

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper Laid  
By Hon. Aden Duale, MP (Ken)  
on Thurs. 23.08.2018 (PM)  
AD*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
EGERTON UNIVERSITY INVESTMENT  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE 2017**



**EGERTON**



**UNIVERSITY**

P.O. BOX 536-20115 - EGERTON

Email: [euic@egerton.ac.ke](mailto:euic@egerton.ac.ke)

Tel: (051) 51-211 3382, 020- 2588772

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**INVESTMENT COMPANY**

**ANNUAL REPORT**

**AND**

**FINANCIAL STATEMENTS**

**FOR**

**THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

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

23 SEP 2017

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### **Establishment and Incorporation**

Egerton University Investment Company was incorporated on the 30<sup>th</sup> June, 2010 as a Company limited by Guarantee Established through the Company's Act Cap 486 of the Laws of Kenya.

### **Registered Office and Principal Place of Business**

Egerton University-ARC Hotel

P.O. Box 536 - 20115,

**EGERTON**

**KENYA**

### **Bankers**

Kenya Commercial Bank Ltd,

Egerton University Branch

P.O. Box 248 - 20115,

**EGERTON**

### **Independent Auditors**

The Auditor General,

Kenya National Audit Office

P.O. Box 30084 - 00100

**NAIROBI**

### **Core Business of Egerton University Investment Company**

The Core business of the company as provided by the Company's Act Cap 486 of the Laws of Kenya includes:

Farming

Hotel Hospitality and Tourism

### **Vision**

A world class University Company, Committed to quality agribusiness and hospitality.

## **Mission**

Create value for the shareholder through production and marketing of quality products and services and provision of a platform for education, research and outreach

## **Core Values**

- i. Quality and safe products and services.
- ii. Customer focus
- iii. Accountability and Integrity
- iv. Environmental Sustainability
- v. Innovation

## MEMBERS OF THE COMPANY BOARD OF DIRECTORS



**NAME:** Mr. Joshua Nyangidi Otieno

**YOB:** 1976

**POSITION/KEY RESPONSIBILITIES:**

Board Chairman

**QUALIFICATION:** B.Ed. (KU), MBA. (KU)

**WORK EXPERIENCE**

KCA University: Manager, Centre for Entrepreneurship & Leadership;  
Lecturer KCA University, Lead Researcher in the Africa Bio-diversity  
Conservation and Innovation Centre & CIC Insurance Company  
Business Consultant & Trainer at Kenya Market Trust and Parsons Ltd.  
Business Trainer, Africa Youth Trust  
Part-time Lecturer: JKUAT, Kenyatta University & Moi University



**NAME:** Mr. Joseph Mwaura Kamau

**YOB:**

**POSITION/KEY RESPONSIBILITIES:**

Director

**QUALIFICATION:** B.A. (UoN), MBA-Finance (KAIST), Masters of  
Finance & Banking (Moi)

**WORK EXPERIENCE**

Government of Kenya National Treasury Investment Officer,  
Equity Bank (K) Ltd Operations Manager Corporate Division,  
Standard Chartered Bank (K) Ltd Customer Service Manager Langata.



**NAME:** Ms. Esther Mukoa Wabuge

**YOB:** 1976

**POSITION/KEY RESPONSIBILITIES:**

Director

**QUALIFICATION:** B.Ed (Moi), M.Sc. (JKUAT).

**WORK EXPERIENCE**

Project Officer Training, Management Sciences for Health (MSH) – Leadership, Management & Sustainability (LMS) Project.

Associate Consultant, Kenya National AIDS Strategic Plan.

Kenya HIV/AIDS Private Sector Business Council (KHBC): Head of Programme & Stakeholder Development; Head of Training & Business Development

Namawanga Girls' High School: Biology & Homescience teacher



**NAME:** Prof. Rose. A. Mwonya

**YOB:** 1950

**POSITION/KEY RESPONSIBILITIES:**

Director

**QUALIFICATION**

Dip (Egerton), B.Sc., M.Sc, Ph.D. (Iowa)

**WORK EXPERIENCE**

Egerton University: Vice Chancellor; Deputy Vice-Chancellor (Academic Affairs); Dean of Students; Director Centre of Women Studies and Gender Analysis; Chairperson Dept. Of Agriculture & Home Economics; Full Professor, Associate Professor, Senior Lecturer, Lecturer



**NAME:** Prof. Isaac O. Kibwage

**YOB:** 1954

**POSITION/KEY RESPONSIBILITY**

Director

**QUALIFICATION**

B.Pharm (UoN, M.Pharm, Ph.D (K.U. Leuven), FPSK, CSci. C.Chem, MRSC

**WORK EXPERIENCE**

Egerton University: Deputy Vice-Chancellor (Administration, Planning & Development)

University of Nairobi: Full Professor, Associate Professor, Senior Lecturer, Lecturer, Assistant Lecturer, Graduate Assistant



**NAME:** Prof. George Owuor

**YOB:** 1969

**POSITION/KEY RESPONSIBILITY**

\* Managing Director

**QUALIFICATION**

Bsc.-AGBM (Egerton University), Msc-Agricultural Economics (Egerton University), Ph.D-AGBM (Sandwich-Kiel University Germany and Egerton University)

**WORK EXPERIENCE**

Managing Director, Egerton University Investment Comopany, Chairman Department of Agribusiness Management at Egerton University, PI Center of Excellence in sustainable Agriculture and Agribusiness Management, Programme Manager African Economic Research Consortium (AERC) covering 13 countries in Eastern, Central and South Africa, project consultancies with CIMMYT, CIAT, IFPRI, ILRI, Syngenta Foundation and International Centre for Development and Decent Work- in Germany.

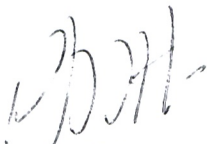
## THE CHAIRMANS REPORT

The present Egerton University Investment Company's financial report 2016/17 is the fourth financial report, and the first report under the new Board of Directors that I chair. The Company performance over the last 3 years has seen dismal, a factor that the new Board has taken serious attention and is focusing on. It is also worth noting that the Company is also under the new management and in the last 7 months the fruits of turnaround have been seen. Some of the new programs include a new strategic plan, new business turnaround plans for various company units and already a growing market and sale of milk and horticultural produce. The Board therefore, notes with great hope the ongoing transformations that are expected to see the company change the direction of performance.

Turning to the current financial performance, I note a great improvement between 2015/16 to 2016/17, with a reduction in losses of over 20 million Kenya shillings. The Company performance of 2014/2015 and 2015/2016 reported increase in losses from Ksh 48,786,066.00 to Ksh 61,849,201.00 respectively. The just concluded 2016/2017 financial year ending June 2017 reported a loss of Ksh 40,019,608.00 despite the loss; this is an improvement from 2015/16.

At the unit levels, I am happy to note the positive incomes from ARC Hotel of Ksh. 7,882,988.00, but look forward to the ongoing turnaround of Ngongogeri Farm. With the current crops and ongoing turnaround in the dairy unit, the farm is expected to realize better performance in 2017/18.

It's my sincere commitment on behalf of the Board of Directors, to work closely with the new company management and address all the challenges inherited to ensure a positive change as the New Year 2017/18 commences.



Joshua N. Otieno

Chairman, EUICO Board of Directors

## **THE MANAGING DIRECTOR'S REPORT**

The financial statement for the year 2016/ 2017 marks the 7th year of operation since Egerton University Investment Company was incorporated on 30<sup>th</sup> June 2010 as a subsidiary Company limited by guarantee and wholly owned by Egerton University.

The Company is an Agribusiness and Hospitality Organization, running a Hotel and a farm and is endowed with high potential natural resources and facilities emanating from the Status of the University.

The Company was established as an Income generating entity to support the University with funds to meet its financial needs by complimenting Government capitation.

The Company started on a humble beginning with a loan of Ksh 145,000,000.00 from the University including the establishments which were already available, the farm with acreage of 2728 and the Hotel building.

