

REPUBLIC OF KENYA



*Enhancing Accountability*

<b>REPORT</b>	
THE NATIONAL ASSEMBLY	
PART D	
DATE: 13 OCT 2021	DAY: KED
TABLE OF BY:	M. KITHI
CLERK-AT THE-TABLE:	S. KARANA

**THE AUDITOR-GENERAL**


**ON**

**TECHNICAL UNIVERSITY OF MOMBASA  
ENTERPRISES LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2018**



**TUM ENTERPRISE LIMITED**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2018**

 <b>THE NATIONAL ASSEMBLY</b> PAPER NO. 10	
<b>DATE:</b> 13 OCT 2021	<b>DAY:</b>
<b>TABLED BY:</b>	
<b>CLERK-AT THE-TABLE:</b>	

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**TUM ENTERPRISES LTD**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**  
**JUNE 30, 2018**

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

<b>OFFICE OF THE AUDITOR GENERAL</b> P. O. Box 95202, MOMBASA
<b>26 NOV 2019</b>
<b>RECEIVED</b> <b>COAST HUB</b>



**TUM ENTERPRISE LIMITED**

**Annual Reports and Financial Statements  
For the year ended June 30, 2018**

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## **TUM ENTERPRISE LIMITED**

### **Annual Reports and Financial Statements For the year ended June 30, 2018**

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#### **KEY ENTITY INFORMATION**

##### **a) Background Information**

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

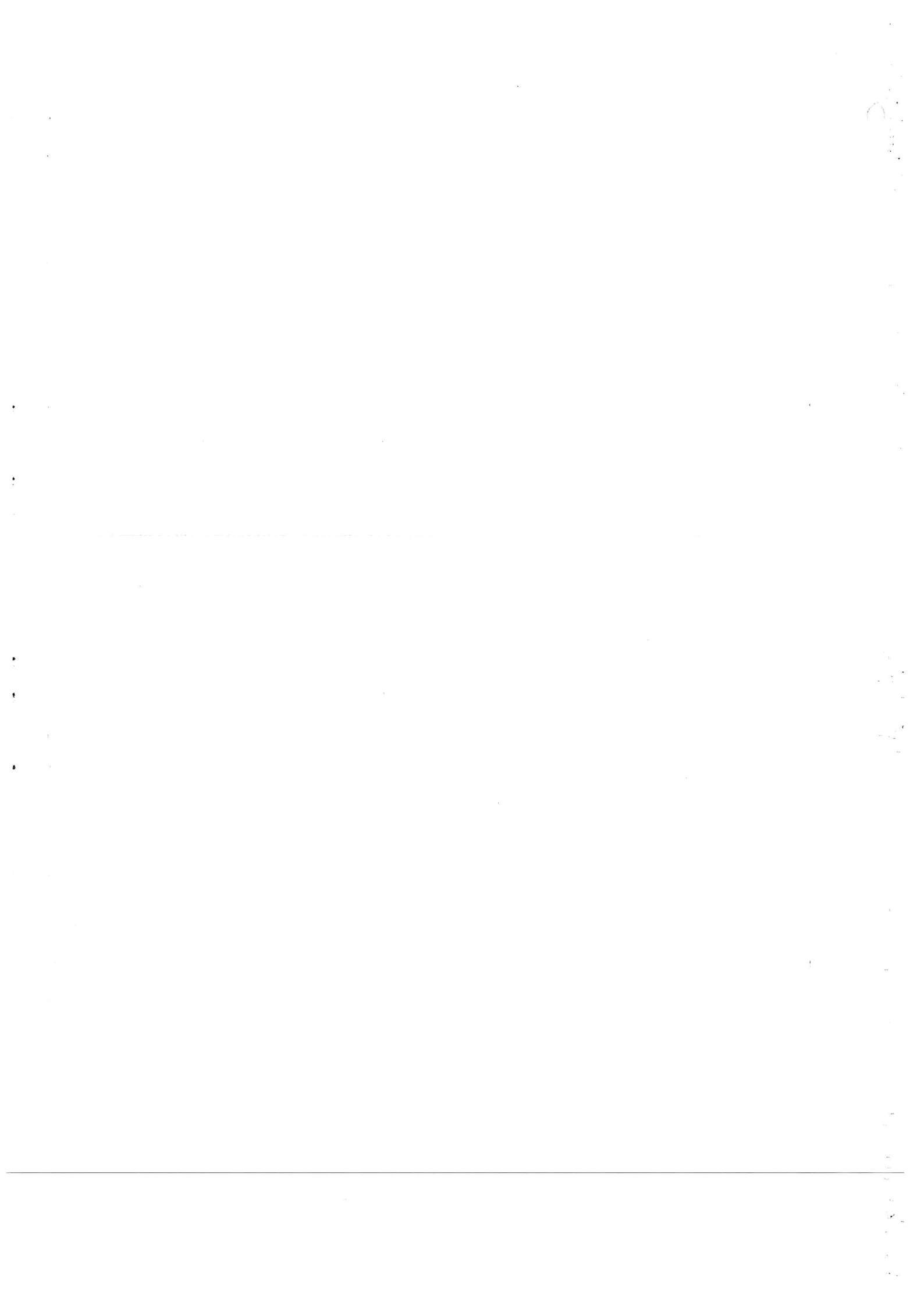
TUMEL has successfully conducted consultancy services for both National and County Governments, private sectors, Non-Governmental Organizations as well as international organizations.

