

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 MAR 2026	DAY: TUESDAY
TABLED BY: Hon. Naomi Wago Deputy Majority Whip	
CLERK-AT-TABLE: Mado Atubo	

REPORT

PARLIAMENT  
OF KENYA  
LIBRARY

OF

THE AUDITOR-GENERAL

ON

EGERTON UNIVERSITY INVESTMENT  
COMPANY

FOR THE YEAR ENDED  
30 JUNE, 2025



---

**EGERTON UNIVERSITY INVESTMENT COMPANY**  
**(Company Number: CPR/2010/24642)**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2025**

---

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

<b>Table of Contents</b>	<b>Page</b>
ACRONYMS AND ABBREVIATION.....	iii
KEY ENTITY INFORMATION .....	iv
KEY ENTITY INFORMATION (Continued) .....	v
THE BOARD OF DIRECTORS.....	vi
KEY MANAGEMENT TEAM .....	ix
REPORT OF THE CHAIRPERSON .....	xii
CORPORATE GOVERNANCE STATEMENT.....	xiii
MANAGEMENT DISCUSSION AND ANALYSIS .....	xiv
ENVIRONMENT AND SUSTAINABILITY REPORTING.....	xv
REPORT OF THE MANAGING DIRECTOR .....	xvi
REPORT OF THE DIRECTORS.....	xvii
STATEMENT OF DIRECTORS' RESPONSIBILITIES .....	xviii
REPORT OF INDEPENDENT AUDITORS .....	xviii
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025 .....	1
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025.....	2
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025.....	3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025 .....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025.....	5
NOTES TO THE FINANCIAL STATEMENTS.....	6
APPENDIX 1: PROGRESS ON FOLLW UP OF AUDITOR RECOMMENDATIONS.....	24

**ACRONYMS, ABBREVIATIONS AND DEFINATION OF TERMS**

IFRS	International Financial Reporting Standards
PFM	Public Finance Management
F Y	Financial Year

## **KEY ENTITY INFORMATION AND MANAGEMENT**

### **Background information**

Egerton University Investment Company was incorporated on the 30th June, 2010 as a Company limited by Guarantee Established through the Company's Act Cap 486 of the Laws of Kenya (Company Number: **CPR/2010/24642**).

### **Principal Activities**

The principal activity 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; and
- v. Innovation.

### **Directors**

The Directors who served the entity during the year/period were as follows:

1. Eng. Christopher O. Oanda -Chairman
2. Mr Julius Kimeu Mutua - Director
3. Mr Paul Maina Mwangi - Director
4. Prof. Isaac O Kibwage - Director
5. Prof. Richard Mulwa - Director
6. Prof. Robert Gesimba - Ag Managing Director (Left January 2025)

**Egerton University Investment Company  
Annual Report and Financial Statements  
For the year ended June 30, 2025**

---

**KEY ENTITY INFORMATION (Continued)**

**Company Secretary**

Ms Janet Bii  
Legal Officer – Egerton University  
P.O. Box 536 -20115  
Egerton

**Registered Office**

Egerton University – ARC Hotel  
Mau Narok Road  
P.O. Box 536 -20115  
Egerton, Kenya

**Corporate Bankers**

KCB Bank Kenya Limited  
Egerton University Branch  
P. O. Box 18 -20100  
Nakuru, Kenya.

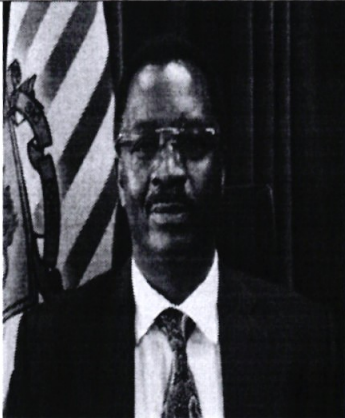

**Independent Auditors**

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




**Principal Legal Adviser**

1. The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
2. Ms Janet Bii  
Legal Officer – Egerton University  
P.O. Box 536 -20115  
Egerton, Kenya

