

REPUBLIC OF KENYA

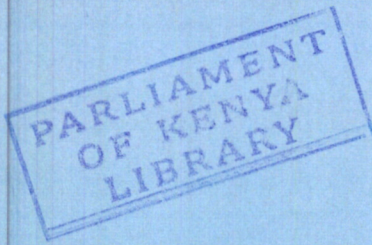


PAPER LAID

By the WDM, Hon. Aden
Diale, MP on 27/9/2017

27 SEP 2017
27 SEP 2017

OFFICE OF THE AUDITOR-GENERAL



REPORT

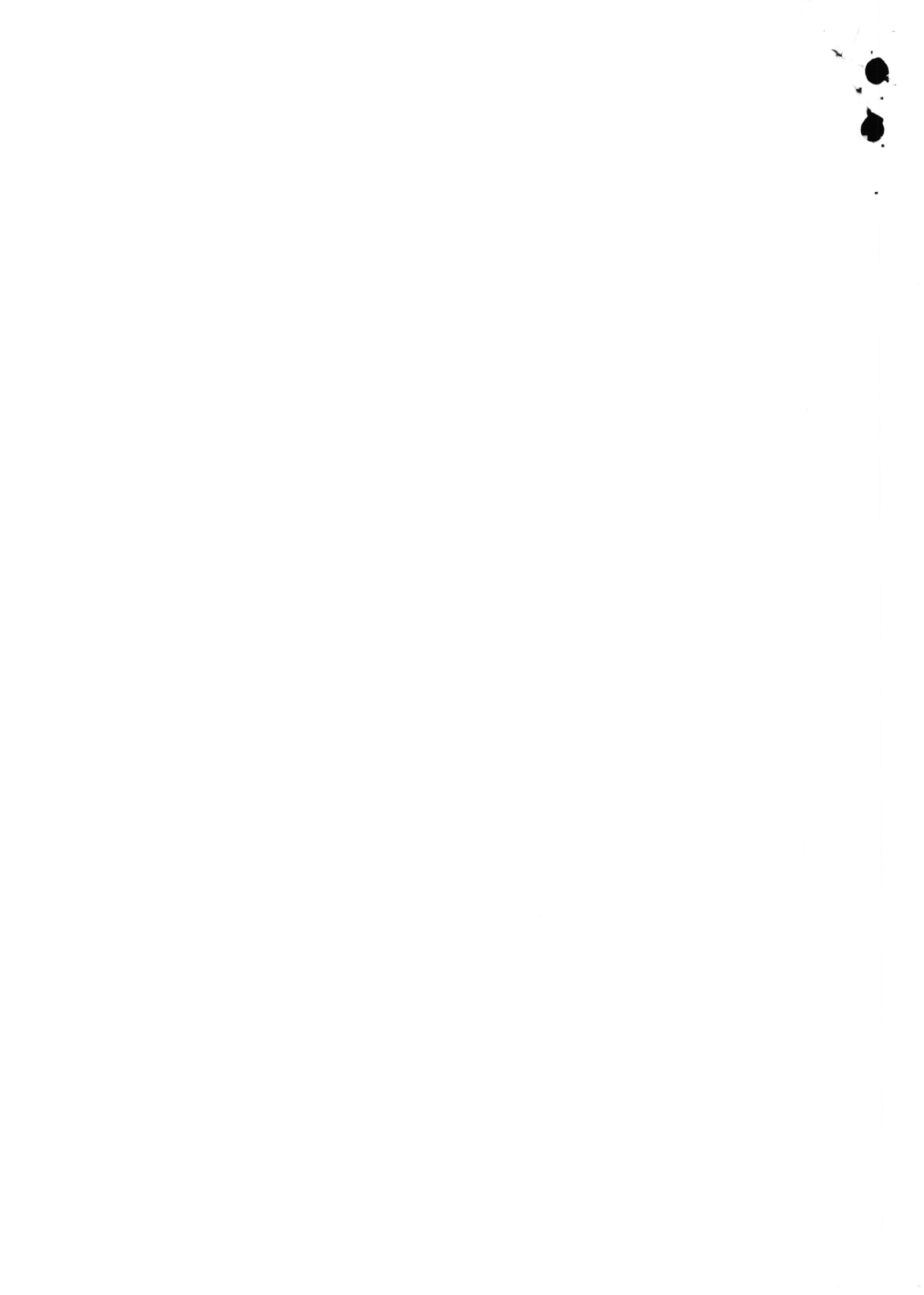
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
TAITA TAVETA UNIVERSITY
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE 2016**



ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016



TAITA TAVETA UNIVERSITY COLLEGE
(A Constituent College of Jomo Kenyatta University of Agriculture and Technology)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



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I. KEY TTUC INFORMATION AND MANAGEMENT

a. Background information

Taita Taveta University College (TTUC) was elevated to a Constituent College of Jomo Kenyatta University of Agriculture and Technology (JKUAT) on 18th October, 2011 via legal notice Number 156. Since then, and particularly over the financial year 2015/2016, the University College Council, Management, staff and students have collectively embarked on a transformative journey aimed at positioning TTUC as a strategic player in national and regional development, and an academic centre of excellence with a special focus on Mining and Mineral Processing Engineering (MMPE).

b. Principal Activities

The principal activity of Taita Taveta University College is teaching, research and outreach. The vision, mission and core values that underpin our principal activity are:

c. Vision Statement

To be a premier institution in education, training, research, innovation and community outreach for sustainable development.

d. Mission Statement

To produce leaders and professionals in engineering, science and entrepreneurship through knowledge creation, dissemination and application for socio-economic development.

e. Core Values

- i) **Result oriented** - Budgeting and planning is geared toward achieving desired objectives.
- ii) **Quality** - All work is done to ensure products of the highest quality are achieved.
- iii) **Transparency and Accountability** - All dealings should be open and accountable to stakeholders.
- iv) **Innovativeness** - In the face of many challenges, innovation is championed to ensure set targets are achieved.
- v) **Professionalism and ethical conduct** - Staff are required to uphold the highest professional and ethical standards.

f. Key Management

The Taita Taveta University College's day-to-day management falls under the following three key organs:

- Principal/CEO
- Deputy Principal (Administration, Finance & Planning)– Divisional Head
- Deputy Principal (Academic, Research & Outreach) – Divisional Head

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Key TTUC Information and Management (continued.....)

g. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

Designation	Name
Principal	- Prof. Hamadi Iddi Boga
Deputy Principal (Administration, Finance & Planning)	- Prof. Fred Simiyu Barasa
Deputy Principal (Academic, Research & Outreach)	- Prof. Christine Akoth Onyango

h. Fiduciary Oversight Arrangements

A. University College Council
Membership is as listed under Board of Directors

B. Finance and General Purpose Committee	
1. Dr. Morompi Ole Ronkei	Chairman
2. Mr. Hamid Morowa	Member
3. Ms. Ronnie Mugoiri - Representing PS MOEST ²	Member
4. Mr. Geoffrey Kibanda - Representing PS The National Treasury	Member
5. Prof. Hamadi Iddi Boga-Principal (Ex -Officio)	Member