To expand its revenue base, TUMEL intends to take up the management of the TUM's hospitality centre, which has a capacity of 40 beds and conference facilities.

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

##### **b) Principal Activities**

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





**TUM ENTERPRISE LIMITED**

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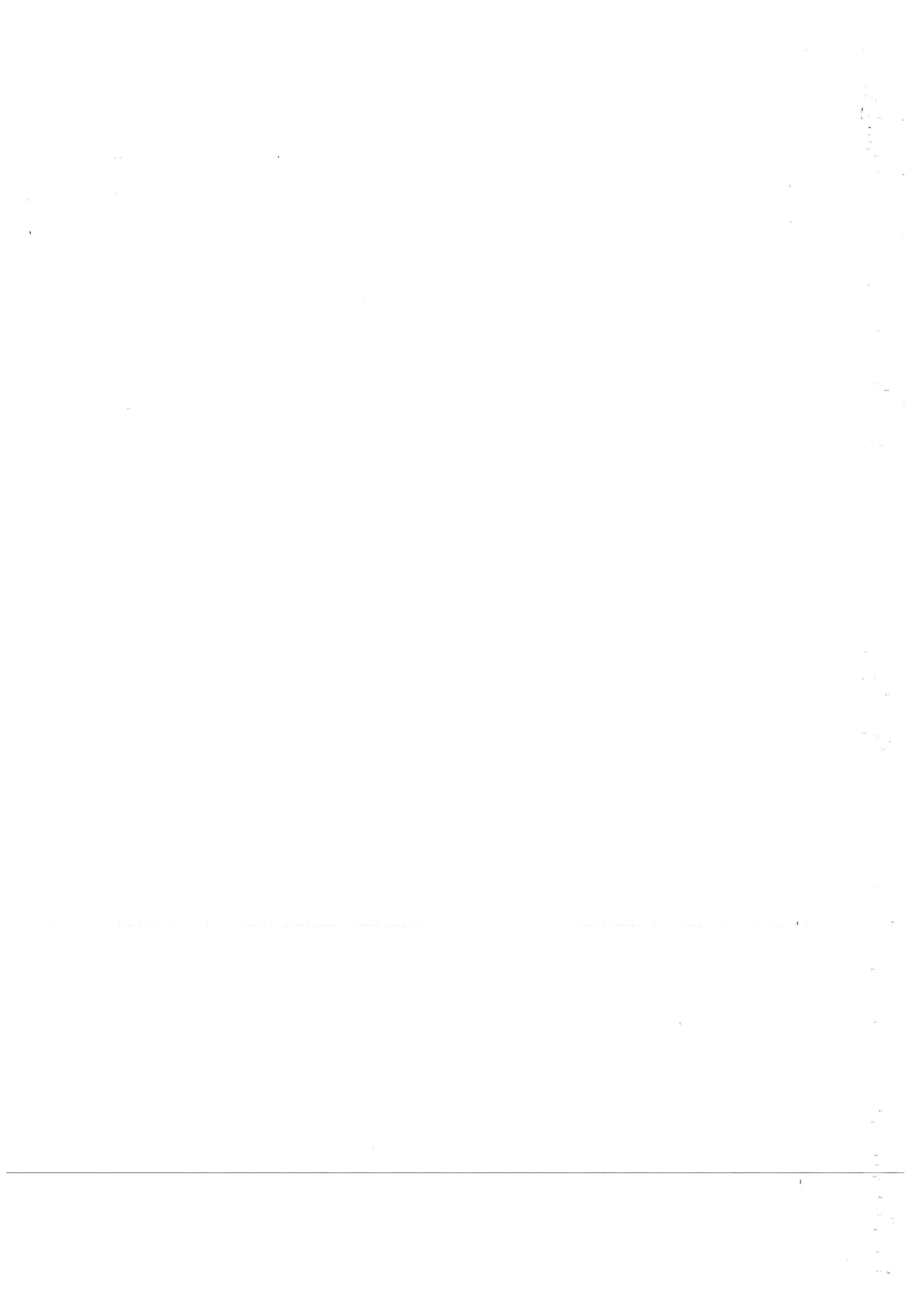
**MS. ALICE MWOLOLO**