At the beginning the financial reports were amalgamated to the main University financial reports but the last three years the accounts were captured separately. The performance in the year 2013/14 was good with a profit of Ksh 57,755,428.48. However, the following year the Company performance started going down with a loss of Ksh 48,786,066.00 in 2014/2015 and Ksh 61,849,201.00 in the year 2015/2016.

The just concluded 2016/2017 financial year ending June 2017 reports a loss of Ksh 40,019,608.00, although an improvement from 2015/16. This is due to some turn around activities that has been implemented between January-June 2017. The Net incomes for respective units are as follows: ARC a gain of Ksh. 7,901,788.00 and Ngongogeri a loss of Ksh. (32,530,579.00. The administrative department (EUICO) reports a loss of Ksh15,390,817.00. This is because it is mainly an expenditure point and does not have a major income generating activity apart from the income generated from Lord Egerton Castle.

It is however, worth noting that the expenses incurred for the current crop in the farm is included as part of expenses for the 2016/17 and charged against the much lower sales of July-December 2016. This is one factor that may have contributed to the expenditures in Ngongogeri being much higher, as the cultivated areas in the farm currently covers 1106 acres (Maize,

Wheat, Barley, Horticulture, Rhodes Grass) against sales from 600 acres (Wheat and Barley only) harvested between July-December 2016.

With the current crops and ongoing turnaround in the dairy unit, the farm is expected to realize better performance in 2017/18.

### **The Farm**

The year under review covers two crops June 2016 to June 2017. In 2016 the farm had 500 acres of seed wheat and 113 acres of barley. The crop of 2017 is composed of 406 acres of maize, 200 acres of seed wheat, 300 acres of barley and 210 acres of Rhode Grass for hay. As at 30<sup>th</sup> June 2017 the farm had 326 cattle and 326 goats.

### **The Hotel**

The current status of the Hotel is in the level of a two star. It's of operation during this period of reporting was at 60%. It has 90 rooms with conference facility which can house 300 people in one sitting.

### **Lord Egerton Castle**

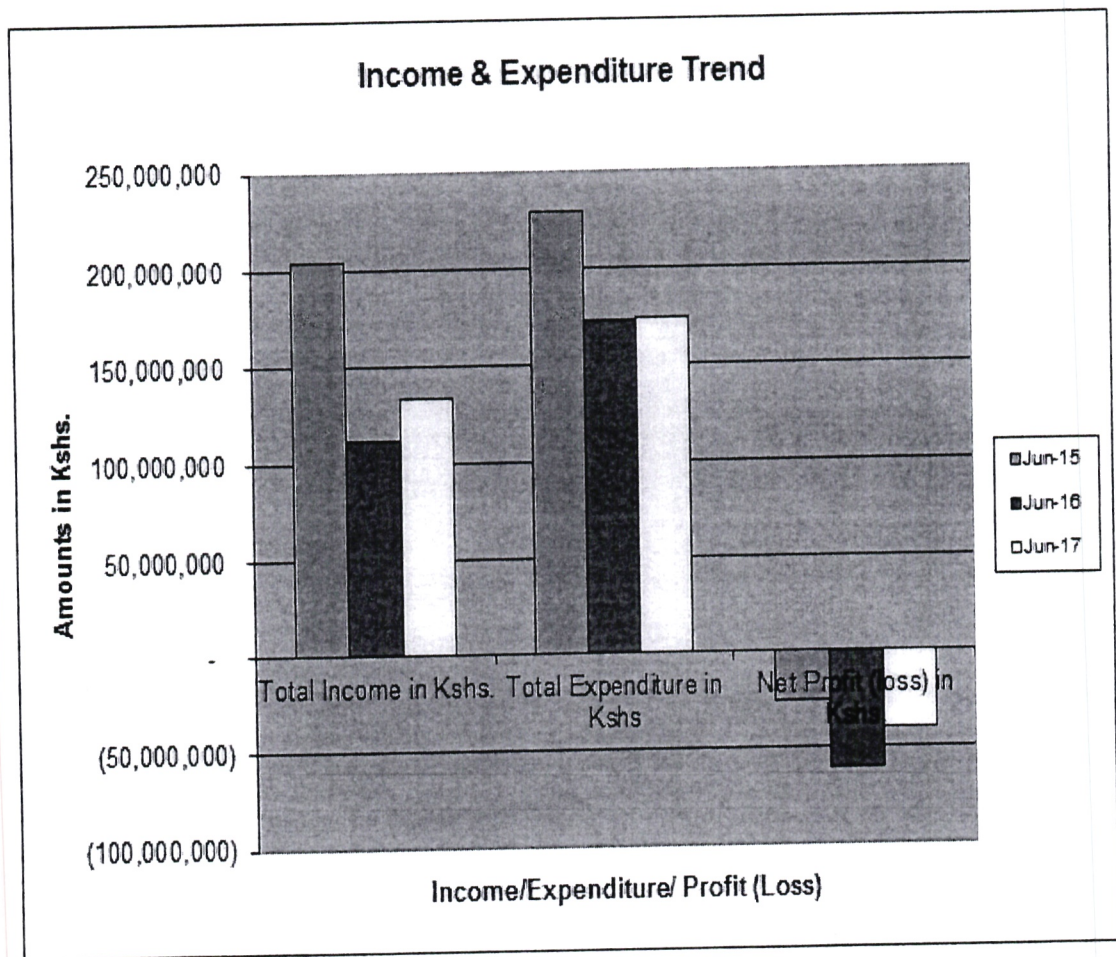
The Income from Lord Egerton has been captured under EUICO department and is composed of gate entry fees, weddings and photography. Its income is used to partly meet the expenses incurred at the center like repairs, maintenance and wages. The bulk of the income from Lord Egerton Castle is currently being used to service a loan of **Ksh. 8,009,000.00** taken from KCB Bank in 2014 to purchase a tractor for Ngongogeri farm.

I have the pleasure to present the Annual Report and Financial Statements of Egerton University Investment Company for the year ended June 30, 2017 as per the Company's Act 486.

## Income & Expenditure

During the year under review the Company Posted a net loss of Kshs. 40,019,608.

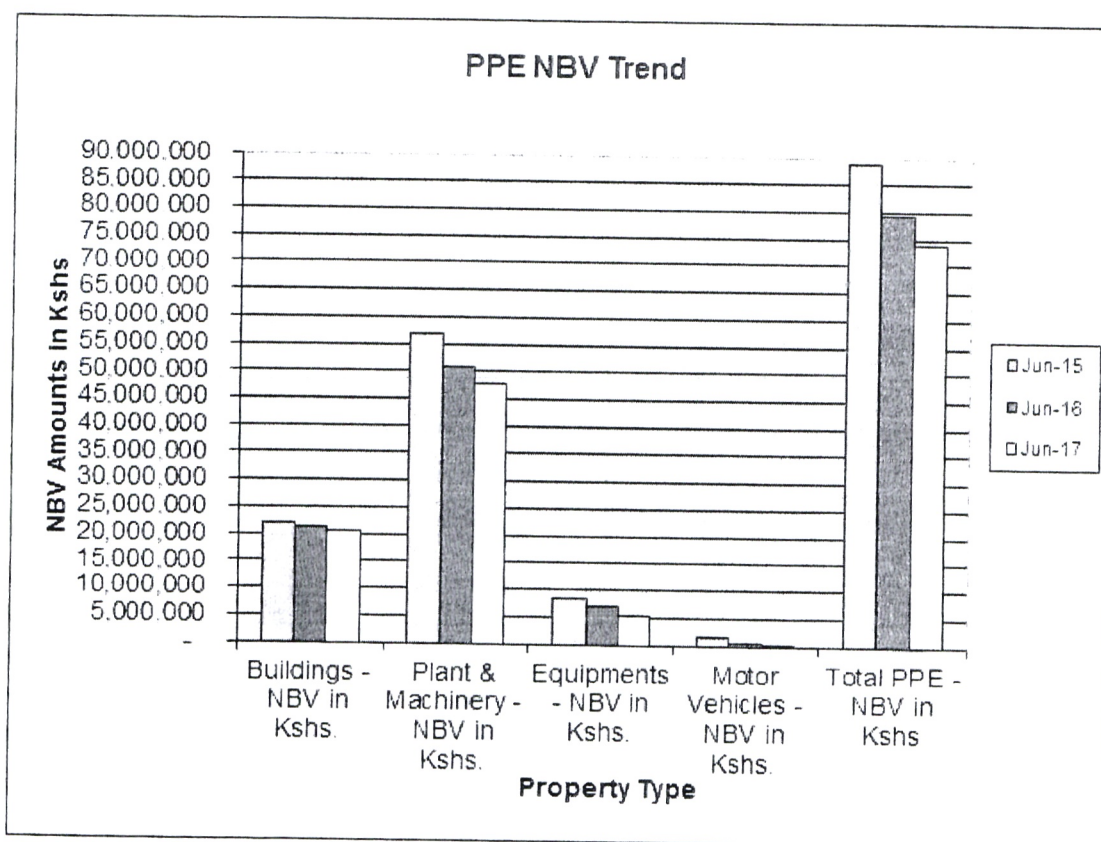
INCOME & EXPENDITURE TRENDS FOR THE LAST THREE YEARS IN KSHS.			
YEAR	Jun-15	Jun-16	Jun-17
Total Income in Kshs.	203,751,050	112,000,351	133,078,771
Total Expenditure in Kshs	229,183,060	172,271,743	173,098,379
Net Profit (loss) in Kshs.	(25,432,010)	(60,271,391)	(40,019,608)



