

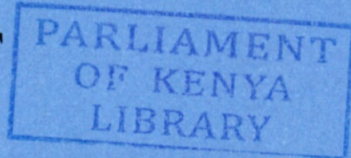
REPUBLIC OF KENYA



Enhancing Accountability

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REPORT



OF

THE AUDITOR-GENERAL

ON

DEKUT ENTERPRISES COMPANY

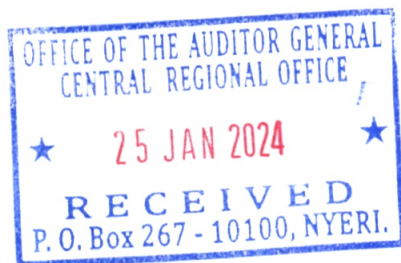
**FOR THE YEAR ENDED
30 JUNE, 2023**



DEKUT ENTERPRISES COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2023

Prepared in accordance with the International Financial Reporting Standards (IFRS)



DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

Provide the list of acronyms and glossary of terms used in your annual report and financial statements.

CSR	Corporate Social Responsibility
DEKUT	Dedan Kimathi University of Technology
DEKUTES	Dedan Kimathi University of Technology Enterprises
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MD	Managing Director
NEMA	National environmental management authority
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
VAT	Value Added Tax

DEKUT ENTERPRISES COMPANY

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2. Key Entity Information

a) Background information

DEKUT Enterprises Company (DeKUTES) was established in December 2017 under the Companies Act of 2015. The Company is limited by guarantee, fully owned by Dedan Kimathi University of Technology (DeKUT). It commenced its operations in July 2018 as the commercial arm of the University charged with the responsibility of promoting and coordinating Income Generating Activities. DeKUTES is governed by a Board of Directors who include the Vice Chancellor (Chairman), Deputy Vice Chancellor, Administration and Finance (Member), Finance Officer (Member) and Managing Director (Member).

b) Principal Activities

The principal activity of the entity is to offer consultancies and training services, production of quality products such as yoghurt, detergent, personal protective equipment and coffee processing as well as hire of University facilities.

c) Directors

The directors who served the Company during the year were as follows:

1. Prof. Peter Ng'ang'a Muchiri	Chairman	Appointed on 15 th June 2023
2. Prof. Esther Magiri	Director	Appointed on 30th Oct 2019
3. Mr. Abraham Mwangi	Director	Appointed on 30th Oct 2019
4. Dr. Paul Sang	Managing Director	Appointed on 20th July 2018

Directors that exited the company during the year

1. Prof. Eng. Paul N. Kioni	Chairman	Exited 14 th June 2023
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d) Corporate Secretary

Mr. John Gitibi Rukioyah
Private Bag-10143, Dedan Kimathi,
Nyeri

e) Registered Office

Dedan Kimathi University of Technology
Main Campus - Nyeri
Private Bag-10143, Dedan Kimathi, Nyeri

f) Corporate Headquarters

Dedan Kimathi University of Technology
Main Campus - Nyeri
Private Bag-10143, Dedan Kimathi, Nyeri

g) Corporate Contacts

Mobile: 0110912738/ 0758 563586
Email: md-dekutes@dkut.ac.ke,

h) Corporate Bankers

Consolidated Bank of Kenya Limited
Nyeri Branch
P.O. Box 935-10100, Nyeri.

DEKUT ENTERPRISES COMPANY

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i) Independent Auditors

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

j) Principal Legal Advisers

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Directors

	<p>Prof. Peter Ng'ang'a Muchiri – Chairman - From 15th June 2023 Prof. Peter Ng'ang'a Muchiri is currently serving as the Vice Chancellor. He attained his PhD in Mechanical engineering from Arenberg Doctoral College in University of Leuven in Belgium. Later, he did his Post-Doctoral Studies in the same University. He holds a Master Degree in Industrial Engineering & Management from University of Leuven, Belgium and a Bachelor of Science in Mechanical Engineering from Jomo Kenyatta University of Agriculture & Technology (JKUAT), Kenya. He is registered by the Engineers Board of Kenya (EBK) and is a Member of Institution of engineers of Kenya (IEK). He was born in 1976</p>
	<p>Prof. Esther N. Magiri – Director Prof. Esther Nkirote Magiri is currently serving as Deputy Vice Chancellor (Administration and Finance). She attended Tel Aviv University, Israel for her postdoctoral studies, having graduated with a PhD degree in applied Molecular Biology in Plant Pathology from ZheJiang University, PR , China. Before this, she had graduated with MSc in Biochemistry and BSc. (Biochemistry major and Zoology minor) from University of Nairobi. She is an associate member of Kenya Institute of Management (KIM). She was born in 1966</p>
	<p>Mr. Abraham Mwangi – Director He is currently serving as the Acting Finance Officer at Dedan Kimathi University of Technology. Mr. Mwangi holds a Master's Degree in Business Administration (Finance) and a Bachelor's degree in Business Administration. He is a registered member of ICPAK. He has headed various sections in the Finance Department and as a result gained a wealth of experience in the planning, organising and controlling of the financial functions. He was instrumental in the formation of the staff Sacco (KIMTECH). He has also served in the DeKUT staff retirement scheme as an elected trustee. He was born in 1978</p>
	<p>Dr. Paul Sang – Managing Director Dr. Paul Sang is serving as the first Managing Director of DeKUT Enterprises Company following its operationalization in July 2018. He was at Louisiana State University (LSU), USA where he got a Doctor of Philosophy degree, in 2014. He took his undergraduate studies at the Egerton University, where he obtained Bachelor of Education (Science) degree in Mathematics and Chemistry in 2001. Upon Graduation from Egerton University Paul worked with Fellowship of Christian Unions (FOCUS) for one year as a short term staff before proceeding to Teachers Service Commission where he was deployed to Kapkeben Secondary School, Eldoret, as a teacher. He served in different positions including as Deputy Principal where he helped convert the school from the last in the District to a performing school. He exited Secondary school teaching and proceeded for study leave to pursue higher studies in Chemistry. Paul emerged among the top in his class at LSU attracting several outstanding awards in research and teaching. Paul joined the Department Chemistry, Dedan Kimathi University in 2015. He served in various positions in the Department including the Chair of the Chemistry Department where he spearheaded Detergent production as an IGU converting it to a profitable venture. Dr. Sang was then appointed to set up and run DeKUT Enterprises Company, a position he has served diligently to date. He was born in 1975</p>

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2023



John Gitibi Rukioyah - Company Secretary

John Rukioyah is currently serving as the Company Secretary. He holds a Bachelor of Laws (LL.B) from Moi University and Postgraduate Diploma in Law from Kenya School of Law. John Rukioyah is an Advocate of the high court of Kenya. He was born in 1984




DIRECTORS WHO EXITED THE COMPANY DURING THE YEAR



Prof. Eng. Paul N. Kioni –Chairman - Exited 14th June 2023

Prof. P. Ndirangu Kioni is serving as the first Vice-Chancellor of Dedan Kimathi University of Technology (DeKUT) following its upgrading to a fully-fledged University by award of Charter on 14th December 2012. He was at Cambridge University, England, where he got a Doctor of Philosophy degree, in 1994. He took his undergraduate studies at the University of Nairobi (UoN), where he obtained First Class honours, Bachelor of Science degree in Mechanical Engineering in 1988, along the way winning the General Motors Prize for the top student, a position he had maintained every year throughout the programme. After leaving UoN, he worked as a Plant Engineer at Unilever Kenya Limited, formerly East Africa Industries Ltd, where he obtained his first experiential training in engineering before proceeding for further studies in 1990. He was born in 1966