C. Audit Committee	
1. Dr. Moses Chesang Kiptui	Chairman
2. Mr. Hamid Morowa	Member
3. Ms. Ronnie Mugoiri - Representing PS MOEST	Member
4. Mr. Geoffrey Kibanda - Representing PS the National Treasury	Member
5. Ms. Jane Kimbwarata	Member

D. Human Resource Committee	
1. Ms. Jane Kimbwarata	Chairman
2. Mr. Hamid Morowa	Member
3. Prof. Mabel O. Imbuga-Vice Chancellor, JKUAT ³	Member
4. Ms. Ronnie Mugoiri - Representing PS MOEST	Member
5. Mr. Geoffrey Kibanda - Representing PS the National Treasury	Member
6. Prof. Hamadi Iddi Boga-Principal (Ex -Officio)	Member

²MOEST – Ministry of Education, Science and Technology

³JKUAT – Jomo Kenyatta University of Agriculture and Technology

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Key TTUC Information and Management (continued.....)

i. TTUC Head quarters

Taita Taveta University College
Main Campus (off Voi-Mwatate Road)
P. O. Box 635 – 80300
VOI, KENYA.

j. TTUC Contacts

Telephone :(254) 020 2437266
E-mail: principal@ttuc.ac.ke
Website: www.ttuc.ac.ke

k. TTUC Bankers

Kenya Commercial Bank Ltd
Voi Branch
P.O. Box 137 - 80300
Voi, Kenya

Equity Bank Ltd
Voi Branch
P.O. Box 325 - 80300
Voi, Kenya

l. Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P. O. Box 30084 - 00100
Nairobi, Kenya






m. Principal Legal Adviser

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

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II. UNIVERSITY COLLEGE COUNCIL (THE BOARD OF DIRECTORS)

<p>1. Prof. Lucia N. Omondi, PhD, FKNAS, MBS</p> 	<p>Born:1943 Doctor of Philosophy, Linguistics, University of London. She has over 30 years' experience at the University of Nairobi and was at one time the Principal of Kikuyu Campus.</p>
<p>2. Ms. Jane Kimbwarata</p> 	<p>Born: 1972 Master of Science, Information Science, Moi University. She is the Chair of the Finance, Development and General Purpose Committee. She has 19 years' experience working in the Public Sector</p>
<p>3. Dr. Moses ChesangKiptui</p> 	<p>Born: 1962 Doctor of Philosophy, Economics, University of Nairobi. Has many years of teaching experience at Egerton University and University of Nairobi, the Central Bank of Kenya and is currently at the Kenya School of Monetary Studies, as an Assistant Director. He is the Chairman of the Audit Committee.</p>
<p>4. Mr. Hamid Morowa</p> 	<p>Born: 1948 Masters of Science, Agriculture, USA Retired from the Ministry of Agriculture after many years of Service. He is the Chair of the Human Resource and Development Committee of the Council.</p>
<p>5. Dr. Morompi Ole Ronkei</p> 	<p>Born:1960 Doctor of Philosophy (Univ. Of Oregon) He had previously worked at Daystar University, of Compassion International, as CEO, for many years and is currently working as a communications consultant.</p>

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University College Council (The Board Of Directors) continued...

6.	<p>Prof. Mabel O. Imbuga</p> 	<p>Born: 1951 Doctor of Philosophy, Biochemistry, University of Nairobi. Has served in various Capacities at JKUAT and is currently the Vice-Chancellor serving her second term. The Academic Career spans over 25 years including other National and regional obligations in the Higher Education Sector.</p>
7.	<p>Ms. Ronnie Mugoiri</p> 	<p>Born: 1970 Masters of Education, Kenyatta University (on-going), Bachelor of Education, Egerton University. Works in the Ministry of Education, Science and Technology as Assistant Director of Education and represents the Principal Secretary MOEST in the Council.</p>
8.	<p>Mr. Geoffrey Kibanda</p> 	<p>Born: 1967 Master of Business Administration (HR) Works in the National Treasury in the Pensions Departments and represents the Principal Secretary to the National Treasury. Has vast experience in personnel and HR issues</p>
9.	<p>Prof. Hamadi Iddi Boga</p> 	<p>Born 1967 PhD in Microbial Ecology, University of Konstanz, Germany. Has over 20 years' experience working in the University Sector. Is currently the Principal and Secretary to the Council</p>

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III. MANAGEMENT TEAM.

 <p>1. Prof. Hamadi Iddi Boga PhD in Microbial Ecology, University of Konstanz, Germany</p>	<p>Principal Accounting Officer/ Chief Administrative and Academic Head of the Institution</p>
 <p>2. Prof. Fred Simiyu Barasa PhD, Comparative and International Education, University of Natal, RSA</p>	<p>Deputy Principal (AFP) Head of Division and responsible for Administration, Finance and Planning functions of the institution.</p>
 <p>3. Prof. Christine Onyango PhD in Food Science and Post-Harvest Technology, JKUAT</p>	<p>Deputy Principal (ARO) Head of Division and responsible for Academic, Research and Outreach functions of the institution.</p>

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IV. CHAIRMAN'S STATEMENT

Taita Taveta University College (TTUC) was elevated to a Constituent College of Jomo Kenyatta University of Agriculture and Technology on 18th October, 2011 via the Taita Taveta Legal Order Legal Number 156. Accordingly, the financial year 2015/2016 marks the fourth year of our stewardship over financial and other resources entrusted to us. To this end, the University College Council, Management, staff and students have collectively maintained focus on the transformative journey of positioning TTUC as a strategic player in national and regional development, and as an academic Centre of Excellence with special focus on Mining and Mineral Processing Engineering.

Conscious of our mandate and guided by our motto of "*Home of Ideas*", we endeavour to prudently manage resources at our disposal in addition to offering the highest quality of service to our clients and all stakeholders. TTUC continues to ensure strict financial discipline, focused execution of the management agenda and resolute pursuit of agreed strategies.

The FY2015/2016 presented great opportunities for development and growth. The resources allocated and received have been instrumental in facilitating infrastructure and human resource development. These include: enhanced clean water supply through construction of a water treatment plant; significant progress towards completion of Phase II of the state of the art Centre for Mining, Fuels and Mineral Processing; completion of a 156 bed capacity student hostel; completion of the University College's 50-year Development Master Plan; and support for eleven (11) staff on PhD, two (2) staff on Master and one (1) staff on Bachelor degree study programmes. Further, the University College continued delivering academic programmes prudently while maintaining and securing her assets.

Despite the development and growth achievements highlighted above, the College faced and still faces many challenges. Inadequate funding from the exchequer, reduction in both recurrent and capital funds originally allocated to the University College for FY 2015/2016, and low staffing levels for both academic and administrative staff are among the challenges experienced. As TTUC transits to a fully-fledged university status, increasing staffing levels, construction of a Modern Library, expansion of office and classroom space, equipping and modernizing laboratories and workshops, and further enhancement of clean water supply through connection to Mzima Springs pipeline, will continue being the College's highest priority.

The University College Council is committed to continuous improvement in the governance and management of TTUC.

