

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

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*Paper Laid by Hon. A. Duale, MP
on 19.03.2015.*

REPORT

OF



KENYA NATIONAL AUDIT OFFICE
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
JOMO KENYATTA UNIVERSITY OF AGRICULTURE
AND TECHNOLOGY ENTERPRISES LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2014**

JKUAT ENTERPRISES LTD

ANNUAL REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE &
TECHNOLOGY ENTERPRISES LIMITED**

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**JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY
ENTERPRISES LIMITED**

GENERAL INFORMATION

BOARD OF DIRECTORS

The directors who served during the year and to the date of this report were:

1. **Dr. Ekuru Aukot** Director, Chairman JKUAT Council
2. **Prof. Mabel Imbuga** Director, Vice Chancellor
3. **Dr. W.N. Karugu** Managing Director, JKUAT Enterprises Ltd.
4. **Prof. E.M. Kahangi** Director, Deputy Vice Chancellor (RPE)
5. **Prof. Francis Njeruh** Director, Deputy Vice Chancellor (APD)-Retired on 1 July 13
6. **Prof. Victoria W Ngumi** Director, Deputy Vice Chancellor (ADMIN)-Appointed on 1 July 2013
7. **Prof. R. Odhiambo Otieno** Director, Deputy Vice Chancellor (AA)
8. **Ms Bertha J. Dena** Director, Representing JKUAT Council
9. **Mr. Abraham Koech** Director, Representing Permanent Secretary, Treasury
10. **Mr. Kimathi Mugambi** Director, Representing Ministry of Higher Education- Retired on 1 July 2013

SENIOR MANAGERS

1. **Dr. Winifred Karugu** Managing Director
2. **Mr Erastus Mvuria** General manager
3. **Mr. Kelvin Muoki** Business Development Manager

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY
ENTERPRISES LIMITED**

PHYSICAL ADDRESS

Jomo Kenyatta University College of Agriculture
& Technology
Main Campus – Juja
P.O. Box 62000 – 00200
NAIROBI

AUDITORS

The Auditor General
Kenya National Audit Office
Anniversary Towers
P.O. Box 30084 – 00100
NAIROBI

BANKERS

Barclays Bank of Kenya Limited
Juja Branch
P.O. Box 580 – 01001
KALIMONI

Kenya Commercial Bank Ltd,
Moi Avenue Branch
P.O. Box 30081 - 00100
NAIROBI

LEGAL ADVISORS

Legal Officer
JKUAT
P.O Box 62000-00200
NAIROBI

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
ENTERPRISES LIMITED**

CORPORATE GOVERNANCE STATEMENT

Corporate Governance:

The Board of Directors is responsible for the governance of the Company and is accountable to the University which is the main shareholder in ensuring that the company complies with the law and the highest standards of corporate governance and business ethics. The Board attaches great importance to the need to conduct business with integrity and in accordance with the generally accepted corporate practice.

The Board of Directors:

The Board is made up of a substantial majority of Independent, non-executive Directors, including the Chairman. The Directors are given appropriate and timely information so that they can maintain full and effective control over all strategic, financial, operational and compliance issues.

Board Meetings:

The Board meets quarterly for scheduled meetings and on other occasions to deal with any specific matter that requires attention in between the quarterly meetings.

Scheduled meetings review the quarterly performance against targets as well as monitoring of business and operational issues.

Composition of Board:

Eight out of the nine members of the Board are non-executive, including the Chairman of the Board.

Majority of the directors are drawn from the main university or related fields. However, they are considered to be independent and free from any business, interest or other relationship that could interfere with the exercise of their independent judgment.

Board Meetings:

In accordance with the requirements of company's act, the company's board meets regularly where need arises to deliberate and act on operational, finance compliance and strategic issues as per the requirements.

Directors' Benefits and Loans:

In the last financial year of the Company, no Director has received or become entitled to receive any benefit other than amounts received under employment contracts for executive directors, sitting allowances and benefits accruing from published academic works.

The aggregate of emoluments for Directors' services rendered in the financial year is disclosed in the detailed financial report.