4. Management Team

	<p>Dr. Paul Sang – Managing Director</p> <p>Dr. Paul Sang is serving as the first Managing Director of DeKUT Enterprises Company following its operationalization in July 2018. He was at Louisiana State University (LSU), USA where he got a Doctor of Philosophy degree, in 2014. He took his undergraduate studies at the Egerton University, where he obtained Bachelor of Education (Science) degree in Mathematics and Chemistry in 2001. Upon Graduation from Egerton University Paul worked with Fellowship of Christian Unions (FOCUS) for one year as a short term staff before proceeding to Teachers Service Commission where he was deployed to Kapkeben Secondary School, Eldoret as a teacher. He served in different positions including as Deputy Principal where he helped convert the school from the last in the District to a performing school. He exited Secondary school teaching and proceeded for study leave to pursue higher studies in Chemistry. Paul emerged among the top in his class at LSU attracting several outstanding awards in research and teaching. Paul joined the Department Chemistry, Dedan Kimathi University in 2015. He served in various positions in the Department including the Chair of the Chemistry Department where he spearheaded Detergent production as an IGU converting it to a profitable venture. Dr. Sang was then appointed to set up and run DeKUT Enterprises Company, a position he has served in diligently to date.</p>
	<p>CPA CS Chris Githinji - Business Development Officer</p> <p>CPA CS Chris is currently serving as the Business Development Officer at DeKUTES. He holds a Master's Degree in Business Administration (Finance) from Dedan Kimathi University of Technology, Bachelor's Degree in Business Administration (Accounting and Finance) from Kenya Methodist University, Practitioners Diploma in Marketing from Marketing Society of Kenya and CPA, CS, CICT & CIFA from KASNEB. He is a registered member of ICPAK, ICIFA and ICPSK.</p>
	<p>CPA Joseph Mungai - Accountant</p> <p>CPA Joseph is currently serving as the Accountant at DeKUTES. He holds a Bachelor's Degree in Commerce (Finance) from Jomo Kenyatta University of Technology and is a registered member of ICPAK.</p>

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2023

5. Chairman's Statement



On behalf of the Board, I am pleased to present the Annual Report and Financial Statements of DeKUTES for the fiscal year 2022/2023. This report provides a comprehensive overview of our company's performance, achievements, and financial standing during this period. The fiscal year under review coincided with an election year, where the Presidential elections held on August 9, 2022, were marked by high tensions and legal disputes between the leading political parties. The challenging economic landscape demanded our attention as we navigated through various issues.

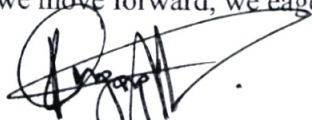
As part of the government's measures, capacity building workshops were temporarily suspended, impacting the projected revenue from conferences and consultancies. Despite these economic difficulties, our company remained active and generates total revenue of Kshs. 27,935,372 and achieved a profit before tax of KShs. 3,897,783

As we prepare for the upcoming year 2023/2024, our company has meticulously devised comprehensive strategies aimed at enhancing the performance of our existing revenue division. These strategies have been designed with a clear focus on setting strategic objectives and implementing specific actions that will drive improvements in our financial outcomes and overall success. One notable strategy that we have incorporated is the provision of favourable terms for our staff members who express interest in partnering with the company for consultancies. By encouraging and supporting our talented staff to participate in consultancy projects, we can secure complex and high-end opportunities. This approach will not only enhance our expertise but also contribute significantly to our overall success.

We believe that by leveraging the knowledge, skills, and dedication of our internal team, we can further enhance our competitive edge and deliver exceptional results to our clients and stakeholders. We are committed to creating an environment that encourages collaboration, professional growth, and mutually beneficial partnerships. Through these strategic initiatives, we are confident that our company will continue to thrive, achieve sustainable growth, and establish itself as a leader in our industry. We are excited about the opportunities that lie ahead and are committed to maximizing our potential for the benefit of all stakeholders involved.

In conclusion, I would like to express my heartfelt appreciation to my fellow board of directors and all the staff members for their unwavering dedication and support in serving this company over the past five years and beyond, including the year under review. Your hard work and commitment have been invaluable to our achievements. I would also like to extend my gratitude to all our stakeholders for their continuous partnership and collaboration. It is through your support that we are able to thrive and grow.

As we move forward, we eagerly anticipate many more fruitful and successful years to come.

A handwritten signature in black ink, appearing to read 'Peter Ng'ang'a Muchiri', written over a circular stamp.

Prof. Peter Ng'ang'a Muchiri
Chairman, DeKUTES Board of Directors

6. Report of the Managing Director



I am pleased to present the annual financial performance of the company for the period ending on June 30, 2023. The year under review began with an election, followed by an economic downturn that significantly impacted the company's performance. The main revenue divisions that were affected are conferences and consultancies. During the year the company managed to generate turnover of KShs. 27,935,372 while profit before tax amounted to KShs. 3,897,783. Despite the challenges we have encountered, our commitment to overcoming obstacles and achieving our goals remains unwavering.

To adapt to the changing circumstances, we have implemented new tactics, including shifting our target customer base to broaden our reach. In addition to government ministries and parastatals, we are now targeting semi-autonomous government agencies, cooperatives, and the private sector. This diversification of clients will help us mitigate the impact of government policies and create a more stable financial performance in the future. Furthermore, we recognize the importance of utilizing the expertise within our own organization. Therefore, we offer favourable terms for University staff members who are interested in partnering with the company for consultancies. This presents an opportunity for our staff to anchor complex and high-end consultancy projects, further enhancing our expertise and contributing to our overall success.

I strongly encourage University staff members who are interested in engaging in consultancies through DeKUTES to seize this opportunity. By doing so, we can leverage our internal talent to secure challenging projects and expand our capabilities. With these strategic measures in place, we are confident in our ability to navigate the changing landscape, diversify our revenue streams, and ensure our long-term success.

I would like to express my sincere gratitude to the Board of Directors for their unwavering support in giving strategic directions that have enabled DeKUTES to fulfil its mandate. Their guidance and decision-making have been instrumental in our success. I would also like to extend my thanks to the heads of centres and departments who have partnered with DeKUTES and shown interest in providing consultancy services and short courses. Your collaboration and commitment have been invaluable in helping us achieve our company goals.

I would also like to take this opportunity to express my deep appreciation to all our valued customers and stakeholders. Your continuous partnership and utilization of our products and services are crucial to our success and growth. Your support and loyalty have played a significant role in enabling us to thrive and excel in our industry. We are grateful for the trust you have placed in us and for choosing us as your preferred provider. Your feedback, suggestions, and on-going collaboration have been invaluable in driving our continuous improvement and innovation.

A handwritten signature in black ink, appearing to be 'P. Sang'.

Dr. Paul Sang
MANAGING DIRECTOR, DeKUTES

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2023

7. Statement of Performance against Predetermined Objectives for 2022/2023 FY

Performance during the year 2022/2023 financial year

Performance during the 2022/2023 financial year resulted to revenue of KShs. 27,935,372 and a profit before tax of KShs. 3,897,783. The divisions that contributed to this result were as follows: DeKUT Coffee KShs. 1,961,606; yoghurt KShs. 1,604,073; detergent KShs. 363,525; retail products KShs. 396,968; Fashion and Design sales KShs. 2,798,220; conferences KShs. 12,263,049; Consultancy & Short courses KShs. 8,547,931. The cost of sales amounted to KShs. 17,241,604, administration cost KShs. 9,717,424 while selling and distribution amounted to KShs. 107,524.

DeKUTES Strategic Pillars

DeKUTES has four strategic pillars and objectives which governs its operations. These strategic pillars are as follows:

Pillar 1: To create a platform for commercialization of innovations emanating from the University that provides solutions to societal problems.

Pillar 2: To maximize returns and create value for the shareholder.