Sincerely,

Professor (Mrs) Lucia N. Omondi PhD., FKNAS, MBS
Chairman of Council

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V. REPORT OF THE CHIEF EXECUTIVE OFFICER

Introduction and Financial Performance

The financial year 2015/2016 has been an eventful year. We have struggled with budget cuts, experienced delayed disbursement of development capital, managed intricate negotiations with staff Unions, witnessed some degree of restlessness among students and lecturers largely in response to internal austerity measures effected in budget implementation, and struggled with but successfully managed our service providers especially suppliers and Part-Time Lecturers. However, we have made some progress. We appreciate the support and goodwill the University College Council and the Government of Kenya. Despite the challenges, they have continued to support our innovative ideas and TTUC has made good progress on all fronts.

In the FY 2015/2016, Taita Taveta University College received from the Government of Kenya a total of Ksh 356,257,922 for recurrent expenditure and Kshs.109,215,700 for development expenditure and was able to generate Appropriation-in-Aid of Ksh 158,932,363. This budget supported 249 full time staff, 2,400 students, over ten academic programmes focusing on Mining Engineering, Computer Science, Information Technology, Business Management and Entrepreneurship, Applied Science and Governance. Further, in the year under review, the University College made remarkable investment and progress in staff training, internet accessibility, teaching and learning infrastructure, launching of new academic programmes, and move towards realization of ISO certification. We also fulfilled all requirements for award of University Charter and were fully certified by the Commission for University Education as ready for the award. We await the award in the coming financial year

During the year under review, the University realized a deficit of Ksh.49, 153,726. The deficit was a marked improvement from the previous year's deficit of Kshs. 73,791.532. The reduction was contributed by various cost reduction and cost containment strategies that were implemented, increased capitation from Government by 12% and improved student enrollment. It is also worthy to note that part of the deficit is contributed by depreciation charge on property, plant and equipment of Kshs.58,998,335 for the financial year under review.

Conclusion

The University is grateful to the Government of Kenya and the Ministry of Education, Science and Technology for their continued support. The TTUC community will continue to work hard to meet targets as set in the Strategic Plan and mandate as provided in the Universities Act 2012 and the Taita Taveta University College Order no. 156 of 2011.

Prof. Hamadi Iddi Boga, PhD

Principal, Taita Taveta University College

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VI. CORPORATE GOVERNANCE STATEMENT

The University College is being managed by a Council constituted in accordance with Universities Act 2012. The Council members were appointed and gazetted on diverse dates vide Gazette Notice Number 799 of 25th January 2013 – Chairman, for a four (4) year term with effect from 22nd January 2013; and Gazette Notice Number 1841 of 15th February 2013 – other members, for a four (4) year term with effect from 18th February 2013.

Taita Taveta University College is required to prepare financial statements, which give a true and fair view of the state of affairs of the College as at the end of financial year, and of its surplus or deficit for the year.

The University College is required to ensure that proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the University College, are maintained.

The Council is also responsible for safeguarding the assets of the University College. The Council accepts responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards.

The Council confirms that the financial statements give a true and fair view of the state of financial affairs of the University College as at 30th June 2016 and its deficit for the year that ended. The Council further confirms the accuracy and completeness of the accounting records maintained by the University College, which may be relied upon in the presentation of the financial statements, as well as on the accuracy of the systems of internal controls.

Nothing has come to the attention of the Council to indicate that the University College will not remain a going concern for at least twelve months from the date of this statement. The Council thanks the Staff for their dedication and hard work in the last financial year.

The statement is approved by the University Council and signed by/or on its behalf:

Prof. Hamadi Iddi Boga, PhD
Principal, Taita Taveta University College

ANNUAL REPORT AND FINANCIAL STATEMENTS
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VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Taita Taveta University College is committed to continuous engagement with the local communities, the county Government of Taita Taveta and the National Government to fight poverty, ignorance and environmental degradation so as to contribute to sustainable development. Some of the strategies deployed at TTUC towards Corporate Social Responsibility are anchored in our Strategic Plan that covers the period (2013-2018).

1. Short Courses in relevant subjects targeting community needs, like Gemology.
2. Employing an open door policy towards members of the community and other stakeholders so as to provide an opportunity for continuous engagement.
3. Offering scholarship programs for students from the community in collaboration with the Taita Taveta County Government.
4. Introducing more tailor made courses for capacity building of the community.
5. Identifying and researching on challenges and problems afflicting the community.
6. Entering into collaborations with local communities and the Taita Taveta County Government on various developmental issues.
7. Engaging the community and other stakeholders in the provision of services to the College and vice-versa.

In this respect, during this financial year, the College conducted various capacity building workshops involving teachers, students, local gemstone traders, secondary school students within Taita Taveta County and senior officials of the Taita Taveta County Government. The University also hosted the Coastal Region Music and drama festivals between 1st to 4th July, 2015 hence taking part in promotion of national cohesion and integration.

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VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the draft Financial Statements for the year ended June 30, 2016 which shows the state of the TTUC affairs.

Principal activities

The principal activities of the TTUC are Teaching, Research and Community Outreach.

Results

The results of the TTUC for the year ended June 30, 2016 are set out on page 14 to page 38.

Directors

The members of the Board of Directors (University College Council) who served during the year are shown on page 4 and 5.

Auditors

The Auditor General is responsible for the statutory audit of the TTUC in accordance with the Section 89 of the Public Finance Management (PFM) Act, 2012 and Public Audit Act, 2015.

By Order of the Board

Principal
Taita Taveta University College
Voi
Date: 15th May, 2017.

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IX. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 89 of the Public Finance Management Act, 2012 and cap 446 section 14 of the State Corporations Act, require the Council Members to prepare financial statements in respect of TTUC, which give a true and fair view of the state of affairs of the TTUC at the end of the financial year/period and the operating results of the TTUC for that year/period. The Council Members are also required to ensure that the TTUC keeps proper accounting records which disclose with reasonable accuracy the financial position of the TTUC. The Council Members are also responsible for safeguarding the assets of the TTUC.

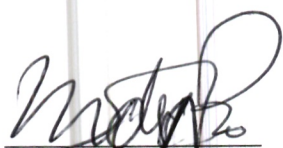
The Council Members are responsible for the preparation and presentation of the TTUC financial statements, which give a true and fair view of the state of affairs of the TTUC for and as at the end of the financial year (period) ended on 30th June, 2016. This responsibility includes: (i) maintaining adequate 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 TTUC; (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 TTUC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the TTUC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 2012. The Council Members are of the opinion that the TTUC financial statements give a true and fair view of the state of TTUC transactions during the financial year ended 30th June, 2016, and of the TTUC financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the TTUC, which have been relied upon in the preparation of the TTUC financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council Members to indicate that the TTUC 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 TTUC financial statements were approved by the Board on 15/5/17 2017 and signed on its behalf by:



Dr. Morompi Ole Ronkei



Ms Jane Kimbwarata



Dr Moses C.Kiptui

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Taita Taveta University College set out on pages 14 to 38, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to

Report of the Auditor-General on the Financial Statements of Taita Taveta University College for the year ended 30 June 2016

the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Financial Performance

The statement of financial position as at 30 June 2016 reflects total current liabilities of Kshs.188,839,844 which exceeded total current assets balance of Kshs.112,256,985 resulting to a negative working capital of Kshs.76,582,859. Further, the University College realized a loss of Kshs.49,153,726, resulting in total accumulated loss of Kshs.243,507,913 as at 30 June 2016. Consequently, the University College may not be in a position to meet its financial obligations as and when they fall due and its continued existence as a going concern depends on continued support from the Government, bankers and creditors.