**THE BOARD OF DIRECTORS**

	<p><b>NAME:</b> Eng. Christopher O. Oanda</p> <p><b>POSITION/KEY RESPONSIBILITIES:</b> Director and Chairperson of EUICO Board</p> <p><b>QUALIFICATION:</b> B.E in Chemical Engineering (Nit Burdwan University, Calcutta, India), Master of Systems Engineering MSE (Melbourne, Australia), Postgraduate Dip. In Supply Chain Management (CIPS UK)). General Electric and GIBS Management Graduate (GIBS Institute south Africa); World Bank Approved Trainer, WB Training Kigali, Rwanda.</p> <p><b>WORK EXPERIENCE</b> President IFPSM, Finland - Strategic Leadership of the International Federation of Purchasing and Supply Management (IFPSM); Vice President , Finland – Strategic for Leadership of the Federation; Chair Africa Region IFPSM, UK, Strategic Leadership and development of the Federation in the African Region; Founding Chairman of the Kenya Institute of Supplies Management (KISM); Managing partner &amp; Director, The Global Procurement Academy Ltd (GPA), Kenya; Procurement and Supply chain Consultant, e-sokoni Consultancy Nigeria and Kenya; Head of Supply Chain – Kenya Airways; General Manager EA Area Procurement – BAT East Africa; Head of Procurement BAT Kenya; Planning and Supply Analyst-Total Oil Kenya; Operations Research Engineer Mobil Oil Company Australia; Operation Engineer - Kenya Pipeline Company; Project Engineer 11-Ministry of Trade of Industry.</p> <p><b>APPOINTED:</b> March 2024</p>
	<p><b>NAME:</b> Mr. Julius Kimeu Mutua</p> <p><b>POSITION/KEY RESPONSIBILITIES:</b> Director and Member Finance &amp; Audit Committee</p> <p><b>QUALIFICATION:</b> B.A. Economics (Kenyatta University, MA Economics -_University of Dar es Salaam, Tanzania</p> <p><b>QUALIFICATION:</b> B.A.(KU), M.A (University of Dar es Salaam)</p> <p><b>WORK EXPERIENCE</b> Planning Secretary &amp; Programme Coordinator of Public Financial Management Reforms at The National Treasury; Has served in the boards of Capital Markets Authority, Retirement Benefits Authority, National Hospital Insurance, policyholders Compensation fund,</p>

**Egerton University Investment Company**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

	<p>Consolidated Bank, Kenya Plant Health Inspectorate Service, KCB Group and its subsidiaries.</p> <p><b>APPOINTED</b> November 2020</p>
	<p><b>NAME: Mr. Paul Maina Mwangi</b></p> <p><b>POSITION/KEY RESPONSIBILITIES:</b>  Council Member – Alternate to P.S. State Department for Higher Education-Ministry of Education; Member – Planning, Development &amp; Grievances Committee; Member – Academic and Research Committee.</p> <p><b>QUALIFICATION:</b>  BEd (Sci) (EU), MSc (KU), SLPD (KSG), Pursuing Ph.D. (JKUAT)</p> <p><b>WORK EXPERIENCE</b>  Ministry of Education, State Department for Higher Education – Deputy Director of Education He has served as a Senior Deputy Director of Education, Assistant Director, Principal Education Officer, Senior Quality Assurance and Standards Officer, Graduate Teacher</p> <p><b>APPOINTED:</b> March 2024</p>
	<p><b>NAME:</b> Prof. Isaac O. Kibwage</p> <p><b>POSITION/KEY RESPONSIBILITIES:</b>  Director</p> <p><b>QUALIFICATION</b>  B. Pharm (UoN), B. Pharm, Ph.D. (K.U. Leuven), FPSK, CSci. C.Chem., MRSC</p> <p><b>WORK EXPERIENCE</b>  Egerton University: Vice-Chancellor; Deputy Vice-Chancellor (Administration, Planning &amp; Development)  University of Nairobi: Professor, Principal College of Health Sciences, Dean, Chairman of Department</p>
	<p><b>NAME:</b> Prof. Richard M.S. Mulwa</p> <p><b>POSITION/KEY RESPONSIBILITY</b>  Director</p> <p><b>QUALIFICATION</b>  Dip., BSc. (Egerton), Grad. Dip, MappSc. (Melbourne), PhD. (UIUC)</p> <p><b>WORK EXPERIENCE</b>  Egerton University - Ag. Deputy Vice Chancellor (Administration, Planning &amp; Development), Associate Professor of Horticulture, Director - Crop Management Research and Training, Senior Lecturer, Lecturer, Teaching Assistant/ Research Assistant, Assistant Lecturer -Department of Crops, Horticulture and Soils; University of Melbourne: PC2 Greenhouse Manager</p>