Mrs Mwololo holds an M.A. and B.A. in Economics, and also a PGD in Development Planning from the University of Nairobi. She is currently a Chief Economist in the Budget, Fiscal and Economic Affairs Directorate at the National Treasury. She is specialized in trade and regional integration policy and has wide experience in negotiations and implementation of the East African Community Customs Union and the Common Market Protocol. She previously worked in the Ministry of Planning and National Development as an Economist in rural development. In addition, she represents the National Treasury in the National Committee on World Trade Organization negotiations and the EAC-European Union Economic Partnership negotiations  
Member of the Board



**PROF LAILA UWESO ABUBAKAR**

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



**TUM ENTERPRISE LIMITED**

**Annual Reports and Financial Statements  
For the year ended June 30, 2018**

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**CHAIRMAN'S STATEMENT**

TUM Enterprises Limited (TUMEL) has in the past year achieved much. The work and efforts put in during the year can be seen.

The business environment is now stable and the strategies to put the company forward should be implemented. The Board of Directors is confident that the decisions made by the management in regard to identification of new business lines will bear fruits in the following year. The Board of Directors accepts and acknowledges that it should advise the management on such issues as they take TUMEL to the next level.

With the ever evolving technology it is the best time to tap to the opportunities provided by this advancements.

The Board of Directors is pleased to learn on the new businesses i.e. cleaning services and Management of TUM Hotel and Conference Centre.

Chairman of the Board

Sign.....

for  


25/11/2019



**TUM ENTERPRISE LIMITED**

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**REPORT OF THE CHIEF EXECUTIVE OFFICER**


The management is pleased to inform that the new businesses of cleaning services is now complete with The Technical University of Mombasa being its first client. The market for these services is still wide and untapped and TUMEL intends in the coming year to expand to other markets about these.

TUMEL now will take over the management of TUM Hotel and conference Centre. The facility has been in operation under TUM. This is another opportunity to turn around the facility while making profits from the business.

The coming year also presents the business of sale of pure drinking water, the legislative and statutory procedures have been met and the licences will be out any time.

The management appreciates the effort of the Board of Directors specifically and the other stakeholders in the success of the business of TUMEL.

Managing Director

Sign.....  
25/11/2019



## **TUM ENTERPRISE LIMITED**

### **Annual Reports and Financial Statements For the year ended June 30, 2018**

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#### **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 2018 financial year, the institution has been in compliance with all the provisions set out in the State Corporations Act, 2012, in so far as they relate to the Organization.

The functions and responsibilities of the BOD are as provided for in the Memorandum of Association.

The BOD is committed in ensuring financial sustainability; enhancing the customer experience; and continuously building its service to its various clients

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





## **TUM ENTERPRISE LIMITED**

### **Annual Reports and Financial Statements For the year ended June 30, 2018**

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#### **MANAGEMENT DISCUSSION AND ANALYSIS**

In the financial year ended 30th June 2018, TUMEL received from its operations for recurrent expenditure. This supported employees, operational expenses,

TUMELstrives to comply with all statutory requirements. All payments and deductions are always remitted on time to the relevant authorities.

