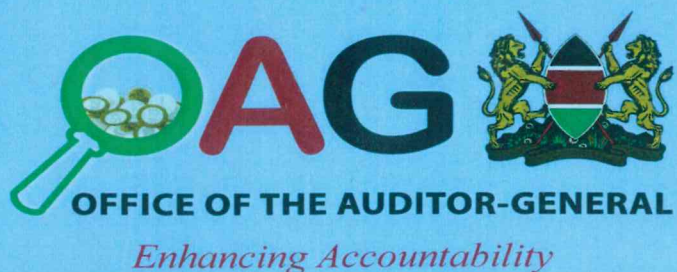


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

MULTIMEDIA UNIVERSITY OF KENYA

FOR THE YEAR ENDED
30 JUNE, 2021



MULTIMEDIA UNIVERSITY OF KENYA

ISO 9001:2015 CERTIFIED INSTITUTION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2021

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



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

S/No.	TOPIC	PAGE
1.	KEY ENTITY INFORMATION AND MANAGEMENT	ii
2.	THE UNIVERSITY COUNCIL	lii
3.	MANAGEMENT TEAM	ix
4.	CHAIRMAN' S STATEMENT	xi
5.	REPORT FROM THE VICE CHANCELLOR	xiii
6.	STATEMENT OF MULTIMEDIA'S PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES FOR FY 2020/2021	xvi
7.	CORPORATE GOVERNANCE STATEMENT	xxii
8.	MANAGEMENT DISCUSSION AND ANALYSIS	xxvi
9.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxvii
10.	REPORT OF THE UNIVERSITY COUNCIL	xxxii
11.	STATEMENT OF THE UNIVERSITY COUNCIL RESPONSIBILITIES	xxxiii
12.	REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF MULTIMEDIA UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 TH JUNE, 2021	xxxiv
13.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021	1
14.	STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE, 2021	2
15.	STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 TH JUNE 2021	3
16.	STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021	4
17.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021	5
18.	NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021	7
20.	RELATED PARTY TRANSACTIONS	19
20.	APPENDIX I	20



MULTIMEDIA UNIVERSITY OF KENYA

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Multimedia University of Kenya (MMU) is a Chartered Public University. The University's main Campus is located at Mbagathi along Magadi Road, approximately 20 Kms South West of Nairobi City centre. MMU traces its roots to Central Training School (CTS) which was founded in 1948 as an East African Telecommunications Training Institution. It later changed to Kenya Posts and Telecommunications Corporation (KPTC) Training School after the collapse of the East African Community in 1977. In 1992, it became a subsidiary of Telkom Kenya (TKL) after KPTC split into Postal Corporation of Kenya, Telkom Kenya Ltd and Communications Commission of Kenya (CCK), and was renamed Kenya College of Communications Technology (KCCT). The college operated under CCK between 2006 and 2008 after the privatization of TKL in 2006. In November 2008, it was upgraded to Multimedia University College of Kenya by Legal Order No. 155 of 2008 as a constituent college of Jomo Kenyatta University of Agriculture and Technology. The University College was chartered as a Public University on 4th March 2013 by virtue of the Universities Act No. 42 of 2012 and the Multimedia University Charter, 2013.

The University's main Campus is endowed with modern infrastructure that supports quality learning and research. These include a well-equipped library, lecture halls, state-of-the-art laboratories, workshops, multimedia production and editing studios. To support the University's core mandate, MMU has other facilities such as a modern hotel and conference centre, a radio station, a teleconferencing centre, a medical health centre, health club, laundry and a printing press. The Mbagathi Post Office is located within the University. MMU currently has six faculties, 12 departments and 3 directorates offering Degrees, Diploma and Certificate programmes. Our Academic Programmes are designed in consultation with regulatory bodies and relevant stakeholders to ensure quality education.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(b) Principal Activities

The principal activity of the University is to provide quality training in Engineering, media, ICT and Business to meet the aspirations of a dynamic society while inculcating a strong research, innovation, production and extension culture with an efficient team of academic and support staff. The University offers training opportunities with the aim of meeting the training needs of the Information and Communication Technology (ICT) sector. The University offers Diplomas and Degrees Academic Programs. The University also runs academic and professional programmes in collaboration with National Computing Centre (United Kingdom), Chartered Institute of Procurement and Supply (United Kingdom) and Kenya National Examination council.

(c) Key Management

Multimedia University's day-to-day management is under the following key organs:

- (i) Council,
- (ii) University Management Board,
- (iii) Senate

(d) Fiduciary Management

The key Management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were;

No.	Designation	Name
1.	Vice Chancellor	Amb. Prof. Festus Kaberia
2.	Deputy Vice Chancellor, A,F & P	Prof. Rosebella O. Maranga
3.	Deputy vice Chancellor, AA, R & I	Prof. Paul N. Mbatia
4.	Registrar, Academic Affairs	Dr. Joash Mulabe
5.	Registrar, Administration	Mr, Cornelius Mutangili
6.	Registrar, Research and Innovation	Mr, Anderson Maina
7.	Chief Finance Officer	Ms, Lenneah Munene
8.	Librarian	Ms. Esther N. Inгаа
9.	Chief Procurement Officer	Mr. Anthony K. Gitau



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(e) Fiduciary Oversight Arrangements

- [i] Full Council
- [ii] Executive Committee (Ad-hoc)
- [iii] Finance and Resource Mobilization Committee
- [iv] Audit Committee
- [v] Establishment, Development, and ICT Steering Committee
- [vi] Human Resource, Staff Welfare and Disciplinary Committee of Council
- [vii] Students Welfare
- [viii] Sealing & Honorary Committee (Ad-hoc)



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(f) Entity Headquarters

P.O. Box 15653, 00503
Magadi Road
Nairobi, Kenya.

(g) Entity Contacts

Telephone: (254) (020), 2071391/2/3
E-mail: vc@mmu.ac.ke
Website: www.mmu.ac.ke

(h) Entity Bankers

1. Kenya Commercial Bank
Ongata Rongai Branch
P.O. Box 267
Ongata Rongai
2. Equity Bank Ltd
Ongata Rongai Branch
P.O Box 75104-00200
Nairobi, Kenya.

(i) Independent Auditors

Auditor General – Office of the Auditor General,
Anniversary Towers, University Way,
P.O. Box 30084-00100,
Nairobi, Kenya.

(j) Principal Legal Adviser

1. Office of the Attorney General
Sheria House.
2. J. Thongori & Co. Advocates
P.O. Box 45707-00100, Nairobi.
3. Miller & Company Advocates
P.O. Box 45707-00100, Nairobi.
4. Muchoki Kanga'ta Njenga & Co. Advocates
P. O. Box 926 - 00100, Nairobi.

2. THE UNIVERSITY COUNCIL



1. Prof. Johnstone Mutisya Kiamba
Chairman

Prof. Kiamba was born 1952 and has over 30 years career experience having held management and teaching positions in various organisations. He has held various public service positions in Kenya, Botswana and South Africa. He is currently a consultant on regional development and environmental planning.

Prof. Kiamba holds a Doctor of Philosophy in Urban & Regional Planning, Nottingham University, UK. He is a member of the Botswana Institute of Town & Regional Planners, South African Council for Town & Regional Planners, Kenya Institute of Planners and is an Advocate of the High Court of Kenya.



2. Ms. Amina H. Ibrahim
Vice Chairperson

Ms. Ibrahim was 1975 and has over 15 years working experience in the Education and NGO sectors. She is currently the Managing Director of Leeban Consulting Limited and has previously worked at Action Aid and UNICEF.

Ms. Ibrahim holds a Masters in Development from University of London (SOAS), United Kingdom and is also a graduate of the INSEAD Executive Leadership Program among other short courses. She is an independent Director.



3. QS. Kibasui Ndonga
Treasurer

Born on 12th July 1955, QS. Ndonga has over 38 years working experience in the construction industry. He is previously worked for Mavji Construction Company and the Ministry of Public Works.

Mr. Ndonga holds a Masters in Business Administration from Jomo Kenyatta University of Agriculture and Technology. He is an independent Director.

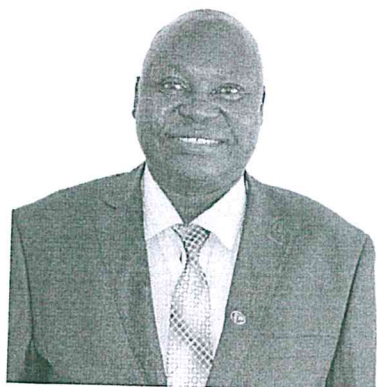
He is a Registered Quantity Surveyor, Member of the Institute of Quantity Surveyors of Kenya (IQSK), Member of Architectural Association of Kenya (Quantity surveyor's Chapter) and an Associate Member of the Institute of Arbitrators of Kenya.



4. Dr. Emmanuel Wamalwa
Member

Dr. Wamalwa was born 1978 in Trans Nzoia county and has over 15 years working experience in the humanitarian and development sector. He is the Head of Health Programs at CARE International, Kenya and has previously worked for the Kenya Red Cross Society, AMPATH, Kenya Medical Research Institute and the Ministry of Health, Kenya.

Dr. Wamalwa holds a Doctor of Philosophy in Disaster Management & Sustainable Development from Masinde Muliro University of Science and Technology.



5. Mr. Samson Kahindi Iha
Member

Mr. Iha was born in Kilifi County on 6th October, 1958 and has over 23 years working experience in the education sector. He is currently Assistant Language Programmes Manager, Coast Region at Bible Translation & Literacy (BTL-EA) and has previously worked for the Teachers Service Commission.

Mr. Iha holds a Masters of Arts in Project Planning & Management. Mr Iha is an independent Director of the board.



6. Ms. Juliet Wambua-Njogu
Member

Born in Nairobi County in 1979, Ms. Wambua-Njogu has over 15 years working experience in the banking and hospitality industries. She is currently the Managing Director of The Alba Hotels Limited. She previously worked at Standard Chartered Bank and Barclays Bank.

