

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT OF
THE
AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
MULTIMEDIA UNIVERSITY COLLEGE
FOR THE YEAR ENDED
30 JUNE 2012**



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MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2012



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

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MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

UNIVERSITY COLLEGE INFORMATION

THE UNIVERSITY COUNCIL-GAZETTED As at 30th June 2012

	NAME	POSITION	PLACE OF WORK
1	Hon. Mutahi Kagwe	Chairman	Business man
2	Richard Bell	Member	Group CEO.Wananchi Group Holding
3	Rosemary Gitonga	Member	Business Lady
4	Amb. Josiah Green	Member	Business man



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

COUNCIL COMMITTEES

The following are council Committees

	Committee	Chairperson	Members
1	Students Welfare	CEO ICT Board	PS Min. of higher Education Science and technology
2	External Affairs	Amb.Josiah Green	PS Min. of higher Education Science and technology Director General CCK
3	Planning and Technology		Prof. Mabel Imbuga PS. Ministry of information And communication technology CEO ICT Board
4	Finance	Richard Bell	PS Min. of higher Education Science and technology Amb.Josiah Green PS. Ministry of information And communication technology Hon. John Mutua Katuku PS. Ministry of Finance
	Human Resource	Director general CCK	Prof. Mabel Imbuga PS. Ministry of information And communication technology PS. Ministry of Finance
6	Audit	Amb.Josiah Green	PS. Ministry of information And communication technology
7	Human Resource	Director general CCK	Prof. Mabel Imbuga PS. Ministry of information And communication technology PS. Ministry of Finance



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

OFFICERS OF THE UNIVERSITY

The College management team comprises of the principal, deputy principal, deans of faculties and Directors and finance Officer.

Prof. Walter O. Oyawa	- Principal
Prf. Gitile Naituli	- Deputy Principal Finance and Administration
Prof. Douglas Shitanda	- Deputy Principal Research and Extension
Prof. Charles Njoroge	-Deputy Principal Academic Affairs
Dr. Livingstone Ngoo	- Registrar Academic Affairs
Mr. Francis Many	- Registrar Administration
Prof. Abel Mayaka	-Dean Faculty of Engineering
Mrs. Dorcas Kerre	-Dean of Faculty of Business
Prof. Murej O. Mac'ocheing	- Dean of Mass Communication
Mr. John Walubengo	- Dean of Faculty of Information Technology
Michael M. Mbugua	- Finance Officer



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Mbagathi Campus

Magadi Road

P.O.Box 30305 - 00100 GPO

Nairobi, Kenya

Website: **www.mmu.ac.ke**

E-mail: **principal@mmu.ac.ke**

Tel: (020) 891201 Fax: (020) 891949 or 892276

CDMA: 0202071391/2/3, 0202071342/3

GSM: 0724-257083, 0735-900008

AUDITORS

Auditor General

Kenya National Audit Office

P.O Box 30084-00100

Nairobi, Kenya

BANKERS

Kenya Commercial Bank Limited

Ongata Rongai Branch

P.O Box 267

Ongata Rongai

Stanbic Bank Limited

Kenyatta Avenue Branch

P.O Box 30550 - 00100 GPO

Nairobi, Kenya.

Consolidated Bank

River Road Branch

P.O Box 5113-00200

NAIROBI

LEGAL ADVISORS

1. J. Thongori & co Advocates

P.O Box 53457 00200

Nairobi.

2. Muriu Mungai & co Advocates

P.O Box 75362 00200

Nairobi

3. Keengwe & Company Advocates

P.O Box 55457 00200



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

CHAIRMAN'S REPORT

Introduction

It is a great pleasure to report on behalf of the council on performance of the University College and financial Statements for the year ended 30th June 2012.

I am pleased to report that we have now completed three and a half years since conversion into University College and since then we have seen tremendous strategic transformation in terms of manpower and infrastructure.

Previously, Multimedia University College of Kenya was a technical and vocational training institution wholly owned by Communication Commission of Kenya (CCK) until 28th November 2008 when the College was elevated to a University College through legal notice no 155 as a constituent College of Jomo Kenyatta University of Agriculture and Technology. Since inception the College continues to review its programmes in line with market demand. This has led to introduction of market oriented courses. The College aims at expansion while maintaining quality in line with our vision to be a world class center of excellence in training, research and innovation in cutting edge technologies.

The University College offer skills development programmes, professional and academic programmes at certificate, diploma and degree levels. The main focus of the training offered by the University College is as stated in the mission statement which emphasis the development of ICT and other related disciplines.

Financial performance

In the 2011/2012 Financial year, the total college revenue was up 6% with the college tuition income registering an impressive 32% growth on last year. However this was more than offset by increases in Staff cost 47%(driven by increase in number of staff to 311 compared to 166 as at June 30th 2011), messing cost 50 % due to inflation, operation cost 70 % and Administration cost 160 %.The administration cost was mainly driven by a tax arrears payment of kshs 19.5m and an accrual of a further kshs 14m in interest and penalties on the same as well as a one off payment of Kshs.15m for the university masterplan. This led to an overall decline in net income by 596 %.