Pillar 3: To catalyse transformation of society

Pillar 4: To act as a centre for business development

DeKUTES develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The company slightly did not achieve its performance targets set for the 2022/2023 FY period for its four strategic pillars.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To create a platform for commercialization of innovations emanating from the University that provides solutions to societal problems.	<ul style="list-style-type: none">• Consultancies & Training• Commercialized products	<ul style="list-style-type: none">• Bid and offer consultancy and training• Sale of products	<ul style="list-style-type: none">• Offered consultancies and conferences with Kshs. 8,547,931 and Kshs. 12,263,049 respectively.
Pillar 2:	To maximize returns and create value for the shareholder.	<ul style="list-style-type: none">• Increased revenue and profitability	<ul style="list-style-type: none">• Product diversification	<ul style="list-style-type: none">• Generated sales revenue and profit before tax Kshs. 27,935,372 and Kshs. 3,897,783 respectively.
Pillar 3:	To catalyse transformation of society.	<ul style="list-style-type: none">• Capacity building• Mentorship and coaching• Corporate responsibility	<ul style="list-style-type: none">• Capacity building activities• CSR	<ul style="list-style-type: none">• Supported university endowment fund
Pillar 4:	To act as a centre for business development	<ul style="list-style-type: none">• Business plans• Partnerships and strategic alliance	<ul style="list-style-type: none">• Develop business plan	<ul style="list-style-type: none">• Conservancy business plan was develop

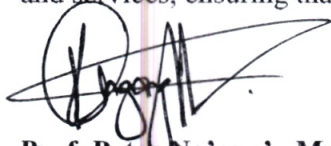
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Projections for 2023/2024 FY

The Company is dedicated to consistently delivering quality and innovative products and services. In the upcoming financial year 2023/2024, we are committed to increasing our revenue generation, implementing effective marketing strategies, and fostering strong relationships with our stakeholders. Our primary objective is to achieve a 20% increase in net income across all revenue streams. To accomplish this, we will focus on enhancing our existing offerings, exploring new market opportunities, and optimizing our operational processes.

In addition, we will implement robust marketing strategies to effectively promote our products and services, ensuring that our target audience is aware of the value we provide.



Prof. Peter Ng'ang'a Muchiri
Chairman, DeKUTES Board of Directors

DEKUT ENTERPRISES COMPANY

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8. Corporate Governance Statement

Corporate Governance:

The company is governed by a Board of Directors whose conduct is guided by the articles and memorandum of association. The Board of Directors is responsible for the governance of the Company and is accountable to the University Council on behalf of the University which is the sole 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 in a manner that promotes 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.

Composition of Board:

The Board of Directors draws its membership from the office bears of the following offices at Dedan Kimathi University of Technology, namely: Vice Chancellor, Deputy Vice Chancellors, Finance Officer and the Managing Director of the company. The company has a succession plan at the Board level where Board Members assume office upon recruitment in any of the above positions as provided for by the Articles of Association of the Company.

Board Meetings:

The Board of Directors meets once every quarter and a summary of meeting attendance is as indicated below

Name of the director	Scheduled Meeting	Meeting attended	Remarks
1. Prof. Eng. Paul N. Kioni	4	2	Exited
2. Prof. P. N Muchiri	4	3	Chairman
3. Prof. Esther Magiri	4	4	Director
4. Mr. Abraham Mwangi	4	4	Director
5. Dr. Paul Sang	4	4	Managing Director

Directors' Benefits:

In the current financial year, the Directors only received sitting allowances for the meeting attended

Conflict of Interest:

Board of Directors are considered to be independent and free from any business interest or other relationship that could interfere with the exercise of their independent judgment. In addition, the Directors declare whether or not they have any interest on every matter tabled for deliberations.

Annual General Meeting

The company successfully conducted its 2nd Annual General Meeting on November 28, 2022. During this meeting, key updates and progress reports were shared with the stakeholders.

Looking ahead, the company plans to hold its 3rd Annual General Meeting on August 28, 2023. The primary agenda for this meeting will be to present and discuss the audited financial statements for the fiscal year 2021/2022. These financial statements provide a comprehensive overview of the company's financial performance during that period.

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2023

The upcoming Annual General Meeting serves as an important platform for stakeholders to gain insights into the company's financial standing, strategic initiatives, and future plans. It also provides an opportunity for engagement, questions, and feedback from the participants.

Board Evaluation

Performance of the Board is monitored and evaluated annually. This is done through the signing of performance contracts and annual evaluation of performance against the set targets. Further the conduct of the Directors is guided by the code of ethics provided for all directors.

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Annual Reports and Financial Statements for the year ended June 30, 2023

9. Management Discussion And Analysis

DeKUTES, the commercial arm of DeKUT, has a clear mandate to mobilize resources by engaging in income generating activities and establishing value addition initiatives. The company's vision is to become the preferred provider in consultancy, training, and production of high-quality products, utilizing cutting-edge technology. To achieve this vision, DeKUTES leverages the expertise of highly qualified human resources at DeKUT to deliver exceptional consultancy services, training programs, and innovative products to public, private, and non-governmental organizations.

However, the year 2022/2023, being an election year, posed certain challenges for the company. There was a shortfall in meeting the projected revenue targets, primarily due to a decrease in the number of conferences and consultancies held during this period. In response, the company has embarked on a strategy formulation process and is actively engaging in marketing its products through strategic alliances, joint ventures, and partnerships with University Departments, public institutions, and private organizations. These collaborative efforts aim to create synergies and foster collaborations among institutions for mutual growth and success.

By actively seeking partnerships and utilizing strategic marketing approaches, DeKUTES aims to overcome the challenges posed by the election year and achieve sustainable revenue growth. The company remains committed to providing exceptional services and innovative products, leveraging the collective expertise and resources of its partners to deliver value and meet the evolving needs of its clients.

1.0 Revenue Divisions Performance

Revenue Divisions Performance

During the year 2022/2023 the company sales revenue amounted to KShs. 27,935,372 compared to KShs. 36,025,891 generated in the year 2021/2022. The decrease was as a result of the turbulence brought about by the election year and shelving of a fabrication of additional maize drier worth 12 million which was undertaken in the year 2021/2022.

Revenue Divisions	Year 2022/2023	Year 2021/2022
Coffee sales	1,961,606	1,144,368
Yoghurt sales	1,604,073	1,315,685
Detergents sales	363,525	1,031,888
Merchandise Sales	396,968	257,211
Fashion and Design Sales	2,798,220	2,862,982
Conferences	12,263,049	15,013,757
Equipment sales	0	12,000,000
Consultancy & Short courses	8,547,931	2,400,000
Total Revenue	27,935,372	36,025,891

1.1 Major Risks Facing the Organisation

The company assesses, forecasts as well as identifies risk through the audit, risk and governance board committee. However the company is exposed to varieties of risks including liquidity risk, operational risk and market risk

DEKUT ENTERPRISES COMPANY

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Liquidity risks

This is the risk that the company is unable to meet its obligations when they fall due as a result of sudden and potentially protracted increase in cash outflows. These outflows could be principally through increase of general wages through industrial action and court award, inflationary pressure, currency depletion or unexpected operational, maintenance costs due to an Act of God. The company manages this risk by properly maintaining stringent cash flow management and adherence to the budget. A contingent account is in place to mitigate some of the factors.

Operational risk

This is a risk attributable to direct impacts resulting from human factors, inadequate or failed internal processes and systems or external events. Operational risks are inherent in the company business activities and are typical of any company. Losses from operational risks of small significance are expected to occur and are accepted as part of normal course of service delivery. Those of material significance are rated and mitigation measures put in place.