2. Unsupported Expenditure

During the year under review, the University incurred expenditure amounting to Kshs.1,093,240 and whose supporting documents had the following anomalies:

Item	Note	Amount (Kshs)	Irregularity/ Anomaly Noted
External Travelling Expenses	13	282,940	The amount was spent on purchase of air tickets for staff of the University although it relates to year 2014-2015.
Conference and Seminars	13	810,300	The amount was paid to three hotels for accommodation and conference services rendered to staff attending workshops and seminars. However, the hotels were not pre-qualified for the service.
Total		1,093,240	

Consequently, the propriety of expenditure totalling Kshs.1,093,240 on external travelling, conference and seminars for the year ended 30 June 2016 could not be confirmed.

3. Central Services

Note 13 to the financial statements for the year ended 30 June 2016 reflects audit/legal fees of Kshs.2,804,301, out of which Kshs.1,131,584 is in respect of a payment to a private law firm for provision of legal services regarding a loan

borrowed by the University College. However, the approval of the Attorney-General was not availed for audit verification, contrary to Circular No.AG/CONF/6/E/247 VOL.II of 22 April 2014, which provides that no 'Ministry or Department shall engage the services of a consultant to render any legal services relating to the functions of the Attorney-General without the approval of the Attorney-General. Consequently, the propriety of expenditure totalling Kshs.1,131,584 on provision of legal services for the year ended 30 June 2016 could not be confirmed.

4. Receivables from Exchange Transactions

The statement of financial position as at 30 June 2016 reflects receivables from exchange transactions balance of Kshs.53,274,715 which is net of bad debts provision of Kshs.2,759,914 as detailed in Note 18 to the financial statements. However, debtors ageing analysis availed for audit review indicated student fees balance of Kshs.33,099,709 which was over six (6) months old and as such the bad debts provision does not appear adequate. As a result, it has not been possible to confirm the recoverability of receivables from exchange transactions balance of Kshs.53,274,715 as at 30 June 2016.

5. Property, Plant and Equipment

Note 20 to the financial statements reflects work-in-progress total balance of Kshs.191,085,062 as at 30 June 2016, while the supporting schedule at page 34 to the financial statements reflects a total balance of Kshs.176,549,061, resulting in a variance of Kshs.14,536,001 and which has not been explained nor reconciled. Consequently, the accuracy of property, plant and equipment balance of Kshs.3,688,511,734 as at 30 June 2016 could not be confirmed.

6. IPPUCCF (GoK)

The statement of financial position as at 30 June 2016 reflects IPPUCCF (GoK) balance of Kshs.35,200,000 of which creditor's confirmation of balance was not availed for audit verification. Consequently, the accuracy of the IPPUCCF (GoK) balance of Kshs.35,200,000 as at 30 June 2016 could not be confirmed.

7. Bank Loan

The statement of financial position as at 30 June 2016 reflects KCB current loan balance of Kshs 41,864,205 and longterm loan balance of Kshs 11,953,454 all totaling Kshs.53,817,659. However, the supporting bank certificate of loan balance was not availed for audit verification. Consequently, the accuracy and completeness of total loan balance of Kshs.53,817,659 as at 30 June 2016 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Taita Taveta University College as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in

accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012.

Other Matter

1. Budgetary Controls and Performance

During the year under review, the University had expenditure budget of Kshs.561,664,385 against actual expenditure of Kshs.564,406,760 or 100.5%, resulting in net over expenditure of Kshs.2,742,375 or 0.5% as detailed below:

Items	Expenditure Budget (Kshs.)	Actual Expenditure (Kshs.)	Under Expenditure (Kshs.)	Over Expenditure (Kshs.)	%
Personal Emoluments	363,956,456	360,249,666	3,706,790	-	1
Academic Costs	19,893,204	15,977,844	3,915,360		19.7
Administrative Costs	10,291,310	8,558,434	1,732,876		17
Students Welfare Costs	20,192,306	18,774,836	1,417,470		7
Maintenance Costs	3,971,190	3,012,045	959,145		24
Central Services Costs	121,715,722	138,980,618	-	17,264,896	14
Council Activities	7,800,000	7,729,142	70,858	-	1
Finance Costs	13,844,197	11,124,176	2,720,021		20
Total	561,664,385	564,406,760	14,522,520	17,264,896	

The under expenditure of Kshs.14,522,520 occasioned partly by inadequate grants from the National Government and possible over budgeting may have a negative impact on implementation of planned activities and service delivery to students. Further, the University College had an over expenditure of Kshs.17,264,896 or 14% on central services costs and whose approval was not availed for audit review. In addition, the statement of comparison of budget and actual amounts for the year ended 30 June 2016 reflects a final recurrent budget of Kshs.561,664,385 against the approved revenue budget of Kshs.510,076,836, resulting in a deficit of Kshs.51,587,549. This is an indication of poor budgeting process contrary to the provisions of Section 220(1) of the Constitution which requires for proposals for financing any budget deficit.



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

Nairobi

14 July 2017

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



**XI. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE, 2016**

INCOME	NOTE	2015/2016	2014/2015
		<u>KSHS</u>	<u>(Restated)</u> <u>KSHS</u>
Revenue from non-exchange transactions			
Government Grant Income	3	356,257,922	295,589,066
Other Incomes (Donations)	4		822,480
		356,257,922	296,411,546
Revenue from exchange transactions			
Tuition Fees Income	5	130,082,130	105,154,007
Income from Other Services Rendered	6	28,443,201	21,621,789
Income from other activities	7	469,782	1,501,407
		158,995,113	128,277,202
Total revenue		515,253,034	424,688,749
Expenses			
Personal Emoluments	8	360,249,666	319,434,136
Academic Costs	9	15,977,844	22,762,230
Administrative Costs	10	8,558,434	8,838,739
Students Welfare Costs	11	18,774,836	20,651,268
Maintenance Work Costs	12	3,012,045	4,483,133
Central Services Costs	13	138,980,618	100,618,172**
Council Activities	14	7,729,142	7,257,723
Finance Cost	15	11,124,176	14,434,879
Total expenses		564,406,760	498,480,280**
Surplus/(Deficit) for the year		(49,153,726)	(73,791,532)**
Taxation Charge*		0	0
Surplus/(Deficit) for the year		(49,153,726)	(73,791,532)**

*-Taxation charge

The University College is a public institution hence exempted from paying corporate tax.

