


REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY PARLIAMENT BUILDING REPORT 2021			
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THE AUDITOR-GENERAL

ON

**TECHNICAL UNIVERSITY OF
MOMBASA ENTERPRISES LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2017**

TUM ENTERPRISE LIMITED
Annual Reports and Financial Statements
For the year ended June 30, 2017

 THE NATIONAL ASSEMBLY PARLIAMENTARY BUILDING	
DATE: 13 OCT 2021	
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TUM ENTERPRISES LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2017

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 95202, MOMBASA
26 NOV 2019
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TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2017**

TABLE OF CONTENTS

TABLE OF CONTENTS.....	ii
KEY ENTITY INFORMATION.....	iii
THE BOARD OF DIRECTORS	vi
MANAGEMENT TEAM	ix
CHAIRMAN’S STATEMENT	x
REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xi
CORPORATE GOVERNANCE STATEMENT	xii
MANAGEMENT DISCUSSION AND ANALYSIS.....	xiii
REPORT OF THE DIRECTORS	xiv
STATEMENT OF DIRECTORS’ RESPONSIBILITIES	xv
REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (OAG).....	xvi
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017.....	1
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017.....	2
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017.....	3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017.....	4
SUMMARY STATEMENT OF APPROPRIATION:	5
NOTES TO THE FINANCIAL STATEMENTS	6

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2017

KEY ENTITY INFORMATION

a) Background Information

TUM Enterprise Limited (TUMEL) was established in 2013.

TUMEL has successfully conducted consultancy services in various fields and sectors for both government and non-governmental organizations.

To expand its revenue base, TUMEL has increased its business portfolio. Despite the challenges being faced, the company has experienced tremendous growth

b) Principal Activities

The principal activities of the entity are

Consultancy and Training

Identification of Other Income Generating Activities.



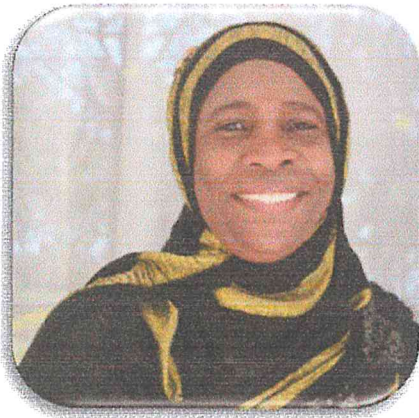
TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2017**



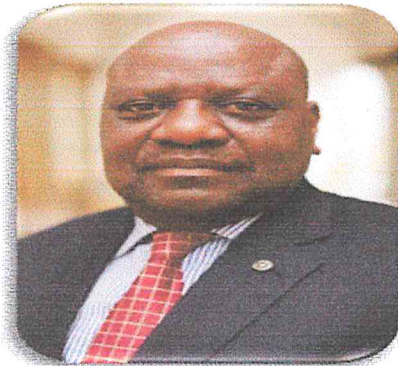
MS. ALICE MWOLOLO

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



PROF LAILA UWESO ABUBAKAR

Prof Laila Uweso Abubakar has a PhD in Bio Chemistry, Masters of science in Biochemistry & Chemistry and a Bachelor of Science (Biochemistry & Chemistry).
Secretary to the Board.



PROF. JOSEPH OUMA RASOWO

Prof. Joseph Ouma Rasowo has PhD in Aquatic Ecology/ Aquaculture, MSc in Marine Ecology & Aquaculture, MBA in Strategic Management, BSc in Botany/ Zoology.
Member of the Board

TUM ENTERPRISE LIMITED

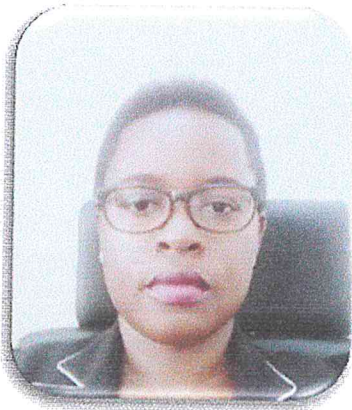
**Annual Reports and Financial Statements
For the year ended June 30, 2017**



DR.GICHUHI PAUL NJIHIA,

Dr.Gichuhi Paul Njihia, has PhD in Pharmaceutical Synthetic Chemistry, MSc in Analytical Chemistry, BSc.in Chemistry.