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
ENTERPRISES LIMITED**

MANAGING DIRECTOR'S REPORT

1 JULY 2013 TO 30 JUNE 2014 FINANCIAL YEAR

Performance during 2013/2014 Financial Year

Financial

Performance during 2013/2014 financial year was the best in the company's history with turnover at **Ksh 276.52 m**, gross profit at **Ksh 34.0 m** and net profit before tax at **Ksh 9.2 m**. During the same period during the 2012/2013 financial year turnover was Ksh 241.5 m, gross profit was Ksh 27.5 m and net income was Ksh 7.05 m. This reflects 14.5% increase in turnover compared to the same period in the previous financial year. This result fits in well with the target of Ksh 500 m turnover set by the Board during the meeting held on 1st November 2013. The divisions contributed to this result as follows; ICT division Ksh 68.6 m, Products division Ksh 64.5 m, Consultancy division Ksh 137 m and EDC division Ksh 5.8 m. The net income levels of the company have been low since inception to the present time due to the fact that the company has had to rely heavily on facilities owned by other entities. For example training is generally conducted in AICAD or in off campus hotels, which shrinks margins substantially. A case in point is the fact that the company has paid AICAD more than Ksh 4 m in the six month period from 1st January to June 30th this year. This is close to the sum that the company has spent to erect both the porridge and the yoghurt factory. The ongoing construction of facilities will go a long way towards improving net income to optimal levels.

During the year the company encountered many challenges, including the fact that costs went up tremendously due to inflation, serious need for additional staff and most of all pressing need to invest in capital infrastructure, namely plant and equipment for two factories and the office building. Space has become a major challenge for the company over time and currently 25 members of staff work out of a standard residential house within the campus. This is undesirable on several levels including that of productivity. The new office building will alleviate this problem. Demand for propagation materials continues to exceed the company's production capacity, and the company is addressing this by investing in capital and human resources. The company is forging ahead with its foray into consultancy, and is beginning to reap tangible results as evidenced by the improvement in external consultancy which has taken the form of architectural design, ICT and management audit activities.

Apart from the instant porridge factory the company continues to develop the flagship projects of all divisions, including training labs for ICT and seminar rooms for EDC. All these facilities will be housed in the hub currently being developed on the land allocated to JKUATES in JKUAT's Industrial area.

Management gratefully acknowledges the role played by the Board in facilitating the University Council to approve Guarantees for asset financing worth Ksh 35 m and the extension of the overdraft of Ksh 25 m. Although the company did not draw down on these facilities during the

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY ENTERPRISES LIMITED

financial year that ended on June 30th 2014, in the current financial year these facilities are enabling the company to develop vital production capacity.

Social

The company donated 300 fruit seedlings and 10 packages of instant noodles to community based organisations in Githunguri during the year in question, as part of corporate social responsibility.

Environmental

JKUAT Enterprises entered into partnership with Waste Electrical and Electronic Equipment Centre Ltd (WEEE), an e-waste management company licensed by National Environmental Management Authority (NEMA), to help schools in need of computers and other electronic items. WEEE Ltd collects obsolete and damaged electronic items for environmentally friendly disposal and recycling. The recycled items are distributed to schools across the country for free. JKUATES will help WEEE Ltd in training the communities, schools and other companies on how to manage electronic waste. During the year JKUATES donated 50 old computers to WEEE Ltd to be reconditioned and donated to needy schools. This helped prevent the accumulation of E-waste in our environment.

Performance of the Company's Divisions

Products Unit

The Products unit has historically concentrated on propagation materials, but is now moving into convenience foods and biotechnology products.

The Products Unit generated an income of Ksh 64.5 m during this time period, up from Ksh 58 m in the previous year. The third and final year of the Rwanda contract brought in Ksh 34 m of this with tissue cultured bananas and horticulture also contributing significantly. Now that the Rwanda project is over the division is counting on the instant porridge to bridge the gap that it left. However the division is also working on increasing production in order to meet local demand, as well as targeting other regional markets.

The instant porridge project is nearing completion with the erection of the factory building and the procurement of the machinery. The extruder has already arrived and the rest of the machinery is expected to be in place by the third week of October. The smaller factory for probiotic yoghurt and other foods has also been erected and the equipment required will be in place by the first week of November.

The division is also entering into high level biotechnology products and has piloted production of TAQ Polymerase enzyme used in DNA. The first batch of the enzyme will be ready for test marketing in the third week of October. The division is looking forward to the development of other cutting edge biotechnology products in the near future.

