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REPORT

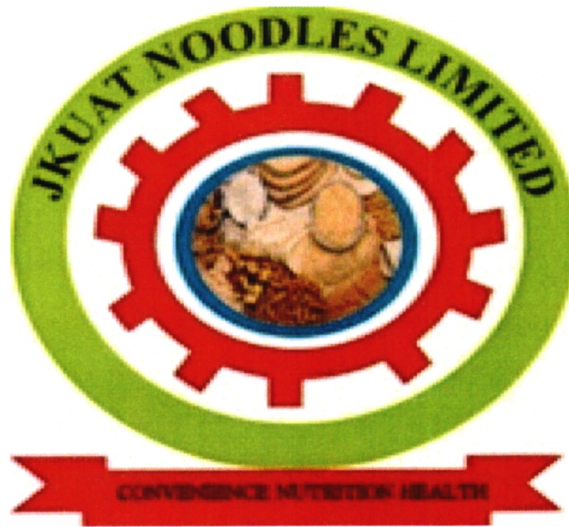
 THE NATIONAL ASSEMBLY PADDOS LALO	
DATE: 26 APR 2023	DAY:
TABLED OF	Hon. Naomi Wagg, M.P. Deputy Majority Whip
CLERK-AT THE-TABLE:	Christine Ndlovu

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2022**



JKUAT Noodles Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2022**

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

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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I. KEY ENTITY INFORMATION

a) Background information

JKUAT Noodles Ltd was established under the Companies Act (Cap. 486) on 10th day of January Two Thousand and Eighteen. At Cabinet level, JKUAT Noodles Limited is represented by the Cabinet Secretary for Education and Cabinet Secretary Treasury, who are responsible for the general policy and strategic direction of JKUAT Noodles Limited.

b) Principle Activities

The principle activity of JKUAT Noodles Limited is to produce and sell noodles.

c) Directors

The directors who served JKUAT Noodles Limited during the year were as follows:

1. Mahboub Maalim Mohamed Director, Chairman JKUAT Council-Appointed 16/10/2020
2. Prof. Victoria Wambui Ngumi Director, Vice Chancellor Appointed 1st Sep 2018
3. Dr. W.N. Karugu Managing Director, JKUAT Noodles Ltd Appointed May 2008
4. Prof. Mary Abukutsa Director, Deputy Vice Chancellor (RPE) Appointed 1st May 2017
5. Prof. Bernard Ikua Director, Ag. Deputy Vice Chancellor (Admin), Appointed 1st Sep 2018
6. Prof. Robert Kinyua Director, Ag. Deputy Vice Chancellor (AA) Appointed 1st Sep 2018
7. CPA Robert Asumani Director, Representing PS Min of Education-Appointed on 1st Oct 2018
8. CPA Judith A. Nyakawa Director, Representative CS Treasury appointed on 24th November 2017
9. Mr. John Kiumi Wambugu Company Secretary, appointed 1st July 2021.

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d) Corporate Secretary

Mr. John Kiumi Wambugu
Uniafric Hse,
1st Flr, Loita St,
P.O. Box: 69565-00400
Tom Mboya St, Nairobi, Kenya

e) Registered Office

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

f) Corporate Headquarters

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

g) Corporate Contacts

Telephone: 067-52420, 0724-256696, 0736-524200
E-mail: JKUAT Noodles Limited@JKUAT Noodles Limited.jkuat.ac.ke
Website: www.JKUAT Noodles Limited.com

h) Corporate Bankers

Standard Chartered Bank
Thika Branch
P.O. BOX 300-01000
THIKA








i) Independent Auditors

Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya



j) Principal Legal Advisor

k) Mr. John Kiumi Wambugu
l) Uniafric Hse,
m) 1st Flr, Loita St,
n) P.O. Box: 69565-00400
o) Tom Mboya St, Nairobi, Kenya



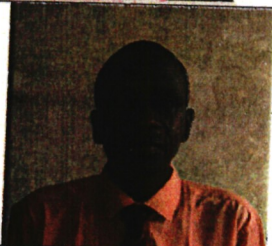
II. THE BOARD OF DIRECTORS

	<p>Ambassador (Eng.) Mahboub M. Maalim, Chairman JKUAT Council Chair Appointed on 16/10/2020</p>
	<p>Prof. Victoria Wambui Ngumi, Director The Vice-Chancellor JKUAT Professor of Botany Appointed 1st Sep 2018</p>
	<p>Dr. Winifred N. Karugu, Managing Director BSc Agriculture (Oklahoma state university) Appointed 01/05/2008 MSc Agricultural Economics (Oklahoma state university) PhD Economics (JKUAT)</p>
	<p>Prof. Mary Abukutsa Director, Deputy Vice Chancellor (RPE)-JKUAT- Appointed 01/05/2017</p>
	<p>Prof. Robert Kinyua Director, ag. Deputy Vice Chancellor (AA)-JKUAT-Appointed 01/09/2018</p>
	<p>Prof. Bernard Ikua Director, ag. Deputy Vice Chancellor (Admin)-JKUAT- Appointed 01/09/2018</p>
	<p>CPA. Robert Asumani ,Director Representing Principal Secretary, Education appointed 01/10/2018</p>



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	<p>Mr. John Kiumi Wambugu, Company Secretary Masters in Strategic Management – University of Nairobi (2011); Post Graduate Diploma in Law – Kenya School of Law (2004 - 2005); Bachelor of Laws (Hons) – University of Nairobi (2000 - 2004); Certified Public Accountant, (CPA.K) Strathmore University (1999 – 2001) Certified Public Secretary, Section 6 (CPS. K) (June 2007)</p>
	<p>CPA. Judith A. Nyakawa Representing Cabinet Secretary, Treasury Appointed 24th Nov 2017</p>

III. MANAGEMENT TEAM

	<p>Dr. Winifred N. Karugu, Managing Director BSc Agriculture (Oklahoma state university) MSc Agricultural Economics (Oklahoma state university) PhD Economics (JKUAT)</p>
	<p>Mr. Erastus Mvuria, General Manager Certified Public Accountant Bachelor of Commerce Master of Business Administration</p>
	<p>Mr. Joseph Macharia, Finance Manager Certified Public Accountant Bachelor of Commerce</p>

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	<p>Mr. Evans Mutugi, Projects Manager B. Com in Business Administration and Management Master of Procurement and Logistics Certified Procurement and Supply Professional-(CPSP-part 1) Certified Public Accountant (CPA- part 1)</p>
	<p>Mr. John Kiumi Wambugu, Company Secretary Masters in Strategic Management – University of Nairobi (2011) Post Graduate Diploma in Law – Kenya School of Law (2004 - 2005) Bachelor of Laws (Hons) – University of Nairobi (2000 - 2004) Certified Public Accountant, (CPA.K) Strathmore University (1999 – 2001) Certified Public Secretary, Section 6 (CPS. K) (June 2007)</p>

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IV. CHAIRMAN'S STATEMENT

Introduction

JKUAT Noodles Limited recognizes its main role in commercializing the yummy brand of noodles. JKUAT Noodles Limited has spent the last two years creating noodle and seasoning formulas, with thirty-one (31) noodle and five (5) seasoning formulations currently available. During the fiscal year, the corporation completed its five-year strategic plan.

The Yummy brand of Noodles are made with locally sourced raw materials and do not contain any toxic additives or preservatives

Financial Performance

During the last financial year, JKUAT Noodles Limited attained an income of **Ksh 2,133,206** . During the same period in 2020/2021, revenue was **Ksh 344,568**.