** - Restated, see note 26.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**

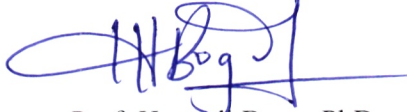


**XII. STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2016**

PARTICULARS		2015/2016	2014 / 2015 (Restated)
ASSETS	NOTE	KSHS	KSHS
CURRENT ASSETS			
Cash and cash equivalent	16	45,596,741	5,177,451
Prepayments	17	3,000,000	
Receivables from Exchange transactions	18	53,274,715	56,974,407
Inventories	19	10,385,530	7,003,038
		112,256,985	69,154,896
NON CURRENT ASSETS			
Property, Plant and Equipment	20	3,688,511,734	2,891,058,527
Intangible Assets	21	13,192,621	252,793
		3,701,704,355	2,891,311,321
TOTAL NET ASSETS		3,813,961,340	2,960,466,217
FUNDS, GRANTS AND LIABILITIES			
FUNDS AND GRANTS			
Capital fund		706,212,261	596,996,561
Reserve fund		(243,507,913)	(221,831,101)**
Revaluation Reserve		3,115,263,694	2,335,953,582**
Total		3,577,968,042	2,711,119,042
LONG TERM LIABILITIES			
IPPUCF (GoK)	22	35,200,000	35,200,000
KCB Loan	23	11,953,454	51,776,989
Total		47,153,454	86,976,989
CURRENT LIABILITIES			
KCB Loan	23	41,864,205	35,720,942
Trade and other Payables from exchange transactions	24	86,964,000	75,572,711
Bank Overdraft	25	60,011,638	51,076,533
Total		188,839,844	162,370,186
TOTAL FUNDS, GRANTS AND LIABILITIES		3,813,961,340	2,960,466,217

** - Restated, see note 26.


Prof. Lucia N. Omondi, PhD, MBS
COUNCIL CHAIR


Prof. Hamadi Boga, PhD
PRINCIPAL

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



**XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE, 2016**

Particulars	Capital fund	Accumulated Reserve Fund (Restated)	Revaluation Reserve (Restated)	Total (Restated)
Balance as at 01.07.12	360,142,877			360,142,877
Additions in the year	75,000,000			75,000,000
Surplus for the period		8,886,267		8,886,267
Balance as at 30 June 2013	435,142,877	8,886,267	0	444,029,144
Surplus / (Deficit) for the period		(87,325,836)		(87,325,836)
Prior Year Adjustment	(12,572,983)	(69,600,000)		(82,172,983)
Additions in the year			2,358,845,745	2,358,845,745
Prior Year Adjustment		27,476,915	(27,476,915)	
As at 30.06.14	422,569,894	(120,562,655)**	2,331,368,830**	2,633,376,070**
Surplus / (Deficit) for the period		(73,791,532)		(73,791,532)
Additions in the year	174,426,667		4,584,752	179,011,419
Prior Year Adjustment			(27,476,915)	(27,476,915)
As at 30.06.15	596,996,561	(194,354,187)**	2,308,476,667**	2,711,119,042**
Surplus / (Deficit) for the period		(49,153,726)		(49,153,726)
Additions in the year	109,215,700		822,195,550	931,411,250
Depreciation			(15,408,523)	(15,408,523)
As at 30.06.16	706,212,261	(243,507,913)	3,115,263,694	3,577,968,042

* - Restated, see note 26.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
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**XIV. STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30TH JUNE, 2016**

Particulars	Note	2015/2016	2014/2015 (Restated)
Surplus/(Deficit) for the year		(49,153,726)	(73,791,532)**
Adjustment for :			
Depreciation Charge	20	58,998,335	27,756,628**
Amortization of SAGE Software	21	75,838	108,340
Operating Profit before working capital changes		9,920,447	(45,926,564)
Working capital changes			
Decrease(increase) in Trade Receivables	18	3,699,692	(30,694,585)
Decrease(increase) in Inventories	19	(3,382,492)	(1,633,245)
Increase(Decrease) in Trade Payables	24	11,391,289	31,652,294
Decrease(increase) in Prepayment	17	(3,000,000)	0
Net cash generated from Operating Activities		18,628,937	(46,602,100)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest paid		(2,720,021)	(2,262,067)
Purchase of Furniture & fixtures	20	(7,049,530)	(2,964,778)
Additions in Work In Progress	20	(24,731,110)	(129,127,570)
Development of master plan	20	(5,377,362)	-
Purchase of Computers and Equipment	20***	(2,865,342)	(4,447,448)
Purchase of Micro Bus	20	(6,921,150)	
Installation of ERP Software	21	13,015,665	
Net cash used in Investing Activities		(62,680,181)	(138,801,863)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Capital fund		109,215,700	174,426,667
Repayment of loan	23	(39,217,192)	(35,074,475)
KCB Loan	23	5,536,920	0
Net Cash from Financing Activities		75,535,428	139,352,193
Net Increase or decrease		31,484,184	(46,051,771)
Net Increase (Decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 July, 2015		(45,899,082)	152,689

**ANNUAL REPORT AND FINANCIAL STATEMENTS
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Cash and cash equivalents as at 30th June,2016	(14,414,897)	(45,899,082)
SUMMARY OF CASH AND BANK BALANCES		
Cash Book Balance	45,596,741	5,177,451
(Negative) Cash and Bank Balance	(60,011,638)	(51,076,533)
TOTAL	(14,414,897)	(45,899,082)

20*** TTUC Procured computers and equipments worth Kshs 5,585,364 but only paid for computers and equipment worth Kshs.2,865,342 as indicated above.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2016**

Particulars	Original budget (A)	Adjustments (B)	Final budget (C=A+B)	Actual on comparable basis	Performance difference
	2015/2016	2015/2016	2015/2016	2015/2016	2015/2016
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grant income	361,460,800	(5,202,882)	356,257,918	356,257,922	(4)
Tuition fees income	128,900,923	0	128,900,923	130,082,130	(1,181,207)
Income from other services rendered	24,917,995		24,917,995	28,912,983	(3,994,988)
Total income	515,279,718	(5,202,882)	510,076,836	515,253,034	(5,176,198)
Expenses					
Personal emoluments	376,248,455	(12,291,999)	363,956,456	360,249,666	3,706,790
Academic costs	16,353,750	3,539,454	19,893,204	15,977,844	3,915,360
Administrative cost	10,146,298	145,012	10,291,310	8,558,434	1,732,876
Students welfare cost	24,509,054	(4,316,748)	20,192,306	18,774,836	1,417,470
Maintenance work cost	3,150,000	821,190	3,971,190	3,012,045	959,145
Central services cost	115,072,161	6,643,562	121,715,722	138,980,618	(17,264,896)
Council Activities	7,800,000	0	7,800,000	7,729,142	70,858
Finance Cost	12,000,000	1,844,197	13,844,197	11,124,176	2,720,021
Total expenditure	565,279,718	(3,615,333)	561,664,385	564,406,760	(2,742,375)
Surplus/(Deficit)for the year	(50,000,000)	(1,587,549)	(51,587,549)	(49,153,726)	(2,433,823)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016



XVI. SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The TTUC financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the TTUC. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

2.1 Revenue Recognition

Revenues are recognized as income during the actual period in which such revenues become due. If such revenue is not received, a debtor is created in the ledger.