**NAME:** Prof. Robert Gesimba

**POSITION:** Acting Managing Director

**QUALIFICATION**




**BSc, MSc Egerton University, PhD Ohio States.**



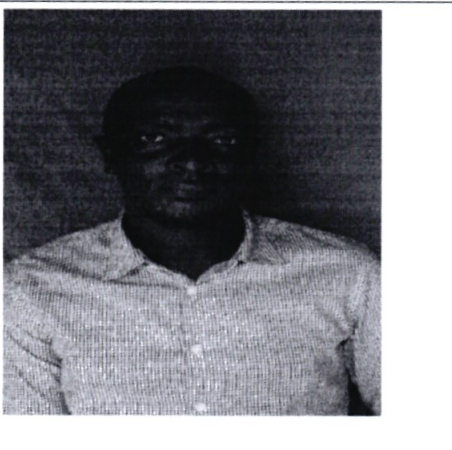
**WORK EXPERIENCE**

Egerton University - Ag. Managing Director EUICo, Chairman C.H.S Department, Associate professor crop science, Senior lecturer, Teaching Assistant/Research assistant, Assistant lecturer crops, horticulture and soils Dept. Egerton University.

**LEFT:** January 2025

**KEY MANAGEMENT TEAM**

	<p><b>NAME:</b> Prof. Robert Gesimba</p> <p><b>POSITION:</b> Acting Managing Director</p> <p><b>QUALIFICATION</b> BSc, MSc Egerton University, PhD Ohio States.</p> <p><b>LEFT:</b> January 2025</p>
	<p><b>NAME:</b> Mr. Thomas Kipkosgei Ruto</p> <p><b>POSITION:</b> Hotel Manager</p> <p><b>QUALIFICATION</b> Diploma in Hotel Management Bachelor of Science (Hotel &amp; Restaurant Management)</p>
	<p><b>NAME:</b> Ms. Salome Jerop Yano</p> <p><b>POSITION:</b> Acting Farm Manager</p> <p><b>QUALIFICATION</b> Diploma in Farm Management</p>

	<p><b>NAME:</b> Ms. Emmy Katam</p> <p><b>POSITION:</b> Lord Egerton Castle Supervisor</p> <p><b>QUALIFICATION</b> Single subject diploma – Front office operations and administration, housekeeping and accommodation studies.</p>
	<p><b>NAME:</b> Ms. Damaris Mwangeli Makau</p> <p><b>POSITION:</b> Human Resource Officer</p> <p><b>QUALIFICATION</b> Diploma in Management - HRM Bachelor of Management and Leadership (Human Resource Management)</p>
	<p><b>NAME:</b> Mr. Eric Kemboi Kipkoech</p> <p><b>POSITION:</b> Procurement Officer</p> <p><b>QUALIFICATION</b> Diploma in Supplies Management Bachelor of Purchasing and Supplies Management</p>

**Egerton University Investment Company  
Annual Report and Financial Statements  
For the year ended June 30, 2025**

---



**NAME: Ms. Lucy Akinyi Ouma**

**POSITION: Acting Senior Accountant**

**QUALIFICATION**

**Diploma In Banking and Finance  
Association of Chartered Certified  
Accountants (ACCA) Part 3,  
KASNEB-ATD Level II**

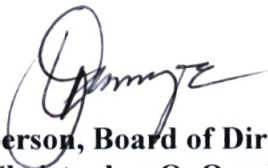
## **REPORT OF THE CHAIRPERSON**

The current Egerton University Investment Company's financial report 2024/25 is the twelfth financial report. The Company performance over the last 10 years has been dismal, a factor that the Board of Directors has taken seriously and continues to focus on. The Company's management has in the last few years introduced new programs which includes a revised strategic plan and a new business turnaround plan for various company units. The Board therefore, notes with great hope the ongoing transformation plans and expects to see the company change the direction of performance.

Turning to the financial performance, its noteworthy that great improvement has been experienced after 2015/16 and 2016/17 with a reduction in losses from Kshs 60 million in 2015/16, Kshs 40 million loss in 2016/17, 2017/18 loss of Kshs 19 million and loss of Kshs 12 million in 2018/19. The financial period 2019/20 showed the Company slide back to loss making with a loss of Kshs 24 million and in the 2020/21 financial period this loss widened to Kshs 46 million. In the financial period 2021/22 the loss reduced to Kshs 28 million and in the financial year 2022/23 it reduced further to 9 million and in the financial year 2023/2024 the company reduced the loss further to Ksh 8.8 million. In the current financial period the company made a loss of Ksh 14,204,312. The loss as a result of non production of crops due to insecurity and land dispute.