Factory Testing

During the fiscal year a complete systems audit was conducted to ensure that the production was running well. The corporation then embarked on solutions, such as cable management and boiler unit conversion, to ensure that production would efficiently run.

Market Launch

Following the launch of the noodle products in the market and the introduction of the Yummy brand within the institution and its environs, the corporation continued to produce noodles of the three formulations into the market. These are: vegetable fortified, sorghum fortified, and protein (cowpeas) fortified are the three types with three seasoning formulations: beef, chicken, and masala flavors. The corporation also initiated tests using different oil types during the fiscal year with an aim of acquiring a wider profile of cost effective, locally available oils.

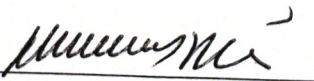
Challenges

Financing manufacturing and marketing, as well as the ongoing financial issues faced by supermarkets and other retail chains, and the general state of the economy, are all significant challenges. This made it incredibly difficult to sell the product.

Conclusion

Management has put in a lot of effort over the financial year and is prepared for the significant hurdles that come with commercial production.

Signature:
Chairman



Date:

7/3/2023

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V. REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 30 JUNE 2022

JKUAT Noodles Limited runs a noodles production plant capable of producing 165 packets (of 70 g each) per minute or 72,000 packets in an 8-hour shift. By-products include soaps and related products.

Performance

Financial Performance

During the last financial year, JKUAT Noodles Limited attained an income of **Ksh 2,133,206**. During the same period in 2020/2021, revenue was **Ksh 344,568**.

JKUAT Noodles Limited completed plans to launch noodles, and entered the market in a small way. The small launch was due to a lack of funds. We continued to discuss funding for JKUAT Noodles with both financial institutions, as well as other private interested parties and remained optimistic of the opportunities that would arise therein.

During the fiscal year, the company embarked on a full-systems audit to ensure the factory was up to speed. It was discovered that we needed to replace the packaging machine as it was offline and could not be subjected to further repair as the manufacturer has discontinued that model and no longer provides support for that specific tread line.

After this, we embarked on finding solutions that ensured we would still be on course to meet production targets and overall company objectives, by prioritizing what needs to be done to ensure production runs smoothly.

The corporation further embarked on an audit of the factory machinery during the period in review. Despite the challenges we have managed to:

- Underwent a boiler conversion from diesel to furnace as a cost saving measure.
- Initiated the sale of more than 10,000 factory batch noodles to the University's environs.
- Have a raw material alternative tested with different oil types such as Canola, sunflower, Tallow and Soya.
- Internally identify the most urgent pressing issues such as moving away from outsourcing technical labor and undertaking a recruitment process for these key positions.

Management continues to pursue potential funding avenues and partnerships for JKUAT Noodles Limited. Despite the tough economic climate. JKUAT Noodles are up to date with all statutory obligations.


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HR Division

The HR division conducted an HR audit of all staff and updated all records. All members of staff are on contract for varying periods ranging from 6 months to three years.

Conclusion

During the period under review, JKUAT Noodles Limited experienced very tough times with significant financial challenges. However, we still managed to grow our top line and improve the bottom line. Funding remains a critical issue, but if we can find a way around it, we will be able to meet our year-end targets.

Signature 
Managing Director

Date 7/3/23

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VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

JKUAT Noodles Limited recognizes its role in commercializing its Yummy Brand of Noodles. The company has spent the last two years developing noodle and seasoning formulas, and there are currently thirty-one (31) noodle and five (5) seasoning formulations available.

JKUAT Noodles Limited had objectives within the estimated Budget Plan for the FY 2021/2022 that were tabled to the Board of Directors for approval.

These objectives centered around fully operationalizing its business activities and marketing its Yummy Brand of Noodles. The objectives for the year were as follows:

- Economic- Survival, Innovation, profit-earning
- Human- Employee welfare, employment opportunities
- Organic- Research and Development
- Social- Wholesome healthy and quality products

The Institution achieved its performance targets set for the FY 2021/2022 period for as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Marketing	Economic	Leads Generated	Soft Launch	Increased revenue
Clients	Social	Product Innovation Brand Awareness	Activations	Increased brand awareness Nutritious and wholesome products introduced to the market.
Research and Development	Organic	Variations and formulas	Product Development	31 noodle variations of new and unique noodle formulations

VII. CORPORATE GOVERNANCE STATEMENT

Corporate Governance:

The Board of Directors is responsible for the governance of JKUAT Noodles Limited and is accountable to the University which is the main shareholder in ensuring that JKUAT Noodles Limited 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, JKUAT Noodles Limited 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:

JKUAT NOODLES LIMITED

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In the last financial year of JKUAT Noodles Limited, 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.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the year of audit JKUAT Noodles Limited collected revenue of 2.1m compared to 0.3m in the year 2020/2021. This can be represented in the following chart:-

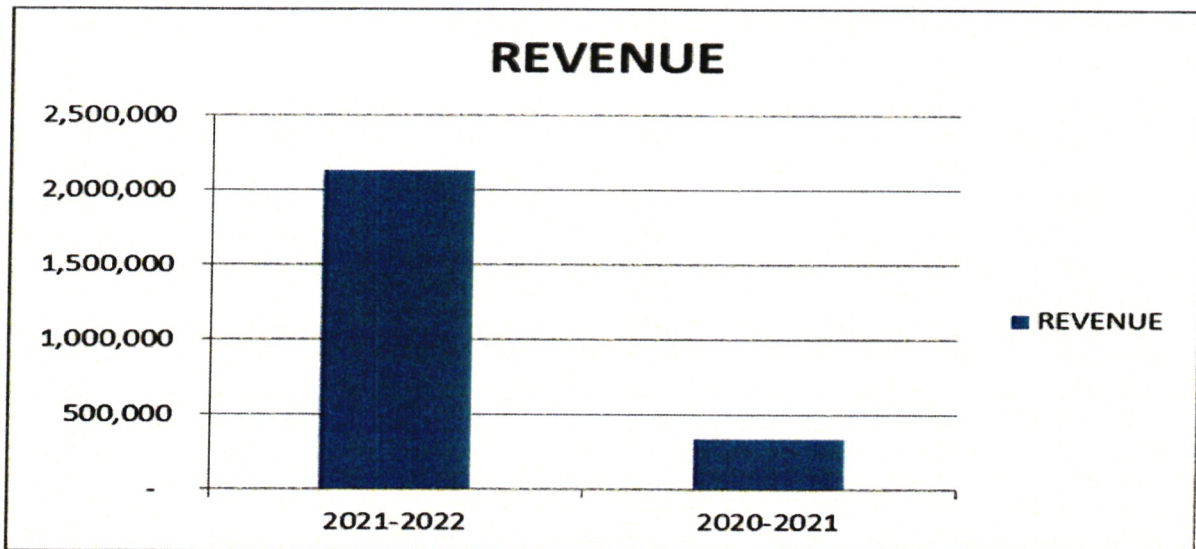


Figure 1: Revenue Contribution

Cost of sales

Cost of sales was 2m as compared to 4.6m in the year 2021/2022 and 2020/2021 consecutively. This could be shown by the following chart:

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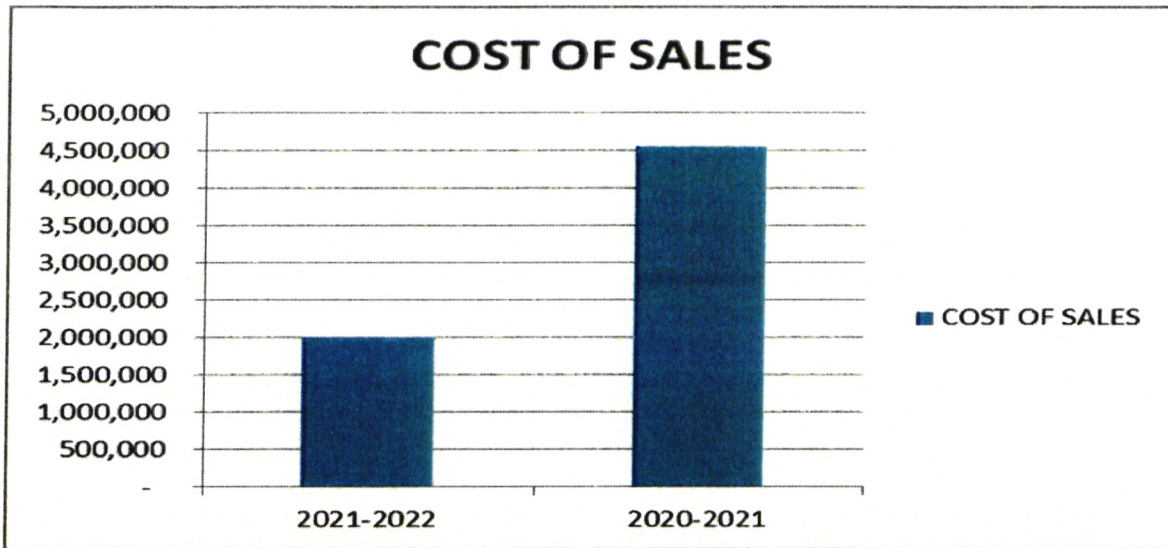


Figure 2: Cost of Sales

Administrative analysis

Analysis of company's administrative expenses for the two years in comparison were as follows:

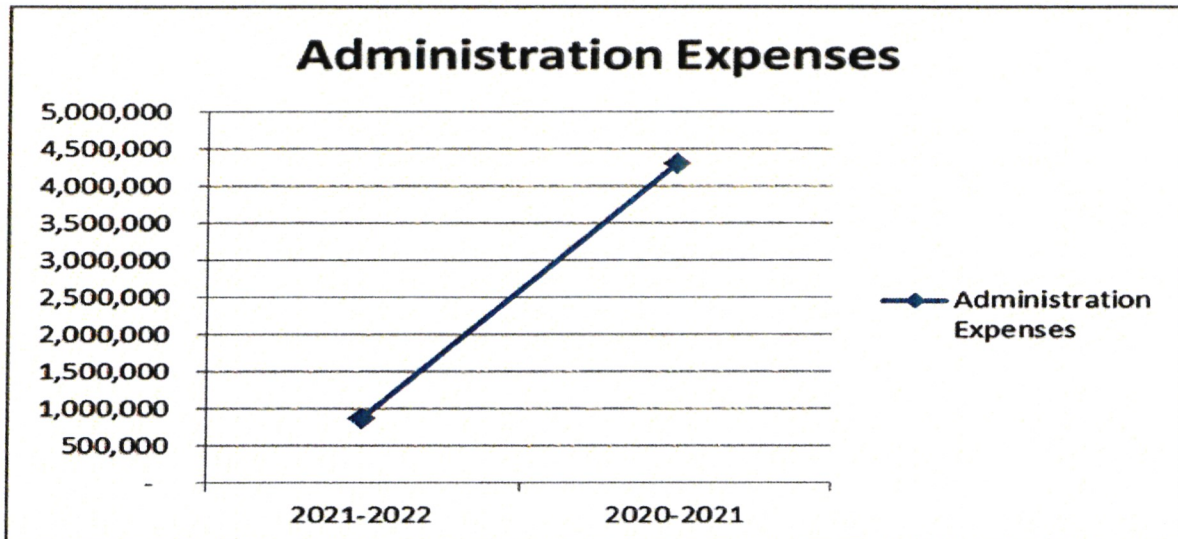


Figure 3: Administration analysis

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Finance cost

The finance cost for the financial year 2021-2022 decreased compared to the precedent financial year 2020-2021 i.e. ksh.0.02m to 0.04m respectively. This can be depicted by the following chart:

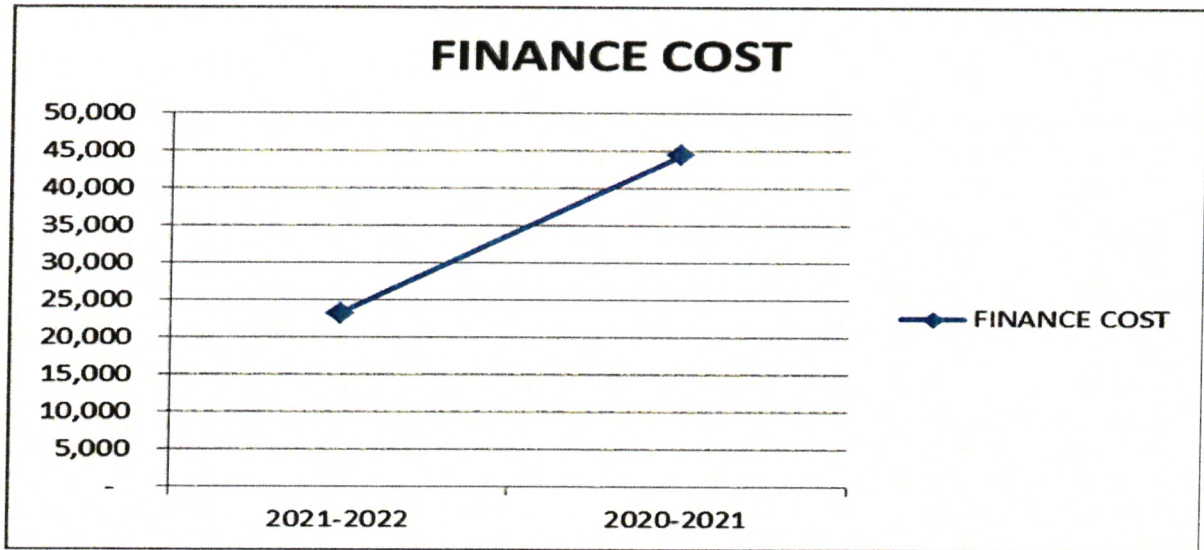
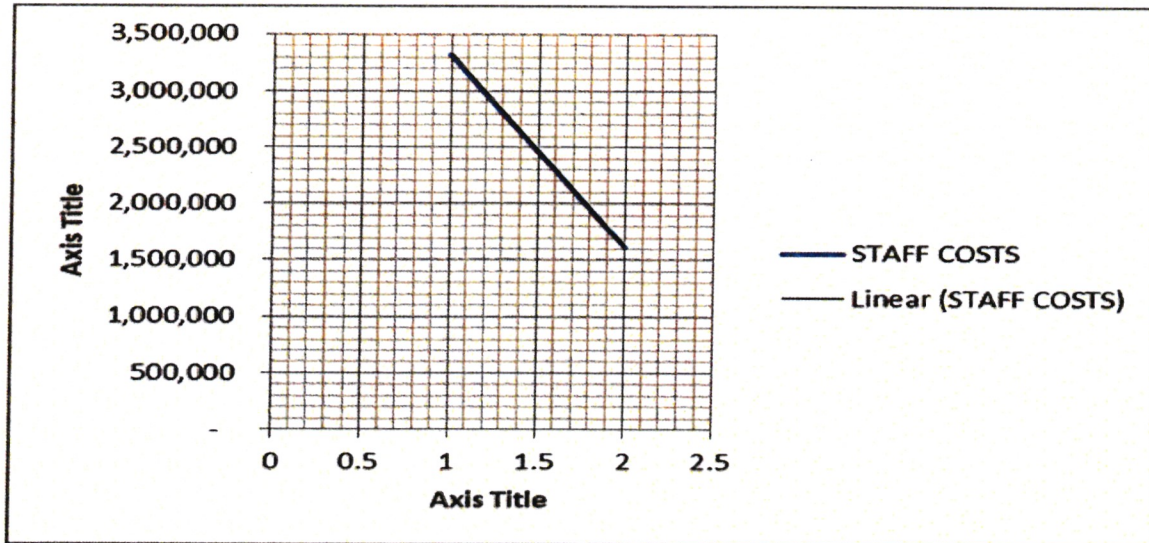