2.2 Revenue from non-exchange transactions – IPSAS 23

Other incomes, donations

The TTUC recognizes revenues from donations when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Government grants

Non-exchange transactions revenue from government entities are recognized as an asset when, and only when it is probable that the future economic benefits or service potential related to the asset will flow to TTUC and the fair value of the asset can be measured reliably.

2.3 Revenue from exchange transactions – IPSAS 9

Rendering of services

The TTUC recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to fees payable.

Sale of goods and services

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the TTUC.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
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Significant accounting policies continued....

2.4 Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. During the year TTUC Budget was prepared using historical cost but during adoption it was apportion on cash basis based on printed estimated allocated to the university college therefore there are differences that would require reconciliation between the actual comparable amounts in the statement of budget and actual and statement of Financial performance amounts presented.

Original budget is the initial approved budget for the budget period

2.5 Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at revalued amount, which is fair value at revaluation date less subsequent depreciation and impairment losses. Revaluation of respective classes of assets is carried out regularly.

When significant parts of property, plant and equipment are required to be replaced at intervals, TTUC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized as recurrent expenses (in surplus or deficit) as incurred.

2.6 Depreciation and impairment of property, plant and equipment

Assets are usually depreciated, using the reducing balance approach, in order to offset the impact of increasing maintenance costs occasioned by wear and tear as the asset grows old. However, where an asset's maintenance does not greatly vary with age such assets are depreciated on an even basis e.g. land and building. In the case of investment properties, no depreciation is provided as such properties are often maintained in good shape in order to attract good business. Investment properties are normally stated at their market value. With the exception of investment property therefore, assets are depreciated evenly over its useful life.

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:

CATEGORY	RATE	ASSET LIFE EST.	BASIS
Land & Building	2%	50yrs	Even
Motor Vehicles	20%	5yrs	Even
Office Equipment	30%	3yrs	Even
Furniture	10%	10yrs	Even
Tools	10%	10yrs	Even
Computers	30%	3yrs	Even

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



Significant accounting policies continued....

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.

2.7 Intangible assets – IPSAS 31

Intangible assets acquired are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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. Development costs of intangible assets are capitalized only after technical and commercial feasibility of the resulting product or service have been established.

2.8 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.

2.9 Borrowing costs- IPSAS 5

Taita Taveta University College capitalize borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset.

All other borrowing costs that do not satisfy the conditions for capitalization are expensed when incurred.

2.10 Inventories – IPSAS 12

Stock are stated at the lower of the cost or their net realizable value IPSAS (12). Library Books and Perishables are written off to expenditure as incurred.

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Significant accounting policies continued....

2.11 Changes in accounting policies and estimates – IPSAS 3

The TTUC recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

2.12 Pension

TTUC has established a pension scheme for her staff which has now been operationalized. The employer contributes 20% while the employee remits 10% of the basic pay. Additionally a contribution of Ksh. 200 for staff on contract is submitted to NSSF.

2.13 Taxation

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.

TTUC, as a public entity, is exempted from corporate tax of 30%.

2.14 RELATED PARTY DISCLOSURES

i. Government of Kenya

The Government of Kenya is the principal shareholder of the University College. The Government of Kenya has provided full guarantees to all long-term lenders of the entity.

ii. Inter Public Universities Consultative Council Forum(IPUCCF)

TTUC benefited from Collective Bargaining Agreements between Trade Unions and IPPUCF in the year 2012/2013, Ksh 69,600,000 and the year 2013/2014, Ksh 69,600,000 which totaled to Ksh 139,200,000. The University College refunded Kshs.42,423,070 in the financial year 2013/2014 and Kshs.61,576,930 in the year 2014/2015.

2.15 Comparative

This is the fourth year of preparing financial statements. Comparison is made with the third year, financial year 2014/2015.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the commercial banks at the end of the financial year and reconciled bank balances.

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016



Significant accounting policies continued....

2.17 Significant judgments and sources of estimation uncertainty

(a). Going concern

The financial statements of the University were prepared on the assumptions that it is a going concern. The Accrual method of income and expenditure recording was also applied in maintaining the books of accounts.

(b). Estimates and assumptions

TTUC based its assumptions and estimates on parameters available when the financial statements were prepared. It assumed that learning sessions will go on uninterrupted and the government, through Ministry of Education, Science & Technology, will remit the amounts due to the University College in time. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes shall be reflected in the assumptions when they occur.

(c). Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The date the asset is put into use
- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset.

(d). Provision for bad debts

The University makes a provision for bad debts at a rate of 5% of the total outstanding student fees balances as per the University Bad Debts Policy. This is the best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. When reviewed, it will be reported in the Financial Report at the time of Revision as per IPSAS 19.

Provision is made for the estimated cost to be incurred in case the debtors failed to honour its obligations in full. The provision is based the provisions of the International Public Sector Accounting Standards(IPSAS19).

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016



XVII. NOTES TO THE FINANCIAL STATEMENTS

3. Revenue from Non Exchange Transactions

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Capitation (Recurrent Grant)	356,257,922	295,589,066
Total	356,257,922	295,589,066

4. Other Incomes

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Donations	0	822,480
Total	0	822,480

5. Tuition Fees Income

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Tuition Fees Incomes		
Tuition Fee	65,091,090	52,249,598
Residential Fees	15,801,766	15,089,250
ID/Registration Fees	2,229,076	1,649,654
Examination Fees	13,671,534	11,703,464
Medical Fees	8,921,561	6,998,903
Internet Fees	4,986,977	3,785,717
Computer Fees	4,945,759	3,807,718
Library Fees	3,363,010	2,584,970
Field Trip/Attachment	4,550,268	4,177,525
Student Activity Fees	3,125,741	2,239,708
Bridging Course	0	360,500
SOTTUC	503,600	384,000
SISCO		123,000
C.U.E QUALITY ASSURANCE PROJECT	2,269,250	0
	622,498	0
Total	130,082,130	105,154,007

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



Notes to the financial statements continued....

6. Income from other services rendered

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Application Fees	179,725	115,000
Accommodation Charges	589,210	25,450
Rental Income- Staff	39,559	147,500
Students Pay As You Eat	14,111,980	16,441,317
Staff cafeteria	2,795,172	2,018,047
Shop Rent	75,693	54,000
TTUC Hospital Cost Sharing	325,708	253,979
Seminar Charges	12,900	290,678
Student Damage Charges	7,583,314	0
Miscellaneous Income	2,729,940	2,275,818
Total	28,443,201	21,621,789

7. Income from other activities

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Green House	13,570	22,255
Bookshop	73,981	6,918
Guest House	55,600	16,700
Laundry	3,056	0
Interest income	323,575	1,455,534
Total	469,782	1,501,407

8. Personnel Emoluments

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Staff Salary	295,444,247	240,369,962
Casual Wages	21,811,030	23,346,119
Part Time Teaching	17,204,001	31,363,691
Gratuity & Pension Contributions	25,790,388	24,354,364
Total	360,249,666	319,434,136

**ANNUAL REPORT AND FINANCIAL STATEMENTS
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Notes to the financial statements continued....