Ms. Wambua-Njogu holds a Master of Business Administration from Warwick Business School, United Kingdom and is also a graduate of the Strathmore University Owner Manager Program. She is an Independent Director of the board.



7. Dr. Stephen Ikikii
Member

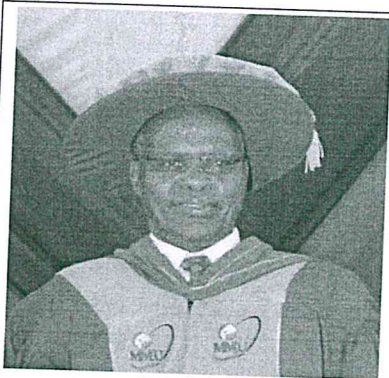
Dr. Ikikii was born on 20th January 1978 in Mwingi sub Count of Kitui county. He is the representative of the PS treasury to the board.

Dr. Ikikii is anAlternate to Principal Secretary,National Treasury.



8. Ms. Ann Wangui Kaiga
Member

Ms, Kaiga was born on 23rd November, 1959 in Muranga County. She is an alternate director to Principal Secretary, Ministry of Education. She is an independent Director to the board.

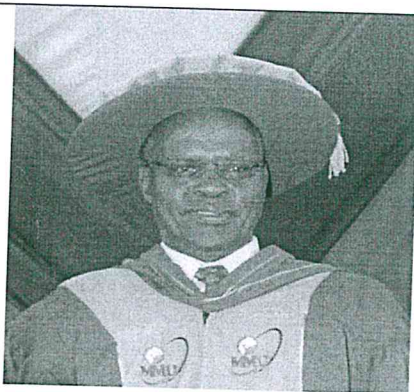


9. Prof. Amb. Festus Kaberia
Secretary

Prof. Amb. Festus Kaberia was born in 1949 and is a Professor of Organic Chemistry and a scholar of great repute. Prior to his appointment to MMU he was a professor of organic chemistry at Jomo Kenyatta University. He also served as a deputy commission secretary at the commission for Higher Education.

Prof. Amb. Kaberia has also served as the country as a High Commissioner of Kenya to India. Prof. Kaberia is the secretary to the board.

3. MANAGEMENT TEAM



1. Prof. Amb. Festus Kaberia
Vice Chancellor

Vice Chancellor Prof. Amb. Festus Kaberia is a Professor of Organic Chemistry and a scholar of great repute. Prior to his appointment to MMU he was a professor of organic chemistry at Jomo Kenyatta University. He also served as a deputy commission secretary at the commission for Higher Education.

Prof. Amb. Kaberia has also served the country as a High Commissioner of Kenya to India.



2. Prof. Rosebella O. Maranga
Deputy Vice Chancellor Administration,
Finance and Planning

Deputy Vice Chancellor, in charge of Administration, Finance and Planning. Holder of PhD in Medical /Veterinary Entomology, Master of Management and leadership and previously professor of zoology at Jomo Kenyatta University of Agriculture and Technology.

Prof Maranga has a wide range experience in development and administration of institutional policy, institutional strategic planning and budget development and implementation, public finance and procurement, Curriculum development and implementation and research and training.



3. Prof. Paul Mbatia
Deputy Vice Chancellor, Academic Affairs
Research & Innovation

Deputy Vice Chancellor in charge of Academic Affairs, Research and Innovation, Prof. Paul Mbatia is an Associate Professor of Sociology who has an impressive record of teaching Sociology at the University of Nairobi for many years. Prior to his appointment at Multimedia University of Kenya, he held various senior administrative positions at the University of Nairobi and also served in leadership positions at the Public Sector, Anglican Church of Kenya and at Community level. Prof. Mbatia is a well-established scholar, youth mentor, mediator and a consultant on Social Development.

MANAGEMENT TEAM (CONTINUED)



4. Mr. Cornelius Mutangili
Registrar Administration

Mr Mutangili holds a Bachelor of Arts Degree (sociology & Anthropology), University of Nairobi, Master of Arts (Demography), University of Nairobi. Awaiting to defend his PhD Thesis in Leadership and Governance at JKUAT. An experienced Social Science Researcher in General population dynamics, with particular interest in Reproductive Health and behavioral research. He has over 20 years' experience in Administration, having worked as a Senior Administrator, University of Nairobi, Deputy Registrar, Research and Innovation and Registrar, Research and Innovation, Multimedia University of Kenya.



5. Dr. Joash Mulabe
Registrar Academic Affairs

Registrar Academic Affairs Dr. Mulabe has over 25 years' experience in Administration of public universities. He has served in various universities in different capacities. Before joining MMU, he served as deputy registrar at JKUAT.

Dr. Mulabe holds a Bachelor of Arts degree in (Sociology and History-KU); a Master of Business Administration (Human Resource Management - 2005 KU); and a Ph.D. in Human Resource Management and Organizational Behaviour & Theory 2013-UoN. He has also attended relevant short training courses relevant to his career.



6. Ms. Leneah Munene
Ag. Finance Officer

Ag Finance Officer Ms. L. Munene has over 15 years of demonstrated experience in Financial management. She has broad knowledge in the areas of Public Finance and Procurement having served in various public institutions in different capacities. Prior to her appointment as the Ag. Finance Officer she served as the Senior Accountant in MMU.

Ms. Munene holds a Masters of Business Administration (Finance) from Daystar University. She is also a CPA K.



4. CHAIRMAN'S STATEMENT

Multimedia University of Kenya has come a long way. Since its inception as the training hub for the East African Posts and Telecommunications organization in the 1940's the institution continues to grow in all aspect be it student numbers, programs offered the quality of our services and infrastructure. The MMU brand has now become a strong university brand in the region thanks to the hard work of all our staff, students and other stakeholders.

As with any good training institution, MMU continues to adhere to all regulates on University education and also the laws of the land. As we work towards becoming the leading medium sized University n the region, we will continue to implement our Strategic Plan and ISO 9001: 2015 to ensure focused growth and maintain quality. Just like other public University in Kenya, we are facing major challenges in financing our activities especially refurbishments and development of our infrastructure; attracting and retaining qualified staff and reduced cash flows. However, the Council has developed and is implementing strategies and policies that will guide in undertaking activities that generate more revenue to the University and lead to prudent utilization of resources. These strategies and policies will enable the university to unlock the potential it has especially in utilizing its available resources.

The Financial year 2021 begun promisingly, however this was disrupted by the Covid19 Pandemic which led to the closer of the University leading to the disruption of the Academic calendar and other University activities and programmes. This led to reduced revenue in flows to the University which aggravated the financial difficulties of the University because expenses such as staff costs, depreciation and maintenance costs remained the same. Being one of the oldest higher learning institutions in the country, the University faces the challenge of having infrastructure that is old which has high maintenance costs. The Council has been keen on refurbishment and development of MMU's infrastructure with the aim of reducing costs while offering quality services and environment to our students and cliental. In the near future, we expect to implement the differentiate cost model which should allow the university to change reasonable prices for its programmes and services. This will greatly improve the financial position of MMU.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

In conclusion, we would like to thank all our stakeholders and partners especially the Government of Kenya for the continued support. On behalf of the University Council, we also want to thank our dedicated staff and students for their commitment in their work and studies. MMU is heading in the right direction.

A handwritten signature in blue ink, appearing to read 'Johnstone M. Kiamba', is positioned above the printed name of the Chairman of the University Council.

Prof. Johnstone M. Kiamba, PhD, MA, BA, LLB, Dip. Law (KSL)
CHAIRMAN OF THE UNIVERSITY COUNCIL



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

5. REPORT FROM THE VICE CHANCELLOR

Multimedia University of Kenya (MMU) is committed to providing high quality education that meets international standards. With a history that can be traced to 1945, MMU has been able to tap into its institutional memory to deliver market driven courses that are derived from good research and stakeholder engagement.

Since becoming a University, MMU has become a strong university brand that is build on quality and the dedication of its employees. This is evident by the fact that the University is able to fill 99% of its KUCCPS declared capacity in the first placement. Added, to this is the high number of students who enroll for our diploma and certificate programmes.

With a target of being the leading medium sized technical university in the region, the Council, Management and staff of MMU have done and achieved a lot through hard work, strategic thinking and prudent management of resources. Though we have many challenges that we need to overcome I am sure that with the team spirit we have we shall surmount all the challenges.

From this financial report, it is evident that the University has limited resources at its disposal. This has put a lot of strain on the University's ability to offer quality education and services. However management with the support of the Council has been able to manage the limited resources effectively and efficiently so as to ensure the institution meets its obligations and its mandate.

The resources allocated to the university compared to the student population has not been proportional as can be demonstrated below.

YEAR	Number of students	Gov't funding in Kshs."000"
2020/2021	6433	591,066
2019/2020	7008	576,176
2018/2019	5848	452,695
2017/2018	6221	517,159



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The year 2018/2019 also witnessed some unrepresented reduction in the government recurrent funding which was occasioned by an error in computation of the number of government sponsored students in the University, this underfunding has its effects/implications being felt by the University to date.

The university's low performance in the year under review can be explained as below;

- a). Low Revenue tuition billings reported in the year compared to both the budget and previous year's results. This is attributed to reduced revenue from self-sponsored students and decrease in revenue due to interruption of the academic year as a result of the university.
- b). Low performance from other income generating units of the University. These areas include the university hotel, research and consultancies together with short term courses relevant to industries.
- c). increased cost in other student support areas not commensurate with revenue accruing. This includes student catering where costs of inputs are way above resultant revenue.
- d). small number of students in post graduate programmes. 4

The university council, management and staff have been consulting on the way forward as the country is recovering from covid 19 pandemic.