At the unit levels, L.E.Castle made a profit of Kshs 2,052,815 while ARC Hotel made a profit of Kshs 24,787,456 and the Ngongongeri farm made a loss of Kshs 36,281,905 after depreciation and loss on revaluation of biological assets.

Yours Sincerely,



**Chairperson, Board of Directors  
Eng. Christopher O. Oanda**

**Egerton University Investment Company  
Annual Report and Financial Statements  
For the year ended June 30, 2025**

---

**CORPORATE GOVERNANCE STATEMENT**

The role of the board is to determine the company's policies and strategies, to monitor the attainment of the business objectives and to ensure that the Company meets its obligations to the shareholders. The directors are also responsible for overseeing the company's internal control systems. These controls are designed both to safe guard the company's assets and to ensure the reliability of the financial information used within the organization.

**BOARD MEMBERS**

The Board of Directors is appointed by Egerton University council they are part of the University council members who are appointed in accordance with the University Act ,2012 and by the Cabinet Secretary as follows. (a)Chairperson; (b)Representative from the Ministry of Education (c)Representative from the ministry of Finance (d) The University Vice –Chancellor and Deputy Vice Chancellor (Administration, Planning & Development) who shall be members. The Board of Directors meet at least four times a year. The members receive all information relevant to the discharge of their obligations in an accurate, timely and clear manner so that they can guide and maintain full and effective control over strategy, financial, operational and compliance issues. The Board of Directors nonetheless retains responsibility for establishing and maintaining the company's overall control of financial, operational and compliance issues as well as implementing strategies for the long term success of the Company.

**COMMITTEES OF THE BOARD**

The Board has the following standing Board Committee:

**Audit committee**

Their responsibility is to ensure that the systems of internal controls are effectively administered, to define the responsibilities of the internal auditors, liaise with the external auditors and to review the annual capital and revenue budgets, the interim results and the financial statements. Dr. John Ondari is the chairman of the committee which has Mr. Julius Mutua, Prof. Richard Mulwa who are Directors and Mr. Nahashon Gitau, Egerton University Internal Auditor.

After nomination of the Board of Directors by the Egerton University Council the Chairman of the Board of Directors is elected by the other Board Directors during their first introduction meeting. There are clearly defined organisational structures within which individual responsibilities and authority limits are identified in relation to internal financial controls. The structure is complemented by policies and management operates the company in compliance with these policies.

**Board members' emoluments**

The Board of Directors are paid allowances which is included in the Board expenses in the Annual Report and Financial Statements.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Company Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, due to fraud and error.

### **General Company performance**

In the financial year 2019-2020, the company made a loss of Kshs 24,448,833 and in 2020-2021 a loss of Kshs. 46,578,430. The financial period 2021-2022 shows a reduction in loss to Kshs 28,061,733 mainly attributed to the negative effects of Covid 19 and in 2022-2023 it reduced further to 9 million. In the current financial period the company made a loss of Ksh 14,204,312. The loss is as a result of non production of crops due to insecurity and land dispute.

### **Key projects and investment decisions the Company is implementing**

1. The Hotel has opened a wing that can be used by the students while on session for affordable meals. The student centre cafeteria is ideal for generating revenue on a daily basis.
2. Construction of permanent washrooms is ongoing at the Lord Egerton Castle.
3. Ngongogeri Farm has revived the use of the borehole through solarisation leading to sufficient supply of water.

### **Compliance with Statutory Requirements**

The Company endeavours to ensure full compliance with statutory requirements and other Government regulations.

The major non-compliance issue that may expose the Company to major contingent liabilities is the ongoing court case in respect to Ngongogeri farm.

### **Material Uncertainty Related to Sustainable Services**

During the FY-2024/2025 the company reported operations deficit of Ksh 14,204,312. The Company has been facing serious financial challenges since 2016 that have resulted to a negative working capital of Ksh 149,752,982 at the end of financial year. This can be termed as bankruptcy.

### **Intervention by the company to improve financial situation**

The company has put the following mitigation measures:

The reduction of payroll cost, through non replacement of staff who leave the company.  
Revamping of other income sources –the JCR hotel which has helped enhance revenue for the company

## **ENVIRONMENT AND SUSTAINABILITY REPORTING**

Egerton University Investment Company remains focused and cognizance of the turbulent environment it operates in and has continued to proactively lead in providing solutions to the many challenges facing the locals as well as the international community.