On the overall, the College recorded a financial Deficit of KShs. 162 Million, compared to a surplus of Ksh.33 million during the previous financial year driven mainly by the above.

Finally, the College wants to thank the Kenya Government and other organizations for continued support to the College. We also thank the college staff for their dedication and commitment.

A handwritten signature in black ink, appearing to read 'Januarius Mutai', positioned above the printed name.

ENG. JANUARIUS MUTAI

CHAIRMAN OF THE COLLEGE UNIVERSITY COUNCIL



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

REPORT OF THE UNIVERSITY COUNCIL

The University Council presents their Report together with the Financial Statements for the year ended 30 June 2011, which shows the University College's affairs. The University College was established under legal notice No.155 of November 2008 which made it a constituent College of Jomo Kenyatta University of Agriculture and Technology (JKUAT)

Principal activities

The University College offers training opportunities with the aim of meeting the training needs of the Information and Communication Technology (ICT) sector. The University College offers Diplomas and Degrees academic programs in conjunction with the Jomo Kenyatta University of Agriculture and Technology (JKUAT). The University also runs academic and professional programmes in collaboration with NCC (UK), ABMA(UK), CIPS(UK) and KNEC(KENYA).

Results

Deficit for the year was Kshs 162,487,676 as compared to a surplus of Kshs. 33,376,064 in 2010/2011.

Financing

The College received government grant of Kshs.226,000,000 million to cater for recurrent expenditure and Kshs.12,642,237 to cater for development expenditure. In total the College received a Kshs.238, 642,237 from the government.

Council Members

The University College Council membership is as stipulated in the legal notice no 155 of 28th Nov 2008 par 11(1), Gazette Notice no.10354 of 25th September 2009 and no.10363 of 2nd October 2009.

Auditors

The Auditor General continues in office.

Wallo



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

Nairobi

UNIVERSITY COLLEGE INFORMATION

VISION AND MISSION STATEMENT AND OUR CORE VALUES

OUR VISION

To be a world class center of excellence in training, research and innovation in cutting edge technologies.

OUR MISSION

To provide quality training in Engineering, Media, Information Science and Technology and Business to meet the aspirations of a dynamic Society, while inculcating strong research, outreach, extension and innovation culture within an efficient team of academic, Technical and Administrative staff

OUR CORE VALUES

1. **Integrity**
2. **Transparency**
3. **Fairness**
4. **Teamwork**
5. **Professionalism**
6. **Service Excellence**
7. **Customer Focus**
8. **Academic freedom**
9. **Innovation**
10. **Courtesy**



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

BACKGROUND

Multimedia University College is a constituent College of Jomo Kenyatta University of Agriculture and Technology formed under legal notice no 155 of 28TH Nov 2008. It was previously registered as The Kenya College of Communications Technology (KCCT) as a limited company under the Company's Act (CAP 486) on 23rd November 2000. KCCT was the successor to the Central Training School (CTS), which was founded in 1948 to provide advanced telecommunications, postal and management training to the employees of the then East African Posts and Telecommunications Corporation.

After the collapse of the East African Community (EAC) in 1977, CTS was taken over by the Kenya Post and Telecommunication Corporation (KPTC). In an effort to match the changing global environment of the telecommunications industry, the Kenyan government introduced partial liberalization of telecommunications services in 1990. CTS was then transformed into an autonomous college - the Kenya College of Communications Technology (KCCT) and incorporated under the Companies Act (cap 486) as a wholly owned subsidiary of the then Kenya Posts and Telecommunications Corporation (KPTC).

On the 28th Nov 2008, the College was elevated to University status Vide legal notice no.155 and became a constituent college of Jomo Kenyatta University College of Agriculture and Technology.



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which corporate bodies are directed and controlled with the objective of increasing stake/shareholders value and satisfying them. This is achieved by establishing a system of clearly defined authorities and responsibilities, which result in a system of internal controls that is regularly tested to ensure effectiveness.

At Multimedia University College of Kenya, the Council places a high degree of importance on maintaining a sound control environment and applying the highest standards of business integrity and professionalism in all areas of the College's activities. The Council has adopted the Code of Best Practice for Corporate Governance issued by the Centre of Corporate Governance (Kenya) as its benchmark in developing its corporate governance principles.

The Council is responsible for the governance of the College and conducts the business and operations of the College with integrity and in accordance with generally accepted corporate practices, in a manner based on transparency, accountability and responsibility.

Composition of the council

The council comprises of a Chairman, and nine other members posses broad range of expertise, diverse professional background. They are drawn from various ministries and business sectors. The remuneration is based on guidelines on terms and conditions of service for State Corporation's circular of 23rd Nov 2008.