Our key challenge in the coming years will be to continue offering quality education with the limited resources effectively and efficiently so as to ensure the institution meets its obligations and its mandate. Our key challenge in the coming years will be to continue offering quality education with the limited resources at our disposal. Due to the challenge of inadequate resources, management with the guidance of the Council is working tirelessly to develop new areas of revenue generation that will buffer the university's revenues. Already, MMU has begun the production and sales of some of its products such as sanitizer, soap, and antiseptic. The university is also in the process of establishing a brand shop to sell approved branded items to our staff, students, and the general public.

The University also hope to begin the implementation of the differentiated cost model which will enable the institution to charge reasonable prices to its programmes and services.

Amid those challenges experienced during the year under review, I have managed to achieve the following;

1. To enhance efficiency, accountability and transparency, I have spearheaded the following activities that have ultimately aided in the administration of the University and seamless coordination of operations:



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

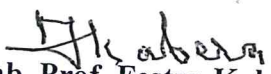
To guide the University Management and staff in their daily operations, the following Policies and guidelines have been improved, updated and awaiting approval by the University Council:

- Gender Policy
- Sexual Harassment Policy
- HIV/AIDS Policy
- Staff Children Education Support Fund Policy
- Staff Recognition Policy
- Staff Training and Development Policy
- Customer Feedback Policy
- Alcohol and Drug abuse Policy
- Disability Policy
- Code of Conduct and Ethics
- Finance and Accounting Policy
- Income Generating Policy
- Procurement Policy
- Career Progression Guidelines

(i) Construction of an Ultra-Modern University Library

The current Library does not meet the requirements for a University Library as outlined in the CUE standards and guidelines. The University has initiated the process of construction of a Modern Library building that meets the CUE standards with a capacity of about 4,000 users. Once complete the Library will cater for the growing numbers of readers and embrace new technologies created by ICT in teaching and research. There will also be digital information services that will reduce significantly reliance on print material

With the continued support of the Government of Kenya and other stakeholders we expect MMU to continue to meet its set mandate. We look forward to an improved financial position in the coming years as we work towards our mission


Amb. Prof. Festus Kaberia, PhD, OGW
VICE CHANCELLOR



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

6. STATEMENT OF MULTIMEDIA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

During the 2020-2021 financial year the University Council committed to undertake the following mandate and actualized the identified six (6) strategic objectives under the three Key results areas(Pillars/Theme/Issue) namely;

The Mandate of the University:

1. Provide education directly or in collaboration with other institutions and in so doing, provide for the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
2. Advance knowledge and its practical application by research and other means;
3. Disseminate the outcomes of research by various means, and commercially exploit the results of such research;
4. Participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge, and to stimulate the intellectual life in the economic, social, cultural, scientific and technological development;
5. Contribute to industrial and technological development of society in collaboration with industry and other organizations;
6. Inculcate a culture of innovation in technology, engineering and science, amongst staff, students and society;
7. Promote education in science, technology, engineering and mathematics within the institution and society and Provide a multi-level system of education and training that is relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between educational levels;
8. Participate in scholarly work, discovery, transmission, utilization, preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economic, social, cultural and technological development of Kenya;
9. Offer continuing professional development courses, Determine the curriculum, its mode of delivery and to specify the admission criteria and Conduct examinations;
10. Grant and confer such academic awards as may be provided for in the Act and the Statutes and Establish new colleges, facilities, schools, institutes, departments, other resource and administrative units and centres;



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

11. Promote the general welfare of staff and students and Develop and provide educational, cultural, professional, technical and vocational services to the community, and in particular fostering of corporate social responsibility
12. Generally, facilitate the development and provision of appropriate and accessible academic programmes and other programmes, Charge fees and tariffs; and Mobilize resources.

The Key Result Areas (KRI) /strategic pillars/ themes/ issues Pursued in the period under review are as follows:

KRA 1(Pillar/Theme/Issue: Academic Excellence

KRA 2(Pillar/Theme/issue): Research, Innovation and Extension

KRA 3(Pillar/Theme/issue): Institutional Capacity

In order to implement the three above Key result areas, the University developed the following summarized Strategic Objectives;

During the financial year 2020-2021 the University Council pursued the following strategic objectives derived from the University's Strategic Plan 2017-2021 and actualized the same as per the indicated below 2020-2021 University work Plan

1. To improve access, quality and relevance of academic programmes
2. To improve the student's progression/ completion rate.
3. To position the University as a reputable research and innovation centre
4. To attract, retain competent staff
5. To improve mobilization, utilization and management of financial resources.
6. To develop appropriate infrastructure and acquire equipment.

Multimedia University of Kenya develops its annual work plans based on the above *three(3) Key results areas and strategic objectives and actualized as per the Work plan indicated below.* Assessment of the Board's performance against its annual work plan is done on a quarterly basis and as per performance contracting quarterly reports that reports the actual implementation of the set target on each quarter. The *Multimedia University of Kenya Council* achieved its performance targets set for the FY 2020/2021 period for its three key result Areas and as per negotiated and vetted Performance Contract and which was evaluated by the GOK and the University attained a **row score of 2.777 which was in VERY GOOD CATEGORY.** The diagram below indicates actualization the three KRAs:



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Strategic Pillar/Theme/Issues/Key Result Area(KRI)	Objective	Key Performance Indicators	Activities	Achievements
KRA 1: Academic Excellence	Objective 1 To improve access, quality and relevance of academic programmes	Number of new and reviewed curriculum	Develop and review curriculum that are market oriented.	Two post graduate programmes developed in optics and laser
		Number of students admitted into various programmes	Declare student capacities in tandem with available space	Over 1000 student admitted
		Number of new Post Graduate Programmes developed	Development of new Academic Programmes	Two academic programmes developed and four short courses Mounted
		Number of market driven short courses developed	Develop Short Courses	
		The number of self sponsored students(SSP)	Advertise available vacancies for self-sponsored students	
		Enrolled/Admitted into various courses	Carry out Market Surveys to identify training needs to incorporate in development of competitive programmes	Over 68 self-sponsored students admitted
		Number of Market Surveys carried out to identify training needs for development of competitive programmes		Stakeholder workshops held in development of new programmes to capture market needs

Strategic Pillar/Theme/Issues/Key Result Area(KRI)	Objective	Key Performance Indicators	Activities	Achievements
KRA 1: Academic Excellence	Objective 2 To improve the students progression/ completion rate.	Number of Approved matters communicated to students	Timely processing of students issues i.e. leave deferments readmissions, appeals etc	Processing of students undertaken as per University Charter
		Number of students readmitted, suspended, expelled in a year. Number of Internal/ External Service Quality Audits Undertaken based on the SOPs The number of students transferred/ courses changed Number of students on work study/Attachments/ MoUs for Industrial Linkages	Enhancement of quality in service delivery to students Transfer of qualified students to courses/ faculties of their choice Enhance student work study and Attachments	One main Internal audits undertaken and correction implemented The MOUs for linkages established in 2020-2021 FY
KRA 2: Research, Innovation and Extension	Objective 3 To position the University as a reputable research and innovation centre	Established Innovation & Incubation Centre (Manufacturing) at (60%) completion rate Establishment of a National institute for Optics & Lasers- (Manufacturing/Health) at 80 % completion rate Increase funding for research and Development	Establish Innovation & incubation centre Establishment of a National institute for Optics & Lasers Increase a percentage of budget allocation to Research and Development	Innovation center established a National institute for Optics & Lasers Established and Labs operational Research and Development allocated in 2020-2021 was at 2% as per the national research priority Framework

Strategic Pillar/Theme/Issues/Key Result Area(KRI)	Objective	Key Performance Indicators	Activities	Achievements
KRA 3: Institutional Capacity	OBJECTIVE 4 To attract, retain competent staff	Recruit and deploy qualified staff Approved staff establishment Approved organization Structure Number of staff trained Approved Policy	Review and maintain an optimal staff establishment Enhance Staff Training and Development Enhance Staff Performance Management systems	Qualified staff including two Associate professors and Professor appointed Staff training scheduled developed and implemented Staff appraisal tools developed and implemented
	OBJECTIVE 5 To improve mobilization, utilization and management of financial resources.	Increased cash collection Number of new IGUs established Increased capitation Number of upgraded Strategic Business Units % of increased revenue 100% adherence to approved budget Number of installed of green energy system f cost reduction in identified areas Quality and quantity of items recycled Quantity of food items produced	Enhance financial resource mobilisation Enhance internal control Enhance Cost Reduction	Income generation Units structured and enhanced Revenue collected secured by implementing cashless points Compliance with approved budget attained Energy audit undertaken and recommendation action plan developed
	OBJECTIVE. 6 To develop appropriate infrastructure and acquire equipment.	Establish E-learning Connectivity and technology infrastructure to (40% cumulative Rate Construction of Modern Library Complex to a completion rate of 100%	Establish E-learning Connectivity and technology infrastructure Construct a Modern Library Complex	E-learning Connectivity and technology infrastructure established to (100% cumulative Rate and uploading of teaching contents and online teaching taking place Modern library complex attained at around 70% completion



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

2020-2021 University Performance Contract annual set target achievement under core mandate against strategic Key result areas

During 2020-2021 FY the university attained the predetermined PC targets under core mandate as follows;

The University Committed 23 performance indicator targets within its Core mandate under the Three Strategic Pillars /Key result Areas and attained the indicated achievement status;

ANNUAL PERFORMANCE REPORT FORM 3
YEAR ENDING 30TH JUNE 2021
PERFORMANCE INDICATORS FOR MULTIMEDIA UNIVERSITY OF KENYA

	C. CORE MANDATE	UNIT OF MEASURE		CUMMULATIVE FOR THE YEAR		
				ACTUAL	TARGET	VARIANCE (A-B)
				A	B	C
	Vision 2030 Flagship projects/Programmes					
C1	Establish Innovation & incubation centre	%		30	30	0
C2	Establish On-line Connectivity infrastructure	%		40	40	0
C3	Improve University Health Facility	%		25	25	0
C4	Establish a National Institute for Optics& Lasers.	%		35	35	0
C5	Develop new Post Graduate Programmes	No.		4	4	0
C6	Post Graduate Students Enrolment Increased	No.		12	10	2
C7	Develop E-content course Modules for Online Teaching	No.		10	5	5
C8	Develop market driven short courses	No.		7	5	2
C9	Enrol Self Sponsored Programme Students	No.		118	50	68
C10	Train on pedagogic online E-Content delivery	No		200	80	120
C11	Compliance Audit Conducted	%		100	100	0
C12	Establish institutional Research Repository	%		100	100	100
C13	Commercialized Research and Innovations	No.		4	2	2
C14	New Research Proposals Funded	No.		5	5	0