Market risk

DeKUTES takes on the exposure to market risk, which is the risk that changes in market prices or raw materials used in production of final products affects the company's surplus. Such changes in the market prices cause fluctuations to the cash flows of the company. Market risk monitoring is done by the management in conjunction with the Board of directors. Market risk exposures are measured by sensitivity analysis and appropriate management measures instituted.

1.2 Compliance with Statutory Requirements

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") using the Public Sector Accounting Standards Board Reporting Template. In addition, the company is in compliance with Income Tax, VAT and statutory deductions requirements, policies and procedures. The company is working towards full compliance with corporate governance issues as required under the Mwongozo Code.

10. Environmental And Sustainability Reporting

DeKUTES exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 key Areas. Below is a brief highlight of our achievements in each key area:

i) Sustainability strategy and profile -

Significant progress was made in pursuit of four DeKUTES objectives, with specific achievements as managing to generate revenue and profit after tax of KShs 27,935,372 and KShs 1,956,027 despite the challenges associate with election year. In response to the changing landscape and the impact of government policies, DeKUTES strategically shifted its focus towards the private sector. This emphasis aimed to supplement the declining revenue from government institutions and ministries. By expanding the customer base to include private sector clients, the company aims to mitigate the risks associated with changes in government policies.

This strategic move demonstrates the company's proactive approach to adapt to evolving circumstances and diversify its revenue sources. By engaging with private sector organizations, DeKUTES aims to foster mutually beneficial partnerships, generate additional revenue, and enhance its resilience in a dynamic business environment.

DeKUTES remains committed to achieving its strategic objectives and continuing to provide innovative solutions, maximize shareholder value, and contribute to the transformation and development of society. Through its focus on the private sector, the company is well-positioned to navigate the challenges brought about by changes in government policies and drive sustainable growth in the future.

ii) Environmental performance

DeKUTES has continued to implement environmental awareness programmes among staff. The company ensures that projects implemented as well as activities under its operations comply with National environmental management authority (NEMA) requirements. During this reporting period DeKUTES has maintained a focus on enhanced environmental improvements. Ongoing environmental management improvements mainly focus on; use of biodegradable substances, use of environmental friendly packaging materials, internal training on environment pollutants and controls and application of NEMA license where applicable.

iii) Employee welfare

DeKUTES recognizes the invaluable contributions of its employees and places great importance on their well-being. One of our key focuses is on employee benefits. We conduct training needs analyses to identify areas of specialization and skill development. This process allows us to provide targeted training programs, equipping our employees with the necessary knowledge and expertise to excel in their roles. We believe in fostering a culture of continuous learning and professional growth within our organization.

Creating a conducive working environment is also a priority for DeKUTES. We strive to provide a supportive and inclusive atmosphere where employees feel valued, respected, and motivated. We understand that a positive work environment contributes to higher productivity and job satisfaction.

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2023

By prioritizing employees' welfare and investing in their development, we aim to cultivate a dedicated and skilled workforce. We firmly believe that our employees' well-being and growth are instrumental in achieving the goals and objectives of DeKUTES.

iv) Market place practices

DeKUTES has undertaken a proactive approach to enhance its marketing strategies and increase visibility through the redesigning of its website and brochures. These efforts aim to create awareness and effectively promote the company's products and services. By revamping its online presence, DeKUTES seeks to expand its reach, engage potential customers, and establish a strong brand image. In addition to website redesign, the company has adopted various marketing approaches. Personal selling, networking, and online marketing play key roles in reaching out to target markets and building relationships with potential clients. These strategies allow DeKUTES to showcase its offerings, address customer needs, and generate leads.

Moreover, the company recognizes the significance of strategic alliances in gaining a competitive advantage. By forming partnerships and collaborations with relevant organizations, DeKUTES can leverage their expertise, resources, and networks. These alliances provide opportunities for joint marketing efforts, shared knowledge, and expanded market access.

v) Corporate Social Responsibility / Community Engagements

The Company takes its corporate responsibilities ("CSR") seriously and is committed to advancing its policies and systems to ensure it addresses and monitors all aspects of CSR that are relevant to it. During the year, the Company has undertaken the following CSR Activities:-

- a) Contributed KShs. 50,000 to the University Endowment fund for assisting needy students.
- b) Contributed KShs. 50,000 to 6th DeKUT International Conference on Science, Technology, Innovation and Entrepreneurship

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2023

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the *entity's* affairs.

i) Principal activities

The principal activities of the company are to offer consultancy services, training and production of quality products.

ii) Results

The results of the entity for the year ended June 30, 2023 are set out on page 1 *and the comparative figures for the year 2022-2023 and 2021-2022*. Below is summary of the profit or loss made during the year.

Financial Year	2022-2023	2021-2022.
	Kshs	Kshs
Profit (Loss) before taxation	3,897,783	4,883,263
Income tax charge	(1,941,756)	(1,614,997)
Profit (Loss) after taxation	1,956,027	3,268,266

iii) Dividends

The company declares no dividend

iv) Directors

The members of the Board of Directors who served during the year are shown on page iii

v) Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with the provisions of Articles 229 of the Constitution of Kenya and the Public Audit Act, 2015.

By Order of the Board

Name: **John Gitibi Rukioyah** Signature  Date 19th July 2023

Corporate Secretary/Secretary to the Board

12. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and *section 635 of the Companies Act 2015* require the Directors to prepare financial statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year/period. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company's financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Company; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the Companies Act 2015.

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2023, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company 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 Company's financial statements were approved by the Board on 19th July 2023 and signed on its behalf by:

Signature.....

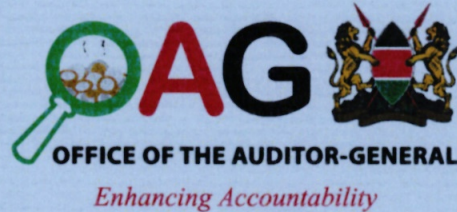
Name: Prof. Peter Ng'ang'a Muchiri
Chairman of the Board

Signature.....

Name: Dr. Paul Sang
Managing Director

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 DEKUT ENTERPRISES COMPANY FOR THE YEAR ENDED 30 JUNE, 2023

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 Dekut Enterprises Company set out on pages 1 to 56, which comprise of the statement of financial position as at 30 June, 2023, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Dekut Enterprises Company as at 30 June, 2023, 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 Companies Act, 2015, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Computation of Income Tax Expense (Credit)

The statement of profit or loss and other comprehensive income reflects an income tax expense (credit) balance of Kshs.1,941,756 and as disclosed in Note 16 to the financial statements. However, a recomputation of the income tax expense at the rate of 30% indicates the income tax expense as Kshs.1,169,334.90 resulting to unreconciled variance of Kshs.772,421.10. Additionally, Note 28, on tax recoverable indicates income tax charge for the year (Note 16) as Kshs.1,614,997 while Note 16 reflects a balance of Kshs.1,941,756 resulting to a further unreconciled variance of Kshs.326,759.

In the circumstances, the accuracy and completeness of the income tax expense (credit) balance of Kshs.1,941,756 could not be confirmed.

2. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents at the end of the year balance of Kshs.7,695,626. However, the cash generated from/(used) in operations of Kshs.6,262,533 as analyzed in Note 42 to the financial statements, used in arriving at the balance of net cash and cash equivalents at the end of the year had the following errors of misstatements: -

- (i) Decrease in trade and other payables was indicated as Kshs.3,034,243 while the movement from Kshs.37,567,500 in 2022 to Kshs.36,148,254 in 2023 reflects a balance of Kshs.1,419,246 resulting to unreconciled variance of Kshs.1,614,997.

In the circumstances, the accuracy and completeness of the balance of cash generated/(used) in operations of Kshs.6,262,533 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Dekut Enterprises Company 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 opinion.