Council Committees

The council established Finance committee, Human resource committee, Audit Committee, student welfare committee, External Affairs committee, Planning and Technology committee and Appeals committee.



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

FINANCIAL HIGHLIGHTS

Tuition registered a decrease of 31% compared to last year which registered decrease of 2 %. Staff cost went up by 47%, messing cost went up by 50 % due to inflation, operation cost went up by 70 % and Administration cost increased by 160 % cost . This led to an overall decline in net income by 596 % as compared to an increase of 260% for a similar period last year.

The University College is in the process of developing new programmes and new marketing strategies which is aimed at rejuvenating the University performance. With the support of the Council, management and staff the College is expected to make major decisions which will further trigger better performance.

On the overall, the College recorded a financial Deficit of KShs. 162 Million, compared to a surplus of Ksh.33 million during the previous financial year.



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

STATEMENT OF THE UNIVERSITY COLLEGE COUNCIL RESPONSIBILITY

The University College Council is responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the college as at the end of the financial year and of its operating results for the year. The Council is required to ensure that the College keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University College. They are also responsible for safeguarding the assets of the University College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The council is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. The Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the College and of its operating results as at 30th June 2012. The Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

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

Approved by the University College Council and signed on its behalf by:

A handwritten signature in black ink, consisting of several vertical strokes and a horizontal line at the bottom, positioned above a dotted line.

Chairman of the Council

A handwritten signature in black ink, appearing to be 'Walter', positioned above a dotted line.

Principal/CEO

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: cag@kenao.go.ke
Website: www.kenao.go.ke



P. O. Box 30084-00100
NAIROBI

Date:

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON MULTIMEDIA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Multimedia University College set out on pages 16 to 30, which comprise the statement of financial position as at 30 June, 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of the Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Budgetary Control

During the year under review, the University operated without an approved budget contrary to the requirements of Sections 11 and 12 of the State Corporations Act (Cap.446) which require the submission of estimates for revenue and expenditure to the Minister for the parent ministry and Treasury for prior approval.

In the absence of an approved budget, it has not been possible to confirm the propriety of the total income of Kshs.609,299,576 and the total expenditure of Kshs.683,812,094 reflected in the financial statements for the year ended 30 June 2012.

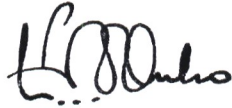
2. Trade and Other Receivables

Trade and other receivables balance of Kshs.225,293,368 includes long outstanding debtors totalling Kshs.77,943,586. Also included in the trade and other receivables figure is an amount of Kshs.49,231,981 being long outstanding receivables due from former employees. In the circumstances, it is not possible to confirm, the collectability of some of the University's debts as at 30 June 2012.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University College as at 30 June, 2012, and

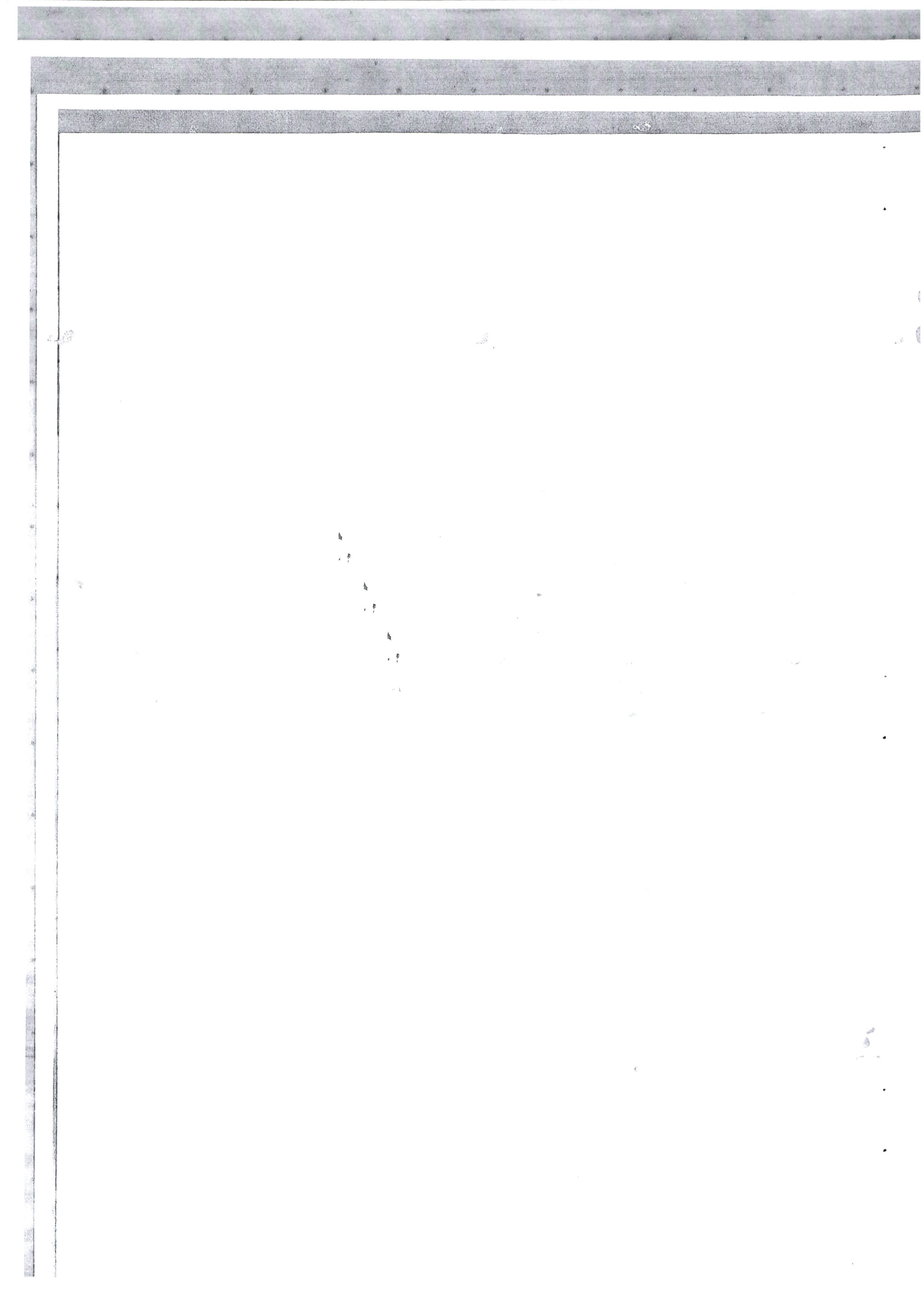
of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Multimedia University College Order, 2008.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