## Property, Plant & Equipment

The net Book Values of the Company's Property Plant and Equipment stood at ksh. 73,910,499

PROPERTY, PLANT & EQUIPMENTS Net Book (NBV) Values in Kshs.				Jun-17 %
Type of Property	Jun-15	Jun-16	Jun-17	Proportion
Buildings - NBV in Kshs.	21,805,391	21,293,542	20,698,692	28%
Plant & Machinery - NBV in Kshs.	56,992,299	50,748,675	47,783,902	65%
Equipments - NBV in Kshs.	8,458,707	6,978,203	5,333,078	7%
Motor Vehicles - NBV in Kshs.	1,549,670	442,693	94,828	0%
<b>Total PPE - NBV in Kshs</b>	<b>88,806,068</b>	<b>79,463,113</b>	<b>73,910,499</b>	<b>100%</b>

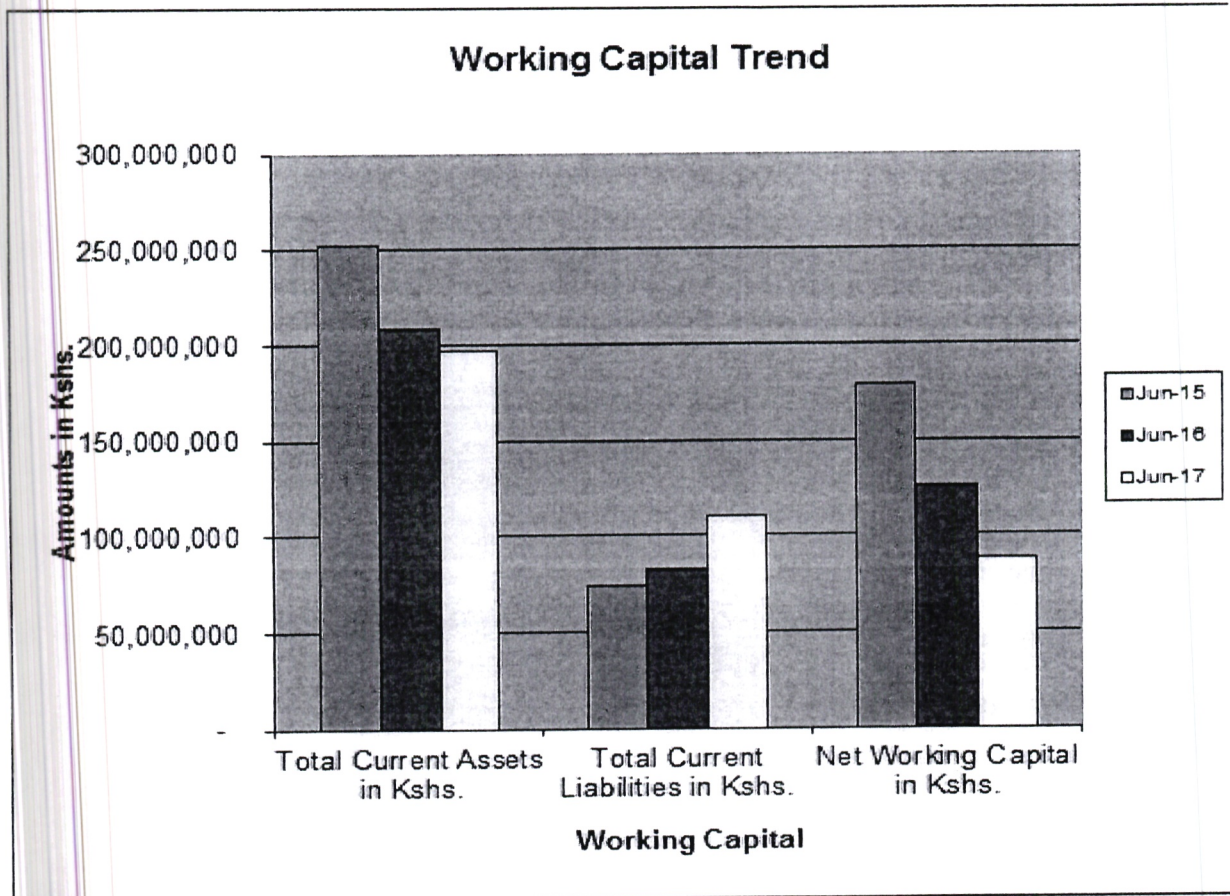


## Working Capital

The Company had a healthy working Capital position as at 30 June 2017, with current assets exceeding current liabilities by Kshs 81,099,702 as shown below.

**WORKING CAPITAL TRENDS FOR THE LAST THREE YEARS IN KSHS.**

YEAR	Jun-15	Jun-16	Jun-17
Total Current Assets in Kshs.	252,590,268	207,744,599	197,108,856
Total Current Liabilities in Kshs.	73,673,596	82,348,103	109,563,792
Net Working Capital in Kshs.	178,916,672	125,396,497	87,545,063