Key Audit Matters

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

Other Information

The Directors are responsible for the other information. The other information comprises Key Entity Information, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors 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

Payment of Penalty and Interest on Tax Due

Examination of the iTax ledger for the DEKUT Enterprise Company indicated that the Company paid a penalty of Kshs.90,736.22 and interest of Kshs.36,294.49 on 13 December, 2022, all translating to a total expenditure of Kshs.127,030.71. This is contrary to the provisions of the Income Tax Act, Cap 470 Section 92 (a) which requires that all taxes due shall be paid on or before 30 September in that following year.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of a Strategic Plan

As previously reported, review of the Company's records and internal control systems revealed that the Company does not have a strategic plan. This is contrary to Regulation 32(5) of the Public Finance Management (National Governments) Regulations, 2015 which provides that all budget proposals shall be supported by the National Government entity's strategic plan.

In the circumstances, the effectiveness and adequacy of the Company's strategic objectives and priorities for the year under review could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015 I report based on the audit, that:

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit;
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and
- (iii) The Company's statements are in agreement with the accounting records and returns.

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 (IFRS) and for maintaining effective internal controls as Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, the 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 applicable basis of accounting unless Management is aware of the intention to liquidate the Company, or to cease operations.

The 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, the 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 the Management monitors compliance with the 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 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 an 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 assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with Section 7(1)(a) of 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 ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Managements' 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 February, 2024

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2023

14. Statement of Profit or Loss and Other Comprehensive Income for The Year Ended 30 June 2023.

	Note	2022-2023	2021-2022
		Kshs	Kshs
REVENUES			
Revenue	6	27,935,372	36,025,891
Cost of sales	7	(17,241,604)	(21,468,844)
Gross profit		10,693,768	14,557,047
Other Income			
Grants from the national government	8	0	0
Finance income	9	213,151	277,647
Other income-Royalty	10	578,715	450,915
Other income-applications	10	3,000	0
Decrease in provision	10	209,546	0
Other gains/(losses)	11	82,794	0
TOTAL REVENUES		11,780,974	15,285,610
OPERATING EXPENSES			
Administration Costs	12	7,775,668	10,304,611
Selling and Distribution Costs	13	107,524	97,736
TOTAL OPERATING EXPENSES		7,883,192	10,402,347
PROFIT/(LOSS) BEFORE TAXATION		3,897,783	4,883,263
INCOME TAX EXPENSE/(CREDIT)	16	1,941,756	1,614,997
PROFIT/(LOSS) AFTER TAXATION		1,956,027	3,268,266

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as At 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	19	4,129,768	4,687,475
Intangible assets	20	16,666	33,332
Total Non-Current Assets		4,146,434	4,720,807
Current Assets			
Inventories	26	4,452,012	5,209,990
Trade and other receivables	27(a)	27,586,955	31,568,338
Short-term deposits	29	0	0
Bank and cash balances	30	7,695,626	3,460,107
Total Current Assets		39,734,593	40,238,435
TOTAL ASSETS		43,881,027	44,959,243
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	31	200,000	200,000
Retained earnings	34	7,532,773	5,576,746
Capital and Reserves		7,732,773	5,776,746
Current Liabilities			
Trade and other payables	39	36,148,254	37,567,500
Tax payable	16	0	1,614,997
Total Current Liabilities			39,182,497
TOTAL EQUITY AND LIABILITIES		43,881,027	44,959,243

The financial statements were approved by the Board on 19th July 2023 and signed on its behalf by:



Managing Director

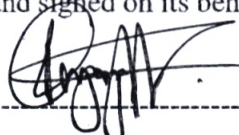
**Dr. Paul Sang
Muchiri**



Assistant Accountant

Joseph K Mungai

ICPAK M/NO: 24915



Chairman of the Board

Prof. Peter Ng'ang'a

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2023

16. Statement of Changes in Equity for the Year Ended 30 June 2023

	notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at July 1, 2022		200,000	0	0	5,576,746	0	0	5,776,746
Profit for the year		0	0	0	1,956,027	0	0	1,956,027
As at June 30, 2023		200,000	0	0	7,532,773			7,732,773
As at July 1, 2021		200,000	0	0	2,308,480	0	0	2,508,480
Profit for the year		0	0	0	3,268,266	0	0	3,268,266
As at June 30, 2022		200,000	0	0	5,576,746	0	0	5,776,746

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2023

17. Statement of Cash Flows for the Year Ended 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM/(USED IN) OPERATIONS	43	6,262,533	(5,323,650)
Tax paid		(1,941,756)	0
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		4,320,778	(5,323,650)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	19	(85,259)	(907,244)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		4,235,519	(6,230,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of new share capital			
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES			
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,235,519	(6,230,894)
		0	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,460,107	9,691,001
		0	
Effects of foreign exchanges rate fluctuations		0	
		0	
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	7,695,626	3,460,107

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2023

18. Statement of Comparison of Budget and Actual Amounts for the Period Ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs	0%
Revenue						
Sale of goods	23,205,622	(15,625,122)	7,580,500	7,124,392	456,108	93.98
Sale of services	21,516,600	3,181,100	24,697,700	20,810,981	3,886,719	84.26
Other incomes						
Interest Income	300,000	0	300,000	213,151	86,849	71.05
Royalty	541,100	0	541,100	578,715	(37,615)	106.95
Others	0	0	0	295,340	(285,340)	
Total income	45,563,322	(12,444,022)	33,119,300	29,012,579	4,106,721	87.63
Cost of Sales	29,143,384	(10,967,609)	18,175,775	17,241,604	934,171	94.86
Gross profit	16,419,938	(1,476,413)	14,943,525	11,780,975	3,172,550	78.84
Expenses		0			0	
Administration expenses	8,531,667	(341,600)	8,190,067	7,775,668	414,399	94.94
Selling and distribution	260,500	(164,400)	96,100	107,524	(11,424)	111.89
Total expenditure	8,792,167	(506,000)	8,286,167	7,883,192	402,975	95.14
Surplus for the period	7,627,771	(970,413)	6,657,358	3,897,783	2,769,575	58.55

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2023

Note: PFM Act section 81(2) ii and iv requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available.

However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

- (i) The Revenue target was 87% achieved as compared to the revised budget, but this was after evaluation of the business activities for the period of three quarters prior and there was a need for budget revision to a more realisable target after the company dropped some of its undertakings*
- (ii) From the above variations in terms of % utilisation, there were no major deviation of the actuals from the revised budget, except for the other incomes(royalty) was estimated based on the net amount without considering the 5% withholding tax.*
- (iii) For the selling and distribution costs, during the year the costs went bit higher in attempt to market the company product through exhibitions*

19. Notes to The Financial Statements

1. General Information

DEKUT Enterprises Company is established by and derives its authority and accountability from the Companies Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is manufacturing of detergents including sanitizer, processing and packaging premium coffee, production of yoghurt, consultancy, conferencing activities and commercialising any other innovations of the University.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 19.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the DeKUT Enterprises Company.

The financial statements have been prepared in accordance with the PFM Act, the Companies Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Application of New and Revised International Financial Reporting Standards (IFRS)

- i. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. <i>The Company does not issue insurance contracts.</i>	Effective for annual periods beginning on or after 1 st January 2023.
IAS 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. <i>There were no effect of amendments on their financial statements for the year ended.</i>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies. <i>(There we no changes brought about by changes to the accounting policies disclosed)</i>	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed	The amendments are effective for annual periods

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Title	Description	Effective Date
Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	beginning on or after January 1, 2023.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

Notes to the Financial Statements (Continued)

Application of New and Revised International Financial Reporting Standards (IFRS)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

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(The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements).

iii. Early adoption of standards

DeKUTES did not early – adopt any new or amended standards in year 2022-2023.