### **1. Sustainability strategy and profile**

Egerton University Investment Company is guided by its strategic plan, which envisions the Company working closely with different organizations to support initiatives aimed at uplifting the standards of living by focusing on areas that create avenues for development. In this regard, the company continually identifies and supports noble causes in the areas of education, community development, the environment, health, safety and food security.

### **2. Environmental Performance**

In the year 2024/2025, Egerton University Investment Company participated in the planting of 10,000 tree seedlings in the main campus; this activity was geared towards conservation of the environment and effects of climate change.

### **3. Employee welfare**

Egerton University Investment Company appreciates that the human resource is key in the utilization of all other resources and therefore key in the optimization of these resources to maximize productivity. It has therefore made it a concern and priority, to highly motivate staff so as to remain competitive and relevant.

### **4. Community Engagements**

In the year 2024-2025 Egerton University Investment Company participated in the following activities geared towards improving the welfare of the community:

- i) Egerton University Run for the Mau marathon.
- ii) Nakuru A.S.K Show.
- iii) Sponsoring Egerton University student activities happening within the campus.
- iv) Offering Industrial attachment and Internship to students from various institutions country wide.

**REPORT OF THE VICE CHANCELLOR/MANAGING DIRECTOR**

The financial statement for the year 2024/2025 marks the 12th year of operation since Egerton University Investment Company was incorporated on 30th June 2010 as a subsidiary Company Limited by Guarantee and wholly owned by Egerton University.

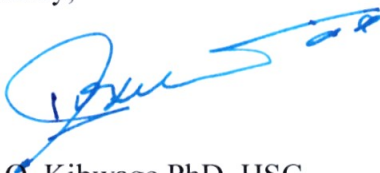
The Company is an Agribusiness and Hospitality Organization, running a Hotel and a farm and is endowed with high potential natural resources and facilities emanating from the status of the University. The Company was established as an Income generating entity to support the University with funds to meet its financial needs by complimenting Government capitation.

It started on a humble beginning with an internal transfer of Kshs 145 million from the University including the establishments which were already available, the farm with acreage of 2,728, ARC Hotel building with 90 rooms and Lord Egerton Castle.

The performance in the year 2013/14 realised a profit of Kshs 57,755,428. However, the following years 2014/15 returned a loss of Kshs 48,786,066 and 2015/16 a loss of Kshs 61,849,201. These growths in losses made the Company Board change the management, with the new management coming in March 2017. Since then, there has been gradual turn around, with 2016/17 reducing a loss to Kshs 40 million from 60 million, and 2017/18 another reduction in loss to Kshs 19 million and in 2018/19 another reduction in loss to Kshs 12 million. However, following the advent of Covid 19 the company has returned back to loss making. The financial year 2019/20 returned a loss of Kshs 24,448,833 and the 2020/21 financial period a loss of Kshs. 46,578,430. The financial period 2021/22 shows a reduction in loss to Kshs 28,061,733 mainly attributable to the negative effects of Covid 19 and in 2022/23 it reduced further to 9 million. In the current financial period the company made a loss of Ksh 14,204,312. The loss is as a result of non production of crops due to insecurity and land dispute.

I therefore have the pleasure to present the Annual Report and Financial Statements of Egerton University Investment Company for the year ended June 30, 2025 as per the Company's Act 486 as set out on pages 1 to 24.

Yours Sincerely,



Prof. Isaac O. Kibwage PhD, HSC  
**VICE CHANCELLOR**

**Egerton University Investment Company  
Annual Report and Financial Statements  
For the year ended June 30, 2025**

---

**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the company's affairs.

**Principal activities**

The principal activities of the entity continue to be farming, hotel, hospitality and tourism.

**Results**

The results of the entity for the year ended June 30, 2025 are set out on pages 1 to 24.

**Dividends**

The Directors do not recommend the payment of a dividend.

**Directors**

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

**Auditors**

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

Name: Janet Bii

Signature:  Date:

Secretary to the Board

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act 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 and the operating results of the company for that period. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy of the financial position of the entity. 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, 2025. 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 company; (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 accept 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 State Corporations Act section 14.