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Challenges include those inherent in venturing into new lines of business (instant porridge, yoghurt and enzyme production) including the inevitable learning curve. The division recognizes the challenges but is determined to succeed.

ICT Unit

The ICT Unit engages in ICT support services, training, software development & maintenance, digitalisation, and computer assembly. The division focuses on corporate, parastatal and governmental clients.

The ICT division brought in Ksh 68.6 m during the time period in question, compared to Ksh 57 m in the previous year. Most of the income (Ksh 52 m) was derived from ICT support services to KRA under which they outsource personnel from JKUATES. IT training to parastatal clients especially KRA brought in Ksh 11.5 m, while computer packages training continued to grow and contributed Ksh 4.9 m to the total.

The ICT division has continually been innovating new products and services, in addition to expanding the client base. One of the key achievements of the last financial year is that they successfully took over joint service provision (previously undertaken together with a partner since 2011) to KRA, and they are now the sole service provider. The division has diversified into IT systems Audit, which to date has not had a serious player in the Kenya market thus the prospects of growing this line of business look promising. The division is also venturing into ICT Project Management, especially monitoring and evaluation where the key focus will be tools and soft skills. The training section has developed a new line of business in Data Warehousing and Business Intelligence. They have already secured a key client in this area and shall be expanding and growing it in the next one year. New partnerships with reputable firms, both local and international will provide an edge in designing and implementing new products and services. Ongoing staff recruitment and training will in the medium and long term lead to new, sustainable business lines.

Challenges include sourcing other major clients in addition to KRA, and managing developing lines of business. The division is confident that it can overcome these challenges.

Enterprise Development Centre

EDC engages in entrepreneurship and business management training, business counselling and market research. EDC aims to position itself as the trainer of choice for forward and backward SME businesses of major corporations, NGO, parastatals and government.

EDC division earned Ksh 5.8 m during the financial year in question, up from Ksh 5.3 m during the previous year. The bulk of the income came from training to County personnel in diverse disciplines. The main client during the year in question was Muranga County government which commissioned training in value addition, livestock management, cooperatives and computer packages for junior county staff. They also commissioned management training for senior county staff. EDC is performing well below its potential due to serious constraints in space. Furthermore earnings are eroded by the high cost of suitable facilities such as AICAD. Other challenges include recruiting key personnel and innovative networking to position itself for

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
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substantial projects. These challenges will be addressed decisively once the company has its building in place.

Consultancy Unit

The Consultancy Unit generally undertakes mutually beneficial joint projects with the schools, faculties and institutes within the University, and/or outside entities on a voluntary basis.

Consultancy recorded the best performance during the year in question with income topping Ksh 137 m. This income was obtained from an architectural design project for KASNEB and an ICT audit of IFMIS for the Office of the Auditor General. Due to the problems encountered in the Judiciary project (see below) the company did not invoice for work done during the year in question but will do so now that the problems are being ironed out.

The division has grown from humble beginnings of less than Ksh 4 m per annum to its current level due to concerted effort by Management to enter this business space. The potential for consultancy is huge and the division is currently vigorously targeting counties and parastatals with some measure of success. Current opportunities include human resource audits and agricultural cooperative indebtedness audits.

Challenges for the division include cumbersome public procurement rules and regulations and the fact that problems within organisations may adversely affect the company as in the case of the Judiciary.

Appearance before Public Accounts Committee (PAC)

The Judiciary commissioned the company to undertake architectural design works for some of their proposed law courts around the country in 2012. The work went smoothly during the 2012/2013 year but during the last financial year serious problems arose. In October 2013 the Judicial Service Commission (JSC) called a press conference to dismiss the Chief Registrar. Their statement unfairly and wrongly adversely mentioned the company among many of their other suppliers. The accusations were publicized by the local press and also uploaded in the Judiciary website. The Managing Director subsequently wrote to the Chief Justice providing irrefutable proof that the accusations were false and thus requesting that he officially retracts them. He responded that the matter was *sub-judice* and therefore he could not comment.