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

C15	New Scientific Publications Developed	No.		25	25	0
C16	Regulatory Policies & Guidelines Developed/Reviewed	No		4	4	0
C17	Promote dissemination of research findings	No.		10	9	1
C18	MoUs for Collaborations and Industrial Linkages Developed	No.		5	5	0
C19	Enhanced institutional Capacity	%		100	100	0
C20	Consultancies Undertaken	No.		4	4	0
C21	New Extension Services Undertaken	No		4	4	0
C22	Uploading Course Contents into e-Learning Platform	No		25	10	15
C23	Project Completion Rate	%		100		

After GOK evaluation for 2020-2021 Performance contract t *Multimedia University of Kenya Council* achieved its performance targets set for the FY 2020/2021 period for its three key result Areas and as per negotiated and vetted Performance Contract by attaining **a row score of 2.777 which was in VERY GOOD CATEGORY. This was big improvement compared with previous year 2019-2020**

7. CORPORATE GOVERNANCE STATEMENT

7.1 INTRODUCTION

Multimedia University of Kenya (MMU) is a chartered public university established by the Kenyan Government under the Universities Act No. 42 of 2012 and the Multimedia University of Kenya Charter 2013. The University is one of the oldest higher training institutions in the region and boosts a rich history of offering quality.

As a government agency, the University is expected to promote and accelerate economic growth and development and to drive the social and economic transformation in Kenya. To do this, the University is required to efficiently allocate its resources so as to achieve its goal of producing



competent, highly skilled and innovative human resource to meet Kenya's development needs as outlined in the national strategy Vision 2030 and the Government Big Four Agenda.

As part of its work plan, the University Council regularly reviews the University's corporate governance framework i.e. policies, procedures, etc to ensure that MMU operates within the Kenyan legal framework especially the Universities Act 2012 and in so doing ensuring that the University meets the needs of its students, employees and other stakeholders.

This Corporate Governance Statement reaffirms MMU's commitment to the corporate governance framework outlined in the Board Charter, the provisions of Mwongozo and industry best practice during the year ended 30 June 2021.

7.2 The Council Term of Service

The Chairperson and the other independent members of the council serve for a term of three years, they are currently serving their last term having been re-appointed for a further one term on 4th november,2020. The other members were appointed by their nominating ministries.

7.3 The Roles and Responsibilities of Members

These roles and responsibilities are also retained in the Council's five-year strategic plan (2017-2021), in the Council's annual work plans and in the Board Charter. New members, once appointed, are inducted and given these documents in order to familiarize themselves with the roles and responsibilities as outlined in the law.

7.4 The Council Charter

The Council has in place a Council Charter which was reviewed in 2018. The Council Charter governs;

- Conduct and management of meetings,
- Facilitation of Council members,
- Succession planning,
- Process of Appointment and removal of Council members,
- Roles & functions of the Council,
- Induction & training,
- Conflict of Interest,
- Council remuneration and
- Ethics & conduct.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

7.5 The Council Evaluation

During the FY 2020-2021, the State Corporation Advisory Committee (SCAC) facilitated a Council self-evaluation on 16th, August, 2021 for the financial year ending 30 June 2020. This is because of covid19 outbreak in early 2020 and late reappointment in November 2020. The Council scored 4.4658 in its corporate performance which translate to 89.32%.

7.6 Compliance to laws and other legal requirements

The Council as a responsible corporate citizen is alive to the tenets of the Constitution of Kenya and accountable to the Government of Kenya, through the Ministry of Education in ensuring that it complies with all applicable laws and statutes and maintain the highest standards of corporate governance.

7.7 The Council Remuneration

The remuneration of the Council is governed by prevailing rates as per Government policy and Government Circulars. Details of the Council and its committee allowances are included in these financial statements

7.8 Multimedia University Council

The MMU Council Members were appointed on 7th August 2017 vide gazette Notice No. 7602 and No.7603. The Council members are:-

- a) Prof. Johnstone Mutisya Kiamba
- b) Ms Amina H. Ibrahim
- c) Dr. Emmanuel Wamalwa, PhD
- d) Ms Juliet Wambua-Njogu
- e) Mr. Samson Kahindi Iha
- f) Mr. Kibasui Ndonga
- g) Dr. Stephen Ikikii, PS REP - National Treasury
- h) Ms. Ann Wangui Kaiga - PS REP - Ministry of Education
- i) Amb. Prof. Festus Kaberia, - Vice Chancellor and Secretary to the Council.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

7.9 ATTENDANCE OF MEETINGS BY COUNCIL MEMBERS

In the year under review, the Council meeting attendance was almost 100 per cent because all meetings were done virtually. The table below shows the meetings attended by members.

MEETINGS ATTENDED 2020/2021									
COUNCIL MEMBER	BOARD EVALUATION COMMITTEE out of 1	FINANCE, PLANNING AND RESOURCE COMMITTEE out of 4	FULL COUNCIL COMMITTEE out of 4	INTERVIEWING PANEL FOR PROFESSORS out of 1	STUDENT WELFARE out of 3	AUDIT RISK COMMITTEE out of 3	STAFF WELFARE COMMITTEE out of 2	SEALING COMMITTEE out of 1	GRADUATION CEREMONY out of 1
Prof. Johnstone Kiamba	1	-	4	1	-	-	-	1	1
Amina H. Ibrahim	1	4	4	1	-	-	2	-	1
Qs. Kibasui Ndonga	1	4	4	1	-	-	2	-	1
Mr. Samson Kahindi Iha	1	-	4	-	3	3	-	1	1
Mrs. Juliet Wambua Njogu	1	-	4	-	2	3	2	-	1
Dr. Emmanuel Wamalwa	1	4	4	-	3	3	-	1	1
Ms. Ann Wangui Kaiga	1	4	4	-	3	3	2	-	-
Mr. Stephen Ikikii	1	4	4	-	3	3	2	1	1
Percentage of Attendance	100	100	100	100	98	100	100	100	100



7.10 COUNCIL COMMITTEES

To effectively undertake its role the Council constituted four working Committees in line with Mwongozo. These committees were: -

1. Planning, Finance and Resource Mobilization
2. Human Resource and Staff Welfare
3. Academic and Students Welfare
4. Audit, Risk and Governance

7.11 CONFLICT OF INTEREST, ETHICS AND CONDUCT

In order to ensure that any conflict of interest of a Council member on a matter to be considered by the Council is brought to the attention of the Council, the Council has ensured appropriate procedures are put into place through the approval of the Anti-Corruption Policy, Board Charter, Code of Conduct and Ethics, actualized the conflict of interest register and the confidentiality register. To actualize this, all the Council members upon their induction, took an Oath of Office. Appropriate procedures have been adopted to ensure that, where the possibility of a material conflict arises, the same is dealt with in line with set government guidelines.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

In the Financial year 2020/2021 the University realized revenues totalling KES 933,661,772. There was a decrease of 16% compared to the previous period (2019/2020) total revenue of KES. 1,117,783.871. Revenue from rendering of services decreased by 35% compared to the previous year. The decrease in revenue can mainly be attributed to Covid19 Pandemic that has affected the economy negatively and interrupted the academic calendar of the university and therefore the tuition revenue could not be realized.

Total operating expenses for the financial year totalled to KES. 1,228,871,760. This was decrease of 9% from KES. 1,353,752,382 reported in the previous financial year 2019/2020. Employee cost for the period decreased from KES. 1,019,802,517 in the year 2019/2020 to KES. 967,138,411 in the year 2020/2021. There was 43% decrease in repairs and maintenance costs from KES 20,670,816 in the year 2019/2020 to KES 11,882,949 in the year 2020/2021 and a reduction in general expenses from KES to 188,496,753 to KES 132,751,967. This can be attributed to the cost cutting measures that have been put in place and closure of the university due to Covid 19.

On the overall, the university recorded a Financial Deficit of KES (295.2) Million in the financial year 2020/2021 compared to a deficit of KES.235.9 Million in the financial year 2019/2020.

SECTION B

Entity's compliance with statutory requirements

The University has complied with the statutory requirements to a large extent. However due to the cash flow constraints, the university has not been able to comply with its statutory obligation amounting to Kshs. 559,435,953 relating to various taxes. This exposes the university to the contingent liabilities in case penalties are imposed. Additionally, the university has not remitted employee pension amounting to Kshs. 479,573,672. This can expose the university to court cases with the employees.

SECTION C

Key projects and investment decisions the entity is planning/implementing

The University is committed to providing high quality education, producing competent graduates and endeavors to excel in areas of Training, Research and Innovation, Extension and Consultancy Service to achieve its mandate. Currently the University is constructing a modern Library to enhance achievement of this goal.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION D

Major risk facing the entity

a) Liquidity Risks

Currently the university is not able to meet all of its short term obligations. The University has a current asset ratio of 0.22: 1. The recommended ratio is 1:1.

The current liabilities of Kshs 1,762,578,461 exceeded the current asset of Kshs 385,197,575 by KShs.1,377,380,886 creating a negative working capital.

The net creditors increased by 16% to KShs. 1,762,578,461 from KShs. 1,520,430,085 in the previous year.