Member of the Board



MS. SERAH OKUMU

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



DR.AGGREY ADEM

Bachelor of Education Arts-Kenyatta University
MSc Mathematics-Kenyatta University
PHD Applied Statistics-Jomo Kenyatta University of Agriculture and Technology.
Member of Kenya National statistical Society(KNSS)
Member of IBS(International Biometric Society)

Member of the Board

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2017**

MANAGEMENT TEAM

1. Dr. Aggrey Adem

- Ag. Managing Director



DR. AGGREY ADEM

Bachelor of Education Arts-Kenyatta University
MSc Mathematics-Kenyatta University
PHD Applied Statistics-Jomo Kenyatta University of Agriculture and Technology.
Member of Kenya National statistical Society(KNSS)
Member of IBS(International Biometric Society)

Ag. Managing Director-TUMEL

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2017

CORPORATE GOVERNANCE STATEMENT

TUM 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 2017 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 and performance.

The BOD is committed in ensuring financial sustainability; enhancing the customer experience;

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. The managing Director is the Chairperson of the Management meetings.

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2017**

MANAGEMENT DISCUSSION AND ANALYSIS

In the financial year ended 30th June 2017, TUMEL was able to comply with all its obligations. The biggest shortfall was the stagnating revenues due to decreased sales made. The main cause being the uncertain political environment. The management in the coming year has set aside adequate funds for the purposes of marketing and promotion.

TUMEL like any other institution is exposed to a variety of risks associated with day-to-day operations. These include credit, liquidity risks and changes in market prices. These have been reduced by putting in internal control systems and policies.

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2017**

REPORT OF THE DIRECTORS

The Board is required to prepare financial statements, which give a true and fair view of the state of affairs of TUMEL at the end of 30 June 2017

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017, 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
Identification of Other Income Generating Activities.

Results

The results of the entity for the year ended June 30, 2017 are set out, below is summary of the profit or loss made during the year.

Dividends

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

Directors

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

Auditors


The Auditor General is responsible for the statutory audit of the TUMEL in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2017.

By Order of the Board

Corporate Secretary

Nairobi

Date:.....


25-11-2019

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2017**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2017, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements


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



Director



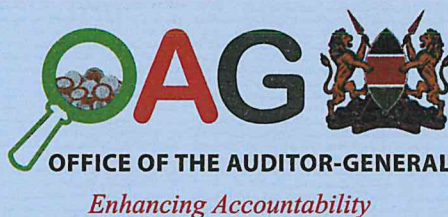
Director



Director

REPUBLIC OF KENYA

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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, 2017

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 17, which comprise the statement of financial position as at 30 June, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Technical University of Mombasa Enterprises Limited as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Presentation and Inaccuracies of the Financial Statements

As disclosed in Note 13 to the financial statements, the statement of financial position reflects a balance of Kshs.67,000 in respect of audit fees payable. However, this amount is understated by Kshs.883,000 comprising of unpaid audit fees of Kshs.133,000 for financial year 2013/2014 and audit fees chargeable of Kshs.750,000 for the 2014/2015, 2015/2016 and 2016/2017 financial years.

Further, the statement of changes in equity has been presented for only one year. This is contrary to Paragraph 38 of International Accounting Standard No.1 – Presentation of Financial Statements which requires comparative information to be disclosed in respect of the previous period for all amounts reported in the financial statements. In addition, the financial statements presented for audit include a summary statement of appropriation instead of the statement of comparison of budget and actual amounts.

Under the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2017 could not be confirmed.

2. Financial Performance

The statement of profit or loss and other comprehensive income reflects revenue of Kshs.922,525 (2017:Kshs.10,122,465) representing a decrease of Kshs.9,199,940 or 91%. This resulted to a drop in profit by Kshs.3,844,485 or 251% from the previous year's profit of Kshs.1,528,694. The Company's retained earnings also decreased to Kshs.802,495 from the previous year's reported balance of Kshs.3,118,286.

If strategies are not put in place to reverse the trend, the Company is likely to face financial challenges in the future.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual revenue on comparable basis of Kshs.12,000,000 and Kshs.922,525, respectively resulting to an under-collection of Kshs.11,077,475 or 92% of the budget. Similarly, the Company incurred an expenditure of Kshs.3,238,316 against an approved budget of Kshs.11,000,000 resulting to an under-expenditure of Kshs.7,761,684 or 71% of the budget.