TUMEL like any other institution is exposed to a variety of risks associated with day to day operations. The management is targeting to ensure that all debtors have nil balance by putting in place controls such as debtors aging lists to caution the growing list. Credit risk also arises from cash and cash equivalents and deposits. Currently the entity does not have significant concentration of credit risks



# TUM ENTERPRISE LIMITED

## Annual Reports and Financial Statements For the year ended June 30, 2018

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### 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 2018

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018, which show the state of the entity's affairs.

#### Principal activities

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

#### Results

The results of the entity for the year ended June 30, 2018 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 ....

#### Auditors

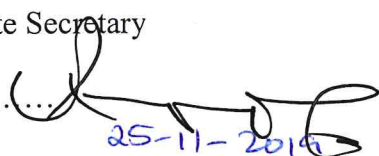
The Auditor General is responsible for the statutory audit of the TUMEL in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2018.

By Order of the Board

Corporate Secretary

Nairobi

Date:.....



25-11-2018



# TUM ENTERPRISE LIMITED

## Annual Reports and Financial Statements For the year ended June 30, 2018

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)) 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.

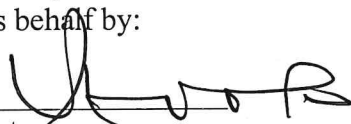
The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – entities should quote applicable legislation as indicated under ). 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, 2018, 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

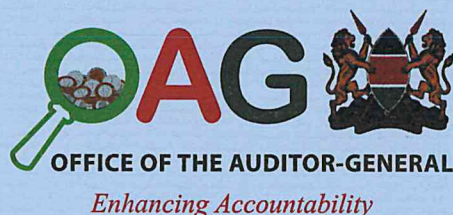
  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



# REPUBLIC OF KENYA

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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, 2018**

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### **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 15, which comprise the statement of financial position as at 30 June, 2018, 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, 2018, 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**

The statement of financial position reflects a balance of Kshs.2,753,313 under trade and other payables which, as disclosed in Note 13 to the financial statements, includes an amount of Kshs.67,000 relating to audit fee payable. However, this amount is understated by Kshs.1,133,000 comprising of unpaid audit fees of Kshs.133,000 for financial year 2013/2014 and audit fees chargeable of Kshs.1,000,000 for the 2014/2015, 2015/2016, 2016/2017 and 2017/2019 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

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*Report of the Auditor-General on Technical University of Mombasa Enterprises Limited for the year ended 30 June, 2018*

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. Further, the statement of cash flows reflects increase in trade and other payables of Kshs.1,240,908 which differs from the re-computed increase of Kshs.1,258,908, resulting in an unreconciled variance of Kshs.18,000.

Under the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2018 could not be confirmed.

## **2. Financial Performance**

The Company reported a loss of Kshs.2,180,808 (2017: Kshs.2,315,791) reducing the retained earnings from Kshs.802,495 as at 30 June, 2017 to negative Kshs.1,378,313 as at 30 June, 2018. As previously reported, 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 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.2,307,053, respectively resulting to an under-collection of Kshs.9,692,947 or 81% of the budget. Similarly, the Company incurred an expenditure of Kshs.4,487,861 against an approved budget of Kshs.13,000,000 resulting to an under-expenditure of Kshs.5,512,139 or 55% of the budget.

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



## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

#### **Late Submission of the Financial Statements for Audit**

The financial statements of the Company for the year ended 30 June, 2018 were submitted to the Auditor-General for audit on 30 September, 2019, a delay of one (1) year after the statutory deadline. This is contrary to Section 47 of the Public Audit Act, 2015 which requires 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.

*Report of the Auditor-General on Technical University of Mombasa Enterprises Limited for the year ended 30 June, 2018*

## **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**

*Report of the Auditor-General on Technical University of Mombasa Enterprises Limited for the year ended 30 June, 2018*

**TUM ENTERPRISE LIMITED****Annual Reports and Financial Statements  
For the year ended June 30, 2018****STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018	2017
		Kshs	Kshs
<b>REVENUES</b>			
Revenue	3	2,307,053	922,525
Cost of sales	4	(1,545,796)	(2,000,798)
Gross profit		<b>761,257</b>	<b>(1,078,273)</b>
<b>OPERATING EXPENSES</b>			
Administration Costs	5	2,942,065	1,237,518
<b>TOTAL OPERATING EXPENSES</b>		<b>2,942,065</b>	<b>1,237,518</b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(2,180,808)</b>	<b>(2,315,791)</b>
<b>INCOME TAX EXPENSE/(CREDIT)</b>	6	-	-
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>(2,180,808)</b>	<b>(2,315,791)</b>