SECTION E

Material arrears in statutory/financial obligations

Due to cash flow constraints the university has the following arrears relating to statutory obligation: -

S/No.	Description	Amount – (KShs)
1.	P.A.Y.E	511,487,671
2.	Withholding VAT	37,637,097
3.	VAT	--
4.	Withholding Tax	10,311,185
5.	Staff Pension	479,573,672
	Total	1,039,009,625

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Multimedia University of Kenya is a Chartered public university with a mandate to offer high quality technical university education. As one of the oldest institutions of higher learning in the region MMU and its predecessor institutions has been able to transform the lives of its students while at the same time playing a leading role in the development of Kenya. MMU from its establishment in 1948 to date has been in the forefront in driving innovation that has made Kenya a leading light in the various professions we training in.



i) Sustainability strategy and profile

The University has developed a work plan to ensure it meets sustainability standards. The main focus of the university's sustainability programme is on energy efficiency where the institution has developed an undergraduate programme in renewable energy which has been very popular. Added to this, the university has also set up a consortium to undertake renewable energy research, development and training. To date, the consortium has undertaken over 10 training cohorts from various industries and Country governments.

ii) Environmental performance

The university has undertaken a project to install solar lighting especially for streetlight. In the near future, the university plans to install solar water heaters at the student hostels. This will not only be good for the environment but also reduce the cost of electricity.

Being next to the Nairobi National Park, many animals stray and live within the university complex. The university, through a master plan, has ensured that a large part of its grounds will be 'Green Areas' to allow flora and fauna to flourish. Currently, the university has a nature park that is set aside for biodiversity.

The university has a partnership with the WEE Centre to recycle ICT waste and to train in E-waste management.

iii) Employee welfare

The university has scored well in gender, ethnic and disability mix. This has ensured that the university has the face of Kenya.

To ensure the university's staff has the skills required for their daily tasks, in-house courses on various areas have been organised. The university utilises performance contracting as a tool of ensuring staff meet their targets and an appraisal system has been developed and implemented to guide the performance management system.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The university has developed, implemented and complied with Occupational Safety and Health Act of 2007, (OSHA). Staff are each year trained on OSHA to ensure their full understanding of the Act.

iv) Market place practices-

The university complies with best practice in marketing by being truthful and accurate in all its marketing activities such as advertising, branding, Social media communication etc. Each year the Corporate Affairs department develops a marketing and communication plan which is implemented.

a) Responsible competition practice.

As part of its adherence to best practice in marketing and communication the university undertakes responsible market practice and does not defame or malign any of its competitors.

b) Responsible Supply chain and supplier relations

Each year the university advertises for suppliers who are short listed based on their qualifications. Each year suppliers are trained about the MMU procurement policy and the PPAD Act. A rotation system has been put in place to ensure all suppliers get a chance to bid for tenders.

c) Responsible marketing and advertisement

As part of its adherence to best practice in marketing and communication the university undertakes responsible market and advertising and does not defame or malign any of its competitors.

Care is taken to ensure all the university's communication is truthful and accurate.

d) Product stewardship

To ensure our key consumers i.e. students, parents and guardians, the following activities are undertaken;

1. During the student admission process parents are orientated on various areas and issues of concern that will assist them in managing their student's progression at MMU.
2. To ensure that students stay in MMU is pleasant and seamless the university holds regular meetings with student leaders iron out or improve quality.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3. In the development of innovation the university has developed a policy to guide innovation and commercialisation of innovations by its staff and students.
4. The university holds an annual innovation week to encourage and stimulate innovation.
5. Products that have been developed within the university are taken through the respective regulatory bodies to ensure adherence to set standards.

v) **Corporate Social Responsibility / Community Engagements**

The Multimedia University of Kenya is committed to positively impacting society by ensuring we operate in a socially conscious manner and give back to society.

The management, staff and students choose to do this by advancing the cause for education, lending a helping hand to the needy and improving the environment around us.

MMU's main aim is to create a CSR programme where the society we operate in is positively impacted by the University. MMU expects to develop a CSR policy that will guide its operations. We envisage an all-inclusive policy where Members of Council, University Management Board and MMU partners can work with one purpose for the betterment of society.

To date, MMU has continued to undertake CSR projects in the neighbouring communities with great success. Key among this is our tree planting programme, donations to needy children's homes, e-waste management and other environmental projects. MMU will continue to be a good corporate citizen that works to positively impacting society



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

10. REPORT OF THE UNIVERSITY COUNCIL

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

Principal activities

University provides quality training in Engineering, Media, ICT and Business to meet the aspirations of a dynamic society while inculcating a strong research, innovation, production and extension culture with an efficient team of academic and support staff. The University offers training opportunities with the aim of meeting the training needs of the Information and Communication Technology (ICT) sector.

Results

The results of the University for the Year ended June 30, 2021 are set out on page 1-5

University Council

The members of the University Council who served during the year are shown on page VI & VII. In accordance with the University Act of 2012.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Section 38 & 39 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board


Amb. Prof. Festus Kaberia, PhD. OGW.

VICE CHANCELLOR

DATE: 30/06/2021



11. STATEMENT OF THE UNIVERSITY COUNCIL RESPONSIBILITIES

Section 8(1) 1 of the Public Finance Management Act, 2012 and section 14 &15 of the State Corporations Act, require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.




MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021


Nothing has come to the attention of the Council to indicate that the University 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 University's financial statements were approved by the University Council on 30th September 2021 and signed on its behalf by:


.....
Prof. J. M. Kiamba, PhD, MA, BA, LLB, Dip. Law (KSL)
Chairman of the Council

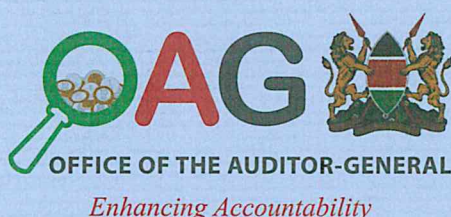
Date.....30/6/2021.....


.....
Amb. Prof. F. Kaberia, PhD, OGW
Vice Chancellor

Date.....30/06/2021.....

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MULTIMEDIA UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Multimedia University of Kenya set out on pages 1 to 19, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net

assets, 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 Multimedia University of Kenya as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsatisfactory Financial Performance and Negative Working Capital

The statement of financial performance reflects that during the year under review, the University recorded an operating deficit amounting to Kshs.278,676,390 (2020 Kshs.235,968,511) which increased its accumulated deficit from Kshs.1,375,276,027 in 2019/2020 to Kshs.1,653,952,417 as at 30 June, 2021. Further, the statement of financial position reflects current liabilities totalling Kshs.1,746,044,863 against current assets totalling Kshs.385,197,575 resulting in a negative working capital of Kshs.1,360,847,288. Therefore, the University may not be able to meet its financial obligations as and when they fall due. In this regard, the University had not remitted deductions in respect to pension, gratuity, third party payments and taxes, all totalling Kshs.1,239,931,854. Management has not disclosed the measures it has taken or intends to take to reverse the unsatisfactory performance and financial position.

The University is, therefore, technically insolvent and its continued operations will depend on the financial support and goodwill from the Government, creditors and bankers.

2. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.208,040,276 as disclosed in Note 11 to the financial statements. However, Note 15 to the financial statements includes unreceipted bank deposits totalling Kshs.10,334,299 which had not been reconciled, credited to the individual payee accounts or supported with bank reconciliation statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.208,040,276 could not be confirmed.

3. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.156,122,196, as disclosed in Note 12 to the financial statements. The balance includes staff debtors' balance of Kshs.19,539,978 due from employees of the defunct Kenya College of Communications Technology who have since left the University. No satisfactory explanation was provided by Management on why the staff were allowed

to leave the University without having paid the outstanding debts. Further, the balance includes an advance payment of Kshs.2,000,000 made to a private company for provision of public and media relations services in 2013. In spite of the payment, the company did not provide the respective services.

In addition, included in the balance of students' debtors of Kshs.142,156,708 is an amount of Kshs.63,653,430 which has been outstanding for more than five (5) years. Similarly, the trade debtors balance of Kshs.95,033,787, includes an outstanding amount of Kshs.79,748,066 which has also remained uncollected for a period of more than five (5) years.

In the circumstances, the recoverability of the receivables from exchange transactions balance of Kshs.156,122,196 could not be confirmed.

4. Unsupported Provision for Bad Debts

The statement of financial position reflects receivables from exchange transactions balance of Kshs.156,122,196 as detailed in Note 12 to the financial statements. Note II (h) 8 indicates that currently the University provides for bad debts as general provision at 2% of the total debtors. However, the provision reflected in Note 12 is Kshs.144,773,821 which is 48% of total receivables and not the computed amount of Kshs.6,017,920. The basis for the provision of the amount of Kshs.144,773,821 was not explained and supported.

In the circumstances, the accuracy and completeness of the provision for bad and doubtful debts amount of Kshs.144,773,821 could not be confirmed.

5. Trade and Other Payables from Exchange Transactions

5.1 Long Outstanding Payables from Exchange Transactions

As disclosed in the statement of financial position, Note 15 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.1,746,044,863. Review of records provided for audit review revealed that included in the payables balance is trade creditors balance of Kshs.280,001,068 which further includes engineering block fee note and staff quarter rent and Telkom rent of Kshs.54,429,000 and Kshs.22,344,097 respectively, which have been outstanding for over one year. No explanation or supporting documentation was provided for the nonpayment.

Further, included in the payables balance is unremitted statutory deductions amounting to Kshs.542,902,355 which comprise of Pay As You Earn (PAYE) balance of Kshs.494,954,073 and withholding VAT balance of Kshs.47,948,282. The amounts increased from the previous year's total balance of Kshs.493,038,244 by Kshs.49,864,111 or 10%. In addition, the payables included outstanding pensions balance of Kshs.479,573,672. No explanation was provided for the non-remittance, considering some payables date back to April, 2015.

5.2 Unsupported Balances

The trade and other payables balance of Kshs.1,746,044,863 also includes third-party payments of Kshs.78,090,693 had not been supported with bank statements to confirm when the amounts which were subsequently paid to the individual accounts of the third parties, while the part-time lecturers balance of Kshs.214,324,008 was not supported with information on the recruitment of lecturers, courses lectured, hours and how the amounts were arrived at. The imprest balance of Kshs.294,556 has been outstanding for more than one year and the amount was not supported with records indicating from who the amount is owed. In addition, the student and guest payments balance of Kshs.114,154,328 was not supported with names and amounts for each creditor duly authorized and validated.