31 January 2013





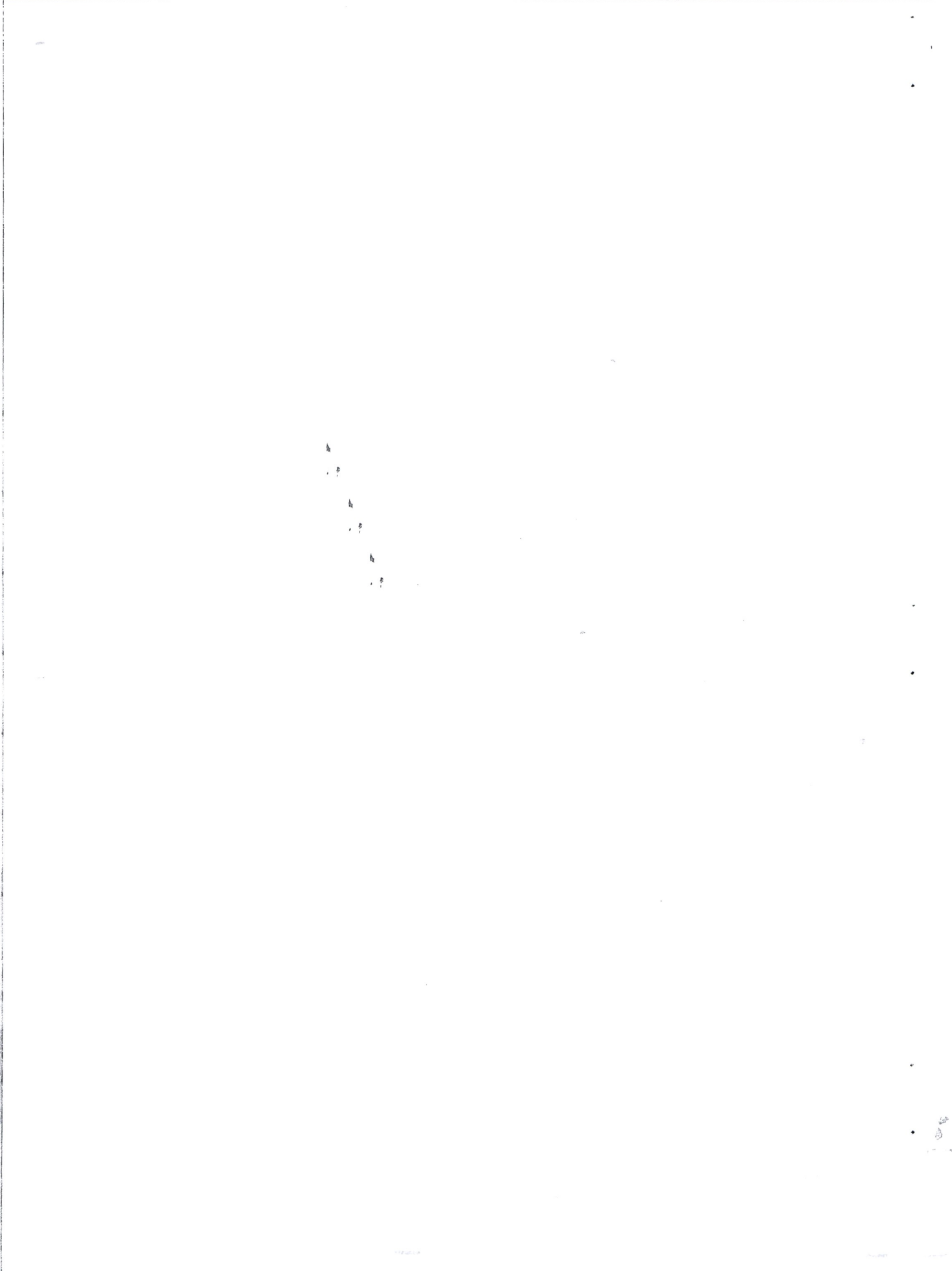
MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