An investigation into the allegations by the Office of the Auditor General followed culminating in a summons to appear before the Public Accounts Committee in late July 2014. The main accusations were as follows:

1. *That the company had illegally obtained an advance payment of Ksh 26 m from the Judiciary. In truth the company had neither invoiced for nor been paid such an advance by the Judiciary.*
2. *That the company had claimed for architectural design works based on an inflated figure of Ksh 951 m instead of the Ksh 652 m. The facts of the matter are that the Judiciary had commissioned architectural design works for eleven courts around the country and the company had duly complied. The Judiciary subsequently chose to build seven out of the eleven courts and wanted to pay for just the seven despite the fact that they had acknowledged receipt of eleven designs. The company is entitled to payment for work done that is properly acknowledged by the client.*

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ENTERPRISES LIMITED**

3. *That the company was paid without interim certificates.* The facts are that the company engages in architectural design works and is not a building contractor therefore the issue of interim certificates does not arise.

Management is pleased to inform the Board of Directors that the company was cleared of the above allegations. The Judiciary is still our client and the work is ongoing.

Construction and Equipment

In line with the budget passed by the Board of Directors on 1st November 2013, the company commenced on extensive construction works in March this year comprising of the instant porridge factory, the yoghurt factory and the JKUATES office building. First to be built was the Inspo factory which was soon followed by the yoghurt factory building which is now nearing completion. The following photographs were taken at the end of last week, with the first one showing the front view of both the porridge factory and the yoghurt factory while the next ones show the back view of the yoghurt factory, excavation works on the office building and an artist's impression of the front view of the JKUATES office building.



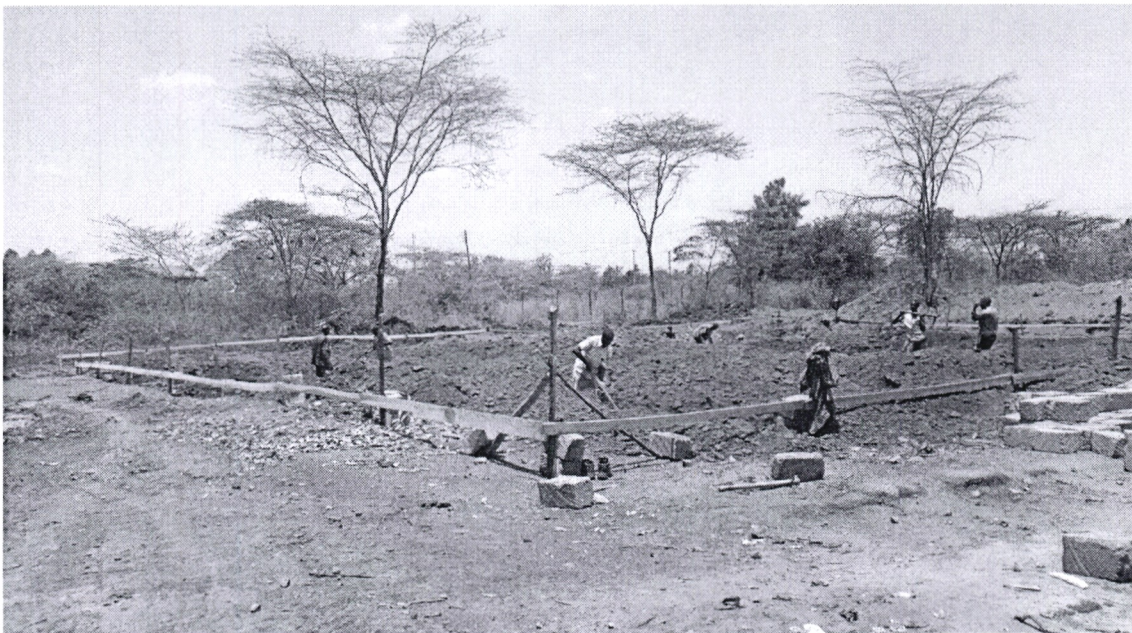
Front View of Instant Porridge and Yoghurt factory buildings

Management has ensured that construction is on a least cost basis such that to date the instant porridge factory has cost Ksh 3.9 m while the Yoghurt factory has cost Ksh 3 m. Electricity installation and plumbing works have so far cost an additional Ksh 2 m. The most expensive building will be the JKUATES office building which will cost Ksh 12 m to complete. The building will have two floors and the plans for the two floors are attached.

