing activities		(341,048.00)	(329,299.00)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Members Equity	13	4,967,620.78	617,983.00
Decrease in Long-Term Liabilities: TUM loan	14	(2000,000.00)	-
Net cash generated from/ (used in) financing activities		2,967,620.78	617,983.00
			-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		12,176,247.00	1,215,699.00
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9	1,414,368.00	198,669.00
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9	13,590,615.00	1,414,368.00

Technical University of Mombasa Enterprises Limited

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For the year ended June 30, 2021

STATEMENT OF COMPARISON OF BUDGET FOR THE YEAR:

2020/2021 Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilisation Difference to Final Budget
REVENUE – Total income	104,200,000.00	-	104,200,000.00	88,877,421.30	(14,794,710.18)	(17.24%)
EXPENDITURE						
Administration & Other Expenses	37,389,280.00	-	37,389,280.00	35,594,691.33	1,794,588.67	4.80%
Cost of Sales	39,409,300.00	-	39,409,300.00	33,617,533.32	5,791,766.68	14.70%
Corporate Tax	7,500,000.00	-	7,500,000.00	6,196,436.97	1,303,563.03	17.38%
Total Expenditure	84,298,580.00	-	84,298,580.00	75,408,661.62	8,889,918.38	12.29%
Surplus for the Period	-	-	19,901,420.00	13,468,759.68	(5,904,791.80)	(4.95%)

Technical University of Mombasa Enterprises Limited

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For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

TUMEL is established by and derives its authority and accountability from The Company's Act. The entity is wholly owned by the Technical University of Mombasa and is domiciled in Kenya.

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, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

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.

Technical University of Mombasa Enterprises Limited

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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 cost of ongoing but incomplete works on buildings and other civil works and installation

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

Technical University of Mombasa Enterprises Limited

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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 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.

n) 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

Technical University of Mombasa Enterprises Limited

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For the year ended June 30, 2021

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 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.

Technical University of Mombasa Enterprises Limited

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For the year ended June 30, 2021

i) 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.

j) 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 on 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.

k) 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, 2021

3. REVENUE

DEPARTMENT	2020/2021	2019/2020
	Kshs	Kshs
TUMEL CONSULTANCY	61,366,689.21	14,173,481
TUMEL CLEANING	16,180,162.96	18,462,244
TUM HOTEL AND CONFERENCING	9,515,192.17	25,145,936
TUM AQUA	1,815,376.96	1,508,476
Total	88,877,421.30	59,290,137

4. COST OF SALES

	2020/2021	2019/2020
	Kshs	Kshs
Consultancy Facilitation Expense	25,598,106.00	9,049,876.00
Cleaning Materials	1,105,883.58	2,744,250.00
Food Purchases	3,529,433.15	8,518,726.00
Hire of Tables	203,150.00	-
Cooking Gas	400,000.00	477,608.00
Housekeeping items	895,510.00	335,003.00
Water Bottles and stickers	1,384,917.79	846,640.00
Water testing and analysis	14,530.00	48,750.00
Excise duty & stamps	405,561.40	408,825.00
Kitchen ware Purchase	80,441.40	189,300.00
Kitchen cutlery	-	152,000.00
Closing Stock	-	(1,734,513.00)
Total	33,617,533.32	21,036,466.00

5. COST OF SALES COMPONENTS (COMPUTATIONS)

	Note	2020/2021	2019/2020
		Kshs	Kshs
Opening Stock	10	2,411,285.00	-
Purchases		32,911,609.01	23,447,751.00
Closing Stock	10	(1,705,360.69)	(2,411,285.00)
Cost of Sales	5	33,617,533.32	21,036,466.00

Technical University of Mombasa Enterprises Limited

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For the year ended June 30, 2021