		2011/2012	2010/2011
		Kshs	Kshs
ASSETS	Notes		
NON CURRENT ASSETS			
Property, Plant and Equipment	8	<u>1,611,552,121</u>	<u>1,635,270,912</u>
CURRENT ASSETS			
Inventories	10	6,890,513	7,093,826
Trade and other receivables	11	225,293,368	210,047,502
Cash and Bank Balances	12	<u>44,178,834</u>	<u>200,034,866</u>
Total Current Assets		<u>276,362,715</u>	<u>417,176,194</u>
Total Assets		<u>1,887,914,836</u>	<u>2,052,446,106</u>
ACCUMULATED FUND			
Capital Fund	13	1,269,222,498	1,269,222,498
Reserves		461,955,473	624,435,599
Grant	14(a)	1,859,999	1,919,999
CCK Grant	14(b)	40,589,194	45,116,765
Total Accumulated fund		<u>1,773,627,165</u>	<u>1,940,694,861</u>
CURRENT LIABILITIES			
Trade and other Payables	15	103,415,377	59,951,287
Pension Liability	16	10,870,780	51,785,858
Bank Overdraft		<u>1,515</u>	<u>7,550.00</u>
Total Current Liabilities		<u>114,287,672</u>	<u>111,327,740</u>
Total Capital and Liabilities		<u>1,887,914,836</u>	<u>2,052,446,106</u>


Eng. Januarius Mutai
The Council Chairman


Prof Walter Oyawa
The Principal





MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2011-2012 Kshs	2010-2011 Kshs
Total Revenue	3	<u>609,299,576</u>	<u>574,978,114</u>
EXPENDITURE			
Material Costs	4	100,253,261	73,230,408
Staff Costs	5	406,773,654	276,720,139
Operation Cost	6	68,115,075	40,004,298
Council Expenses	17	13,761,757	4,604,606
Audit Fees	18	750,000	600,000
Administration Costs	7	94,158,346	30,024,587
Total operating expenses		<u>683,812,094</u>	<u>425,184,038</u>
Suplus before non operating expenses		(74,512,517)	149,794,076
Depreciation	8	86,816,186	114,561,220
Bad debts provision		503,790	1,381,592
Net Finance costs	9	655,183	475,200
Total Non-Operating Expenditure		<u>87,975,159</u>	<u>116,418,012</u>
Total expenses		<u>771,787,253</u>	<u>541,602,050</u>
Net Surplus/(Deficit)		<u>(162,487,676)</u>	<u>33,376,064</u>



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 2012

	CAPITAL FUND	REVENUE RESERVE	KOREA GRANT	GRANTS	CCK GRANT	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Baiance as at 1 Jul 2010 Restated	1,269,222,498	591,059,535		1,979,999	59,944,770	1,917,974,5
Net Surplus for the year	-	33,376,064		-	-	33,376,0
CCK grant amortization					(14,828,005)	(14,828,00
Grants				(60,000)		(60,00
As 30 JUN 2011	1,269,222,498	624,435,599		1,919,999	45,116,766	1,940,694,8
Balance as at 1 Jul 2011	1,269,222,498	624,435,600		1,919,999	45,116,766	1,940,694,8
Net Deficit for the year	-	(162,487,676)		-	-	(162,487,67
Additions			4,767,708			4,767,7
Amortization			(286,062)		(9,009,216)	(9,295,27
Grants				(60,000)		(60,00
As 30 JUN 2012	1,269,222,498	461,955,473	4,481,646	1,859,999	36,107,549	1,773,627,10