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ENTERPRISES LIMITED**



Back View of Yoghurt Factory Building



Excavation of JKUATES Office Building

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ENTERPRISES LIMITED**



Artist's Impression of Front View of JKUATES Office Building

All necessary fittings and equipment for the factories has been procured and installation begun. Testing will commence as soon as this process is completed.

Conclusion

The outlook for 2014/2015 financial year is promising. The Products division is in the process of equipping the two factories and production is expected to start by the beginning of November this year. The ICT division is pursuing new parastatal clients and new lines of business. Consultancy division is aggressively targeting the counties while management has commenced recruit for EDC to enable it to perform at par with the other divisions.

Signature *[Handwritten Signature]*
Managing Director

Date 23rd February 2015

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY
ENTERPRISES LIMITED

**STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE
YEAR ENDED 30 JUNE 2014**

The JKUAT Enterprises board is required to prepare statements, which give a true and fair view of the state of affairs of the company at the end of financial year and the results of the operations for the year. The board is required to ensure that the company keeps proper accounting records, which disclose with reasonable accuracy the financial position of the company. They are responsible for safeguarding the assets of the company.

The company's board accepts responsibilities for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and in a manner required by the companies Act. The company's board is of the opinion that the Financial Statements give a true and fair view of the state of financial affairs of the company as at 30 June 2014 and of its profit for the year ended. The board further confirms the accuracy and completeness of the accounting records, which have been relied upon in the preparation of financial statements, as well as on adequate systems of internal financial control.

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

This statement is approved by the company's Board and is signed on its behalf by



Dr. Winifred Karugu
MANAGING DIRECTOR



Prof. Mabel Imbuga, PhD
DIRECTOR

REPUBLIC OF KENYA

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NAIROBI HUB
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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY ENTERPRISES LIMITED FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Jomo Kenyatta University of Agriculture and Technology Enterprises as set out on pages 14 to 24, which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

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

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

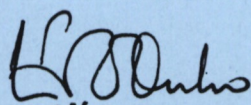
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2014, its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap.486 of the Laws of Kenya.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

20 February 2015

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY ENTERPRISES
LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

ASSETS	NOTES	Re-instated	
		30-Jun-14	30-Jun-13
		Kshs.	Kshs.
Non-Current Assets			
Property Plant and Equipment	9	6,812,591	2,030,615
Current Assets			
Trade and Other Receivables	10	97,547,802	61,990,980
Inventories	11	7,723,854	13,616,355
Cash and Bank Balances	12	11,342,896	17,945,689
		<u>116,614,552</u>	<u>93,553,024</u>
TOTAL ASSETS		<u>123,427,143</u>	<u>95,583,639</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued Share Capital	13	102,040	102,040
Capital Fund	14	25,644,004	25,644,004
Revenue reserves	15	9,818,388	3,316,967
Capital and Reserves		<u>35,564,432</u>	<u>29,063,011</u>
Current Liabilities			
Trade and Other Payables	16	87,862,711	66,520,627
Total Current Liabilities		<u>87,862,711</u>	<u>66,520,627</u>
TOTAL EQUITY AND LIABILITIES		<u>123,427,143</u>	<u>95,583,639</u>



DR. WINIFRED KARUGU
MANAGING DIRECTOR



PROF. MABEL IMBUGA, PhD
DIRECTOR

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY ENTERPRISES
LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

		Re-instated	
		2013-2014	2012-2013
INCOME	NOTES	Kshs.	Kshs.
Revenue	17	276,521,196	241,550,177
TOTAL INCOME		276,521,196	241,550,177
COST OF GOOD SOLD			
Cost of Sales	18	242,434,514	214,045,962
TOTAL COGS		242,434,514	214,045,962
GROSS PROFIT		34,086,682	27,504,214
OVERHEADS			
Staff Costs	19	15,305,357	11,499,749
Director's Allowances	20	320,000	430,000
Administration Expenses	21	4,882,857	4,566,411
Finance costs	22	412,621	134,589
Advertising and sales Promotion	23	974,672	108,925
Telephone and Internet	24	486,698	73,420
Utilities/Maintenance	25	386,702	271,243
Professional fees	26	440,850	411,900
Depreciation	27	1,589,180	1,319,451
TOTAL OVERHEAD		24,798,937	18,815,689
PROFIT/(LOSS) BEFORE TAXATION		9,287,745	8,688,526
INCOME TAX EXPENSE/(CREDIT)		2,786,323	1,633,598
PROFIT/(LOSS) AFTER TAXATION		6,501,421	7,054,928