In the circumstances, the accuracy and validity of the trade and other payables from exchange transactions balance of Kshs.1,746,044,863 could not be confirmed and the University may attract punitive penalties for non-remittance of these statutory deductions.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Multimedia University of Kenya Management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs.1,263,576,063 and Kshs.933,661,727 respectively, resulting to a shortfall of Kshs.329,914,292 or 26% of the budget. Similarly, the University had an expenditure budget of Kshs.1,259,318,500 against actual expenditure of Kshs.1,212,338,162 resulting to an under-expenditure of Kshs.46,980,338 or 4% of the budget.

The under collection of revenue and under expenditure affected the planned activities and might have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Casual Employees Engaged for More than Three Months

Review of the manual payroll for the financial year 2020/2021 revealed that seventy-seven (77) casual workers were engaged continuously for more than three (3) months earning a gross salary of Kshs.9,168,694 contrary to Section 37, subsection 1(a) and (b) of the Employment Act, 2007 which requires that casual employees should not be engaged for more than period of three months continuously.

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

2. Unauthorized Impaired Receivables

Review of debtor's records revealed receivables from exchange transactions of Kshs.79,748,066 which had been outstanding for over ten (10) years. The debts were inherited from the defunct Kenya College of Communications Technology. The University has fully impaired these debts in accordance with Section 157(a) of the Public Finance Management Act, 2012 on write-off of losses proven to be irrecoverable. The records indicated that in October, 2014, Management wrote to The National Treasury through the State Department for University Education requesting for authority to write-off the debts. No information was provided to confirm whether the permission sought from The National Treasury by Management was granted.

In the circumstances, Management was 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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Audit Risk and Governance Committee Meetings

During the year under review, the Audit Risk and Governance Committee only held three (3) meetings contrary to the provisions of the Regulations 179 of the Public Financial Management Regulations, 2015, on the functions and responsibilities of the audit committee.

In the circumstances, the identification and mitigation of risks and weaknesses existing in the systems of internal controls could not be confirmed.

2. Lack of Policy Documents

The University did not have in place an approved Information Technology (IT) Security Policy, Information Technology Strategic Plan and Information Technology Strategic Committee in place.

In the circumstances, the Management lacks a mechanism to help in detection and mitigation of any possible risk to the University.

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.

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 Public Sector Accounting Standards (Accrual Basis) 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the University'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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable 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 University's ability to continue to sustain its services. 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 University to cease to continue to sustain its services.
- 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 University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathunga, CBS
AUDITOR-GENERAL

Nairobi

28 September, 2022





MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021


**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE, 2021**

	Note	2020-2021	2019-2020
Revenue from non-exchange transactions		Shs	Shs
Public contributions and donations	1,19	16,314,181	14,427,006
Transfers from other governments- recurrent grant	2	591,065,907	576,176,130
Accrued CBA		21,061,577	64,602,860
Amortization of development grant	2,19	20,437,065	21,362,789
		648,878,730	676,568,785
Revenue from exchange transactions			
Rendering of services	3	284,783,041	403,636,536
Loss on Disposal of fixed asset	4	-	-
Decrease in Bad debts Provision		0.00	37,578,550
		284,783,041	441,215,086
Total revenue		933,661,772	1,117,783,871
Expenses			
Employee costs	5	967,138,411	1,019,802,517
Council Allowances	6	4,408,665	4,159,982
Depreciation and amortization expense	7	91,627,431	92,886,750
Repairs and maintenance	8	11,882,949	20,670,816
Contracted Services	9	21,062,337	27,735,564
General expenses	10	132,751,967	188,496,753
Total expenses		1,228,871,760	1,353,752,382
Deficit for the Year		(295,209,988)	(235,968,511)

The notes set out on pages 6 to 19 form an integral part of the Financial Statements.
Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....
Vice Chancellor
Amb. Prof. F. Kaberia, PhD, OGW


.....
Ag. Finance Officer
Ms Leneah Munene
ICPAK No. 18513


.....
Chairman of the Council
Prof. J. M. Kiamba, PhD, MA, BA, LLB, Dip. Law (KSL)

Date: 30/06/2021

Date: 30/06/21

Date: 30/6/2021



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021

	Note	2020-2021	2019-2020
Assets		Shs	Shs
Current assets			
Cash and cash equivalents	11	208,040,276	233,373,597
Receivables from exchange transactions	12	156,122,196	149,653,473
Receivables from non-exchange transactions	13	4,438,935	67,466,426
Inventories	14	16,596,168	16,321,845
Total Current Assets		385,197,575	466,815,340
Non-current assets			
Property, plant and equipment	17	3,011,094,739	2,979,297,458
Long term receivables from exchange transactions			
Total non - current assets		3,011,094,739	2,979,297,458
Total assets		3,396,292,313	3,446,112,798
Liabilities			
Current liabilities			
Trade & other payables from exchange transactions	15		
Trade Creditors		280,001,068	259,592,856
Taxation		559,435,953	493,038,244
Employee benefit Obligation		775,414,747	635,387,124
Refundable deposits from customers-caution money		12,404,302	11,926,802
Payments received in advance		135,322,391	120,494,059
Total current liabilities		1,762,578,461	1,520,439,085
Non-Current Liabilities			
Deferred income	16	1,193,941,520	1,190,691,392
Total liabilities		2,956,519,982	2,711,130,477
Net assets		439,772,332	734,982,321
Equity Fund		1,269,222,498	1,269,222,498
Accumulated surplus		(1,670,486,015)	(1,375,276,027)
Revaluation reserve		841,035,849	841,035,849
Total capital reserves and accumulated deficit		439,772,332	734,982,320
Total net assets and liabilities		3,396,292,314	3,446,112,797

Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....

Vice Chancellor
Amb. Prof. F. Kaberia, PhD, OGW

Date 30/06/2021


.....

Ag. Finance Officer
Ms Leneah Munene
ICPAK No. 18513

Date 30/06/21


.....

Chairman of the Council
Prof. J. M. Kiamba, PhD, MA, BA, LLB, Dip. Law (KSL)

Date 30/6/2021



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

15. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Equity Fund	Accumulated Surplus	Revaluation Reserve	Total	GOK Grant	LASER OPTIC	GOK Engineering Donation	Korea Grant	CCK Grant Hostel	CCK Grant	Total
30 June 2019	1,269,222,498	(1,139,307,515)	841,035,849	970,950,832	695,590,510	65,990,555	189,559,564	2,479,212	1,439,999	21,421,348	976,481,187
For the year	-	(235,968,511)	-	(235,968,511)	250,000,000	-	-	-	-	-	250,000,000
Grant Amortization	-	-	-	-	(21,362,789)	-	(13,847,909)	(286,062)	(60,000)	(233,035)	(35,789,795)
30 June 2020	1,269,222,498	(1,375,276,027)	841,035,849	734,982,320	924,227,721	65,990,555	175,711,655	2,193,150	1,379,999	21,188,312	1,190,691,392
For the year	-	(295,209,988)	-	(295,209,988)	40,001,375	-	-	-	-	-	40,001,375
Grant Amortization for the year	-	-	-	-	(20,437,065)	(1,887,176)	(13,847,909)	(286,062)	(60,000)	(233,035)	(36,751,246)
30 June 2021	1,269,222,498	(1,670,486,015)	841,035,849	439,772,332	943,792,031	64,103,379	161,863,746	1,907,088	1,319,999	20,955,277	1,193,941,520




MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021	2019-2020
		Shs	Shs
Cash and cash equivalents at the beginning of the Year	11	233,373,596	167,309,680
Cash flows from operating activities			
Receipts			
Public contributions and donations			
Re-current Government grants	2a	591,065,907	576,176,130
Accrued Government grant- CBA		21,061,577	64,602,860
Interest from Fixed Deposit	4		-
Rendering of services	3	284,783,041	403,636,536
Decrease in Bad debts provision			37,578,550
		896,910,525	1,081,994,076
Payments			
Employees Costs	5	967,138,411	1,019,802,517
Rent paid	10		7,652,040
General expenses-Other payments	10,8,9,6	170,105,918	233,411,075
Net cash flows from operating activities		1,137,244,329	1,260,865,632
Cash flows from investing activities			
Purchase of property, plant, equipment, and intangible assets	17	(123,424,712)	(179,419,366)
Proceeds from disposal of fixed asset			
(Decrease)/increase in current receivables		56,558,767	(56,594,286)
(Decrease)/increase in trade payables		242,139,376	228,629,743
(Decrease)/increase in stocks		(274,322)	2,110,609
Net cash flows used in investing activities		174,999,109	(5,064,527)
Cash flows from financing activities			
Receipts -government grant development		40,001,375	250,000,000
Grant Laser Optic			
Increase in deposits		-	-
Net cash flows used in financing activities		40,001,375	250,000,000
Net increase/(decrease) in cash and cash equivalents		(25,333,320)	66,063,916
Cash and cash equivalents at end of the quarter	11	208,040,276	233,373,596

Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....


Vice Chancellor
Amb. Prof. F. Kaberia, PhD, OGW

Date: 30/06/2021


.....

Ag. Finance Officer
Ms Leneah Munene
ICPAK No. 18513

Date: 30/06/21


.....