**TUM ENTERPRISE LIMITED****Annual Reports and Financial Statements  
For the year ended June 30, 2018****STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	Note	2018	2017
		Kshs	Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	7	2,304,425	2,633,628
<b>Total Non-Current Assets</b>		<b>2,304,425</b>	<b>2,633,628</b>
<b>Current Assets</b>			
Bank and Cash balances	8	3,500,994	4,341,180
Trade and other receivables	9	551,581	322,091
		<b>4,052,575</b>	<b>4,663,271</b>
<b>Total Assets</b>		<b>6,357,000</b>	<b>7,296,900</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Ordinary share capital(100,000)	10		
Shareholder's contribution	11	5,000,000	5,000,000
Retained earnings	12	(1,378,313)	802,495
<b>Capital and Reserves</b>		<b>3,621,687</b>	<b>5,802,495</b>
<b>Current Liabilities</b>			
Audit fees Payables	13	67,000	67,000
Trade Payables	14	2,668,313	1,427,405
<b>Total Current Liabilities</b>		<b>2,735,313</b>	<b>1,494,405</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,357,000</b>	<b>7,296,900</b>

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

Managing Director

Name: Dickson Ondo

Sign:



Member of the Board

Name: Paul Njirig

Sign:







**TUM ENTERPRISE LIMITED**

**Annual Reports and Financial Statements**  
**For the year ended June 30, 2018**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018**

	Ordinary share capital	Share Holders contribution	Retained earnings	Total
At July 1, 2017	-	5,000,000	802,495	5,802,495
Additions	-	-	-	-
Profit/(Loss)	-	-	(2,180,808)	(2,180,808)
At June 30, 2018	-	5,000,000	(1,378,313)	3,621,687



**TUM ENTERPRISE LIMITED****Annual Reports and Financial Statements  
For the year ended June 30, 2018****STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018	2017
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations		(2,180,808)	(2,315,791)
Depreciation	7	329,204	376,232
Increase in Receivables	9	(229,490)	2,476,823
Decrease in Trade Payables	14	1,240,908	(1,543,012)
<b>Net cash generated from/(used in) operating activities</b>		<b>(840,186)</b>	<b>(1,005,748)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash generated from/(used in) financing activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>WATER PROCESSING PLANT</b>			
	15	-	(1,495,500)
<b>Net cash generated from/(used in) investing activities</b>		-	(1,495,500)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(840,186)</b>	<b>(2,501,247)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	8	<b>4,341,180</b>	<b>6,842,427</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	8	<b>3,500,994</b>	<b>4,341,180</b>



**TUM ENTERPRISE LIMITED**

**Annual Reports and Financial Statements  
For the year ended June 30, 2018**

**SUMMARY STATEMENT OF APPROPRIATION:**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilisation Difference to Final Budget
	a	b	c= a+b	d	e=d-c	f=e/c%
<b>REVENUE</b>						
Income from Consultancy Service	12,000,000		12,000,000	2,307,053	(9,692,947)	81
<b>Total Income</b>	<b>12,000,000</b>		<b>12,000,000</b>	<b>2,307,053</b>	<b>(9,692,947)</b>	<b>81</b>
<b>EXPENDITURE</b>						
Administration Expenses	4,000,000		4,000,000	2,942,065	(1,057,935)	26
Cost of sales	6,000,000		6,000,000	1,545,796	(4,454,204)	74
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
<b>Total Expenditure</b>	<b>12,000,000</b>		<b>12,000,000</b>	<b>4,487,861</b>	<b>(7,512,139)</b>	<b>63</b>
<b>Surplus for the Period</b>	<b>0</b>		<b>0</b>	<b>(2,180,808)</b>	<b>(2,180,808)</b>	



# **TUM ENTERPRISE LIMITED**

## **Annual Reports and Financial Statements For the year ended June 30, 2018**

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### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. GENERAL INFORMATION**

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





## TUM ENTERPRISE LIMITED

### Annual Reports and Financial Statements For the year ended June 30, 2018

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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.