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY ENTERPRISES
LIMITED**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Share Capital	Capital Funding	Re-instated Revenue Reserve	Total
As at 1 July 2012	102,040	25,644,004	(3,737,961)	22,008,083
Share Capital				-
Capital Funding				-
Surplus for the year			7,054,928	7,054,928
As at 30.6.2013	102,040	25,644,004	3,316,967	29,063,011

	Share Capital	Capital Funding	Revenue Reserve	Total
As at 1 July 2013	102,040	25,644,004	3,316,967	29,063,011
Share Capital				-
Capital Funding				-
Surplus for the year			6,501,421	6,501,421
As at 30.6.2014	102,040	25,644,004	9,818,388	35,564,432

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY
ENTERPRISES LIMITED**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts are prepared on historical cost convention to include valuation of certain Fixed Assets.

2. INCOME

Revenue is on accrual basis. Income was earned from ICT training, software development, computer sales, mushroom training and spawn production, sale of printed books, consultancy, sale of food products, sale of tissue culture bananas and training in entrepreneurship and human resource development.

3. PROPERTY PLANT AND EQUIPMENTS

Fixtures and equipment are stated at cost or valuation less depreciation. Depreciation of fixtures and equipment are calculated on the straight line basis using the following annual rates:

Furniture and Fitting	10%
Computer and Electronic Equipment	33.3%
Office Equipment	10%
Production Structures and Equipment	25%

4. INVENTORY

The company stocks are valued at the lower of cost and net realizable value.

5. EXCHANGE RATES DIFFERENCES

The accounting records are maintained in the financial currency of the primary economic environment in which the entity operates, Kenya Shillings. Transaction in foreign currencies during the year/period are translated into functional currency using the exchange rates prevailing at the date of transactions. Any foreign exchange gains and losses resulting from settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss

6. FINANCIAL YEAR

The accounts have been prepared for 12 months from July 1st 2013 to June 2014

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

ASSET MOVEMENT SCHEDULE

9 PROPERTY PLANT & EQUIPMENT SCHEDULE

	33.33%	10%	10%	25%	TOTAL
	COMPUTERS	FURNITURES	OFFICE	PRODUCTION	
	KSHS	KSHS	EQUIPMENTS	STRUCTURES &	KSHS
				EQUIPMENTS	
				WORK IN	
				PROGRESS	
COST					
As at 01-07-2012	2,551,906	1,020,163	1,371,279	1,301,238	6,244,586
Disposal	(337,560)				(337,560)
Addition in the year	961,496	761,500			1,722,996
As at 30th June 2013	3,513,402	1,020,163	1,795,219	1,301,238	7,630,022
DEPRECIATION					
As at 01-07-2012	2,156,688	707,032	746,541	911,613	4,521,874
Charge for the year	(712,603)	(102,016)	(241,918)		(241,918)
As at 30th June 2013	2,869,291	809,048	684,145	1,236,923	5,599,407
NET BOOK VALUE-30/06/2013	644,111	211,115	1,111,074	64,315	2,030,615
COST					
As at 01-07-2013	3,513,402	1,020,163	1,795,219	1,301,238	7,630,022
Disposal-Note pad	(61,249)				(61,249)
Addition in the year	1,346,011	188,230	940,625	395,000	3,535,320
As at 30th June 2014	4,798,164	1,208,393	2,735,844	1,696,238	13,973,959
DEPRECIATION					
As at 01-07-2013	2,869,291	809,048	684,145	1,236,923	5,599,407
Disposal-Note pad	(27,219)				(27,219)
Charge for the year	770,697	120,839	273,584	424,060	1,589,180
As at 30th June 2014	3,612,769	929,887	957,729	1,660,983	7,161,368
NET BOOK VALUE 30/06/2014	1,185,396	278,506	1,778,115	35,256	6,812,591
30/06/2013	644,111	211,115	1,111,074	64,315	2,030,615