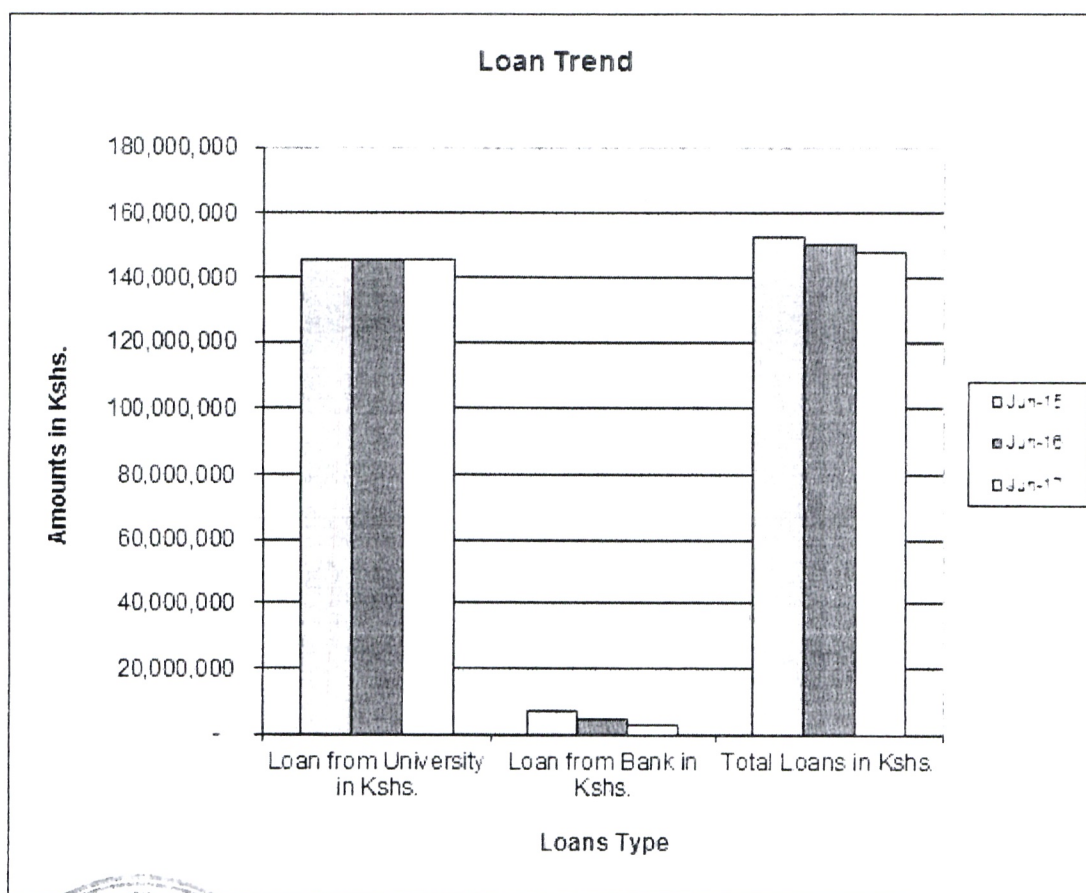
**WORKING CAPITAL CATEGORIES FOR THE LAST THREE YEARS IN KSHS.**

YEAR	Jun-15	Jun-16	Jun-17
Cash in Bank and in Hand	4,518,408.26	18,460,383.78	13,535,192.91
Accounts Receivables	112,099,073.09	109,828,165.63	109,309,213.89
Inventories	16,321,715.00	27,815,554.91	11,962,378.91
Agricultural Assets	119,651,072.00	51,640,495.00	62,302,070.00
Negative Bank Balances	(27,916,975.57)	(1,479,776.72)	(9,320,351.27)
Trade and Other Payables	(45,756,620.43)	(80,868,326.03)	(100,243,441.10)
Net Working Capital in Kshs.	178,916,672	125,396,497	87,545,063

## Loan Financing

The loan detail is as below:-

LOAN TRENDS FOR THE LAST THREE YEARS IN KSHS.			
YEAR	Jun-15	Jun-16	Jun-17
Loan from University in Kshs.	145,400,000	145,400,000	145,400,000
Loan from Bank in Kshs.	7,343,042	4,751,302	2,756,884
Total Loans in Kshs.	152,743,042	150,151,302	148,156,884



  
**Prof. George Owuor**  
 Managing Director

## STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITY

The Company's Act 486 requires the Company to prepare Financial Statements for each financial year, which gives a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Company's surplus, or deficit for the year. The Act also requires the Board Members to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the Company's assets.

The Board Members accept responsibility for the annual report and financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, the International Accounting Standards and the requirements of Company's Act Cap486. The Board Members are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the University as at June 30, 2017.

The Board Members further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial controls.

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

This statement was approved by Board and it is signed on their behalf by:



**Prof. George Oduor**  
**Managing Director**



**Mr. Joshua N. Otieno**

**Chairman, Company Board of Directors**

# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON EGERTON UNIVERSITY INVESTMENT COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Egerton University Investment Company Limited set out on pages 16 to 33, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 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, the financial position of Egerton University Investment Company Limited as at 30 June, 2017 and (of) its financial performance and its cash flows for the year ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015.

Further, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion section of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

##### 1. Understatement of Lord Egerton Castle Revenue

The statement of comprehensive income statement reports revenue receipts from Lord Egerton Castle as Kshs.4,198,006. However, the relevant revenue cash book reflects income receipts of Kshs.6,904,042.20 for the same period thereby understating the periods' revenue by Kshs.2,706,036.20.

In the absence of any explanation for the difference, it has not been possible to confirm the accuracy of the Lord Egerton Castle revenue.

##### 2. Farm Expenses Relating to Prior Period

The statement of other comprehensive income reports farm expenses of Kshs.31,904,697. However, included in this expenditure are chemicals procured from Greenlife Crop Protection on 25 April 2016 amounting to Kshs.11,680,450 which do not

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*Report of the Auditor-General on the Financial Statements of Egerton Investment Company Limited for the year ended 30 June 2017*

relate to the transactions of the financial year under review and as such overstate the expenses by the same amount. The management has not made any explanation or adjustment to the books of accounts.

Accordingly, the accuracy of farm expenditure is not accurately stated.

### **3. Inadequate Disclosure of Agricultural Assets**

The statement of financial position for the year ended 30 June 2017 reports agricultural assets of Kshs.62,302,070. The amount increased from Kshs.51,640,495 as at 30 June 2016 to Kshs.62,302,070 as at 30 June 2017 resulting to an increase in value of Kshs.10,661,575.

The increase in value of Kshs.10,661,575 has not been supported by a reconciliation of changes in the carrying amount of the biological assets at the beginning and the end of the current period as required by International Accounting Standard No.41 on Agriculture. In the absence of the reconciliation, it is not possible to confirm what the value of Kshs.10,661,575 represents and valuation criteria applied.

In addition, included in the amount of Kshs.62,302,070 are agricultural produce aggregating to Kshs.32,561,070 relating to seed and grain stocks, commercial maize and wheat seed which do not fit in the definition of biological assets and should be disclosed under inventories.

### **4. Over Recovery of Depreciation Charge for the Year**

The statement of financial position shows that the value of property, plant and equipment decreased from Kshs.79,463,113 at the beginning of the year to Kshs.73,910,499 as at 30 June 2017, resulting to a reduction in value of Kshs.5,552,614. However, the depreciation charge for the year is reported as Kshs.10,760,891 under note 20 to the financial statements, giving rise to a variance of Kshs.5,208,277 when compared against asset reduction amount.

The depreciation charge increase and asset reduction amounts are not consistent while the accounting policy remained the same as in prior years. Therefore, the depreciation charge for the period has been over recovered by Kshs.5,208,277.

### **5. Irregular Advance Payments to Trade Creditors**

The statement of financial position reported trade and other payables of Kshs.100,243,441 as at 30 June 2017. However, included in the amount are advance payments of Kshs.3,121,883.51 made to creditors for the supply of goods which had not been delivered as at the close of the financial year since the ledger accounts reflected negative balances. Payment for goods or services which have not been received or services rendered is breach of public finance management regulations. The company is therefore in breach of the law.

### **6. Non Accounting and Payment for Value Added Tax**

The statement of financial position reports trade and other payables of Kshs.100,243,441. Included in the amount are Value Added Tax outstanding payments of Kshs.4,053,111.

However, the Company's sales day books reflect Value Added Tax output of Kshs.13,265,735.40 from gross sales of Kshs.96,206,245.60 made in the year. VAT payable at the end of the year therefore appears understated.

#### **7. Loans Advanced to Egerton Investment Company**

The statements of financial position as at 30 June 2017 reported loans advanced to Egerton Investment Company of Kshs.148,146,884. Included in the amount is Kshs.145,400,000 and Kshs.2,756,884 loan from the Egerton University and K.C.B Bank respectively.

It was observed that there was no legal agreement between the Egerton University and the Company on terms and conditions of the Kshs.145,400,000 loan and as such no repayments have been made as at the close of the financial year. In addition, the Company does not have corresponding assets matching the loan amount in its books of account.