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2012

		2011/2012	2010/2011
	Notes	Kshs	Kshs
Surplus (Deficit) for the Year		(162,487,676)	33,376,064
Adjustments for :			
Depreciation	8	86,816,186	114,561,220
Amortization	14(a)	(60,000)	(60,000)
Losses		104,000	-
Grant Income	14(b)	(9,295,275)	(14,828,005)
Prior year adjustment			15,239,590
		77,572,458	114,912,805
(Deficit)/Surplus before working capital changes in;		(84,915,218)	148,288,869
(Increase)/Decrease in Receivables	11	(15,245,867)	(33,390,964)
Increase/(Decrease) in Payables	15	43,456,540	4,694,582
(Increase)/Decrease in Inventory	10	203,314	(1,077,173)
Bank overdraft		(6,036)	
Increase/(Decrease) in Pension Liability	16	(40,915,077)	11,018,766
Net Cash Generated/Absorbed from/by Operating Activities		(97,422,344)	129,534,080
Cash used in Investing Activities			
Purchase of fixed Assets	8	(58,433,687)	(45,012,950)
Total Cash used in Investing Activities		(58,433,687)	(45,012,950)
Net Increase (Decrease) in cash & cash Equivalents		(155,856,032)	84,521,130
Cash and cash equivalents at start of the year		200,034,866	115,513,736
Cash and cash equivalents at end of the year		44,178,834	200,034,866
Comprising of :			
Cash on Hand	12	177,357	78,360
Bank Balance (Stanbic)	12		52,506,810
Bank Balance (KCB Main)	12	38,322,158	60,056,406
Bank Balance KCB Fixed Account	12		79,000,000
Bank Balance(KCB MADARAKA)	12	5,679,319	8,393,290
Total Cash and Cash Equivalents		44,178,834	200,034,866



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period.

b) Basis of Accounting

The accounts have been prepared on accrual basis of accounting.

c) Revenue recognition

Revenue represents the invoiced value of services net of value added tax and is recognized when the service has been rendered to customers.

d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method.

e) Capital work in progress

Capital work in progress represents construction costs incurred on the development of certain facilities whose construction is incomplete at the year-end.

f) Provision for doubtful debts

The college reviews its debtor's portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amount that is irrecoverable especially due from students. Currently the college provide for bad debts as general provision of 2%.



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

Notes to the financial statements (Continued)

g) Property and equipment

Property and equipment are stated at cost or valuation less accumulated depreciation.

a) Depreciation

Freehold land is not depreciated.

Depreciation on other property and equipment is calculated on a straight-line basis using the following annual rates:

- Buildings 2%
- Plant & Machinery 6%
- Furniture & Fittings 12.5%
- Computers & Printers 30%
- Motor Vehicles 12.5%
- Library books 20%

b) Buildings, Plant and Machinery

Buildings worth Kshs. 2,100,000 are fully depreciated and Plant and Machinery worth Kshs 9,206,988 were also fully depreciated but still generating income for the College.

Post balance sheet event

A building valued at Kshs. 20,000,000 by Lloyd Masika in 2005 was burnt on 10th Nov 2012. The event will be captured in financial statements of Jun 2013 report.

c) Motor Vehicles

Motor Vehicles worth Kshs.970, 000 are fully depreciated but still generating income for the College

h) Retirement benefit obligations

The college has established a Pension Scheme. All funds have been transferred to the new pension scheme.

j) Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the College becomes a party to the contractual provisions of the instrument.

i) Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate provisions for estimated irrecoverable amounts.

j) Trade payables

Trade payables are stated at their nominal value.



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

Notes to the financial statements (Continued)

k) Impairment

At each balance sheet date, the College reviews the carrying amounts of its financial assets, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

l) Leasehold land

Payments to acquire leasehold interests in land are treated as prepaid operating lease rentals and amortized over the term of the related lease.

m) Cash and Cash Equivalent

For the purpose of the statement of cash and cash equivalents include short term liquid investment which are readily convertible to known amounts of cash and which are within three months to maturity when acquired.

2. GOING CONCERN

The future business forecasts indicates that the College's future prospects are brighter owing to the initiation of training collaboration with various universities, expansion of existing programmes, launching of several newly developed courses and the utilization of the existing facilities.

The College is focused on its main training business towards the Information Communication Technology sector (ICT), which is currently growing very fast. To become a market leader in University education, ICT training, research and consultancy services in response to the needs of a dynamic society.

On the strength of the above factors, the financial statements have been prepared on the going concern basis.



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

Notes to the financial statements (Continued)

3. REVENUE ANALYSIS

	2011/2012 Kshs	2010/2011 Kshs
Tuition:	165,790,927	125,673,164
Catering:	65,476,907	69,424,688
Accommodation:	58,588,036	61,282,389
Other incomes	66,441,250	65,437,004
Government grant	238,642,237	238,332,864
Grant Income	9,295,278	14,828,005
Interest Income	5,064,941	-
Total	609,299,576	574,978,114

4. MATERIAL COSTS

	2011/2012 Kshs	2010/2011 Kshs
General Stores	35,010,978	31,200,569
Messing Costs	59,675,591	39,446,825
Cleaning materials	2,823,782	830,358
Medical Stores	2,742,910	1,752,656
Total	100,253,261	73,230,408