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, 2025 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 on 29/7/2025 2025 and signed on its behalf by:

  
Eng. Christopher O. Oanda

**Chairperson, Board of Directors**

  
Prof. Isaac O. Kibwage PhD, HSC

**Vice Chancellor**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: 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 EGERTON UNIVERSITY INVESTMENT COMPANY FOR THE YEAR ENDED 30 JUNE, 2025**

---

### **PREAMBLE**

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

- A. Report on 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 the 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 that the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Egerton University Investment Company set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison

---

*Report of the Auditor-General on Egerton University Investment Company for the year ended 30 June, 2025*

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 Egerton University Investment Company as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Failure to Disclose Material Uncertainty Related to Going Concern**

The statement of financial position reflects current liabilities balance of Kshs.312,713,167 which exceeds the current assets balance of Kshs.126,437,135 resulting to a negative working capital of Kshs.186,276,032. The Company is, therefore, technically insolvent and its ability to continue as a going concern is dependent upon support from the Creditors and Egerton University. Further, the statement of profit or loss and other comprehensive income reflects a loss of Kshs.14,204,312 for the year under review as compared to Kshs.8,889,757 the previous year which has resulted to accumulated loss of Kshs.149,752,881.

Notwithstanding the above reservations, the financial statements have been prepared on a going concern basis on the assumption that the Company will continue to receive financial support from Egerton University and its creditors. However, this material uncertainty in relation to going concern and any mitigating measures put in place by management to reverse the undesirable financial position have not been disclosed in the financial statements.

Further, review of the ageing analysis revealed that trade creditors amounting to Kshs.46,604,999 had been outstanding for more than one hundred and twenty (120) days without being settled. In addition, the balance includes receipts from Egerton University amounting to Kshs.150,119,907 that had been reclassified as an investment in the books of the University. However, as previously reported, Management of Company is yet to reclassify the receipt as capital in its books. Included in the payables are accounts with debit balances totaling Kshs.2,171,164. This is indicative of creditors that were either overpaid or paid in advance which is contrary to Regulation 98(2) of the Public Finance Management (National Government) Regulations, 2015. In addition, the off-setting of the debit balances is contrary to the accounting standards.

In the circumstances, there is a risk that the Company may not be able to meet its current obligations as and when they fall due.

## **2. Unsupported Revenue from Lord Egerton Castle**

The statement of financial performance reflects revenue of Kshs.107,355,264 which includes receipts from sales of goods amounting to Kshs.17,923,888 in relation to collections from Lord Egerton Castle. Included in the amount is income from the sale of seed maize and commercial maize totaling Kshs.4,877,680. However, review of records revealed that the supporting invoices provided, indicated that the actual sales of maize amount were Kshs.8,169,454 (based on 53,925 kg of seed maize and 639 kg of commercial maize sold) resulting in an understatement of the revenue by an amount of Kshs.3,291,774.

Further, the sales of goods balance of Kshs.17,923,888 includes amounts of income from the sale of wheat of Kshs.1,715,794 and barley of Kshs.3,543,173 which were not supported with sales invoices, output reports indicating quantities sold and pricing details.

In the circumstances, the accuracy and completeness of the sales of goods amount of Kshs.23,855,687 could not be confirmed.

## **3. Unsupported Payments to Board Members**

The statement of financial performance and Note 9 to the financial statements reflect administration costs totaling Kshs.55,999,452 which includes expenditure on Director's emoluments amounting to Kshs.759,209. However, review of the supporting payment vouchers revealed that sitting allowances incurred and paid to Directors amounted to Kshs.450,896 resulting to an unexplained variance of Kshs.308,313. Further, payments amounting to Kshs.145,662 in relation to sitting allowances for Board members were not supported by attendance registers and notices of the meetings.

In the circumstances, accuracy and completeness of Director's emoluments amounting to Kshs.759,209 for the year ended 30 June, 2025 could not be confirmed.

## **4. Undisclosed Legal Fees Amount**

The statement of profit or loss and other comprehensive income reflects administration costs amounting to Kshs.55,999,452 which as disclosed in Note 9 (a) to the financial statements includes a balance of Kshs.4,706,961 in relation to legal fees. Review of records relating to legal fees revealed that there was a case No. Nakuru CMCCC No. E003 of 2021 whereby the plaintiff sued the Company for non-payment of chemicals supplied to the farm in the year 2016 amounting to Kshs.9,937,892. The Court awarded the plaintiff a total amount of Kshs.10,673,288 as due and outstanding as at 22 January, 2025. Further, the parties have negotiated on settlement of the decretal amount in instalments and consent will be drawn up and filed in Court for compliance. However, the Company did not disclose this award of Kshs.10,673,288 as an expenditure for the year or as a contingent liability.