Figure 4: Finance Cost

STAFF COSTS

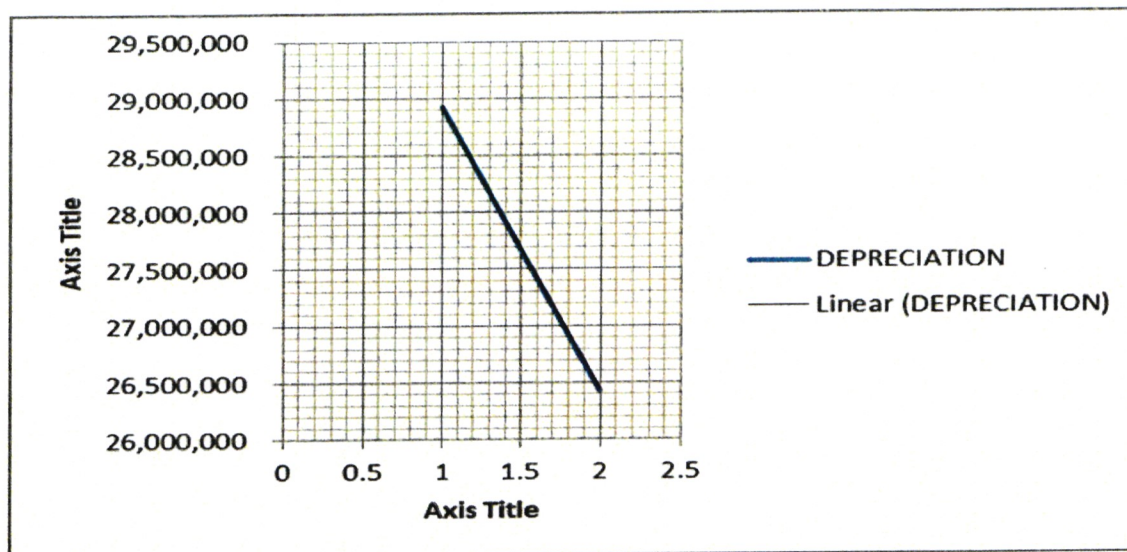
Staff costs for the two years can be represented as below



DEPRECIATION

Depreciation for the two years were as shown below.

ANNUAL REPORTS AND FINANCIAL STATEMENTS
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The performance results for the years measured in terms of profitability were as follows:

	2021/2022	2020/2021
	Ksh	Ksh
Loss for the year	(33m)	(37m)

This can be summarized in the chart below:

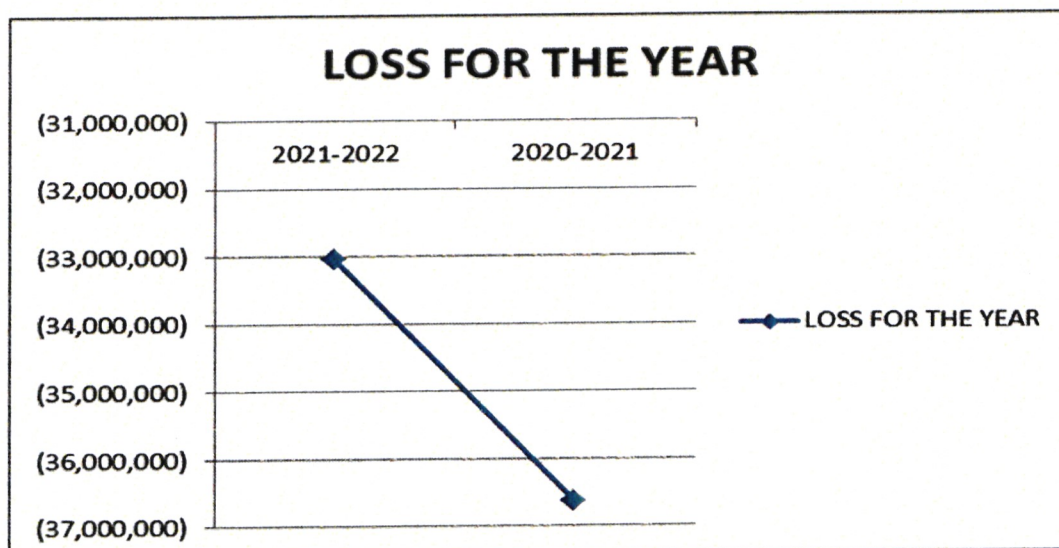


Figure 5: Performance comparison

Investment activities

JKUAT Noodles Limited Property, Plant and Equipment in the year under consideration went down due to higher depreciation than investment. This can be seen in the chart below:

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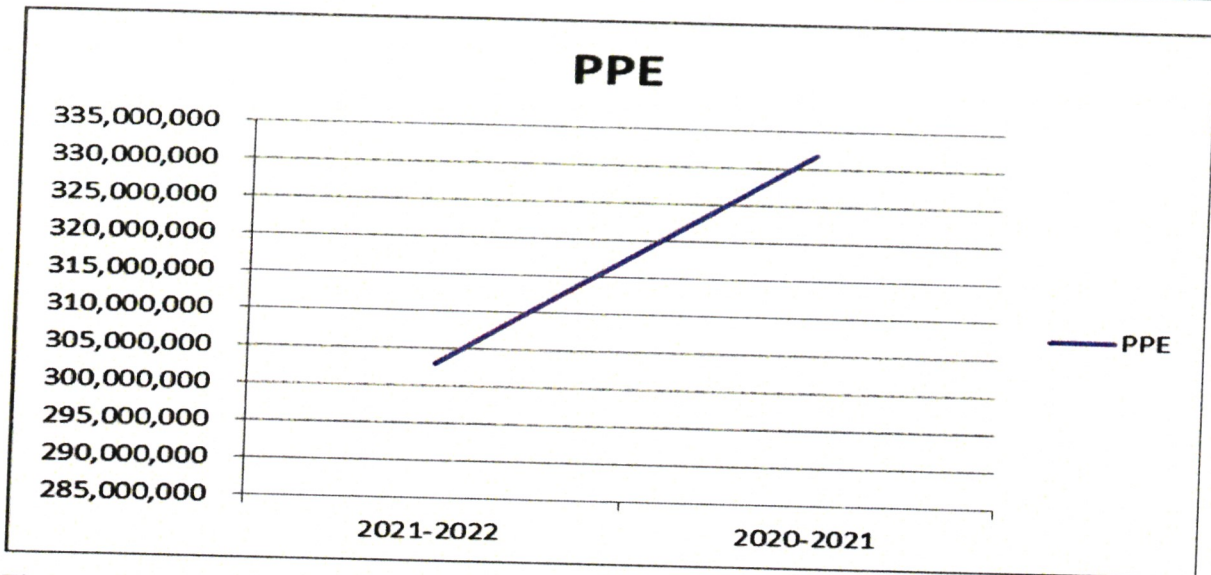


Figure 6: Property, Plant and Equipment

Current Assets

Current assets reduced from kshs. 1.9m to kshs. 0.4m in the financial year 2020-2021 and 2021-2022 respectively. This was as shown below:

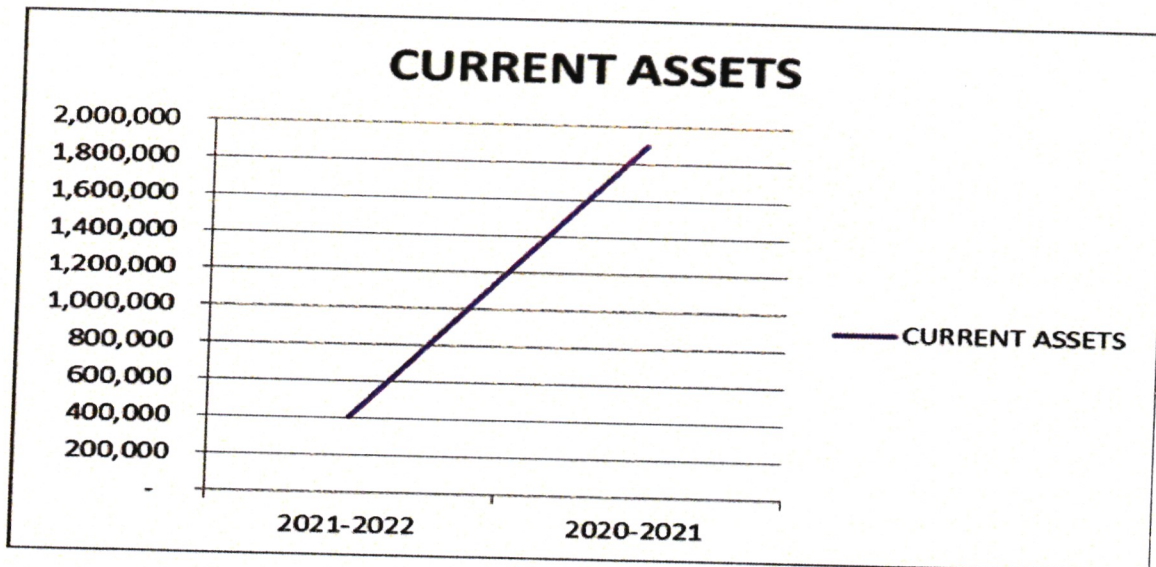


Figure 7: Current Assets

Capital and reserves

Capital and reserves reduced from 332m to 299m in the financial year 2020/2021 to 2021/2022 respectively. Their status can be represented as in the picture below:

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

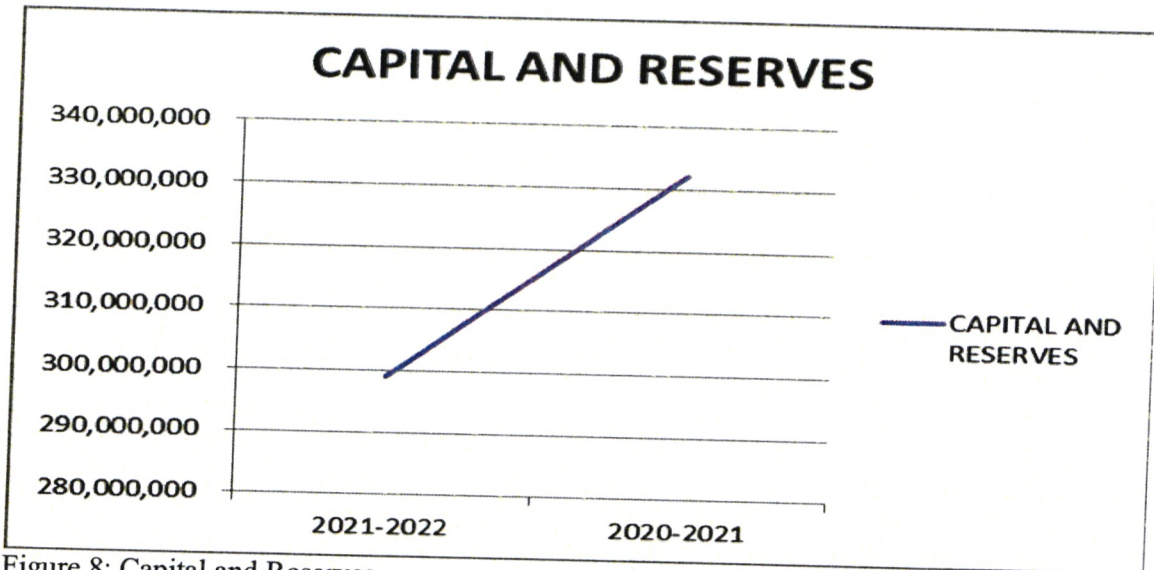


Figure 8: Capital and Reserves

Current Liabilities

Current liabilities grew to Kshs.4.2m from Kshs. 1.6m. This was as represented in the chart below:

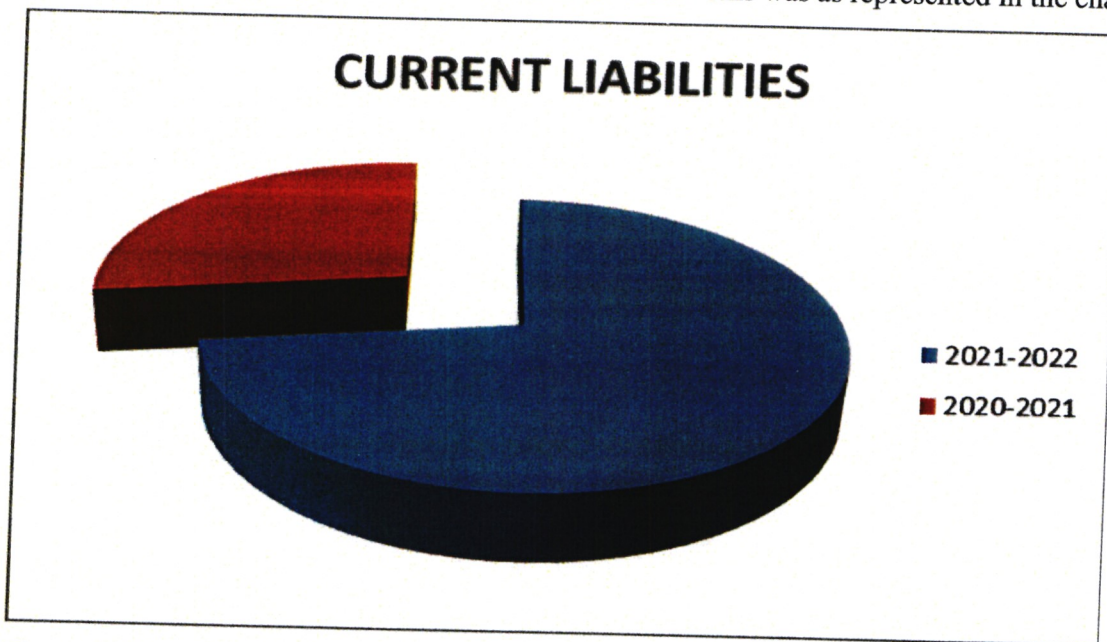


Figure 9: Current Liabilities

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

JKUAT Noodles Limited recognizes the importance of its role in commercialising the Yummy brand of noodles. The company has spent the last two years developing noodle and seasoning formulas, and there are currently thirty-one (31) noodle and five (5) seasoning formulations available. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile -

The top management in the company spearheads research and development of wholesome products using materials sourced from local sources. They also research and develop markets both within our borders and beyond. They study macroeconomic trends both domestic and internationally and strategize accordingly. They also make sure that the company is compliant with all required standards and strive to conform to best practices. Key achievements include developing and launching three formulations, testing them and launching them into the local market.

ii) Environmental performance

Sustainability is a key driver in our activities. JKUAT Noodles is committed to protecting the environment, complying with relevant legislation and government policy commitments. In the previous fiscal year, the institution conducted a boiler unit conversion from using diesel to using furnace oil. This has halved our fuel costs and increased the efficiency of the plant.

iii) Employee welfare

JKUAT Noodles Limited is committed to equal employment opportunity to all people regardless of race, religion, ethnic or national origin, age, disability, sexual orientation, gender identity or on any other basis.

iv) Marketplace practices

a) Responsible competition practice.