5. STAFF COSTS

	2011/2012 Kshs	2010/2011 Kshs
Salaries and allowances	204,056,997	145,648,212
Gratuity	1,008,125	-
Casual wages(adm)	33,893,146	26,496,247
Resource fees	38,598,249	23,782,928
Leave allowance	4,633,000	7,274,976
House allowance	86,461,777	50,430,819
Pension Costs	28,862,977	16,269,986
Medical expenses	6,191,410	6,244,496
Staff development	2,963,972	572,476
Honoraria	104,001	-
PERSONNEL COSTS	406,773,654	276,720,140



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

Notes to the financial statements (Continued)

6. OPERATION COSTS

	2011/2012 Kshs	2010/2011 Kshs
Electricity, water	27,041,486	20,300,600
Fuel	1,041,674	1,762,300
Vehicle running expenses	5,183,558	1,938,873
Postal & Telephone	1,144,667	1,432,587
Internet services	2,861,969	3,133,006
Travelling & subsistence-local	5,654,108	2,289,990
Travelling & Subsistence-Ext.	4,915,624	864,287
Cleaning Services	4,590,182	4,004,638
Motor Vehicle repairs	2,315,720	1,302,860
Furniture & Equipment operation cost	13,366,087	2,975,157
Total	68,115,074	40,004,298

Furniture and equipment includes Kitchen cutlery Kshs. 4, 128, 836, Meter reading charges worth Ksh. 1,448,399 paid to MFI Office solutions for servicing printing equipment, Kshs. 2,715,900 was used to purchase carpets and Kshs. 1,150,120 was used to purchase ICDL training KITS

7. ADMINISTRATION COSTS

	2011/2012 Kshs	2010/2011 Kshs
Sports	5,098,752	917,169
Incidental expenses	6,132,071	10,500,543
Office expenses	2,143,227	616,453
Incidental training	4,685,939	-
Library expenses	574,052	744,224
Marketing & Public Relations	11,324,915	8,003,848
Insurance	1,082,896	3,805,956
Losses	104,696	-
Professional Consultancy	18,233,098	-
Security charges	8,048,846	5,239,454
Tax expense	19,492,199	-
Interest & penalties	13,998,755	-
Student union exp	3,238,900	-
Total	94,158,346	30,024,587



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

Notes to the financial statements (Continued)

8.SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

DESCRIPTION	LAND	BUILDINGS	PLANT AND MACHINERY	FURNITURE & EQUIPMENT	MOTOR VEHICLES	COMPUTERS & PRINTERS	LIBRARY BOOKS	WORK IN PROGRESS	TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
Cost Balance As at 30.06.2011	280,000,000	1,226,110,205	221,589,291	245,996,490	19,822,374.91	97,075,706	7,566,502	30,243,117	2,128,403,686
Adjustment									0
Additions at Cost			7,951,810	10,203,763	15,521,791.50	20,912,916	2,288,196	6,342,919	63,201,395
Lost Computers						-104,000			-104,000
As at 31.03.2012	280,000,000	1,226,110,205	229,541,101	256,200,253	35,344,166	117,884,622	9,834,698	36,586,035	2,191,501,081
Deprec. 30.06.2011	0	147,299,999	131,721,393	115,172,123	7,347,151.00	87,892,641	3,699,466	0	493,132,774
Charge for the Period before Adjustment		24,522,204	13,772,466	32,025,032	4,418,021	10,051,524	1,966,940		86,756,186
Grant Amortisation		60,000							60,000
Depreciation for period after Adjustment		24,582,204	13,772,466	32,025,032	4,418,021	10,051,524	1,966,940	0	86,816,186
Accum. Depreciation	0	171,762,203	145,493,859	147,197,155	11,765,172	97,944,165	5,666,406	0	579,948,960
NBV @ 30-JUN-2012	280,000,000	1,054,348,002	84,047,242	109,003,098	23,578,994	19,940,457	4,168,292	36,586,035	1,611,552,121
Balance As at 30.06.2011	280,000,000	1,078,810,206	89,867,899	130,824,367	12,475,223	91,830,656	3,867,036	30,243,117	1,635,270,912

Balance As at 30.06.2010	280,000,000	1,226,110,205	215,243,003	237,323,615	19,822,374.91	94,707,240	7,220,132	2,055,518	2,082,482,088
Adjustment									0
Additions at Cost			5,437,640	8,672,875	0.00	2,368,466	346,370	28,187,599	45,012,950
Adjustment			908,648	-143,350		-271,395			493,903
As at 30.06.2011	280,000,000	1,226,110,205	221,589,291	245,853,140	19,822,375	96,804,311	7,566,502	30,243,117	2,128,403,686