NOTES TO THE FINANCIAL STATEMENTS (Continues)

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. DeKUTES recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognised in the year in which DeKUTES delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognised in the year in which DeKUTES actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognised in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognised as it accrues.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

b) In-kind contributions

In-kind contributions are donations that are made to DeKUTES in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, DeKUTES includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Freehold Land	Nil
Buildings and civil works	25 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	12.5 years

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

f) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Summary of Significant Accounting Policies****h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever DeKUTES incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that DeKUTES expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

m) Trade and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

n) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where DeKUTES operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where DeKUTES operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

o) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

Deferred Tax

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Summary of Significant Accounting Policies****p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are

added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

s) Trade and other payables

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

t) Retirement benefit obligations

DeKUTES does not operate a defined contribution scheme for the employees since the Company does not pay its employees directly since they are on secondment from the university and so the appointing authority ensures compliance to all the terms and conditions as agreed between the employer and the employee and also ensure compliance to the existing labour and taxation laws. However the company has one temporally employee whose monthly contributions are submitted to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently as tier 1 and tier 2 Kshs.200 per employee per month.

u) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

v) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which DeKUTES operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

w) Budget information

The original budget for FY 2022-2023 was approved by the Company board of Directors. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by DeKUTES upon receiving the respective approvals in order to conclude the final budget.

DeKUTES budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continues)

a) Service concession arrangements

DeKUTES analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, DeKUTES recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, DeKUTES also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

b) Comparative figures

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

c) 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, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of DeKUTES financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made:

NOTES TO THE FINANCIAL STATEMENTS (Continues)

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. DeKUTES based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of DeKUTES. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by DeKUTES
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 27.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Provision for bad debts is made in full where a debt is deemed uncollectible whereas a general provision of 5% is made on the total debtors.

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

6. Revenue

	2022-2023	2021-2022
	Kshs	Kshs
Sales of goods	8,264,232	21,583,847
Sales of services	24,140,738	19,815,958
Less: value added tax on gross sales	(4,469,597)	(5,373,914)
Total	27,935,372	36,025,891

[Revenues for the year under review decreased .The decrease was as a result of the turbulence brought about by the election year and shelving of a fabrication of additional maize drier worth 12 million which was undertaken in the year 2021/2022.]

7. Cost of Sales

	2022-2023	2021-2022
	Kshs	Kshs
Cost of sales on goods	5,559,433	13,598,186
Cost of sales on services	11,682,171	7,870,659
Total	17,241,604	21,468,845

8. Grants from National Government

	2022-2023	2021-2022
	Kshs	Kshs
Recurrent grants received	0	0
Capital grants realized (see note below)	0	0
In Kind contributions/ donations	0	0
Total	0	0

(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).

[There were no capital/development grants in the current financial year:]

DEKUT ENTERPRISES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Finance Income

	2022-2023	2021-2022
Description	Kshs	Kshs
Interest from commercial banks and financial institutions	213,151	277,647
Total	213,151	277,647

[Income earned from the short term deposits invested during the year]

10. Other Income

	2022-2023	2021-2022
Description	Kshs	Kshs
Royalty	578,715	450,915
Decrease in bad debt provision	209,546	0
Application Fees	3,000	
Total	791,261	450,915

11. Other Gains and Losses

	2022-2023	2021-2022
Description	Kshs	Kshs
Total	82,794	0

12. Administration Costs

	2022-2023	2021-2022
Description	Kshs	Kshs
Office welfare	1,900	3,150
Travelling and accommodation	263,058	182,877
Telephone expenses	28,615	23,417
Printing & stationery	29,950	59,098
Subscription to Microsoft	233,010	208,972
Entertainment expenses	11,620	11,935
Licenses/fees/levies	60,150	87,228
Board Allowances	37,800	0
Bank charges and commissions	26,433	21,852
Repairs and maintenance	172,639	10,714
AGM Expenses	221,050	0
Depreciation	49,234	68,024
Staff Management Costs	5,885,210	4,268,606

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	2022-2023	2021-2022
Description	Kshs	Kshs
Corporate Social Responsibility	100,000	85,600
Seminars & workshops expenses	55,000	10,000
consultancy Expenses	0	3,235,766
Bad debts Provision -Specific	0	200,000
Bad debts Provision -General	0	1,527,373
Auditors Fee-Provision	600,000	300,000
Total	7,775,668	10,304,612

12 b Staff Costs

	2022-2023	2021-2022
Description	Kshs	Kshs
Salaries and allowances of permanent employees	0	0
Wages of temporary employees	0	0
Medical insurance schemes	0	0
Employer's contributions to National social security schemes	0	0
Employer's contributions to pension scheme	0	0
Leave pay	0	0
Gratuity provisions	0	0
Fringe Benefit tax	0	0
Staff welfare		
Total	0	0
The average number of employees at the end of the year was:		
Permanent employees – Management	0	0
Permanent employees – Unionisable	0	0
Temporary and contracted employees	0	0
Total	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Selling and distribution costs

	2022-2023	2021-2022
Description	Kshs	Kshs
Amortization on Software	16667	16,667
Staff Management Costs	0	0
Publicity material	0	0
Exhibitions	43,731	16,254
Depreciation	47,126	64,815
Total	107,524	97,736

14. Finance Costs

	2022-2023	2021-2022
Description	Kshs	Kshs
Interest expense on loans	0	0
Interest expense on Bank overdrafts	0	0
Interest on Lease liabilities	0	0
Total	0	0

15. Operating profit/ (loss)

	2022-2023	2021-2022
	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff costs (note 12b)		0
Staff Management costs	5,885,210	4,259,857
Depreciation of property, plant and equipment	642,965	745,350
Amortization of intangible assets	16,667	16,667
Provision for bad and doubtful debts	1,661,945	1,861,491
Auditors' remuneration – current year provision	300,000	0
Interest receivable	0	0
Total	8,506,787	6,883,365

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Income Tax Expense/(Credit)

(a) Current taxation

	2022-2023	2021-2022
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	1,941,756	1,975,049
Current tax: prior year under/(over) provision	0	(360,052)
Total	1,941,756	1,614,997

b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

	2022-2023	2021-2022
	Kshs	Kshs
Profit before taxation	3,887,783	4,883,263
Tax at the applicable tax rate of 30%	1,941,756	1,614,997
Current tax	0	0
Tax effects of expenses not deductible for tax purposes	0	0
Tax effects of specific provision(bad debt)	0	0
Tax effects of excess capital allowances over depreciation/amortization	0	0
Total	1,941,756	1,614,997

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of by the average number of ordinary shares in issue during the year. There were not dilutive or potentially dilutive ordinary share as at the reporting date.