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE TECHNOLOGY
ENTERPRISES LIMITED**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>Re-instated</u>	
	<u>2013-2014</u>	<u>2012-2013</u>
10 TRADE AND OTHER RECEIVABLES		
Trade Receivables	84,876,370	53,742,588
Sundry Deposit	3,861,255	14,000
Withholding Tax	8,166,188	7,649,755
Insurance Prepayment	643,989	584,637
	<u>97,547,802</u>	<u>61,990,980</u>
11 INVENTORIES		
Networking Items	0	6,960
Mushroom Spawn	15,925	10,860
Books:		
Basics of Geometry	109,355	59,041
Basics of Calculus	88,167	40,886
Algebra And Maths	112,182	55,190
Statistics and Probability	99,208	32,960
Basics of Graphs	110,743	49,631
Noodles	46,434	-
Chuff Cutters	16,682	16,682
Paw paw seedlings	103,320	68,280
Banana	2,284,294	4,854,047
Aloe Vera Seedlings	74,400	305,440
Mango Seedlings	2,214,125	3,701,650
Avocado Seedlings	187,065	878,530
Soda & Water	1,790	5,393
Templates Seedlings	514,200	943,400
Orange seedlings	216,150	654,335
Lemon Seedlings	50,625	676,825
Guava Seedlings	72,100	288,800
Other Assorted Seedlings	1,407,090	967,445
Total Stock	<u>7,723,854</u>	<u>13,616,355</u>
12 CASH & BANK BALANCES		
KCB Moi Av-Bank Current Account	4,953,436	(1,226,828)
BARCLAYS Juja-Bank Current Account	592,860	2,464,461
KCB Moi Av-USD Account	5,796,600	16,708,056
Total Cash & Bank Balances	<u>11,342,896</u>	<u>17,945,689</u>
13 -Authorized Share capital-10,000 ordinary shares of Kshs 20.00 each		
-Issued Share Capital 5102 @ 20	<u>102,040</u>	<u>102,040</u>

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE TECHNOLOGY
ENTERPRISES LIMITED**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2013-2014</u>	<u>2012-2013</u>
14 Capital Funding	<u>25,644,004</u>	<u>25,644,004</u>
15 REVENUE RESERVE		
Bal B/F	3,316,967	(3,737,961)
Net Profit for the year	6,501,421	7,054,928
	<u>9,818,388</u>	<u>3,316,967</u>
16 TRADE AND OTHER PAYABLES		
Trade Payables	66,629,194	48,368,831
PAYE Control	0	258,773
NHIF Control	0	6,720
NSSF Control	0	8,400
Sundry Deductions	0	104,468
Provision for Audit Fee	464,000	400,000
Provision for Gratuity	1,610,868	1,579,059
Staff Welfare	119,800	80,700
Casual Control	0	37,300
Prov for Distribution of Project Earnings	0	300,161
Other Provisions	1,199,550	-
Customers, Credit Balances	2,833,770	7,694,348
Provision for MD's Salary	7,293,124	4,946,400
VAT Control Account	4,926,082	673,129
KRA IT Support	0	428,739
Taxation	2,786,323	1,633,598
Total Current Liabilities	<u>87,862,711</u>	<u>66,520,627</u>

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE TECHNOLOGY
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