#### **8. Going Concern**

During the financial year under review, the Egerton Investment Company made a loss of Kshs.40,019,608 compared to a loss of Kshs.60,271,391 reported in the previous year. Further, the net assets reduced from Kshs.54,708,307 as at 30 June 2016 to Kshs.13,298,679 as at 30 June 2017 by a net decrease of Kshs.41,409,628 due to net loss incurred during the year under review which is a clear indication that the Company has thin capitalization. The future operations of the Company as a going concern may not be guaranteed due to limited working capital to meet its operational needs as well as its both current and long term obligations as and when they fall due.

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

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the

management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so..

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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 of Kenya. 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 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date

of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

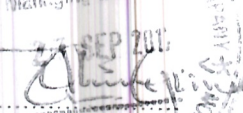
**Nairobi**


**09 August 2018**

# STATEMENT OF FINANCIAL POSITION

## EGERTON UNIVERSITY INVESTMENT CO. LTD. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

Particulars	Note	EUICO Kshs.	ARC Hotel Kshs.	Ngongongeri Farm Kshs.	Total 30-Jun-17 Kshs.	Total 30-Jun-16 Kshs.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash in Bank and in Hand	21	2,218,802	9,136,580	2,179,811	13,535,193	18,460,384
Accounts Receivables	22	235,201	74,762,885	34,311,128	109,309,214	109,828,166
Inventories	23	-	1,528,091	10,434,288	11,962,379	27,815,555
Agricultural Assets	24	-	-	62,302,070	62,302,070	51,640,495
		<b>2,454,003</b>	<b>85,427,556</b>	<b>109,227,296</b>	<b>197,108,856</b>	<b>207,744,599</b>
<b>Non Current Assets</b>						
Property, Plant & Equipment	25	489,483	10,234,253	63,186,763	73,910,499	79,463,113
		<b>489,483</b>	<b>10,234,253</b>	<b>63,186,763</b>	<b>73,910,499</b>	<b>79,463,113</b>
<b>Total Assets</b>		<b>2,943,486</b>	<b>95,661,810</b>	<b>172,414,059</b>	<b>271,019,355</b>	<b>287,207,712</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Negative Bank Balances	21	2,401,985	3,003,446	3,914,921	9,320,351	1,479,777
Trade and Other Payables	26	8,376,798	36,583,337	55,283,306	100,243,441	80,868,326
		<b>10,778,783</b>	<b>39,586,783</b>	<b>59,198,226</b>	<b>109,563,792</b>	<b>82,348,103</b>
<b>Non Current Liabilities</b>						
Loans	27	148,156,884	-	-	148,156,884	150,151,302
		<b>148,156,884</b>	<b>-</b>	<b>-</b>	<b>148,156,884</b>	<b>150,151,302</b>
<b>Total Liabilities</b>		<b>158,935,667</b>	<b>39,586,783</b>	<b>59,198,226</b>	<b>257,720,676</b>	<b>232,499,405</b>
<b>Net Assets</b>		<b>(155,992,181)</b>	<b>56,075,027</b>	<b>113,215,833</b>	<b>13,298,679</b>	<b>54,708,307</b>
General fund		(140,601,363)	48,173,239	145,746,412	53,318,287	114,979,698
Accumulated Surplus(Deficit)		(15,390,817)	7,901,788	(32,530,579)	(40,019,608)	(60,271,391)
<b>Total Capital and Liabilities</b>		<b>(155,992,181)</b>	<b>56,075,027</b>	<b>113,215,833</b>	<b>13,298,679</b>	<b>54,708,307</b>

  
 Prof. George Owuor  
 Managing Director

  
 Mr. Joshua N. Otieno  
 Chairman, Company Board of Directors

# STATEMENT OF COMPREHENSIVE INCOME

## EGERTON UNIVERSITY INVESTMENT CO. LTD. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

Particulars	Note				Total	Total
		EUICO Kshs.	ARC Hotel Kshs.	Ngongongeri Farm Kshs.	30-Jun-17 Kshs.	30-Jun-16 Kshs.
<b>Income</b>						
Accommodation & Conference Income	2	-	42,346,339	-	42,346,339	54,286,618
Sale of Meals & Beverages	3	-	45,858,571	52,450	45,911,021	41,891,256
Castle Income	4	4,198,006	-	-	4,198,006	3,690,395
Sale of Livestock & their Products	5	-	-	4,896,827	4,896,827	14,071,079
Sale of Poultry & their Products	6	-	-	-	-	2,053,340
Sale of horticultural Produce	7	-	-	111,248	111,248	2,295,570
Sale of farm produce	8	-	-	34,146,646	34,146,646	48,084,099
Other Incomes	9	-	12,931	82,132	95,063	596,727
<b>Total Revenue</b>		<b>4,198,006</b>	<b>88,217,841</b>	<b>39,289,303</b>	<b>131,705,150</b>	<b>166,969,084</b>
<b>Expenditure</b>						
Staff Costs	11	15,475,890	30,699,735	13,786,247	59,961,873	59,746,663
Administrative and Central Services	12	2,224,680	15,371,504	14,486,381	32,082,565	23,789,692
Hotel Expenses	13	17,907	25,798,882	-	25,816,789	31,698,438
Farm Expenses	14	-	-	31,904,697	31,904,697	31,572,029
Utility Expenses ( Heating, lighting & Water)	15	249,645	590,707	3,216,052	4,056,404	6,777,715
Repairs and Maintenance Expenses	16	683,080	1,141,122	2,061,782	3,885,984	3,735,905
Board Expenses	17	-	2,877,710	495,174	3,372,884	1,797,561
Printing & stationeries	18	94,775	507,844	61,680	664,299	685,569
Telecommunication & Postage expenses	19	264,984	262,587	64,420	591,992	655,402
Depreciation Expenses	20	577,862	3,065,961	7,117,068	10,760,891	11,812,770
<b>Total Expenditure</b>		<b>19,588,824</b>	<b>80,316,053</b>	<b>73,193,503</b>	<b>173,098,379</b>	<b>172,271,743</b>
<b>Other gains/(Losses)</b>						
Gain (Loss) on Farm Stocks	10	-	-	1,373,621	1,373,621	(56,546,543)
Gain/(Loss) on Disposal of Assets	10	-	-	-	-	1,577,810
		-	-	1,373,621	1,373,621	(54,968,733)
<b>Surplus for the Period</b>		<b>(15,390,817)</b>	<b>7,901,788</b>	<b>(32,530,579)</b>	<b>(40,019,608)</b>	<b>(60,271,391)</b>
<b>Attributable to:</b>						
Owners of the controlling entity		<b>(15,390,817)</b>	<b>7,901,788</b>	<b>(32,530,579)</b>	<b>(40,019,608)</b>	<b>(60,271,391)</b>

STATEMENT OF CHANGES IN EQUITY

EGERTON UNIVERSITY INVESTMENT CO. LTD.  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017

Particulars	Note	Revenue Reserves Kshs.	Total Kshs.
<b>Period ended 30 June 2016</b>			
Balance as at 01/07/2015		114,979,698	114,979,698
Surplus from operations		(60,271,391)	(60,271,391)
<b>Balance as at 30/06/2016</b>		<b>54,708,307</b>	<b>54,708,307</b>
<b>Period ended 30 June 2016</b>			
Balance as at 01/07/2016		54,708,307	54,708,307
Prior Year Adjustments (Salaries)		(11,864,700)	(11,864,700)
Adjustments (Fixed Assets)	25	4,544,898	4,544,898
Adjustments - Accrued Payables		5,929,781	5,929,781
Surplus from operations		(40,019,608)	(40,019,608)
<b>Balance as at 30/06/2017</b>		<b>13,298,678</b>	<b>13,298,678</b>

STATEMENT OF CASH FLOWS

EGERTON UNIVERSITY INVESTMENT CO. LTD.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017