In the circumstances, the accuracy and completeness of the legal fees amount Kshs.4,706,961 for the year ending 30 June, 2025 could not be confirmed.

## **5. Unsupported Repairs and Maintenance**

The statement of profit or loss and other comprehensive income reflects administration costs amounting to Kshs.55,999,452 which as disclosed in Note 9 (a) to the financial statements includes repairs and maintenance amount of Kshs.1,306,217. However, the respective tender quotations documents, logbooks for the motor vehicles and machines maintained, work tickets and pre and post mechanical inspection reports were not provided for audit verification.

In the circumstances, the accuracy and completeness of the repairs and maintenance expenditure of Kshs.1,306,217 for the year ending 30 June, 2025 could not be confirmed.

## **6. Irregular Borrowing and Application of Loan Facility**

The statement of financial position and Note 16 to the financial statements reflect borrowings balance of Kshs.2,287,528. Review of the loan agreement revealed that the Company obtained a loan amount of Kshs.10,000,000 in July, 2023 to finance wheat farming on 1,000 acres of land. The Company was to make a bullet repayment of the loan principal and interest due on 30 April, 2024 upon receipt of payment for the wheat. However, review of the application of the funds revealed the loan was not approved by the Cabinet Secretary as required.

Further, review of records revealed that not all the funds were applied for the intended farming activity as per loan facility application and approval by the Board. In addition, the agribusiness venture did not generate the expected returns, resulting in a loss of the full amount of Kshs.10,000,000 borrowings and therefore, the Company was unable to meet its loan repayment obligation. As at 30 June, 2025, a balance of Kshs.2,287,528 remained unpaid, representing a loan default fourteen (14) months after the expected repayment date.

In addition, the statement of profit or loss and other comprehensive income and Note 10 to the financial statements reflect finance costs amounting Kshs.918,668 which relates to interest expense on loans. However, review of the loan offer letter required that the facility shall be repaid in full by 30 April, 2024 through a one-off bullet payment of the principal amount and interest at a base rate of 13.2% prorated for eight (8) months. However, as at 30 June, 2025 the loan repayment still remained outstanding fourteen (14) months after the expiry of the repayment period. Therefore, the Company had defaulted on the loan repayment requirement thereby attracting unnecessary and avoidable interest and penalties on the outstanding loan.

In the circumstances, the regularity and value for money for the loan amount of Kshs.10,000,000 could not be confirmed.

## **7. Long Outstanding Trade and Other Receivables**

The statement of financial position and Note 14(a) to the financial statements reflect trade and other receivables totaling Kshs.120,009,372. Review of the aging analysis disclosed in Note 14(b) to the financial statements revealed that an amount of Kshs.120,161,811 or

95% of the total receivables has been outstanding for more than one hundred and twenty (120) days. This prolonged aging raises serious concerns about the recoverability of the outstanding balance. In addition, Management has made a provision for doubtful debts amounting to Kshs.6,012,106, which may be inadequate.

In the circumstances, the recoverability of the trade and other receivables balance of Kshs.120,009,372 as at 30 June, 2025 could not be confirmed.

## **8. Irregularities in Payroll Payables**

The statement of profit or loss and other comprehensive income reflects administration costs amounting to Kshs.55,999,452 which as disclosed in Note 9 to the financial statements includes staff costs amount of Kshs.37,705,110. The staff costs further include a balance of Kshs.3,486,824 in respect of wages of temporary (casual) employees. However, review of the Company's payrolls and other records revealed that the Company had wages payables amounting to Kshs.2,166,734 which were owed to the temporary (casual) employees as at 30 June, 2025. This is despite the Company's commitment to paying staff salaries in full and remitting statutory deductions as required by law, thereby raising concerns about the Company's ability to meet its payroll obligations.

In the circumstances, the accuracy, completeness and regularity of the wages of temporary (casual) employees amount of Kshs.3,486,824 for the year ending 30 June, 2025 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Egerton University Investment Company Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **Emphasis of Mater**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects budgeted revenue and actual on comparable amounts of Kshs.168,814,494 and Kshs.113,121,076 respectively resulting to an under-funding of Kshs.55,693,418 or 33% of the budget.

Further, the statement reflects that the Company spent an amount of Kshs.86,263,788 against the actual receipts of Kshs.113,121,076 resulting in an under absorption of Kshs.26,857,288 or 24% of the actual receipts.