17 INCOME	2013-2014	Re-instated 2012-2013
ICT DEPARTMENT		
IT Training and Computer accessories	11,513,328	10,864,421
Computer Short Courses	4,959,935	3,119,800
KRA-IT Support Services	52,224,000	44,000,000
Total ICT Department	68,697,263	57,984,220
PRODUCTS		
Convenient Food	276,870	296,389
Mushroom Products	1,686,140	1,072,410
Horticultural products	11,568,262	6,353,796
Rwanda Project	34,643,889	40,796,391
Banana Products	16,191,035	9,406,046
OTHER IBR Products	225,885	113,285
Total Products Division	64,592,081	58,038,317
CONSULTANCY		
Internal Consultancy		3,085,077
External Consultancy	137,282,290	117,130,252
Total consultancy	137,282,290	120,215,329
ENTERPRISE DEVELOPMENT CENTRE		
Publishing	457,792	689,900
SME Project	5,425,800	4,622,410
Total for EDC	5,883,592	5,312,310
OTHER INCOME		
Gain on disposal of a computer	11,970	0
Sales of tender documents	54,000	0
	65,970	0
TOTAL INCOME	276,521,196	241,550,177
18 COST OF SALE		
ICT DEPARTMENT		
IT Training and Computer accessories	7,880,550	8,672,330
Computer Short Courses	2,690,111	1,426,434
KRA-IT Support Services	46,133,472	37,964,927
Total ICT Department	56,704,133	48,063,691
PRODUCTS		
Convenient Food	2,723,959	3,141,266
Mushroom Products	820,634	1,078,687
Horticultural products	11,174,264	5,395,469
Rwanda Project	31,562,956	29,106,333
Banana Products	11,358,016	7,053,580
Other IBR Products	709,257	1,102,077
Total Products Division	58,349,086	46,877,413
CONSULTANCY		
Internal Consultancy		2,893,003
External Consultancy	124,330,764	112,168,230
Total consultancy	124,330,764	115,061,233

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE TECHNOLOGY
ENTERPRISES LIMITED**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2013-2014</u>	<u>2012-2013</u>
ENTERPRISE DEVELOPMENT CENTRE		
Publishing	576,083	315,729
SME Project	2,474,448	3,727,897
Total for EDC	<u>3,050,531</u>	<u>4,043,626</u>
TOTAL COST OF SALE	<u>242,434,514</u>	<u>214,045,962</u>
GROSS PROFIT	<u>34,086,682</u>	<u>27,504,214</u>
19 STAFF COSTS		
Gratuity	937,865	803,347
N.S.S.F CO. Contribution	26,000	23,400
Staff Training	481,400	-
NSSF Staff Contribution	26,000	27,800
NHIF Staff Contribution	41,040	37,440
PAYE Staff Deduction	2,624,483	2,401,999
NET Salary	7,778,768	7,004,475
Staff Other Deduction	1,043,077	1,201,288
Prov for MD's salary	2,346,724	-
	<u>15,305,357</u>	<u>11,499,749</u>
20 DIRECTORS ALLOWANCES		
Director's Sitting Allowances	320,000	430,000
21 ADMINISTRATION EXPENSES		
Staff Mileage Claim	397,175	359,386
Medical expenses	310,645	394,987
Staff Welfare	662,651	307,858
Travel And Subsistence	317,040	202,445
Motor Vehicle Expenses	958,300	1,121,613
Generator Fuel	16,000	10,000
Stationery Ordinary	523,253	478,333
Computer Stationery	537,978	396,718
Photocopying	44,730	14,168
Insurance	799,301	531,537
Newspaper and Periodicals	1,660	-
Loss on disposal of photocopying machine	-	75,642
Strategic Planning	-	19,725
Exchange Loss	314,124	654,000
	<u>4,882,857</u>	<u>4,566,411</u>
22 FINANCE COSTS		
Bank Charges	412,621	134,589

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE TECHNOLOGY
ENTERPRISES LIMITED**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2013-2014</u>	<u>2012-2013</u>
23 ADVERTISING AND SALES PROMOTION		
Field Promotion	973,547	101,739
Misc Postages	1,125	7,186
	974,672	108,925
24 TELEPHONE AND INTERNET		
Telephone	17,359	48,824
Internet Services	469,339	24,596
	486,698	73,420
25 MAINTENANCE/UTILITY COST		
Electricity and Water	169,979	125,779
Cleaning	42,813	32,744
Repair and Maint-Building	134,950	95,800
Repair and Maint-EQUIP	38,960	16,920
	386,702	271,243
26 PROFESSIONAL SERVICES		
Audit Fees	400,000	400,000
Legal fees	40,850	11,900
	440,850	411,900
27 DEPRECIATION		
Depreciation Comp Equipments	770,697	712,603
Depreciation Furniture	120,839	102,016
Depreciation Office Equipment	273,584	179,522
Depreciation Production Structures & Ec	424,060	325,310
	1,589,180	1,319,451
PROFIT BEFORE TAX	9,287,745	8,688,526
TAXATION	2,786,323	1,633,598
PROFIT AFTER TAX	6,501,421	7,054,928