Particulars	Note	30-Jun-17 Kshs.	30-Jun-16 Kshs.
<b>Operating Activities</b>			
Surplus for the year		(40,019,608)	(60,271,391)
<b>Adjustments for</b>			
Depreciation	20	10,760,891	11,812,770
Interest Expense	12	1,476,141	1,209,604
Adjustments (Accrued payables)		5,929,781	
		<b>(21,852,795)</b>	<b>(47,249,017)</b>
<b>Changes in Working Capital</b>			
(Increase)/Decrease in Biological Assets	24	(10,661,575)	68,010,577
(Increase)/Decrease in Receivables	22	518,952	2,270,907
(Increase)/Decrease in Inventories	23	15,853,176	(11,493,840)
Increase/(Decrease) in Payables	26	19,375,115	35,111,706
		<b>25,085,668</b>	<b>93,899,350</b>
<b>Cash Generated from Operations</b>		<b>3,232,873</b>	<b>46,650,333</b>
<b>Investing Activities</b>			
Interest Expense	12	(1,476,141)	(1,209,604)
Purchase of Property, Plant and Equipment	25	(663,379)	(2,469,815)
		<b>(14,004,220)</b>	<b>(3,679,419)</b>
<b>Financing Activities</b>			
Loan from Bank	27	(1,994,418)	(2,591,740)
<b>Net Cash from Financing Activities</b>		<b>(1,994,418)</b>	<b>(2,591,740)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents		(12,765,765)	40,379,174
Cash and Cash Equivalents at the start of the year		16,980,607	(23,398,567)
Cash and Cash Equivalents at the Close of the year		<b>4,214,841</b>	<b>16,980,607</b>

## NOTES TO THE FINANCIAL STATEMENT

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards. The principle accounting policies adopted are as follows:-

a) Basis of preparation

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

b) Revenue and expenditure recognition.

Income including Sale Proceeds is recognized in the period in which it is earned, while expenditure is recognized when it is incurred.

c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less any recognized impairment loss.

Costs include professional fee.

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during their estimated useful life, using the straight- line method. Assets acquired during the year attract full depreciation charge.

The annual rates used are:-

Buildings	-	2.5%
Machinery & equipment	-	20%
Furniture & fittings	-	12.5%
Dairy equipment / plant / tractors	-	10%
Motor vehicles	-	25%
Computers and Appliances	-	33.3%

d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes direct material and where applicable direct labor and those overheads that have been incurred to bring the inventories to their present location and condition. Costs of issues are calculated using 'First in First Out' (FIFO) method. Net realizable value represents the estimated selling prices less all estimated costs of disposal (IAS 2).

e) Biological assets

Biological assets are measured on initial recognition at each balance sheet date at its fair value less estimated point of sale costs as per IAS 41 (12).

f) Receivables

Receivables are recognized when the commitments are effected

g) Cash flow Statement

(a) Cash and cash equivalents

For the purpose of the financial statements, cash and cash equivalent include short term liquid investments which are readily convertible into known amounts of cash and which are within three months to maturity when acquired, less advances (overdrafts) from the banks repayable within three months from dates of the advances.

h) Retirement benefits obligations

The Company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the NSSF Act. The Company's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 200/= per employee per month while the employee contributes Kshs 200/= per month. The Company's obligation to staff retirement benefit schemes are charged to the income statements in the year to which they relate.

i) The number of employees as at June 30th 2017 was 81

j) Audit

The Company's financial statements are audited by the Auditor General.

**Note 2 - Accomodation & Conference Income**

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Accommodation - Rooms	-	34,625,651	-	34,625,651	43,928,591
Conference	-	6,366,191	-	6,366,191	9,386,166
Ground Hire	-	4,741	-	4,741	716
Function Organisation	-	-	-	-	12,931
Swimming Pool Income	-	-	-	-	474
Laundry Sales	-	1,349,756	-	1,349,756	957,741
	-	<b>42,346,339</b>	-	<b>42,346,339</b>	<b>54,286,618</b>

**Note 3 - Sale of Meals & Beverages**

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Restaurant Meals Sales	-	41,674,531	52,450	41,726,981	30,394,983
Staff Meals Sales	-	-	-	-	2,767,100
Bread sales	-	793,871	-	793,871	524,333
Beverages Sales	-	3,390,168	-	3,390,168	8,202,435
Take-Away Food Sales	-	-	-	-	1,155
Alcoholic Beverage Sales	-	-	-	-	1,250
	-	<b>45,858,571</b>	<b>52,450</b>	<b>45,911,021</b>	<b>41,891,256</b>

**Note 4 - Castle Income**

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Ground Hire	530,005	-	-	530,005	560,957
Gate Collection	3,668,001	-	-	3,668,001	3,129,438
	<b>4,198,006</b>	-	-	<b>4,198,006</b>	<b>3,690,395</b>

Note 5 - Sale of Livestock & their Products

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Livestock Sales	-	-	73,700	73,700	6,197,200
Dairy Product Sales	-	-	3,917,705	3,917,705	7,608,029
Beef Sales	-	-	404,080	404,080	-
Sheep sales	-	-	497,711	497,711	265,850
Mutton sales	-	-	3,200	3,200	-
Stripes sales	-	-	431	431	-
	-	-	4,896,827	4,896,827	14,071,079

Note 6 - Sale of Poultry & their Products

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Poultry Sales	-	-	-	-	2,053,340
	-	-	-	-	2,053,340

Note 7 - Sale of Horticultural Produce

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Horticulture Potatos	-	-	-	-	50,640
Horticulture Cabbages	-	-	18,030	18,030	709,775
Horticulture Kales	-	-	5,945	5,945	35,840
Horticulture Spider Plant	-	-	180	180	-
Horticulture Tomatoes	-	-	-	-	29,400
Horticulture Spinach	-	-	5,026	5,026	67,320
Horticulture Onions	-	-	50,310	50,310	11,500
Horticulture Strawberry	-	-	21,050	21,050	122,000
Horticulture Beetroot	-	-	5,820	5,820	1,400
Horticulture Kunde	-	-	4,887	4,887	19,005
Horticulture Courgette	-	-	-	-	3,060
Horticulture Lettuce	-	-	-	-	300
Horticulture French Beans	-	-	-	-	891,910
Horticulture Peas	-	-	-	-	3,330
Horticulture Sugar Snaps	-	-	-	-	252,200
Horticulture Snow Peas	-	-	-	-	97,890
	-	-	111,248	111,248	2,295,570

Note 8 - Sale of Farm Produce					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Seed Wheat	-	-	28,184,652	28,184,652	3,070,620
Sale of Hay	-	-	468,750	468,750	773,550
Sale of Straws	-	-	159,240	159,240	266,470
Seed Maize	-	-	-	-	2,788,725
Commercial Wheat	-	-	274,525	274,525	12,638,110
Commercial Maize	-	-	-	-	16,947,216
Barley Sale	-	-	5,059,480	5,059,480	11,599,408
	-	-	34,146,646	34,146,646	48,084,099

Note 9 - Other Incomes					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Hire Charges	-	-	-	-	16,000
Catalogue Sale	-	-	-	-	1,500
Other Service Sales	-	12,931	-	12,931	22,543
Royalties & Prizes Received	-	-	33,550	33,550	45,800
Transportation Income	-	-	48,582	48,582	510,884
	-	12,931	82,132	95,063	596,727

Note 10 - Gain (Loss) in Biological Assets					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Sales of Assets	-	-	-	-	1,577,810
Gain (Loss) in Biological Assets	-	-	1,373,621	1,373,621	(56,546,543)
	-	-	1,373,621	1,373,621	(54,968,733)

Note 11 - Staff Costs					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Staff Salaries	8,211,249	23,315,285	8,448,333	39,974,866	40,665,921
Wages	1,099,381	2,665,084	3,680,926	7,445,391	11,773,486
Gratuities	5,803,610	4,257,399	1,556,140	11,617,149	1,021,504
Employer Contribution to N.S.S.F	22,600	132,549	100,280	255,429	135,524
Staff Medical Expenses	1,000	23,200	569	24,769	139,911
Staff Uniforms	-	197,558	-	197,558	420,957
Staff Meals	338,050	-	-	338,050	3,343,439
Staff transport	-	108,660	-	108,660	281,370
	15,475,890	30,699,735	13,786,247	59,961,873	59,746,663