18. Dividend Per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Property, Plant and Equipment

2023	Plant and machinery	Office equipment	Computers & related equipment	furniture & fittings	Total
COST At July 1, 2022	4,519,136	726,723	606,756	700,862	6,553,477
Additions		85,258			85,258
At June 30, 2023	4,519,136	811,981	606,756	700,862	6,638,735
DEPRECIATION					
At July 1, 2022	1,170,610	173,367	341,768	180,257	1,866,002
Charge for the year	418,566	79,827	79,496	65,076	642,965
Total accumulated depreciation June 2023	1,589,176	253,194	421,264	245,333	2,508,967
NET BOOK VALUE At June 30, 2023	2,929,960	558,787	185,492	455,529	4,129,768
2022	Plant and machinery	Office equipment,	Computers & related equipment	furniture & fittings	Total
COST OR VALUATION					
COST At July 1, 2021	4,442,016	353,495	477,446	373,276	5,646,233
Additions	77,120	373,228	129,310	327,586	907,244
At June 30, 2022	4,519,136	726,723	606,756	700,862	6,553,477
DEPRECIATION					
At July 1, 2021	692,249	94,316	228,202	105,885	1,120,652
Charge for the year	478,361	79,051	113,566	74,372	745,350
Total accumulated depreciation	1,170,610	173,367	341,768	180,257	1,866,002
NET BOOK VALUE At June 30, 2022	3,348,526	553,356	264,988	520,605	4,687,475

DEKUT ENTERPRISES COMPANY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**20. Intangible Assets**

	2022-2023	2021-2022
	Kshs	Kshs
COST		
At July 1	83,333	83,333
Additions	0	0
At June 30	83,333	83,333
AMORTISATION		
At July 1	50,000	33,333
Charge for the year	16,666	16,667
At June 30	66,666	50,000
NET BOOK VALUE At June 30	16,666	33,332

[Intangible asset constitute the Point Of Sale software used ate the shop]

21. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
Opening Valuation	0	0
Movements During The Year	0	0

22. Right-of-use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost	0	0	0	0
Accumulated Depreciation	0	0	0	0
Carrying Amount				
As At 30 June 2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
As At 30 June 2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Fixed Interest Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Infrastructure Bond	0	0
Corporate Bond (Give Details)	0	0
Corporate Bond (Give Details)	0	0
Total	0	0

24. Quoted Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
B/f Valuation	0	0

25. Unquoted Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At July 1	0	0
At June 30	0	0
Impairment		
At July 1	0	0
At June 30	0	0
Net Book Value	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. Inventories**

	2022-2023	2021-2022
	Kshs	Kshs
Raw Materials		
Coffee	417,988	1,075,871
Detergent	767,338	738,817
Yoghurt	774,159	1,021,796
Equipment Production	0	0
Work in Progress	0	0
Equipment production	1,920,716	1,920,715
	0	0
Finished Goods	0	0
Fashion and Design	429,673	316,032
Assorted Merchandise	142,138	136,759
Total	4,452,012	5,209,990

27 (a) Trade Receivables

	2022-2023	2021-2022
	Kshs	Kshs
Gross trade receivables	29,038,900	33,429,830
Provision for doubtful receivables	(1,451,945)	(1,861,491)
Net Trade Receivables	27,586,955	31,568,338
At June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	96,535	10,774,464
Between 30 and 60 days	179,070	3,557,418
Between 61 and 90 days	817,390	431,124
Between 91 and 120 days	13,228,693	14,523,970
Over 120 days	14,717,212	4,142,854
	0	0
Total	29,038,900	33,429,830

[The provision of Kshs 1,451,945 is 5% of the total outstanding debt giving net trade receivables of KShs. 27,586,955 as at 30th June 2023 WHILE the long outstanding receivables for over 120 days of KShs. 14,717,212, comprise related party transactions of Kshs. 9,144,757(DEKUT) while the balance of Kshs 5,572,454 relates to external customers carried forward from last year]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**27 (b) Reconciliation of Impairment Allowance for Trade Receivables**

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

27 (c) Staff Receivables

Description	2022-2023	2021-2022
	Kshs	Kshs
Gross staff loans and advances	0	0
Provision for impairment loss	0	0
Net staff loans	0	0
Less: Amounts due within one year	0	0
Amounts due after one year	0	0

27 (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**28. Tax Recoverable**

	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year		(199,729)
Income tax charge for the year (note 16)	1,614,997	1,975,049
Under/(over) provision in prior year/s (note 16)	326,759	0
Income tax paid during the year	1,941,756	(160,323)
At end of the year	0	1,614,997

29. Short Term Deposits

	2022-2023	2021-2022
	Kshs	Kshs
Other commercial banks		
Consolidated bank	0	0

30. Bank and Cash Balances

	2022-2023	2021-2022
	Kshs	Kshs
Cash at bank	7,653,897	3,420,457
Cash in hand	0	25,200
Mpesa cash balance	0	1,703
Petty cash	41,729	12,747
Total	7,695,626	3,460,107

The bulk of the cash at bank was held at Consolidated Bank of Kenya, DeKUTES main bankers.

DEKUT ENTERPRISES COMPANY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**Detailed analysis of the cash and cash equivalents**

Financial institution	Account number	2022-2023	2021-2022
		KShs	KShs
a) Current account			
Consolidated Bank	10061202000162	311,554	883,981
Consolidated Bank collection	10061211000010	7,342,343	2,536,476
b) Others		0	0
Cash in hand		0	25,200
M pesa		0	1,703
Petty cash		41,729	12,747
Total		7,695,626	3,460,107
c) On - call deposits			
Consolidated Bank	10061101000242	0	0
Sub- total		7,695,626	3,460,107
Grand total		7,695,626	3,460,107

31. Ordinary Share Capital

	2022-2023	2021-2022
	KShs	KShs
Authorized:		
ordinary shares of KShs par value each	0	0
Capital reserves	200,000	200,000
Issued and fully paid:		
ordinary shares of KShs par value each	0	0

[DEKUT Enterprises Company is limited by guarantee and has no Ordinary shares.]

DEKUT ENTERPRISES COMPANY**Annual Reports and Financial Statements for the year ended June 30, 2023****NOTES TO THE FINANCIAL STATEMENTS (Continued)****32. Revaluation Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

33. Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

34. Retained Earnings

The retained earnings represent amounts available for distribution to DeKUTES shareholders. Undistributed retained earnings are utilised to finance DeKUTES business activities.

Description	2021-2022
	Kshs
As at July 1, 2021	5,576,746
Profit for the year	1,956,027
As at June 30, 2022	7,532,773
As at July 1, 2020	2,308,480
Profit for the year	3,268,266
As at June 30, 2021	5,576,746

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**35. Borrowings**

Description	2022-2023	2021-2022
	Kshs	Kshs
a) External borrowings		
Balance at end of the year	0	0
b) Domestic borrowings	0	0
Balance at end of the year	0	0
Balance at end of the period - domestic and external borrowings c = a+b	0	0

Notes to the Financial Statements (Continued)

Description	2022-2023	2021-2022
	Kshs	Kshs
Short term borrowings (Current Portion)	0	0
Long term borrowings	0	0
Total	0	0

36. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2022-2023	2021-2022
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	(0)	(0)
Provisions for liabilities and charges	(0)	(0)
Net deferred tax liability	0	0

37. Lease Liability

Description	2022-2023	2021-2022
	Kshs	Kshs
At the start of the year	0	0
Paid during the year	0	0
At end of the year	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. Deferred Income

Description	2022-2023	2021-2022
	Kshs	Kshs
National Government	0	0
International Funders	0	0
Public Contributions and Donations	0	0
Other (specify)	0	0
Total Deferred Income	0	0

39. Trade and Other Payables

	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	36,148,254	37,567,500
Accrued expenses	0	0
Retention/ contract monies	0	0
Other payables	0	0
Total	36,148,254	37,567,500

40. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
Total employee benefits obligation	0	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41. Provisions

Description	Long service leave	Bonus Provision	Gratuity provisions	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	0	0	0	0	0
Additional provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Less: current portion	0	0	0	0	0
Balance at the end of the year	0	0	0	0	0

42. Dividends Payable

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The balances are analysed in annual amount below.