The under-collection and under-performance affected the planned activities and may have impacted negatively on service delivery.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, I confirm that, nothing else has come to

my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Late Submission of the Financial Statements for Audit

The financial statements of the Company were submitted to the Auditor-General for audit on 30 September, 2019, a delay of two (2) years after the end of the fiscal year to which the accounts relate. This is contrary to Section 47 of the Public Audit Act, 2015 which requires that financial statements be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

The Management was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in

compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

28 September, 2021

TUM ENTERPRISE LIMITED**Annual Reports and Financial Statements
For the year ended June 30, 2017****STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017	2016
		Kshs	Kshs
REVENUES			
Revenue	3	922,525	10,122,465
Cost of sales	4	(2,000,798)	(6,412,362)
Gross profit		(1,078,273)	3,710,103
OPERATING COSTS			
Administration Costs	5	1,237,518	1,526,255
TOTAL OPERATING EXPENSES		1,237,518	1,526,255
PROFIT/(LOSS) BEFORE TAXATION		(2,315,791)	2,183,848
INCOME TAX EXPENSE/(CREDIT)	6	-	(655,154)
PROFIT/(LOSS) AFTER TAXATION		(2,315,791)	(1,528,694)

TUM ENTERPRISE LIMITED**Annual Reports and Financial Statements**

For the year ended June 30, 2017

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

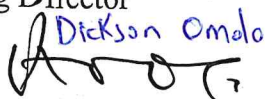
	Note	2017	2016
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	2,633,628	1,514,362
Total Non-Current Assets		2,633,628	1,514,362
Current Assets			
Bank and Cash balances	8	4,341,180	6,842,428
Trade and other receivables	9	322,091	2,798,915
Total Current Assets		4,663,271	9,641,342
Total Assets		7,296,900	11,155,704
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	10		
Shareholder's contribution	11	5,000,000	5,000,000
Retained earnings	12	802,495	3,118,286
Capital and Reserves		5,802,495	8,118,286
Current Liabilities			
Audit fees Payables	13	67,000	67,000
Other Trade Payables	14	1,427,405	2,970,417
Total Current Liabilities		1,494,405	3,037,417
TOTAL EQUITY AND LIABILITIES		7,296,900	11,155,704

The financial statements were approved by the Board on 25/11/2019 and signed on its behalf by:

Managing Director

Name:

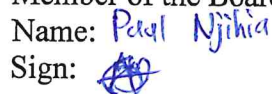
Sign:

Dickson Omdo


Member of the Board

Name:

Sign:

Peter Njihia


TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements

For the year ended June 30, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Ordinary share capital	Share Holders contribution	Retained earnings	Total
At July 1, 2016	-	5,000,000	3,118,286	8,118,286
Additions	-	-	-	-
Profit/(Loss)	-	-	(2,315,791)	(2,315,791)
At June 30, 2017	-	5,000,000	802,495	5,802,495

TUM ENTERPRISE LIMITED**Annual Reports and Financial Statements
For the year ended June 30, 2017****STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017	2016
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations		(2,315,791)	1,528,694
Depreciation	7	376,232	216,337
Increase in Receivables	9	2,476,823	456,441
Decrease in Trade Payables	14	(1,543,012)	1,586,974
Net cash generated from/(used in) operating activities		(1,005,748)	3,788,445
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from/(used in) financing activities		-	-
cash flows from investing activities			
water processing plant	15	(1,495,500)	(4000)
Net cash generated from/(used in) investing activities		(1,495,500)	(4000)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2,501,248)	3,784,445
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8	6,842,427	3,057,982
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8	4,341,180	6,842,428

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2017**

SUMMARY STATEMENT OF APPROPRIATION:

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c= a+b	Actual on Comparable Basis d	Budget Utilization Difference e=d-c	% of Utilisation Difference to Final Budget f=e/c%
REVENUE						
Income from Consultancy Service	12,000,000		12,000,000	922,525	(11,077,475)	92%
Total Income	12,000,000		12,000,000	922,525	(11,077,475)	92%
EXPENDITURE						
Administration Expenses	4,000,000		4,000,000	1,237,518	(2,762,482)	69%
Cost of sales	6,000,000		6,000,000	2,000,798	(3,999,202)	67%
Audit fees	1,000,000		1,000,000	0	(1,000,000)	100%
Corporate tax	1,000,000		1,000,000	0	(1,000,000)	100%
Total Expenditure	12,000,000	0	12,000,000	3,238,316	(8,761,684)	73%
Surplus for the Period	0	0	0	(2,315,791)	(2,315,791)	

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

TUMEL is established by and derives its authority and accountability from The Corporations Act 2012. The entity is wholly owned by the Technical University of Mombasa and is domiciled in Kenya. The entity's principal activity is Consultancy.

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), 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

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2017

of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

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

b) Depreciation and impairment of property, plant and equipment

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

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

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

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

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

c) Intangible assets

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

d) Amortisation and impairment of intangible assets

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

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

e) Investment property

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

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

f) Finance and operating leases

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

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

g) Trade and other receivables

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

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements For the year ended June 30, 2017

n) 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

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.

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 of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

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.