Chairman of the Council
Prof. J. M. Kiamba, PhD, MA, BA, LLB, Dip. Law (KSL)

Date: 30/6/2021



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Final Budget	Actual on Comparable Basis	Performance Difference	% of Utilization
	Kshs	Kshs	Kshs	
Revenue				
Public Donations	0	16,314,181	16,314,181	0
Development Amortization	0	20,437,065	20,437,065	0
Government grants	591,065,904	591,065,907	3	100
Rendering of services	654,570,063	284,783,041	(369,787,022)	43.5
CBA accrued last year	17,940,096	21,061,577	3,121,481	117
Decrease in Bad debts				
Total Revenue	1,263,576,063	933,661,727	329,914,292	
Expenses				
Compensation of employees	970,460,000	967,138,411	(3,321,589)	99.7
Repairs and Maintenance	23,000,000	11,882,949	(11,117,051)	51.66
General Expenses	230,858,500	132,751,967	(98,106,533)	57.5
Contracted Services	28,000,000	21,062,337	(6,937,663)	75.22
Council Expenses	7,000,000	4,408,665	(2,591,335)	62.98
Depreciation		91,627,431	(91,627,431)	0
Total expenditure	1,259,318,500	1,228,871,760	(30,446,740)	
Surplus for the year	4,257,563	(295,209,988)	(299,467,551)	



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Budget Notes

- (a) The amortization of the deferred income was not taken into account in the budget.
- (b) The amortization income from development grant not budgeted.
- (c) Hard economic times due to Covid19 led to the reduction in income from rendering of services.
- (d) The movements due to cost cutting measures that have been put in place to curb expenditure.
- (e) The depreciation for PPE was not taken into account in the budget.



18. NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

I Statement of compliance and basis of preparation– IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

II Summary of significant accounting policies

a) Revenue recognition

b) Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

i) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
(Continued)

c) Property, plant and equipment – IPSAS 17

Property, plant and equipment are stated at the re-valued cost less accumulated depreciation and impairment losses with the exception of lease holds land and library books costs which are carried at cost. Cost includes expenditure that is directly attributable to the acquisition of the items.

d) Depreciation

Leasehold land is not depreciated.

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

S/No.	Description	Percentage
1.	Buildings	02%
2.	Plant & Machinery	06%
3.	Furniture & Fittings	12.5%
4.	Computers & Printers	30%
5.	Motor Vehicles	12.5%
6.	Library books	20%

e) Research and development costs

The Entity expenses research costs as incurred.

f) Financial instruments – IPSAS 29

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

g) Inventories – IPSAS 12

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

h) Provisions – IPSAS 19

The University 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 University provide for bad debts as general provision of 2%.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.



j) Changes in accounting policies and estimates – IPSAS 3

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

k) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

l) Related parties – IPSAS 20

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Members of key management are regarded as related parties and comprise the University Council, University top management and other members of staff

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short term liquid investment which are readily convertible to known amounts of cash and which are within three months to maturity when acquired.

n) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

o) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

S/No.	Description	2020-2021	2019-2020
		Shs	Shs
1.	Public Contributions & donation – Refer to Note 19		
	CCK other assets	233,035	233,035
	CCK – Hostels	60,000	60,000
	Korea Grant	286,062	286,062
	Sub Total	579,097	579,097
	Amortization of the – Engineering equipment	13,847,909	13,847,909
	Laser Optics Amortization	1,887,176	--
	Total	16,314,181	14,427,006
2.	Transfers from the Governments gifts & services-in-kind		
	Unconditional grants		
	Operational grant-Recurrent grant (Appendix 1)	591,065,907	576,176,130
	Collective Bargaining Agreement (Appendix 1)	21,061,577	64,602,860
		612,127,484	640,778,990
	Development Grant Amortization-		
	Development Grant Amortization-Refer to note 19	20,437,065	21,362,789
	Development Grant received 2017		--
	Total Government Grants	632,564,549	662,141,778

3.	Rendering of services		
	Tuition and other charges	234,808,464	328,998,587
	Student Accommodation	8,658,715	19,689,152
	Student Catering	13,756,490	12,111,505
	Conference facilities	4,073,153	27,036,205
	Printing and Laundry	2,940,122	3,596,595
	Club house sales	1,527,500	4,776,039
	Other	19,018,597	7,428,453
	Disposal of fixed asset		
	Total revenue from the rendering of services	284,783,041	403,636,536
	Decrease in Provision for Bad debts	0	37,578,550
4.	Finance Income – external Investments		
	Equity Bank Interest from fixed deposits	--	--
	Total Finance Income – external investments		
5.	Employee costs		
	Salaries and wages	395,984,734	410,480,826
	Casual Wages	15,424,550	26,300,336
	Resources	99,578,513	141,756,390

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

S/No.	Description	2020/2021 Kshs	2019/2020 KShs.
	Employees related costs – contributions to pensions and medial aids		
	Pension	72,862,502	75,885,749
	Gratuity	1,057,124	988,881
	Medical	42,001,014	35,850,734
	Local Travel, motor car, accommodation, subsistence and Other allowances		
	Local Travel	3,836,966	6,862,798
	Foreign Travel (external travel)	-	712,588
	Housing benefits, car allowances & other allowances		
	Housing allowance	168,274,755	171,275,887
	Car allowance & other allowance	142,874,148	140,737,462
	Leave allowance	25,244,106	8,950,867
	Total Employee Costs	967,138,411	1,019,802,517
6.	Remuneration of Council		--
	Council Allowances	4,408,665	4,159,982
	Total Council emoluments	4,408,665	4,159,982
7.	Depreciation and amortization expenses		
	Motor Vehicle	5,605,686	6,045,686
	Furniture and Fittings	7,384,637	7,306,012
	Computers	11,402,705	15,448,262
	Buildings	36,934,305	35,806,425
	Library books	6,161,357	6,028,801
	Plant and Machinery	24,138,740	22,251,565
	Total depreciation and amortization	91,627,431	92,886,750
8.	Repairs and maintenance		
	General stores (hardware stores & renovation)	9,729,725	12,095,391
	Plant and equipment operations cost	-	7,930,945
	Vehicles repairs	2,153,224	644,479
	Total repairs and maintenance	11,882,949	20,670,816
9.	Contracted Services		
	Cleaning Services	8,173,130	12,188,689
	Security services	12,889,207	15,546,876
	Total contracted services	21,062,337	27,735,564
10.	General Expenses		
	Advertising	794,969	9,490,208
	Audit fees	1,700,000	1,700,000



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

S/No.	Description	2020-2021 Kshs	2019-2020 KShs.
	Staff Education Support		
	Ceremonies	1,691,274	1,488,327
	Consulting fees	2,179,211	9,387,473
	Catering costs	-	1,358,925
	Fuel and oil	21,850,601	26,774,161
	Insurance	2,502,874	2,782,959
	Legal expenses	7,397,885	9,678,451
	Internet services	7,512,809	3,838,907
	Student Activities	18,395,009	17,595,812
	Student work study	7,004,275	5,510,381
	Student Union Expenses	213,450	249,350
	Sports and welfare	2,040,342	616,280
	Academic trips	948,914	3,694,847
	Cooking gas	-	3,319,427
	Research Cost	-	-
	Honoraria	1,062,143	4,714,245
	Postage	7,017,187	8,042,544
	Printing and stationery	908,850	883,059
	Library Expenses	7,791,419	11,797,222
	Rental	2,016,892	1,730,738
	Cleaning Materials	-	7,652,040
	Collaboration fee	4,724,817	6,829,070
	Skills/staff development	-	6,501,224
	Increase in Bad debts	321,747	3,950,561
	Lab Chemicals	4,198,944	-
	Medical materials	2,473,919	551,241
	Office expenses	4,717,452	4,882,819
	Welfare	-	648,816
	Bank charges	575,652	578,051
	Forex Loss	2,072,153	3,492,906
	Electricity		-
	Hotel Cutlery	20,639,105	28,756,709
	Increase Bad debts Provisions		-
	Total general expenses	132,751,967	188,496,753

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

S/No.	Description	2020/2021 KShs.	2019/2020 KShs.
11.	Detailed analysis of the cash and cash equivalents		
	Current Account	208,011,216	233,272,272
	Fixed deposits account		-
	Others-Cash in Hand	29,060	101,325
	Total Cash and cash equivalents	208,040,276	233,373,597
	Financial Institution		
	a) Current account		
	KCB -Main Account	4,852,493	1,902,672
	KCB-Madaraka A/c	40,365,002	52,024,166
	KCB -Hotel A/C	2,052,762	1,754,205
	Equity Bank -MMU A/C Student collection a/c	810,216	186,001
	Equity Bank -Development A/C	110,489,978	124,955,682
	KCB Vice Chancellors Fund	988,525	993,565
	MMU Research Fund Coop Bank A/C	48,452,239	51,463,196
	Cooperative Bank Electraka Account	-	(7,217)
	Total	208,011,216	233,272,272
	b) Others (specify)		
	Petty cash	29,060	-
	Main Kitchen	-	-
	Cash in hand	-	101,325
	Other Cash points	-	-
	Sub- total	29,060	101,325
	Grand total	208,040,276	233,373,597
12.	Receivables from exchange transactions		
	Current receivables		
	Student debtors	142,156,708	124,722,123
	Trade debtors	95,033,788	98,620,279
	Staff debtors	19,539,978	20,217,329
	Supplier Advance Payment	2,000,000	2,000,000
	School fees -Staff Loan	205,149	39,155
	VAT Receivable	40,920,395	30,238,018
	KCB Bank Guarantee	1,040,000	1,040,000
	Coop Bank Letter of Credit	-	13,351,656
		300,896,018	290,228,561
	Less: Provision for bad & doubtful debts	144,773,821	140,575,088
	Total receivables from exchange transaction	156,122,196	149,653,473
13.	Receivables from non-exchange transaction		
	Imprest	4,438,935	2,863,566
	Accrued government Grant	-	64,602,860
	Total	4,438,935	67,466,426