6. OPERATING EXPENSES

	2020/2021	2019/2020
	Kshs	Kshs
Bank charges	32144.10	86,616.00
Depreciation expense	350,542.72	338,806.00
Expected Credit Loss Provision	7,781,190.87	-
Software Amortization	8,283.33	-
Stationery	333,979.43	329,319.00
Board of directors' allowances	1,931,197.00	1,133,600.00
Staff Meals Allowances	25,500.00	1,000.00
Office expense	175,808.00	415,090.00
Permits and Licences	214,414.00	594,796.00
Advertising and promotion	69,250.00	112,105.00
Staff Travelling & Subsistence	721,360.00	496,470.00
Dues and Subscriptions	47,753.00	91,950.00
Newspaper Subscription	77,820.00	-
Electricity and Lighting	979,831.00	30,000.00
Entertainment	-	228,458.00
Levies	55,059.00	85621.00
Garbage Collection	38,500.00	10,000.00
Internet Expenses	149,655.00	600.00
Pest Control and Fumigation	-	141,940.00
Printing and Photocopy	137,445.00	272,541.00
Maintenance and Repairs	746,179.88	981,942.00
WIBA Insurance	380,439.00	-
General Insurance Expense	59,440.00	-
Salaries and Wages	16,387,534.25	26,899,805.00
Telephone Expenses	2,000.00	7,770.00
Transport and fares	137,740.00	127,364.00
Website Development	49,289.00	-
Internal Audit fees	749,000.00	1,155,000.00
Policy documents	602,904.12	-
Stocktake Allowance	236,240.00	-
Refunds	7,400.00	-
Water Supply	11,000.00	-
NSSF-Employer Contribution	53,000.00	128,800.00
Change of CR12 & Company Name	80,000.00	-
Environmental Audit fees	24,700.00	150,800.00
Marketing	-	500.00
Pension Expense	217,760.00	152,436.00
Professional fees	456,000.00	1,012,234.00
Rent and rates	1,200,000.00	800,000.00
Software and maintenance	-	35,500.00
Staff training and development	177,180.00	148,900.00
Taxes	-	511,971.00
Postage and delivery	11,563.00	1700.00
Consultancy Expenses	733,234.42	-
Total	35,452,336.12	36,483,634.00

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7. PROPERTY, PLANT AND EQUIPMENT

	Water Bottling Plant	Computers Related Equipment	Office Equipment, Furniture & Fittings	Total
COST OR VALUATION				
At July 1, 2020	3,472,870.00	257,360.00	198,300.88	3,928,530.88
Additions	-		144,250.00	144,250.00
At June 30, 2021	3,472,870.00	257,360.00	358,499.16	4,088,729.16
DEPRECIATION				-
At July 1, 2020	(1,764,382.00)	(124,642.00)	(4,867.00)	(1,889,024.00)
Charge for the year	(272,173.18)	(64,400.07)	(13,969.47)	(350,542.72)
At June 30, 2021	(1,980,661.18)	(189,042.07)	(18,836.47)	(2,188,539.72)
NET BOOK VALUE At June 30, 2021	1,492,208.82	68,317.93	339,662.69	1,900,189.44

8. INTANGIBLE ASSETS

	2020/2021	2019/2020
	Kshs	Kshs
COST		
At July 1	-	-
Additions	196,798.00	-
At June 30	196,798.00	-
Amortization		
At July 1	-	-
Charge for the year	(8,283.33)	-
At June 30	(8,283.33)	-
Net Book Value at June 30	188,514.67	-

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9. BANK AND CASH BALANCES

	2020/2021	2019/2020
	Kshs	Kshs
National Bank of Kenya	13,421,884.00	1,414,368.00
Kenya Commercial Bank	167,486.00	--
Petty Cash	1,245.00	--
	13,590,615.00	1,414,368.00

10. INVENTORY

	2020/2021	2019/2020
	Kshs	Kshs
Cleaning Materials	547,638.22	811,291.00
Food stuff	229,693.38	219,421.00
Cutleries and crockeries	353,704.27	570,690.00
Stationery	61,631.81	106,082.00
TUMAQUA Materials	512,693.01	703,801.00
Total	1,705,360.69	2,411,285.00