The institution does not employ predatory or other methods to limit or restrict production, market outlets or market access, investment, distribution, technical development, or technological growth.

The organisation ensures that it does not, either directly or indirectly, impose unreasonable purchase or sale pricing or other unfair business circumstances.

b) Responsible Supply chain and supplier relations

JKUAT Noodles Limited is dedicated to enabling and ensuring the execution of an effective and efficient public procurement and asset disposal system that surpasses our customers' and stakeholders' expectations.

The organisation is completely in accordance with the law and the procurement procedures outlined in the article 227 of Kenya's 2010 constitution.

c) Responsible marketing and advertising

Over the years, JKUAT Noodles Limited has implemented customer-centric marketing strategies to ensure that it meets the needs of its customers. All product and service marketing activities and messaging are honest and not deceptive. The data and privacy of its clients are important to the institution. It stays up to date on changing data regulations and compliance rules in order to personalise the customer experience.

d) Product stewardship

We provide information on every stage of a product's life cycle, including ingredients, for all of our Yummy Noodles variations . It appears on product packaging and to demonstrate that the ingredients are safe for humans and the environment.

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
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X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30th June 2022 which show the state of JKUAT Noodles Limited affairs.

Principle Activities

The principle activity of JKUAT Noodles Limited is to product noodles.

Financial results

The results of JKUAT Noodles Limited for the year ended June 30, 2022 are set out on page 1-19
Below is summary of the loss made during the year.

	2021/2022	2020/2021
	Ksh	Ksh
Loss for the year	33,031,408	36,620,266
Tax Charge	-	-
Net loss for the year	33,031,408	36,620,266


Directors

The members of the Board of directors who served during the year are shown on page ii.

Auditors

The Auditor General is responsible
for the statutory audit of JKUAT Noodles Limited in accordance with the provision of Articles 229
of the Constitution and Public Audit Act, 2015.

By Order of the Board


Managing Director

Date: ...7/3/23.....

XI. STATEMENT OF DIRECTORS RESPONSIBILITIES

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


JKUAT Noodles Limited 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. JKUAT Noodles Limited board is of the opinion that the Financial Statements give a true and fair view of the state of financial affairs of JKUAT Noodles Limited as at 30 June 2022 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.

The Directors responsibility for JKUAT Noodles Limited financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the company's Act Cap 486.

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

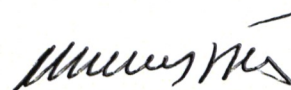
Approval of the financial statements

The financial statements were approved by the Board on 18th August 2022 and signed on its behalf by:



Dr. Winifred Karugu

MANAGING DIRECTOR

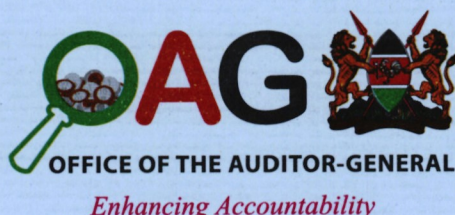


Ambassador (Eng.) Mahboub M. Maalim

CHAIRMAN

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 JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY NOODLES LIMITED FOR THE YEAR ENDED 30 JUNE, 2022

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 the 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 Jomo Kenyatta University of Agriculture and Technology Noodles Limited set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2022 and the statement of profit or loss

and other comprehensive income, statement of changes in equity, statement of cash flows and 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Jomo Kenyatta University of Agriculture and Technology Noodles Limited as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements prepared and presented for audit had the following anomalies:

- i. The statement of comparison of budget and actual amounts reflects a negative performance difference of Kshs.49,466,794 under income for the year. However, re-computation of the statement reflects a positive performance difference of Kshs.49,466,794.
- ii. Note 8 to the financial statements reflects comparative trade and other receivables balance of Kshs.1,836,169 which includes stocks amounting to Kshs.1,152,000 classified under receivables instead of being disclosed separately in the statement of financial position.

In the circumstances, the financial statements are not fairly stated.

2. Non-Compliance on Cash and Bank Management

The statement of financial position reflects cash and bank balances amounting to Kshs.59,683. However, board of survey report as at 30 June, 2022 confirming the cashbook balances for all the bank accounts was not provided for audit. Further, the Management did not submit bank reconciliation statements to the National Treasury with a copy to the Auditor-General by 10th of the subsequent month which is contrary to Regulation 90 (1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the cash and bank balances of Kshs. 59,683 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Jomo Kenyatta University of Agriculture and Technology Noodles Limited Management in accordance with ISSAI 130 on Code of

Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material Uncertainty Related to Going Concern

The statement of profit or loss and other comprehensive income reflects a deficit of Kshs.33,031,408 resulting to an accumulated deficit amounting to Kshs.81,838,238. In addition, the statement of financial position reflects total current assets balance amounting to Kshs.408,298 and total current liabilities balance amounting to Kshs.4,181,101 resulting to a negative working capital amounting to Kshs.3,772,803 as at 30 June, 2022. This material uncertainty casts significant doubt on the Company's ability to continue as a going concern and indicates that the Company is technically insolvent and may not be able to meet its current obligations as and when they fall due. Management has disclosed the matter in the financial statements.

My opinion is not modified in respect of this matter.

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 income budget and actual income on comparable basis amounting to Kshs.51,600,000 and Kshs.2,133,206 respectively resulting in under-collection of revenue amounting to Kshs.49,466,794 (or 96%) of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.83,413,983 and Kshs.35,164,613, respectively resulting to an underperformance amounting to Kshs.48,249,370 (or 58%) of the budget. Management attributed the shortfall in revenue collection due to the fact that the factory is still doing test runs therefore hardly making sales.

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

Other Information

The Management is responsible for the other information, which comprises Chairman's Statement, Statement of Performance against Predetermined Objectives, Corporate Governance Statement and Statement of Directors Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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

Basis for Conclusion

Idle Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment amounting to Kshs.302,963,440. Review of the valuation report dated 28 August, 2020 showed that JKUAT Noodles limited owned property plant and equipment valued at Kshs.358,000,000. However, physical verification carried out on 02 September, 2022 revealed that the Company had discontinued operations since no production was ongoing and the assets were not in use. It was further observed that insurance for motor vehicles valued at Kshs.4,000,000 had expired.

In the circumstances, value for money on property, plant and equipment net book value of Kshs.302,963,440 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance

were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015 I report based on 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 financial statements are in agreement with books of account.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (Accrual Basis) and for maintaining effective internal controls 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 governance.