Deprec. 30.06.2010	-	106,219,137	100,273,544	84,279,212	4,778,104.00	68,941,891	2,186,166	
Adjustment prior year	0	7,100,000.00	4,793,500.00					
Change for the Period before Adjustment	0	33,920,862	26,654,349	30,731,643	2,569,047	18,679,355	1,513,300	
Grant Amortisation		60,000						
Provision for asset impairment	-	-	-	143,350.00	-	271,395.00		
Depreciation for period after Adjustment	0	33,980,862	26,654,349	30,892,911	2,569,047	18,950,758	1,513,300	
Accum. Depreciation	0	147,299,999	131,721,393	115,172,123	7,347,151	87,892,641	3,699,466	
NBV @ 30-JUN-2011	280,000,000	1,078,810,206	89,867,898	130,824,367	12,475,224	9,183,065	3,867,036	30,243,
NBV @ 30-JUN-2010	280,000,000	1,119,891,068	114,969,459	153,044,403	15,044,271	25,765,349	5,033,966	2,055,



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

Notes to the financial statements (Continued)

9. FINANCE COST

	2011/2012	2010/2011
Service Charge	-	184,500
Commission	655,183	290,700
TOTAL	655,183	475,200

10. INVENTORIES

	2011/2012 Kshs.	2010/2011 Kshs.
Main Stores	3,128,055	4,412,187
Catering	1,547,186	1,515,583
Medical Stores	711,083	335,699
Cleaning materials	1,504,228	830,358
TOTAL	6,890,512	7,093,826

11. TRADE DEBTORS AND OTHER RECEIVABLES

	2011/2012 Kshs	2010/2011 Kshs
Trade debtors (gross)	202,972,190	185,755,179
Staff loans	36,972,780	34,948,956
VAT Recoverable	270,595	6,034,935
Imprest	2,504,450	
Less provision for Bad debt	19,529,688	-19,025,898
Total	223,190,327	207,713,172
Add		
Prepayment	2,103,041	2,334,327
Net Debts	225,293,368	210,047,499

12. CASH AND BANK BALANCES

	2011/2012 Kshs	2010/2011 Kshs
Comprising of:		
Cash on Hand	177,357	78,360
Fixed account-Transfer	-	79,000,000
Bank Balance (Stanbic)	-	52,506,810
Bank Balance (KCB)	38,322,158	60,056,413
Bank Balance (KCB MADARAKA)	5,679,319	8,393,290
Totals	44,178,834	200,034,866



Notes to the financial statements (Continued)

13. SHARE CAPITAL

Capital fund KShs.1, 269,222,498

14. GRANTS

- a) Grant comprises Senior Hostel construction worth Kshs.3, 000,000. This is amortized at the rates of 2% annually.

	2011/2012 Kshs	2010/2011 Kshs
Balance b/d	1,919,999	1,979,999
Amortization of grant	(60,000)	(60,000)
Total	1,859,999	1,919,999

- b) The College also received a grant of Kshs 100 million from CCK during the 2007/2008 financial year to cater for development expenditure. The College also received grant of equipment worth Kshs.4, 767,708.
As per the IFRS/IAS 20 there are basically two methods of accounting for the grant, income method and capital method. The College has applied the Income approach because it gives full disclosure of the grant received by CCK and Korea.

Deferred Income Grant

	2011/2012 Kshs	2010/2011 Kshs
Balance b/d	45,116,766	59,944,770
Grant received from Korea during the year	4,767,708	0
Amortization of grant	(9,295,275)	(14,828,005)
Total	40,589,195	45,116,766

During the year the College received Government grant of Kshs. 238,642,337 as per the annual budget allocation of 2011/2012. The amount was treated as revenue for the period.



Notes to the financial statements (Continued)

15. PAYABLES AND ACCRUALS

	2011/2012	2010/2011
	Kshs	Kshs
Trade creditors	53,662,767	23,806,510
Statutory Creditors	12,670,857	6,273,625
Student advance fees	11,403,316	6,233,454
Teleposta staff quarter rent	22,343,897	22,343,897
Accrued resource pay	3,334,540	1,293,800
Total	103,415,377	59,951,287

16. PENSION LIABILITY

The College has established a retirement benefit scheme. The amount outstanding as at 30th Jun 2012 was Kshs. 10,870,780. Included in the pension outstanding is contingent payable to national security fund amounting to Kshs.8,193,559. This amount arose due to penalties for not deducting and remitting the funds to the national social security fund.

17. COUNCIL EXPENSES

	2011/2012	2010/2011
	Kshs	Kshs
Council Allowances	13,761,757	4,604,606

18. RELATED PARTY TRANSACTIONS

The following are the material related party transactions for the year:

	2011/2012	2010/2011
	Kshs.	Kshs.
Loans to Members' of Staff.	36,972,980	34,948,956

The above transactions were carried out in the ordinary course of business at Arms length.



MULTIMEDIA UNIVERSITY COLLEGE OF KENYA

Notes to the financial statements (Continued)

19. INCORPORATION

The University College was established under the legal notice No. 155 as a constituent college of Jomo Kenyatta University of Agriculture and Technology.

20. CAMPUS

The University College operated one campus - Mbagathi Campus

21. CURRENCY

The financial statements are expressed in Kenya Shillings (KShs.)

22. EMPLOYEE

The staff establishment at the end of the period under review was 311 compared to 166 last year.