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

S/No	Description	2020/2021 Kshs	2019/2020 KShs.
14.	Inventories		
	Stationery stores		
	Office tea	4,141,344	4,899,564
	Cleaning Materials	159,822	61,607
	Food & Beverage-Main Kitchen	3,714,297	2,994,041
	Maintenance Stock		-
	Medicine stock	5,442,395	5,488,824
	Beverages hotel	1,467,372	1,380,471
	Food and Beverage Hotel		-
	Main Kitchen Food Store	115,504	398,276
	Main Hotel Food store	1,391,598	651,661
		163,836	447,401
	Total Inventories at the lower of cost and not realizable value	16,596,168	16,321,845
15.	Trade Payables from Exchange Transaction		
	General Supplies		
	Accrued Payables	196,195,471	179,174,759
	Engineering Block fee note		-
	Staff quarter rent and Telkom rent	54,429,000	54,429,000
	KUCCPs placement Fee	22,344,097	22,344,097
	Cue quality fee	4,036,500	2,076,000
		2,996,000	1,569,000
	Sub Total	280,001,068	259,592,856
	Taxation		
	Pay As You Earn (P.A.Y.E)		
	Value Added Tax	511,487,671	445,383,338
	Withholding Vat		-
	Withholding Tax	37,637,097	37,553,641
	Sub Total	10,311,185	10,101,264
	Employee benefit Obligation	559,435,953	493,038,244
	Third Party Payments (banks, SACCOs, & Insurance)		
	Net Pay	78,090,693	67,102,555
	Pension	-	28,026,832
	Gratuity	479,573,672	391,349,886
	Part time Lecturers	3,131,819	452,359
	Imprest Recovery	214,324,008	148,160,936
		294,556	294,556
	Sub Total Employee benefit obligation	775,414,747	635,387,124
	Refundable deposits from customers		
	Caution Money		
		12,404,302	11,926,802
	Payment received in advance		



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

	Bursary		
	HELB		--
	Un-receipted bank deposits	4,124,000	1,842,500
	Student and guest payment	10,334,299	0,280,733
	Student union subscription	114,154,328	105,450,092
	Prepaid Catering	2,604,900	139,000
	Guest advance payment	1,737	1,737
	Student Smart ID	489,228	218,098
		3,613,900	2,561,900
	Sub Total	135,322,391	120,494,059
	Total trade and other payables	1,762,578,461	1,520,439,085
16.	Deferred Income-Refer to Note 19		
	MOHEST-Development Grant	943,792,031	924,227,721
	CCK -Grant- other Assets	20,955,277	21,188,312
	CCK- Hostels	1,319,999	1,379,999
	Korea Grant	1,907,088	2,193,150
	G.O.K Engineering Equipment	161,863,746	175,711,655
	Grant for Laser Optic	64,103,379	65,990,555
	Total deferred income	1,193,941,520	1,190,691,392



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

17. NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30TH JUNE 2021 (Continued)

Property, Plant and Equipment	Land	Motor vehicles	Furniture and fittings	Computers	Buildings	Others-Library Books	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 th June 2019	280,000,000	46,605,490	56,785,945	61,360,596	1,790,321,270	36,728,336	362,195,042	541,103,449	3,175,100,129
Additions	-	-	1,661,965	22,679,792	-	12,363,545	8,664,048	134,050,015	179,419,366
Disposal	-	-	-	-	-	-	-	-	-
Transfer from w.i.p	-	-	-	-	-	-	-	-	-
At 30 th June 2020	280,000,000	46,605,490	58,447,910	84,040,388	1,790,321,270	49,091,881	370,859,090	675,153,464	3,354,519,494
Additions	-	-	629,000	7,864,917	-	661,426	31,452,925	82,816,444	123,424,712
Disposal	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	112,788,007	-	-	-112,788,007	-
At 30 th June 2021	280,000,000	46,605,490	59,076,910	91,905,305	1,903,109,276	49,753,307	402,312,016	645,181,902	3,477,944,206
Depreciation & impairment	-	-	-	-	-	-	-	-	-
At 30 th June 2019	-	17,480,499	20,624,743	50,037,620	107,491,985	28,311,130	58,389,310	-	282,335,287
Depreciation	-	6,045,686	7,306,012	15,448,262	35,806,425	6,028,801	22,251,565	-	92,886,750
On Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 th June 2020	-	23,526,185	27,930,754	65,485,881	143,298,411	34,339,931	80,640,875	-	375,222,037
Depreciation	-	5,605,686	7,384,637	11,402,705	36,934,305	6,161,357	24,138,740	-	91,627,431
On Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30 th June 2021	-	29,131,871	35,315,391	76,888,586	180,232,716	40,501,288	104,779,615	-	466,849,468
Net book values	-	-	-	-	-	-	-	-	-
As at 30 th June 2021	280,000,000	17,473,619	23,761,520	15,016,719	1,722,876,560	9,252,019	297,532,401	645,181,902	3,011,094,739
As at 30 th June 2020	280,000,000	23,079,305	30,517,156	18,554,507	1,647,022,859	14,751,950	290,218,216	675,153,464	2,979,297,458



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18. FUNDS AND RESERVES

	2020/2021 Kshs	2019/2020 Kshs
a) Equity Fund	1,269,222,498	1,269,222,498

There was no change in the capital fund during the financial year 2020/2021

b) Accumulated deficit

The accumulated fund brought forward from 2019/2020 was Kshs (1,375,276,027). This has been negatively affected by the current year 2020/2021 deficit of Kshs (295,209,988) bringing the current accumulated fund to Kshs (1,167,486,015).

	2020/2021 KShs 000	2019/2020 KShs 000
Balance b/d	(1,375,276,027)	(1,139,307,515)
Current year Deficit	(295,209,988)	(235,968,511)
Prior Year Adjustment		
Closing Balance	(1,167,486,015)	(1,375,276,027)

c) Revaluation reserve

During the year 2015/2016 the university engaged Sec & M Company to revalue its fixed assets and this resulted to a revaluation of reserve of Kshs 841,035,849. There was no revaluation of the fixed assets in the year 2020/2021 therefore no movement in the revaluation reserve.

	2019/2020 KShs 000	2018/2019 KShs 000
Revaluation reserve	841,035,849	841,035,849

19. DEFERRED INCOME

Deferred income relates to grants and donations that have been received by the university over a period of time and continue to be amortized. These include: -

a) CCK Grant- Hostel

The university received Kshs 3,000,000 for construction of Senior Hostel from CCK. This is amortized at the rates of 2% annually.

	2020/2021 KShs 000	2019/2020 KShs 000
Balance b/d	1,379,999	1,439,999
Amortization of grant	(60,000)	(60,000)
Total	1,319,999	1,379,999



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

b) CCK Grant other assets

The University received a grant of Kshs 100 million from CCK during the 2007/2008 financial year to cater for development expenditure. This continues to be amortized over the useful life of the assets.

	2020/2021	2019/2020
	KShs 000	KShs 000
Balance b/d	21,188,312	21,421,348
Amortization of grant	(233,035)	(233,035)
Total	20,955,277	21,188,312

c) Korea donation

The University received grant of equipment worth Kshs.4,767,708 from Korea. This continues to be amortized over the useful life of the equipment.

	2020/2021	2019/2020
	KShs 000	KShs 000
Balance b/d	2,193,150	2,479,212
Amortization of grant	(286,062)	(286,062)
Total	1,907,088	2,193,150

d) Government development grant

The university receives development grant from the government through state department for university education for various projects. During the year 2020/2021 the university received a grant of Kshs 40,000,000 from the government for development project. The deferred income method is applied in the treatment of development grant since it gives the full disclosure of the grant received. This grant is amortized over the useful life of the assets acquired.

	2020/2021	2019/2020
	KShs 000	KShs 000
Balance b/d	924,227,721	695,590,510
Grant received	40,000,000	250,000,000
Amortization of grant	(20,437,065)	(21,362,789)
Total	943,792,031	924,227,721

e) Research Infrastructural Grant-Laser Optic

During the financial year 2018/2019 the university received a research infrastructural grant of Kshs 65,990,555 from the ministry of education for the establishment of National Laser Training and research centre. The amortization for the same in this financial year is Kshs 1,887,176.



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30JUNE 2021 (Continued)

Bank Statement Date	Amount (KShs)	
06/4/2019	65,990,555	2018/2019

f) Engineering Equipment donation

During the year 2016/2017 the university received lab equipment worth of Kshs 225,718,308 and an addition of equipment worth Kshs 5,080,173 in 2018/2017 from the Ministry of Education, Science and Technology (State department for University education).

The grant will be amortized over the useful life of the equipment.

	2020/2021	2019/2020
	KShs 000	KShs 000
Balance b/d	175,711,655	189,559,564
Grant received		
Amortization of grant	(13,847,909)	(13,847,909)
Total	161,863,746	175,711,655

As per the IFRS/IAS 20 there are basically two methods of accounting for the grant, income method and capital method. The University has applied the Income approach because it gives full disclosure of the grant received.

20. RELATED PARTY TRANSACTIONS

(a) The following are the material related party transactions for the year:

	2019/2020	2018/2019
Loans to staff members	19,539,978	20,217,329



MULTIMEDIA UNIVERSITY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

20. APPENDIX 1:

**BREAKDOWN OF TRANSFERS FROM THE STATE DEPARTMENT OF
UNIVERSITY EDUCATION**

Recurrent Grant

Bank Statement Date	Amount (KShs)	Receipt No
STATEMENT DATE	AMOUNT	RECEIPT NUMBER
07.08.2020	49,255,492.00	RCT17-1469696
31.08.2020	49,255,492.00	RCT17-1469845
01.10.2020	49,255,492.00	RCT17-1486222
30.10.2020	49,255,492.00	RCT17-1487502
07.12.2020	49,255,492.00	RCT17-1522567
04.01.2021	49,255,492.00	RCT17-1526322
04.02.2021	49,255,492.00	RCT17-1556905
10.03.2021	49,255,492.00	RCT17-1606295
09.04.2021	49,255,492.00	RCT17-1639680
10.05.2021	49,255,492.00	RCT17-1661957
17.06.2021	49,255,492.00	RCT17-1693295
25.06.2021	49,255,492.00	RCT17-1702536
TOTAL	591,065,904.00	
GOVERNMENT DEVELOPMENT GRANT FINANCIAL YEAR 2020-2021		
STATEMENT DATE	AMOUNT	RECEIPT NO.
14.09.2021	40,001,375.00	RCT17-1470057
	40,001,375.00	