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

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

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

The Board of Directors is responsible for overseeing the Company'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 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 noncompliance. 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 policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 March, 2023

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**


**XIII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTES	<u>2021-2022</u>	<u>2020-2021</u>
INCOME		<u>Kshs.</u>	<u>Kshs.</u>
Revenue	1	2,133,206	344,568
TOTAL INCOME			
COST OF GOOD SOLD			
Cost of Sales	2	2,007,901	4,556,983
TOTAL COGS			
GROSS PROFIT		<u>125,304</u>	<u>(4,212,414)</u>
OVERHEADS			
Administration Expenses	3	876,870	4,313,087
Finance costs	4	23,306	44,497
Staff costs	5	3,323,606	1,617,338
Depreciation	6	28,932,930	26,432,930
TOTAL OVERHEAD		<u>33,156,712</u>	<u>32,407,852</u>
Loss for the year		<u><u>(33,031,408)</u></u>	<u><u>(36,620,266)</u></u>

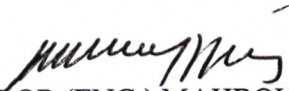
JKUAT NOODLES LIMITED**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

		<u>2021-2022</u>	<u>2020-2021</u>
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property Plant and Equipment	7	302,963,440	331,896,370
<u>Current Assets</u>			
Trade and Other Receivables	8	348,615	1,836,169
Cash and Bank Balances	9	59,683	67,510
Total Current Assets		408,298	1,903,679
TOTAL ASSETS		303,371,738	333,800,049
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserves</u>			
Revenue Reserves	10	(48,806,830)	(12,186,564)
Owners Capital	10	381,028,875	381,028,875
Loss for the Year	10	(33,031,408)	(36,620,266)
Total Capital and reserves		299,190,637	332,222,045
<u>Current Liabilities</u>			
Trade and Other Payables	11	4,181,101	1,479,866
Overdraft	12	-	98,138
Total Current Liabilities		4,181,101	1,578,004
TOTAL EQUITY AND LIABILITIES		303,371,738	333,800,049

The financial statements were approved by the Board on 18th August 2022 and signed on its behalf by:


DR. WINIFRED KARUGU
MANAGING DIRECTOR


CPA. JOSEPH MACHARIA
FINANCE MANAGER ICPAK NO: 25735


AMBASSADOR (ENG.) MAHBOUB M. MAALIM
CHAIRMAN

JKUAT NOODLES LIMITED**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	Share Capital <u>Kshs</u>	Owner Capital <u>Kshs</u>	Revenue Reserve <u>Kshs</u>	Total <u>Kshs</u>
As at 1/07/2020	10	-	381,028,875	(12,186,564)	368,842,311
Surplus for the year	10	-	-	(36,620,266)	(36,620,266)
As at 30/6/2021		-	381,028,875	(48,806,830)	332,222,045

		Share Capital <u>Kshs</u>	Owner Capital <u>Kshs</u>	Revenue Reserve <u>Kshs</u>	Total <u>Kshs</u>
As at 1/07/2021	10	-	381,028,875	(48,806,830)	332,222,045
Surplus for the year	10	-	-	(33,031,408)	(33,031,408)
As at 30/6/2022		-	381,028,875	(81,838,238)	299,190,637

JKUAT NOODLES LIMITED

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FOR THE YEAR ENDED 30 JUNE 2022**

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021-2022	2020-2021
		Kshs.	Kshs.
Net Loss before tax for the Year		(33,031,408)	(36,620,266)
Adjustment for the year			
Depreciation	6	28,932,930	26,432,930
		(4,098,478)	(10,187,336)
Changes in working capital			
(Increase)/Decrease in Trade and Other Receivables	8	1,487,554	(1,286,773)
Increase/(Decrease in Trade and Other Payables	11	2,603,097	1,076,585
Net Cashflow from operating activities		(7,827)	(10,397,524)
Cashflow from investing activities			
Purchase of Assets	7	-	(329,300)
Net Cashflow from investing activities		-	(329,300)
Net changes in cash and cash equivalents		(7,827)	(10,726,824)
Cash and Cash Equivalents at the beginning of the year	9	67,510	10,794,334
Cash and Cash Equivalents at the end of the year		59,683	67,510

JKUAT NOODLES LIMITED

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FOR THE YEAR ENDED 30 JUNE 2022**

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2022

	Original budget		Adjustments		Final budget		Actuals on Comparable basis		Performance difference	% of utilisation
	Jul '21-June 2022	Jul '21-June 2022	Jul '21-June 2022	Jul '21-June 2022	Jul '21-June 2022	Jul '21-June 2022	Jul '21-June 2022	Jul '21-June 2022		
Income for the year	51,600,000	-	-	51,600,000	2,133,206	(49,466,794)	96%	a		
	51,600,000	-	-	51,600,000	2,133,206	(49,466,794)	96%			
Cost of sales	36,000,000	-	-	36,000,000	2,007,901	33,992,099	94%	b		
	36,000,000	-	-	36,000,000	2,007,901	33,992,099	94%			
OVERHEADS										
Staff Costs	3,480,000	-	-	3,480,000	3,323,606	156,394	4%	c		
Directors fees	800,000	-	-	800,000	-	800,000	100%	d		
Administration expenses	3,600,000	-	-	3,600,000	876,870	2,723,130	76%	e		
Motor vehicle expenses	3,600,000	-	-	3,600,000	-	3,600,000	100%	f		
Factory insurance and valuation	1,628,173	-	-	1,628,173	-	1,628,173	100%	g		
Finance costs	4,962,360	-	-	4,962,360	23,306	4,939,054	100%	h		

JKUAT NOODLES LIMITED

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Depreciation	1,123,450	-	1,123,450	28,932,930	(27,809,480)	24.75%	i
Utilities and maintenance	2,400,000	-	2,400,000	-	2,400,000	100%	j
Sales Promotion and Advertisement	25,820,000	-	25,820,000	-	25,820,000	100%	k
	47,413,983	-	47,413,983	33,156,712	(14,257,271)		
NET LOSS	(31,813,983)	-	(31,813,983)	(33,031,408)			

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

EXPLANATION TO VARIANCES

- a) The factory is still doing test runs therefore hardly making sales.
- b) The cost from test runs is minimal compared to the budgeted costs
- c) JKUAT Noodles Limited did not employ workers as it had been anticipated to do. This was because there was no major activity during the year.
- d) Most of JKUAT Noodles agendas are discussed during JKUAT Noodles Limited board meeting hence little expenditure on Board allowances
- e) There was no major activity within the course of the year hence little administration expenses.
- f) This item was absorbed in the actual cost of production
- g) Only a few transaction charges were incurred hence lower finance costs. This was mainly due to low operational activity.
- h) The number of machines was lower than JKUAT Noodles Limited had anticipated. JKUAT Noodles Limited had anticipated incurring more cost on Property, plant and equipment.
- i) This was not charged

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

XVIII. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below

a) Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS 1) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying JKUAT Noodles Limited accounting policies.

b) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to JKUAT Noodles Limited and the revenue can be reliably measured. Revenue is recognized at fair value of consideration received or expected to be received in the ordinary course of JKUAT Noodles Limited activities, net of value-added tax (VAT) where applicable, and when specific criteria have been met for each of JKUAT Noodles Limited activities as described below.

- i. Revenue from the sale of goods and services is recognized in the year in which JKUAT Noodles Limited delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii. Other income is recognized as it accrues

c) Property, plant and equipment

Property, plant 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	10%
Office Equipment	10%
Motor Vehicles	25%

a) Inventory

JKUAT Noodles Limited stocks are valued at the lower of cost and net realizable value in accordance with IAS 2.

b) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectable amount. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
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c) Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date.

d) Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and cash at bank, Bank account balances include amounts held at various commercial banks at the end of the financial year.

e) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to JKUAT Noodles Limited or not, less any payments made to the suppliers.

f) Exchange rate difference

The accounting records are maintained in the financial currency of the primary economic environment in which JKUAT Noodles Limited 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

g) Comparative figures

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

h) Subsequent events

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, 2022.

i) Reporting Currency

Accounts have been reported in Kenya shillings

j) Number of employees

The number of employees as at 30/06/2022 was 4.

k) Borrowing costs

IAS 23 Borrowing Costs requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are included in the cost of the asset. Other borrowing costs are recognized as an expense.