Note 12 - Administrative & Central Expenses					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Cleaning materials	-	-	3,574	3,574	7,854
Sales Promotions & Advertising	-	759,619	8,000	767,619	1,463,478
Advertising & Promotion	-	620,000	-	620,000	283,028
DSTV Subscription	-	429,983	-	429,983	480,529
Miscellaneous Expenses	-	14,206	-	14,206	523
Accommodation Hire Charges	-	6,696,100	-	6,696,100	6,946,405
Conference Hire Charges	-	291,669	-	291,669	1,045,970
Transport Hire Charges	1,200	329,372	-	330,572	145,112
Staff training and Development	-	242,800	-	242,800	278,250
Training Costs	-	144,000	-	144,000	-
Insurance	-	90,043	-	90,043	-
Licences	-	305,853	-	305,853	272,278
Vehicle Insurance	-	-	-	-	155,000
Parking	-	-	-	-	100
Travelling - Transport Cost	47,273	373,520	21,045	441,838	158,760
Subsistence	362,382	562,458	75,400	1,000,240	1,995,468
Conference	-	66,463	-	66,463	-
Legal Fees	-	-	14,005,396	14,005,396	88,000
Consultancy Fees	-	-	-	-	218,100
Professional Fees	-	73,500	329,000	402,500	501,500
Security	221,628	735,207	-	956,834	636,552
Equipment Hire	-	137,528	-	137,528	829,032
Bank Interest Paid	-	-	-	-	247,130
Bank Charges	105,177	108,014	43,966	257,157	335,446
Loan Interest Paid	1,476,141	-	-	1,476,141	1,209,604
Subscriptions	-	-	-	-	14,608
Training Costs	-	-	-	-	10,312
Taxi & Bus Fare	500	19,740	-	20,240	-
Taxes and Levies Paid	300	3,235,634	-	3,235,934	6,304,492
Loan Arrears Penalty	-	-	-	-	20,149
Newspapers	-	-	-	-	20,850
Membership & Subscriptions	-	105,080	-	105,080	110,610
Newspaper & Newsletter	10,080	30,716	-	40,796	10,550
	2,224,680	15,371,504	14,486,381	32,082,565	23,789,692

**Note 13 - Hotel Expenses**

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Food Purchases	-	19,350,987	-	19,350,987	22,243,648
Beverages Purchases	-	2,638,220	-	2,638,220	5,607,300
Cleaning Materials	17,907	491,975	-	509,882	64,959
Fuel Gas Kitchen	-	395,326	-	395,326	2,038,031
Plates, Glassware and Cutlery	-	285,500	-	285,500	504,732
Linen, Towels and Laundry	-	256,853	-	256,853	17,145
Toiletries Purchases	-	379,857	-	379,857	791,294
Guests' Stationery Costs	-	27,586	-	27,586	-
Gas	-	1,346,440	-	1,346,440	-
Spirit	-	521,192	-	521,192	313,028
pest Control	-	66,208	-	66,208	78,897
Charcoal	-	24,000	-	24,000	28,310
Clothing Costs	-	-	-	-	7,495
Room Telephone Rent & Charges	-	-	-	-	3,600
Charcoal	-	14,740	-	14,740	-
	17,907	25,798,882	-	25,816,789	31,698,438

**Note 14 - Farm Expenses**

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Irrigation Costs	-	-	-	-	1,110,720
Landscaping Costs	-	-	-	-	36,400
Livestock and Vet Costs	-	-	3,550,529	3,550,529	824,806
Horticulture expenses	-	-	1,551,707	1,551,707	779,910
Seed and Fertilizers	-	-	3,588,229	3,588,229	5,630,613
Chemicals Costs	-	-	-	-	9,623,055
Bailing expenditure	-	-	-	-	786,545
Poultry expense	-	-	-	-	66,500
Wheat expense	-	-	16,745,739	16,745,739	339,840
Barley expense	-	-	2,209,100	2,209,100	1,542,430
Maize expense	-	-	3,711,293	3,711,293	6,183,640
Grass expense	-	-	386,100	386,100	-
Tree, Bush and Shrub Costs	-	-	-	-	423,000
Transport cost farm	-	-	144,000	144,000	461,800
Seed Maize Expenses	-	-	18,000	18,000	-
Insecticide and Spraying Costs	-	-	-	-	3,762,770
	-	-	31,904,697	31,904,697	31,572,029

Note 15 - Utility Expenses (Heating, Lighting & Water)					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Water Rates	4,000	14,000	-	18,000	10,000
Electricity	19,465	-	287,851	307,316	2,885,887
Generator Diesel	-	344,378	-	344,378	168,320
Fuel and Oil	226,180	232,329	2,928,201	3,386,710	3,713,508
	<b>249,645</b>	<b>590,707</b>	<b>3,216,052</b>	<b>4,056,404</b>	<b>6,777,715</b>

Note 16 - Repairs & Maintenance					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Repairs and Servicing	573,070	708,875	766,050	2,047,995	1,572,385
Repairs and Renewals	98,210	420,609	901,108	1,419,927	1,641,076
Plumbing services	-	-	-	-	417
Office Equipment	-	11,638	-	11,638	3,103
Building materials purchase	-	-	-	-	37,700
Office Machine Maintenance	-	-	-	-	2,414
Electrical materials	-	-	-	-	3,920
Building materials	11,800	-	19,000	30,800	390,000
Tools Expenses	-	-	375,624	375,624	84,890
	<b>683,080</b>	<b>1,141,122</b>	<b>2,061,782</b>	<b>3,885,984</b>	<b>3,735,905</b>

Note 17 - Board Expenses					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Board Allowance	-	2,877,710	460,174	3,337,884	1,797,561
Advisory Committee Allowance	-	-	35,000	35,000	-
	<b>-</b>	<b>2,877,710</b>	<b>495,174</b>	<b>3,372,884</b>	<b>1,797,561</b>

Note 18 - Printing & Stationery Expenses					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Office Stationery	53,375	507,844	61,680	622,899	672,309
Newspapers	41,400	-	-	41,400	13,260
	<b>94,775</b>	<b>507,844</b>	<b>61,680</b>	<b>664,299</b>	<b>685,569</b>

Note 19 - Telecommunication & Postage Expenses					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Postage	26,248	23,092	14,920	64,261	26,260
Telex/Telegram/Facsimile	-	-	-	-	25,746
Telephone, Fax Email and Internet	196,736	196,995	39,000	432,731	496,396
Mobile Phone Airtime	42,000	42,500	10,500	95,000	107,000
	<b>264,984</b>	<b>262,587</b>	<b>64,420</b>	<b>591,992</b>	<b>655,402</b>

Note 20 - Depreciation Expenses					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Plant/Machinery Depreciation	-	1,072,609	6,287,662	7,360,271	6,920,722
Furniture/Fitting Depreciation	49,260	403,226	-	452,486	452,486
Motor Vehicle Depreciation	253,038	94,828	-	347,865	1,106,978
Software Depreciation	155,960	-	-	155,960	505,365
Computers & Accessories Depreciation	32,525	41,647	76,091	150,263	153,465
Building Depreciation	-	-	594,850	594,850	594,850
Small Tools Depreciation	-	95,230	-	95,230	527,617
Equipments Depreciation	87,080	1,358,421	158,466	1,603,966	1,551,288
	<b>577,862</b>	<b>3,065,961</b>	<b>7,117,068</b>	<b>10,760,891.00</b>	<b>11,812,770</b>

21 - Cash & Cash Equivalents

Note 21 a - Cash in Bank					
Particulars	EUCO	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-17	30-Jun-16 Ksh
KCB ARC Bank Account -1101907339	-	(3,003,446)	-	(3,003,446)	8,070,166
KCB EUCO Bank Account -1136869271	(2,401,985)	-	-	(2,401,985)	(998,308)
KCB Bank Account -1109628668	-	-	(3,914,921)	(3,914,921)	(481,469)
	(2,401,985)	(3,003,446)	(3,914,921)	(9,320,351)	6,590,389