## **TUM ENTERPRISE LIMITED**

### **Annual Reports and Financial Statements For the year ended June 30, 2018**

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#### **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, 2018**

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#### **n) Taxation (Continued)**

##### **Current income tax (Continued)**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or 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



**TUM ENTERPRISE LIMITED****Annual Reports and Financial Statements  
For the year ended June 30, 2018****3. REVENUE**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Kenya Ferry	-	922,525
GIZ	2,072,153	-
Kemri-welcome Trust	234,900	-
<b>Total</b>	<b>2,307,053</b>	<b>922,525</b>

**4 COST OF SALES**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Consultancy Facilitation Expenses	167,700	101,665
Consultants charges	1,285,158	1,899,133
Water Testing and Analysis	92,938	-
<b>Total</b>	<b>1,545,796</b>	<b>2,000,798</b>

**5 ADMINISTRATION COSTS**

	<b>2018</b>	<b>2017</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Bank charges	11,038	10,350
Levies and Penalties	20,000	226,209
Depreciation expense	329,204	376,232
Professional fees	-	200,000
Repairs and Maintenance	1,450,000	-
Printing and photocopying	248	-
Stationery	1,025	14,809
Board of directors allowances	360,000	365,400
Committee Allowances	-	22,000
Meals	3,000	-
Office expense	58,200	5,518
Permits and Licences	45,050	-
Advertising and promotion	10,000	3,000
Travelling & subsistence	654,300	14,000
<b>Total</b>	<b>2,942,065</b>	<b>1,237,518</b>





**TUM ENTERPRISE LIMITED****Annual Reports and Financial Statements****For the year ended June 30, 2018**

		<b>Normal annual depreciation charge</b>
	<b>Cost or valuation</b>	
WATER BOTTLING PLANT		329,203
Computers and related equipment	3,472,870	-
Office equipment, furniture and fittings	-	-
Total	3,472,870	329,203

**8. BANK AND CASH BALANCES**

	<b>2018 Kshs</b>	<b>2017 Kshs</b>
National Bank of Kenya	3,405,137	4,218,658
Petty Cash	95,857	122,522
	<b>3,500,994</b>	<b>4,341,180</b>

**9. TRADE RECEIVABLES**

	<b>2018 Kshs</b>	<b>2017 Kshs</b>
Tourism Fund	322,091	322,091
GIZ	133,767	-
Kemri Welcome Trust	10,125	-
VAT Withheld	85,598	
	<b>551,581</b>	<b>322,091</b>

**10 SHARE CAPITAL**

	<b>2018 Kshs</b>	<b>2017 Kshs</b>
Share capital 1000 shares @100 not paid up	-	-



**TUM ENTERPRISE LIMITED****Annual Reports and Financial Statements  
For the year ended June 30, 2018****11. SHAREHOLDERS CONTRIBUTION**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Shareholders contribution	5,000,000	5,000,000
	<b>5,000,000</b>	<b>5,000,000</b>

**12. RETAINED EARNINGS**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Retained Earnings	(1,378,313)	802,495
	<b>(1,378,313)</b>	<b>802,495</b>

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**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Audit fees Payable	67,000	67,000
	<b>67,000</b>	<b>67,000</b>

**14. TRADE PAYABLES**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Corporate Tax Payable	1,336,407	1,336,407
Total VAT Payable	(32,902)	(32,902)
Prepaid Short courses	123,500	123,500
Board of Directors Allowances-accrued	400	400
PAYE Payable	(209,092)	-
Mwashua Construction Ltd	1,450,000	-
Customer Deposits	-	-
	<b>2,668,313</b>	<b>1,427,405</b>

**15 .WATER PROCESSING PLANT**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Additions	-	1,495,500
	<b>-</b>	<b>1,495,500</b>



## **TUM ENTERPRISE LIMITED**

### **Annual Reports and Financial Statements For the year ended June 30, 2018**

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#### **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.



## **TUM ENTERPRISE LIMITED**

### **Annual Reports and Financial Statements For the year ended June 30, 2018**

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#### **iii) Fair value of financial assets and liabilities**

##### **a) Financial instruments measured at fair value**

#### **Determination of fair value and fair values hierarchy**

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

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

#### **17. INCORPORATION**

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).