11. TRADE RECEIVABLES

	2020/2021	2019/2020
	Kshs	Kshs
Kilifi County	168,370.10	168,370.00
Mombasa County	262,500.00	262,500.00
Jumuiya Za Pwani	7,500.00	7,500.00
TUM HOTEL TO KSG	331,000	330,999.00
Kudheha	2,565.00	2,565.00
Ministry Of Agriculture	34,100.00	34,100.00
Mombasa Water	153,621.00	153,621.00
TSC	255,800.00	255,800.00
School Based Students-TUM	807,920.00	807,920.00
TUM Hotel Services-TUM	10,950,353.22	9,997,215.00
Cleaning Services-TUM	9,293,155.84	7,247,822.00
TUM Hotel -TUMEL	193,629.22	179,987.00
Petty Cash	158,863.60	158,864.00
Zoghoi Sacco	9,650.01	9,650.00
TUM AQUA-TUM	555,590.56	341,211.00
Tum Alumni Association	3,500.00	3,500.00
BIOSAFETY APPEAL BOARD	164,300.00	-
TUMAQUA TO KSG	699,840.00	-
PORTUGUESE EMBASSY	655,200.00	-
KISE	36,000.00	-
KALRO	774,000.00	-
TVET-MINISTRY OF EDUCATION	15,396,477.00	-
KENFREIGHT LTD	46,685.00	-

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KEMSFED	208,800.00	
Bod Allowance Prepaid	15,000.00	15,000.00
Staff Salary Advance	150,000.00	-
Gross Trade and Other Receivables	41,334,420.55	19,976,624.00
Provision for Bad and Doubtful Receivable	(7,781,190.87)	0.00
Gross Trade and Other Receivables	33,553,229.68	19,976,624.00

Provision for doubtful debt as at reporting is **Ksh. 7,781,190.87** which is deducted from gross amount. Generally accepted accounting principles require that companies present accounts receivable balances net of the allowance for doubtful accounts. This means the company must reduce the asset it holds for balances owed to the company by an estimate of the balances that it deems it will be able to collect

Provision for Doubtful Debt					
Type		Date	Num	Credit	Balance
General Journal	Quarter 1	30/09/2020	jv458	3,730,003.40	-3,730,003.40
General Journal	Quarter 2	31/12/2020	jv461	1,633,240.57	-5,363,243.97
General Journal	Quarter 3	31/03/2021	jv462	1,072,421.64	-6,435,665.61
General Journal	Quarter 4	30/06/2021	jv463	1,345,525.26	-7,781,190.87

12. SHAREHOLDERS CONTRIBUTION

	2020/2021	2019/2020
	Kshs	Kshs
Ordinary share capital 1000shares @100	100,000.00	100,000.00
Shareholder contribution	4,900,000.00	4,900,000.00
	5,000,000.00	5,000,000.00

13. RETAINED EARNINGS

	2020/2021	2019/2020
	Kshs	Kshs
Retained Earnings b/f	2,341,718.00	2,341,718.00
Profit 2019/2020	1,557,053.00	
Adjustments for the year (Note:19)	4,967,620.78	-
Retained Earnings	8,866,392.98	2,341,718.00

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.

14. TUM LOAN

	2020/2021	2019/2020
	Kshs	Kshs
Loan Advanced	2,000,000.00	4,000,000.00
	2,000,000.00	4,000,000.00