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
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m) Related Parties

JKUAT Noodles Limited 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 Authority, or vice versa. JKUAT Noodles Limited directors, JKUAT University, JKUATES and managing director are therefore treated as related parties to JKUAT Noodles Limited.

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

XVIV. NOTES TO FINANCIAL STATEMENTS

1	INCOME	2021-2022	2020-2021
		Kshs	Kshs
	Interest Income	-	94,705
	Exchange gain	-	159,430
	Sale of Noodles	2,133,206	90,434
	Total Income	2,133,206	344,568
2	COST OF SALE		
	Production Materials	1,476,200	3,329,736
	Gas	79,100	1,100
	Labour	452,601	854,151
	Diesel Oil	-	371,995
	TOTAL COST OF SALE	2,007,901	4,556,983
3	ADMINISTRATION COST		
	Repairs	58,900	218,392
	Marketing	-	870,000
	Cleaning	78,360	442,751
	Electricity	490,089	712,265
	Insurance	148,321	162,849
	Board Expenses	-	147,945
	Staff Welfare	-	14,175
	Travel And Subsistence	1,200	3,750
	Motor Vehicle Expenses	-	70,800
	Stationery	-	5,560
	Licenses	-	194,600
	Audit Fee	100,000	100,000
	Revaluation expenses	-	600,000
	Professional services	-	770,000
		876,870	4,313,087
4	FINANCE COSTS		
	Bank Charges	23,306	44,497
		23,306	44,497
5	STAFF COSTS		
	Net pay	2,593,405	1,244,253
	NHIF	48,900	25,600
	NSSF	17,200	8,800
		655,501	334,285

JKUAT NOODLES LIMITED

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PAYE		
Staff other deductions	8,600	4,400
	3,323,606	1,617,338
6 DEPRECIATION		
Building	2,500,000	0
Furniture	100,000	100,000
Equipment	232,930	232,930
plant	25,100,000	25,100,000
vehicle	1,000,000	1,000,000
	28,932,930	26,432,930

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

ASSET MOVEMENT SCHEDULE

7 PROPERTY PLANT & EQUIPMENT

SCHEDULE	2.50%	33.33%	10.00%	10.00%	10.00%	25.00%	TOTAL KSHS
	BUILDINGS	COMPUTERS KSHS	FURNITURES KSHS	OFFICE EQUIPMENTS KSHS	PLANT & MACHINERY KSHS	VEHICLES	
COST							
As at 01-07-2020	100,000,000	-	1,000,000	2,000,000	251,000,000	4,000,000	358,000,000
Addition in the year	-	-	-	329,300	-	-	329,300
As at 30th June 2021	100,000,000	-	1,000,000	2,329,300	251,000,000	4,000,000	358,329,300
DEPRECIATION							
As at 01-07-2020	-	-	-	-	-	-	-
Charge for the year	-	-	100,000	232,930	25,100,000	1,000,000	26,432,930
As at 30th June 2021	-	-	100,000	232,930	25,100,000	1,000,000	26,432,930
NET BOOK VALUE-							
As at 30th June 2020	100,000,000	-	900,000	2,096,370	225,900,000	3,000,000	331,896,370
COST							
As at 01-07-2021	100,000,000	-	1,000,000	2,329,300	251,000,000	4,000,000	358,329,300
Addition in the year	-	-	-	-	-	-	-
As at 30th June 2022	100,000,000	-	1,000,000	2,329,300	251,000,000	4,000,000	358,329,300
DEPRECIATION							
As at 01-07-2021	-	-	100,000	232,930	25,100,000	1,000,000	26,432,930
Charge for the year	2,500,000	-	100,000	232,930	25,100,000	1,000,000	28,932,930
As at 30th June 2022	2,500,000	-	200,000	465,860	50,200,000	2,000,000	55,365,860
NET BOOK VALUE-							
As at 30th June 2022	97,500,000	-	800,000	1,863,440	200,800,000	2,000,000	302,963,440
NET BOOK VALUE-							
As at 30th June 2021	100,000,000	-	900,000	2,096,370	225,900,000	3,000,000	331,896,370

8 TRADE AND OTHER RECEIVABLES

Trade and other Receivables	18,390	18,390
Stock	-	1,152,000
VAT Claimable	330,225	665,779
Total Trade and other Receivables	348,615	1,836,169

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9	CASH & BANK BALANCES		
	Stan Chart Ac 010202805610	17,173	-
	Dollar Ac 8702028056100	24,946	24,946
	Fixed Dep A/C -0152528056	6,779	31,779
	Dollar Ac II 8752528056100	10,785	10,785
	Total Cash & Bank Balances	59,683	67,510
10	Capital and Reserves		
	Revenue Reserves	(48,806,830)	(12,186,564)
	Owners Capital	381,028,875	381,028,875
	Loss for the Year	(33,031,408)	(36,620,266)
	Total Capital and reserves	299,190,637	332,222,045
11	TRADE AND OTHER PAYABLES		
	Trade Payables	2,283,114	819,765
	JKUATES	1,303,186	-
	Provision for Audit Fee	400,000	300,000
	Net salary control	137,032	277,880
	NHIF control	3,300	6,500
	NSSF control	1,600	2,800
	PAYE control	31,069	65,321
	Staff welfare	21,800	7,600
	TOTAL TRADE AND OTHER PAYABLES	4,181,101	1,479,866
12	OVERDRAFT		
		-	98,138
		-	98,138

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. GOING CONCERN CONCEPT

During the year JKUAT Noodles Limited registered a net loss of Ksh 33m. JKUAT Noodles Limited is in pursuit of funding to help build on proper working capital. JKUAT Noodles Limited is still focusing on getting the right formulation to hit the market. This will enable full production capacity.

11. FINANCIAL RISK MANAGEMENT

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

JKUAT Noodles Limited financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by JKUAT Noodles Limited management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing JKUAT Noodles Limited maximum exposure to credit risk

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that JKUAT Noodles Limited has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with JKUAT Noodles Limited directors, who have built an appropriate liquidity risk management framework for the management of JKUAT Noodles Limited short, medium and long-term funding and liquidity management requirements. JKUAT Noodles Limited manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

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

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

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

There has been no change to JKUAT Noodles Limited exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

JKUAT Noodles Limited has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid approximately after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. JKUAT Noodles Limited manages foreign exchange risk from future commercial transactions and recognised assets

and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Foreign currency sensitivity analysis

The following table demonstrates the effect on JKUAT Noodles Limited statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant.

c) Interest rate risk

Interest rate risk is the risk that JKUAT Noodles Limited financial condition may be adversely affected as a result of changes in interest rate levels. JKUAT Noodles Limited interest rate risk arises from bank deposits. This exposes JKUAT Noodles Limited to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on JKUAT Noodles Limited deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis


JKUAT Noodles Limited analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

There was no progress report since JKUAT Noodles Limited had clean report in the prior year of audit.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Poor Financial Performance	During the financial year 2021/2022 the company was not able to improve its financial performance much due to challenges that by for lack good financing	Dr. Winifred Karugu (Managing Director)	Not Resolved	30/06/2023

Sign..........Date 7/3/23.....

Dr. Winifred Karugu
Managing Director

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APPENDIX 11: PROJECTS IMPLEMENTED BY JKUAT NOODLES LIMITED

Projects

Projects were no projects implemented by JKUAT Noodles Limited during the year under audit.