9. Academic Costs

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Purchase of Teaching/Production Materials	1,328,718	2,569,290
Field Attachment Expenses	11,021,496	16,255,870
Joint Admission Board	745,500	825,000
Examination Expenses	2,514,080	2,603,570
Research Expenses	368,050	508,500
Total	15,977,844	22,762,230

10. Administrative costs

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Travelling and accommodation	8,341,934	8,342,725
Telephone Expenses	216,500	387,800
Entertainment	0	108,214
Total	8,558,434	8,838,739

11. Students Welfare

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Gas and Cooking fuel	2,832,874	2,340,410
Food and rations	13,392,400	15,065,366
Crockery and utensils	290,004	94,495
Inter- university games	377,850	1,316,250
SOTTUC	1,212,190	1,368,097
Dean of Students	44,500	466,650
DSTV Subscription	625,018	0
Total	18,774,836	20,651,268

**ANNUAL REPORT AND FINANCIAL STATEMENTS
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Notes to the financial statements continued....

12. Maintenance Costs

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Maintenance of plant/mach/equip	797,910	1,743,329
Repair & Maintenance of Furniture	95,640	710,160
Maintenance of buildings	1,625,784	1,015,616
Maintenance of water/sewerage	363,074	543,398
Maintenance of Roads/Grounds	112,107	391,060
Maintenance of SAEES - Ngerenyi	17,530	79,570
Total	3,012,045	4,483,133

13. Central Services

Particulars	2015 / 2016	2014/2015 (Restated)
	Kshs	KSHS
Cleaning Materials	1,295,930	1,419,347
Uniforms/ Clothing's	147,842	127,400
Stationary	2,414,360	1,649,258
Medical Expenses	9,652,386	10,814,853
IGU Investment (Seed Money)	60,064	36,390
External travelling	1,705,127	3,196,122
Postal & telegrams expenses	158,272	334,566
Official entertainment	383,718	1,011,766
Conference & seminars	2,016,375	2,763,007
Public celebrations/funerals	247,350	166,100
Publishing & printing	1,264,657	741,765
Advertising & Publicity	1,735,756	2,351,210
Audit/Legal fees	2,804,301	548,000
ISO Expenses	815,755	437,896
Rent and Rates	602,555	4,772,600
Contracted professional services	809,885	985,951
Hire of transport & machinery	395,007	648,050
Motor vehicle insurance	1,363,883	1,699,603
General Insurance	2,985,193	3,491,074
Fees, Coms And Out of Pocket	258,824	226,500
Staff Training expenses	5,451,310	5,360,482
Principal award	0	405,900

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



Notes to the financial statements continued....

Show expenses	577,993	1,981,248
Graduation expenses	412,550	120,735
Transition Expenses	3,412,353	0
Work Study	69,090	153,240
Subscription to Professional Bodies	321,323	389,465
Contingence & Disaster Management	120,850	105,011
Miscellaneous charges	2,892,992	42,749
Internet Connectivity	6,874,030	5,780,725
Computer Accessories & Software	184,837	131,199
Electricity & Water expenses	9,484,950	5,929,416
Fuel for Generator	25,600	136,000
Transport Operating expenses	4,886,148	6,222,969
Library Expenses	2,823,445	1,355,777
Depreciation	58,998,335	27,756,628**
Amortization of Software	75,838	108,340
Bank charges	7,459,007	4,944,007
Provision for bad debts	2,759,914	1,558,110
Pension Board of trustee	0	23,750
Administration of Taveta Land	17,250	340,593
Farm works expenses	12,115	141,665
Farm animal Expenses	63,420	46,755
Purchase of Software(ERP)	0	161,950
Disability Mainstream Expenses	10,000	0
Drug and Substance Abuse Expenses	86,500	0
Gender Mainstreaming Expense	62,330	0
Prevention of HIV and Aids Expenses	121,750	0
Procurement Committee Expenses	58,500	0
Tender Committee Expenses	307,250	0
Final accounts & Budget committee exp	32,000	0
Performance Contract Expenses	40,700	0
New programmes implementation	221,000	0
Total	138,980,618	100,618,712**

** - Restated, see note 26.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



Notes to the financial statements continued....

14. Council Activities

Particulars	2015 / 2016	2014/2015
	Kshs	Kshs
Allowance/Honoraria	7,729,142	7,257,723
Total	7,729,142	7,257,723

15. Finance Costs

Particulars	2015 / 2016	2014/2015
	Kshs	KSHS
Interest on KCB Loan	11,124,176	14,434,879
Total	11,124,176	14,434,879

16. Cash and Bank Balances

Particulars	2015 / 2016	2014/ 2015
	Kshs	Kshs
KCB TTUC Student Fees account	396,115	1,099,315
KCB TTUC Catering account	1,039,366	708,388
Equity Student Fees account	444,616	2,636,953
Equity Call Account	38,459,487	0
Schedule Account	1,489,731	831
KCB TTUC Salary account	73,954	731,964
CEMEREM PROJECT	3,672,349	0
Cash in hand (Petty cash)	21,123	
Total	45,596,741	5,177,451

17. Prepayments

Particulars	2015 / 2016	2014/ 2015
	Kshs	Kshs
Commission for University Education	3,000,000	0
Total	3,000,000	0

TTUC was to be awarded a Charter on 18th May, 2016 but the ceremony was postponed until further notice. However, TTUC had already paid for the charter award charges of Kshs. 3,000,000 to Commission of University Education.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



Notes to the financial statements continued....

18. Trade and Other Receivables from Exchange Transactions

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Student fees balance	55,198,271	31,162,195
Staff Debtors - Rent	0	64,000
Tuck Shops rent & electricity	391,882	434,588
Other Debtors	444,475	0
MOEST - Revenue	0	26,871,734
Provision for bad debts	(2,759,914)	(1,558,110)
Total	53,274,715	56,974,407

19. Inventories

Particulars	2015 / 2016	2014 / 2015
	Kshs	Kshs
Stationary Store	1,020,961	1,349,683
Catering Store	975,404	1,089,268
Maintenance Store	2,226,963	3,309,300
Cleaning Store	170,525	477,989
Drug Store	643,821	776,799
MMPE Workshop	5,347,856	0
Total	10,385,530	7,003,038

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016



Notes to the financial statements continued....