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15. TRADE PAYABLES

	2020/2021	2019/2020
	Kshs	Kshs
APEX	-	1,900.00
ATHMAK ENTERPRSES	-	84,360.00
BELSHEI AGENCIES	36,400.00	-
BETRIC KENYA LTD	39,300.00	126,700.00
BLUESKY LION INVESTMENT LTD	-	85,380.00
Board Expenses	-	15,000.00
ENCHANTING MOMBASA LTD	-	15,000.00
ELVA GENERAL SERVICES	28,000.00	-
ELYSHA ENTERPRISE	138,950.080	-
FAIRDEAL FURNITURES	-	100,556.00
FASTOWN E.A. LTD	149,075.00	-
HIPERJOO ENTERPRISES LRD	36,000.00	-
JALARAM PLASTICS	15,564.00	15,564.00
INOCHEM LTD	91,640.00	-
JOMINYIKH ENTERPRISES LTD	127,000.00	-
LUCILE AGENCIES	38,440.00	-
LUQRADHI AGENCIES	44,940.00	-
MAJIKO SERVICES	14,500.00	-
MILMAR MARKETING AND MARKETING	270,270.00	-
MISOA AGENCIES	-	77,000.00
MIYOSQUIN CHEMICALS	47,500.00	-
MWASHUA ENTERPRSES	-	74,740.00
MWIALY ENTERPRISES	9,250.00	9,250.00
PHILOJACK GLOBAL INVST LTD	-	77,500.00
POLAG INVESTMENT	-	60,000.00
TUM CENTRE OF TECHNOLOGY	-	18,224.00
TUM RENT	-	800,000.00
TVET	15,500.00	15,500.00
ZAMARA FF	-	65,330.00
NISHA PRINTERS LTD	68,800.00	-
ORIANI GENERAL GREEN GROCERS	56,370.00	-
PATAN VOICE MEDIA LTD	22,400.00	-
SITRACT ENTERPRISES	135,570.00	-
SUPAKREATIVE ENTERPRSES LTD	3,722.00	-
TONONOKA MEAT SUPPLY LTD	173,050.00	-
TREGAC ENTERPRISES LTD	272,948.00	-
TRICEPTS SOLUTIONS	62,850.00	-
TUM ELECTRICITY	157,742.00	-
VECTORCARE LTD	11,000.00	-
TOTAL	2,066,781.80	1,642,004.00

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16. OTHER PAYABLES

	2020/2021	2019/2020
	Kshs	Kshs
Corporate Tax Payable	-	3,576,615.00
Audit fee Payable	2,000,000.00	2,000,000.00
Provision for Consultants Payment	5,322,640.00	
Prepaid Short courses	503,500.00	503,500.00
Board of Directors Allowances-accrued	15,000.00	15,000.00
Customer advance deposits	53,675.80	75,937.00
Net Pay Control Account	3,167.30	-
NSSF	2,200.00	5,000.00
NHIF	11,700.00	21,250.00
PAYE	160,516.00	151,507.00
Training Levy deduction	10,889.00	10,889.00
TVET Consultancy	15,500.00	15,500.00
UASU deduction	10,885.00	2,177.00
VAT Control Account	5,012,034.39	4,955,104.16
Mwalimu Sacco	24,415.00	24,415.00
TUM Benevolent deduction	1,600.00	200.00
Pension Control Account	65,332.00	10,889.00
Income Tax Provision	6,196,436.97	-
Sanlam Control Account	671.00	-
Withholding Tax Control Account	125,814.70	-
TOTAL	19,535,975.26	11,367,984.16

17. TAX PROVISION

	2020/2021	2019/2020
	Kshs.	Kshs.
Profit before tax	19,665,196.65	-
Add: Depreciation	350,542.72	-
Amortization	8,283,.33	-
Interest Fines & Penalties	142,355.21	-
Less: Investment deduction	(149,060.78)	
Total	20,009,033.80	-
Tax@30%	6,196,436.97	-

18. ADJUSTMENTS TO RETAIN EARNING 2020/2021

	Ksh.	Narration
i VAT Payable	1,355,505.78	VAT Arrears Remission
ii Corporate Tax Payable (Note:17; 201/2020)	3,576,615.58	No liability in iTax
TOTAL	4,932,121.36	

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- i. KRA offered TUMEL VAT remission for part of the tax arrears liability after negotiation. Then the company pay less tax.
- ii. A corporate tax liability carried forward from the previos financial year was a journal entry passed not based on profit earned. The company has no corporate tax liability.

19. OTHER EXPENSES

	2020/2021	2019/2020
Interests, Fines and Penalties	142,355.21	212,984.00

20. 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:

(ii) 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

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

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

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.

21. INCOPORATION

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

22. EVENTS AFTER THE REPORTING PERIOD

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

23. CURRENCY

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