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	0	0
Additional declared during the year	0	0
Paid during the year	0	0
Balance at end of the year	0	0

DEKUT ENTERPRISES COMPANY

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**43. Notes to The Statement of Cash Flows**

	2022-2023	2021-2022
	Kshs	Kshs
Operating profit/(loss)	3,897,783	3,928,112
Depreciation	642,965	745,350
Amortisation	16,667	16,667
Operating profit/(loss) before working capital changes	4,557,415	4,690,129
(Increase)/decrease in inventories	757,979	(1,327,004)
(Increase)/decrease in trade and other receivables	3,981,383	(29,020,096)
Increase/(decrease) in trade and other payables	(3,034,243)	20,398,520
	0	
Cash generated from/(used in) operations	6,262,533	(5,323,650)
(b) Analysis of cash and cash equivalents		
Short term deposits	0	0
Cash at bank	7,653,897	3,420,457
Cash in hand	0	25,200
M-pesa	0	1,703
Petty cash	41,729	12,747
Balance at end of the year	7,695,626	3,460,107

DEKUT ENTERPRISES COMPANY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**44. Related Party Disclosures****Government of Kenya**

Dedan Kimathi University of Technology is the principal shareholder of DeKUTES, holding 100% of DeKUTES equity interest. Dedan Kimathi University of Technology has provided full guarantees to all long-term lenders of DeKUTES, both domestic and external.

Other related parties include:

- i) The Parent Company;
- ii) Key management;
- iii) Board of directors;

Transactions with related parties

	2022-2023	2021-2022
	Kshs	Kshs
a) Sales to related parties		
Sales of goods to the university	10,526,727	6,047,917
Sale of services to the university	13,000,000	0
Total	23,526,727	6,047,917
b) Grants from the Government		
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	5,885,210	4,107,514
Total	5,885,210	4,107,514
d) Key management compensation		
Managing Director compensation	2,400,000	2,400,000
Board allowances	37,800	0
Compensation to key management	3,485,210	1,707,514
Total	5,923,010	4,107,514

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**45. Capital Commitments**

Capital commitments at the year- end for which no provision has been made in these financial statements are:

	2022-2023	2021-2022
	Kshs	Kshs
Amounts authorized and contracted for	0	0
Amounts authorizes but not contracted for	0	0
Less: Amounts included in Work in progress	0	(0)
	0	0

[Provide short appropriate explanations as necessary]

46. Contingent Assets and Liabilities**Contingent Assets**

	2022-2023	2021-2022
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	0	0
Assets arising from determination of court cases	0	0
Reimbursable indemnities and guarantees	0	0
Receivables from other government entities	0	0
Others (Specify)	0	0
Total	0	0

(Give details)

Contingent Liabilities

	2022-2023	2021-2022
	Kshs	Kshs
Contingent liabilities	0	0
Court case 0 against DeKUTES	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from contracts including PPPs	0	0
Others (Specify)	0	0
Total	0	0

In the opinion of the directors, no provision is required in these financial statements as the liabilities are not expected to crystallize.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. Financial Risk Management

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

The company's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing DeKUTES maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 JUNE 2023				
Receivables from exchange transactions	16,034,590	16,034,590	0	1,451,945
Receivables from non-exchange transactions	13,004,310	13,004,310	0	0
Bank balances	7,695,626	7,695,626	0	0
Total	36,734,526	36,734,526	0	1,451,945
At 30 JUNE 2022				
Receivables from exchange transactions	33,429,830	33,429,830	0	1,861,491
Receivables from non-exchange transactions	0	0	0	0
Bank balances	3,420,457	3,420,457	0	0
Total	36,850,287	36,850,287	0	1,861,491

(NB: The totals column should tie to the individual elements of credit risk disclosed in DeKUTES statement of financial position)

Credit Risk (Continued)

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 the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

DEKUT ENTERPRISES COMPANY**Annual Reports and Financial Statements for the year ended June 30, 2023****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 JUNE 2023				
Trade payables	4,854,006	1,815,429	29,478,819	36,148,254
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	4,854,006	1,815,429	29,478,819	36,148,254
At 30 JUNE 2022				
Trade payables	13,091,613	1,403,700	23,072,187	37,567,500
Provisions		0		0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	13,091,613	1,403,700	23,072,187	37,567,500

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect DeKUTES 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.

DEKUT ENTERPRISES COMPANY**Annual Reports and Financial Statements for the year ended June 30, 2023****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

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

a) Foreign currency risk

DeKUTES 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 after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

(iii) Market risk (Continued)

The carrying amount of DeKUTES foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 JUNE 2022			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

DeKUTES 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

b) Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's 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. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2021			
Euro	10%	0	0
USD	10%	0	0
2020			
Euro	10%	0	0
USD	10%	0	0

c) Interest rate risk

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

DEKUT ENTERPRISES COMPANY

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i) Management of interest rate risk

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

ii) Sensitivity analysis

DeKUTES 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.

The Company has no interest bearing debt and therefore the effect on the current financial statements is not considered significant.

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

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

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

DEKUT ENTERPRISES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

At 30 JUNE 2022	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
	0	0	0	0
At 30 June 2020				
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
	0	0	0	0

There were no transfers between levels 1, 2 and 3 during the year.

Financial instruments not measured at fair value

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

DEKUT ENTERPRISES COMPANY**Annual Reports and Financial Statements for the year ended June 30, 2023****NOTES TO THE FINANCIAL STATEMENTS (Continued)****iv). Capital Risk Management**

The objective of DeKUTES capital risk management is to safeguard the Board's ability to continue as a going concern. DeKUTES capital structure comprises of the following funds:

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	7,532,774	3,928,112
Capital reserve	200,000	200,000
	0	0
Total funds	7,732,774	4,128,112
Total borrowings	36,148,254	37,567,500
Less: cash and bank balances	7,695,626	3,460,107
Net debt/(excess cash and cash equivalents)	28,452,628	34,107,393
Gearing	367%	826%

48. Incorporation

DeKUTES is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

49. Events After The Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

DEKUT ENTERPRISES COMPANY

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20. Appendices

Appendix 1: Progress on Follow up Of Auditor Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Report On Effectiveness Of Internal Controls, Risk Management And Governance	Lack of a Strategic Plan	<p>The company has established several revenue divisions, including consultancies and short courses, conferences, yogurt sales, coffee sales, clothing and fashion design, detergent sales, and merchandise sales. Over the past three years, the management has created yearly strategies with specific goals in order to determine the primary revenue sources that shape the company's strategic plan.</p> <p>After establishing its business lines, the company is now working to integrate all its operations and create a comprehensive strategic plan. It is expected that this process will be completed within the next two years.</p>	Not resolved	2 Years

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The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....
Managing Director
Dr. Paul Sang

Date.....19/...12/ 2023



.....
Chairman of the Board
Prof. Peter Ng'ang'a Muchiri

Date.19/...12/ 2023

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**Appendix II: Projects Implemented By DeKUTES
Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(No Project was undertaken by DeKUTES)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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Appendix III: Inter-Entity Transfers

ENTITY NAME:				
Break down of Transfers from the State Department of 0				
FY 2020/21				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0	
d.	Donor Receipts	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager

Head of Accounting Unit

XXX entity

xxx Ministry

Sign -----

Sign-----

(DeKUTES does not receive any transfers from state department)

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Appendix IV: Transfers From Other Government Entities

Name of the MDA/Don or Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	0	Recurrent	0	0	0	0	0	0	0
Ministry of Planning and Devolution	0	Development	0	0	0	0	0	0	0
USAID	0	Donor Fund	0	0	0	0	0	0	0
Ministry of Planning and Devolution	0	Direct Payment	0	0	0	0	0	0	0
			0	0	0	0	0	0	0
Total			0	0	0	0	0	0	0

(DeKUTES does not receive any transfers from other government entities)

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Appendix V- Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2022				Amount Received by <i>[beneficiary entity]</i> (Kshs) as at 30 th June 2021 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary entity:

Name **Sign** **Date**

No inter entities to confirm during the year

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Appendix VI: Reporting Of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

There were no climate relevant expenditures to report during the year

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Appendix VII: Disaster Expenditure Reporting Template

Date: _____

Entity: _____

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

There were no disaster expenditure to report during the year