20. Property Plant and Machinery (Kshs)

Particulars	WORK IN	LAND	BUILDINGS	FURNITURE &	COMPUTERS &	MOTOR	PLANT &	TOTAL
	PROGRESS			FITTINGS	EQUIPMENTS	VEHICLE	MACHINERY	
DEPN. RATES			2.00%	10.00%	30.00%	20.00%	10.00%	
COST								
At 1 July 2013	102,994,377	15,000,000	227,485,440	14,539,686	14,767,690	11,516,963	443,520	386,747,676
Additions	55,628,662	985,000,000	1,373,845,745	2,460,779	5,497,511	9,681,376	-	2,432,114,073
Transfer/adjustments	(95,369,208)		95,369,208					-
As at 30 June 2014	63,253,831	1,000,000,000	1,696,700,393	17,000,465	20,265,201	21,198,339	443,520	2,818,861,749
At 1 July 2014	63,253,832	1,000,000,000	1,696,700,393	17,000,465	20,265,201	21,198,339	443,520	2,818,861,750
Additions	129,127,570	-	-	2,964,778	4,447,448			136,539,796
Transfer/adjustments	31,976,726				9,069,017	8,624,144	-	49,669,887
Transfer/adjustments (Building/Classroom)	(63,381,537)		56,624,281		6,757,256			-
As at 30/06/2015	<u>160,976,590</u>	<u>1,000,000,000</u>	<u>1,753,324,674</u>	<u>19,965,243</u>	<u>40,538,922</u>	<u>29,822,483.4</u>	<u>443,520.00</u>	<u>3,005,071,433</u>

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016



Notes to the financial statements continued....

						<u>0</u>		
As at 1st July, 2015	160,976,590	1,000,000,000	1,753,324,674	19,965,243	40,538,922	29,822,483	443,520	3,005,071,433
Additions	30,108,472	0		7,049,530	5,585,364	6,921,150		49,664,516
Revaluation		65,000,000	755,292,029	333,559	561,652		1,008,310	822,195,550
As at 30/06/2016	<u>191,085,062</u>	<u>1,065,000,000</u>	<u>2,508,616,704</u>	<u>27,348,332</u>	<u>46,685,938</u>	<u>36,743,633</u>	<u>1,451,830</u>	<u>3,876,931,499</u>
Accumulated Depreciation and impairment								
As at 30th June, 2013	0		4,549,709	1,453,968.60	4,430,307.00	2,303,392.60	44,352.00	12,781,729
As At 30th June, 2014	0	0	33,934,008	1,700,046.50	6,079,560.30	4,239,667.80	44,352.00	45,997,634
As At 30th June, 2015		0	35,066,493	1,996,524.30	12,161,676.60	5,964,496.68	44,352.00	55,233,543
Charge for the Year			35,066,493	2,701,477	13,837,286	7,348,727	44,352	58,998,335*
Charge for the Year- attributable to re valued assets			15,105,841	33,356	168,496	0	100,831	15,408,523**
As At 30 June 2016	0	0	123,722,544	7,885,373	36,677,325	19,856,284	278,239	188,419,765
Net book values								
As at 30th June, 2016	191,085,062	1,065,000,000	2,384,894,159	19,462,959	10,008,613	16,887,350	1,173,591	3,688,511,734
As at 30th June, 2015	160,976,590	1,000,000,000	1,679,774,464	14,814,704	17,867,378	17,314,926	310,464	2,891,058,526
As at 30th June, 2014	63,253,831	1,000,000,000	1,658,216,676	13,846,450	9,755,334	14,655,279	354,816	2,760,082,386

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



Notes to the financial statements continued....

WORK IN PROGRESS SCHEDULE

DETAILS	2012/2013 B/F	2013/2014 Additions	Additions 2014/2015	Additions 2015/2016	TOTAL
	KSH	KSH	KSH	KSH	KSH
Refurbishment of Buildings -TAITA	10,198,989				
Construction of Hostels - TAITA	79,178,075				
Construction of Water tank	5,992,144				
Construction of Admin/Classroom	6,178,705	26,926,152	12,835,955		
Construction of Hostel		4,951,910	25,203,282	4,951,529	35,106,721
Construction of Water tank	1,446,464	9,867,298	1,634,284	-	12,948,046
Construction of Water Treatment Plant		6,539,750	7,011,960	1,228,486	14,780,196
Construction of MFG		7,343,552	80,023,489	13,054,435	100,421,476
Development of master plan			2,418,600	5,377,362	7,795,962
Fencing of Taveta Land				5,496,660	5,496,660
TOTAL	102,994,377	55,628,662	129,127,570	30,108,472	176,549,061

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



Notes to the financial statements continued....

21. Intangible Assets – Software

Particulars	2015/2016	2014/2015
	Kshs	Kshs
Balance b/d	252,793	361,134
Amortization	75,838	108,340
Balance	176,955	252,793
Work In Progress	13,015,665	0
Balance c/d	13,192,621	252,793

22. Inter Public University Councils Consultative Forum (IPUCCF)

Particulars	2015/2016	2014/2015
	Kshs	Kshs
Balance b/f	35,200,000	96,776,930
Total Loan	35,200,000	96,776,930
Repayment made in the year	0	61,576,930
Balance c/d	35,200,000	35,200,000

23. Financing Lease/KCB Loan

Particulars	2015/2016	2014/2015
Finance Lease(a)	Kshs	Kshs
Balance B/F	14,734,252	18,172,406
Addition within the year	5,536,920	0
Total Loan	20,271,172	18,172,406
Loan Repayment	5,886,895	3,438,154
Balance c/d	14,384,277	14,734,252
KCB Loan(b)	2015/2016	2014/2015
	Kshs	Kshs
Balance b/d	72,763,679	0
Additions During the year	0	104,400,000
Total	72,763,679	104,400,000
Loan Repayment	33,330,296	31,636,321
Balance c/d	39,433,383	72,763,679
Total	53,817,659	87,497,931

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**



Notes to the financial statements continued,...

Loan Balance Reclassification

Item	Current	Long Term Liability	Total
Financing Lease/KCB Loan	6,912,243	7,472,034	14,384,277
Kcb Loan	34,951,963	4,481,420	39,433,383
Total	41,864,205	11,953,454	53,817,659

*TTUC has a revolving Asset Based financing of **Kshs** 30,000,000.

** TTUC also took a loan of **Kshs** 104,400,000 in the financial year 2014/2015 to facilitate in refund of the IPUCCF funds of **Kshs** 139,200,000 initially allocated to the Institution.

24. Trade and other Payable from Exchange transaction

Particulars	2015/2016	2014/2015
	Kshs	Kshs
Sundry creditors	32,897,022	30,149,480
JKUAT Arrears	2,604,439	2,829,286
TUM Arrears	2,089,313	2,089,313
Hospital Bills	2,696,526	1,129,122
Part-time lecturers	18,029,550	14,338,000
Provision for retention	17,847,619	15,715,643
Other contractors Provision	0	2,418,600
Provision for Audit fees	618,000	600,000
Fees prepayment	10,181,531	6,303,267
Total	86,964,000	75,572,711

25. Bank Overdraft

Particulars	2015/2016	2014/2015
	Kshs	Kshs
KCB TTUC Main account	60,011,638	51,076,533
Total	60,011,638	51,076,533

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016**

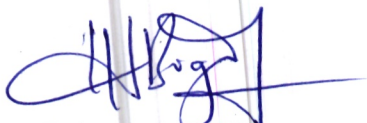


Notes to the financial statements continued....


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		book not indicated			
2 Bank Overdraft	Un identified debits of Kshs.3,692 and un identified credit of Kshs.627,798	Subsequent date of clearance or entry in cash book not indicated	Mr. Hesbon	Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within TTUC responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


Principal (TTUC)

Date...15/05/2017.....


Chairman of the Council

Date...15/05/2017.....