TUM ENTERPRISE LIMITED**Annual Reports and Financial Statements
For the year ended June 30, 2017****3. REVENUE**

	2017	2016
	Kshs	Kshs
Kenya Ferry	922,525	
NEMA	-	2,718,500
Tourism Fund	-	2,625,000
Mowasco	-	1,426,552
KEMRI	-	180,000
	-	3,172,413
Total	922,525	10,122,465

4 COST OF SALES

	2017	2016
	Kshs	Kshs
Consultancy Facilitation Expenses	101,665	1,192,792
Consultants charges	1,899,133	5,219,570
Total	2,000,798	6,412,362

5 ADMINISTRATION COSTS

	2017	2016
Description	Kshs	Kshs
Bank charges	10,350	14,287
Levies and Penalties	226,209	
Depreciation expense	376,232	216,337
Professional fees	200,000	-
Printing and photocopying	-	740
Stationery	14,809	4,920
Board of directors allowances	365,400	634,650
Committee Allowances	22,000	-
Meals	-	186,500
Office expense	5,518	12,500
Postage and delivery	-	3,150
Advertising and promotion	3,000	116,201
Travelling & subsistence	14,000	336,970
Total	1,237,518	1,526,255

TUM ENTERPRISE LIMITED**Annual Reports and Financial Statements
For the year ended June 30, 2017****6 INCOME TAX EXPENSE/(CREDIT)**

Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

	2017	2016
	Kshs	Kshs
Profit before taxation	(2,315,791)	2,183,848
Tax at the applicable tax rate of 30%	-	655,154
Total	-	1,528,694

7 PROPERTY, PLANT AND EQUIPMENT

2017	WATER BOTTLING PLANT	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
COST OR VALUATION					
At July 1, 2017	1,977,370				1,977,370
Additions	1,495,500				1,495,000
Transfers	-				-
Disposals	-				-
At June 30, 2017	3,472,870				3,472,870
DEPRECIATION					-
At July 1, 2017	(463,008)				(463,008)
Charge for the year	(376,233)				(376,233)
Impairment loss					-
Eliminated on disposal					-
At June 30, 2017	(839,241)				((839,241))
NET BOOK VALUE At June 30, 2017	2,633,628				2,633,628

TUM ENTERPRISE LIMITED**Annual Reports and Financial Statements
For the year ended June 30, 2017**

		Normal annual depreciation charge
	Cost or valuation	
WATER BOTTLING PLANT	3,472,870	376,233
Total	3,472,870	376,233

8. BANK AND CASH BALANCES

	2017 Kshs	2016 Kshs
National Bank of Kenya	4,218,658	6,789,404
PETTY CASH	122,522	53,024
	4,341,180	6,842,428

9. TRADE RECEIVABLES

	2017 Kshs	2016 Kshs
County Government of Kilifi	-	168,570
MOWASCO	-	820,000
Tourism Fund	322,091	1,810,345
	322,091	2,798,915

10 SHARE CAPITAL

	2017 Kshs	2016 Kshs
Share capital 1000 shares @100 not paid up	-	-

TUM ENTERPRISE LIMITED**Annual Reports and Financial Statements
For the year ended June 30, 2017****11. SHAREHOLDERS CONTRIBUTION**

	2017	2016
	Kshs	Kshs
Shareholders contribution	5,000,000	5,000,000
	5,000,000	5,000,000

12. RETAINED EARNINGS

	2017	2016
	Kshs	Kshs
Retained Earnings	802,495	3,118,286
	802,495	3,118,286

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.

13. AUDIT FEES PAYABLE

	2017	2016
	Kshs	Kshs
Audit fees Payable	67,000	67,000
	67,000	67,000

14. TRADE PAYABLES

	2017	2016
	Kshs	Kshs
Corporate Tax Payable	1,336,407	1,336,407
Total VAT Payable	(32,902)	1,510,510
Prepaid Short courses	123,500	123,500
Board of Directors Allowances-accrued	400	-
	1,427,405	2,970,417

TUM ENTERPRISE LIMITED

Annual Reports and Financial Statements

For the year ended June 30, 2017

15. WATER PROCESSING PLANT ADDITIONS

	2017	2016
	Kshs	Kshs
Water Assembling tools	-	4,000
Water Processing Plant-Addition	1,495,500	-
	1,495,500	4,000

16. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

(iii) Market risk

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

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

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

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

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

TUM ENTERPRISE LIMITED

**Annual Reports and Financial Statements
For the year ended June 30, 2017**

the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible

17.INCOPORATION

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

18.EVENTS AFTER THE REPORTING PERIOD

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

19.CURRENCY

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