Note 21 b - Cash in Hand					
Particulars	EUCO	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-17	30-Jun-16 Ksh
Undeposited Funds Account	2,218,802	-	-	2,218,802	1,809,307
Undeposited Funds Account	-	-	2,179,811	2,179,811	2,188,651
Petty Cash	-	-	-	-	49,760
Bank Deposit Account	-	17,655	-	17,655	-
Reception Cash Register	-	9,051,925	-	9,051,925	6,342,500
Credit Card Receipts	-	67,000	-	67,000	-
	2,218,802	9,136,580	2,179,811	13,535,193	10,390,218
<b>Total Cash &amp; Cash Equivalent</b>	<b>(183,183)</b>	<b>6,133,134</b>	<b>(1,735,110)</b>	<b>4,214,842</b>	<b>16,980,607</b>

Note 22 - Accounts Receivables					
Particulars	EUCO	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-17	30-Jun-16 Ksh
Debtors Control Account	-	74,567,045	33,570,898	108,137,943	109,047,345
Staff Debtors Imprests	235,201	191,790	740,230	1,167,221	776,771
Staff Debtors Pledges And Advances	-	4,050	-	4,050	4,050
	235,201	74,762,885	34,311,128	109,309,214	109,828,166

Note 23 - Inventories					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-17	30-Jun-16 Ksh
Fertilizer and Chemical Stocks	-	-	3,584,737	3,584,737	8,373,620
Food Stock for use in Kitchens	-	839,285	-	839,285	289,855
Food Stocks For Resale	-	3,877	-	3,877	-
Cleaning detergents stock	-	175,751	-	175,751	140,375
Stationery Stock	-	48,908	-	48,908	191,658
Insecticide Stocks	-	29,640	-	29,640	-
Beverage Stocks	-	408,195	-	408,195	181,543
Animal Feeds & Minerals	-	-	214,131	214,131	2,670,740
Small Farm Tools	-	-	-	-	375,624
Horticulture Stock	-	-	1,416,200	1,416,200	4,346,500
Boma Rhodes Stock	-	-	4,725,000	4,725,000	9,882,000
Insecticide Stocks	-	-	494,220	494,220	1,316,275
Other Goods Stocks	-	-	-	-	47,365
Repairs & Maintenance Stock	-	22,435	-	22,435	-
	-	1,528,091	10,434,288	11,962,379	27,815,555

#### 24 -Agricultural Assets

##### Note 24 a - Farm Produce & Planting Seeds

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-17	30-Jun-16 Ksh
Seed and Grain Stocks	-	-	3,274,854	3,274,854	2,074,200
	-	-	3,274,854	3,274,854	2,074,200

##### Note 24 b - Biological Assets - Consumable Assets

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-17	30-Jun-16 Ksh
Commercial Maize	-	-	21,362,616	21,362,616	-
Wheat Seed	-	-	7,923,600	7,923,600	25,499,295
	-	-	29,286,216	29,286,216	25,499,295

##### Note 24 c - Biological Assets - Bearer Assets

Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-17	30-Jun-16 Ksh
Livestock Cattle	-	-	24,953,000	24,953,000	19,855,000
Livestock Sheep	-	-	4,788,000	4,788,000	4,212,000
	-	-	29,741,000	29,741,000	24,067,000
<b>Total Agricultural Assets</b>	-	-	<b>62,302,070</b>	<b>62,302,070</b>	<b>51,640,495</b>

25 -Properties, Plant & Equipments

Note 25 a - Property, Plant & Equipment

Particulars	Buildings	Dairy Equipments/ Plant./Tractors	Other Equipments	Motor Vehicles	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Cost or Valuation</b>					
As at 01/07/2015	23,710,995	68,530,119	13,512,330	4,427,910	110,181,354
Additions During the year 2016	83,000	677,098	1,709,717	-	2,469,815
As at 01/07/2016	23,793,995	69,207,217	15,222,047	4,427,910	112,651,169
Adjustments 2017		4,395,498	149,400		4,544,898
Additions During the year 2017	-		663,379		663,379
<b>As at 30/06/2016</b>	<b>23,793,995</b>	<b>73,602,715</b>	<b>16,034,826</b>	<b>4,427,910</b>	<b>117,859,446</b>
<b>Depreciation</b>					
As at 01/07/2015	1,905,604	11,537,820	5,053,623	2,878,240	21,375,286
Charge for the year 2016	594,850	6,920,722	3,190,221	1,106,978	11,812,770
As at 01/07/2016	2,500,454	18,458,541	8,243,844	3,985,218	33,188,056
Charge for the year 2017	594,850	7,360,271	2,457,905	347,865	10,760,891
<b>Cumm Dep Net of Disposals</b>	<b>3,095,303</b>	<b>25,818,813</b>	<b>10,701,748</b>	<b>4,333,083</b>	<b>43,948,947</b>
<b>NBV-30 June 2017</b>	<b>20,698,692</b>	<b>47,783,902</b>	<b>5,333,078</b>	<b>94,828</b>	<b>73,910,499</b>
<b>NBV-30 June 2016</b>	<b>21,293,542</b>	<b>50,748,675</b>	<b>6,978,203</b>	<b>442,693</b>	<b>79,463,113</b>

Note 26 - Accounts Payables					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Creditors Control Account	324,727	13,522,925	48,601,288	62,448,940	57,795,233
Friends of ARC	19,600	45,750	36,000	101,350	25,796
Advance Deduction	-	-	50,000	50,000	-
VAT Liability	-	4,053,111	-	4,053,111	5,965,018
Catering Levy Tax	-	819,645	-	819,645	-
P.A.Y.E.	281,692	1,112,789	806,439	2,200,920	924,426
NHIF	39,600	66,250	174,200	280,050	-
Net Wages	249,877	203,690	1,199,865	1,653,432	960,844
Gratuity payable	6,104,905	2,628,055	1,526,065	10,259,024	-
Net Salaries Payable	675,301	12,380,434	693,586	13,749,321	1,507,528
National Hospital Insurance Fund	-	500	-	500	89,900
Commissioner Of Domestic Taxes	281,211	-	-	281,211	143,288
Accrued Payables	-	-	-	-	12,126,884
Staff Debtors Recovery	28,842	84,832	143,668	257,342	33,000
Kudheha	-	3,750	-	3,750	3,000
Liberty Life Assurance Kenya Ltd	-	3,037	-	3,037	3,037
Staff Bank Loans Payable	53,938	-	-	53,938	-
Egerton University Sacco	309,505	957,194	1,953,109	3,219,808	521,096
Medicare Account	-	-	6,000	6,000	6,000
ICEALION Insurance Company of East Africa	-	17,656	-	17,656	17,656
Pan Africa Insurance	-	13,320	-	13,320	16,319
Egerton University House Rent	-	-	-	-	4,500
Sumat Multipurpose Sacco	-	12,767	-	12,767	32,663
NET GRATUITY PAYABLE	-	657,632	-	657,632	657,632
NSSF	7,600	-	77,800	85,400	-
National Social Security Fund	-	-	-	-	31,450
HELB	-	-	15,287	15,287	3,057
	<b>8,376,798</b>	<b>36,583,337</b>	<b>55,283,306</b>	<b>100,243,441</b>	<b>80,868,326</b>

Note 27 - LOANS					
Particulars	EUICO	ARC HOTEL	NGONGONGERI FARM	Total	30-Jun-16
				30-Jun-17	Ksh
Loans From University	145,400,000	-	-	145,400,000	145,400,000
Bank Loan KCB	2,756,884	-	-	2,756,884	4,751,302
	<b>148,156,884</b>	<b>-</b>	<b>-</b>	<b>148,156,884</b>	<b>150,151,302</b>