The under-funding and under absorption affected the planned activities of the Company and may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

**Other Matter**

**Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance as disclosed in **Appendix 1** to the financial statements. However, Management has not explained how the issues were addressed or resolved. Further, the financial statements have not disclosed the prior year audit issues and how they have been addressed by Management in Annex 1 to the financial statements on progress on follow-up prior year Auditor-General’s recommendations.

No.	Year	Audit Issues
1	2023/2024	Unsupported payments of airtime
2	2023/2024	Unsupported payments of Board members
3	2023/2024	Unsupported payments of repairs and maintenance
4	2023/2024	Long outstanding trade and other receivables
5	2023/2024	Inaccurate and long outstanding payables
6	2023/2024	Failure to disclose material uncertainty related to going concern
7	2023/2024	Non compliance with the PSASB reporting template
8	2023/2024	Irregularities in the collection and accounting of revenue at Lord Egerton castle
9	2023/2024	Irregular use of direct procurement
10	2023/2024	Unremitted statutory deductions
11	2023/2024	Overdrawn bank accounts
12	2023/2024	Unauthorized advances payment to suppliers
13	2023/2024	Irregular commitment for goods and services
14	2023/2024	Weakness in management of temporary imprest
15	2023/2024	Incomplete assets register
16	2023/2024	Weakness in management and administration of payroll
17	2023/2024	Weakness in payment process

**Other Information**

The Management is responsible for the Other Information set out on page iv to xviii which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Report of the Chairperson, Corporate Governance Statement,

Management Discussion and Analysis, Environment and Sustainability Reporting, report of the Vice Chancellor/Managing Director, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Non-Compliance with the Public Sector Accounting Standards Board Financial Reporting Template**

The annual report and financial statements for Egerton University Investment Company failed to comply Annual International Financial Reporting Standards (IFRS) template revised on 30 June, 2025. This was contrary to Section 81(3) Public Finance Management Act, 2012 prescribes that the Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards board from time to time.

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

#### **2. Unremitted Statutory Deductions**

Note 17 to the financial statements reflects trade and other payables balance of Kshs.310,425,639. Review of records revealed that the payables balance includes accrued Pay As You Earn (PAYE) deductions amounting to Kshs.1,354,514 that had not been remitted to Kenya Revenue Authority (KRA) as at the time of the audit. This is contrary to Regulation 23(2) of the Public Finance Management (National Governments) Regulations, 2015, which provides that in addition to the responsibilities of Accounting

Officers provided in the Act, an Accounting Officer designated under the Act or any other Act, shall comply with any tax, levy, duty, pension, commitments as may be provided for by legislation.

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

### **3. Overdrawn Bank Account**

The statement of financial position reflects bank and cash balances of Kshs.4,371,609 as disclosed in Note 15 to the financial statements. However, two (2) bank accounts reflect unapproved bank overdraft balance of Kshs.2,647,436. This is contrary Regulation 82(7) Public Finance Management (National Government) Regulations, 2015 which require that no official Government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit, authorized by the National Treasury in line with section 28(4) of the Act.

Further, the overdrawn balance of Kshs.2,647,436 has been offset against the bank balance of Kshs.7,019,048 contrary to reporting standards which require disclosure of liabilities separate from assets.

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

### **4. Unexplained Loss on Biological Assets**

The statement of profit and loss and other comprehensive income and as disclosed in Note 8 to the financial statement, reflect other gains/ losses of Kshs.41,061,600 being loss on biological assets. The huge loss has not been explained and Management has not disclosed any measures that the Company has put in place to avoid such loss in future

In the circumstances, the Company may continue losing assets if proper measures are not being employed to put to an end the trend.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Incomplete Asset Register**

The asset register provided for audit verification was not up dated and did not conform to the reporting templates issued by The National Treasury. In addition, the register did not indicate the specific details of all the assets, making it difficult to identify and confirm properties owned by the Company. Further, the up-to-date valuation reports for buildings and civil works, plant and machinery, motor vehicles, computers and accessories as well as equipment was not provided for audit.

In the circumstances, the effectiveness of the asset management mechanisms at the Company during the year under review could not be confirmed.

### **2. Weakness in Management and Administration of Payroll**

Review of the payroll provided for audit verification revealed that the wizard payroll system did not have the employee's bio data and other important details such as Identity number, tax Pin, gender, ethnic code, job group, academic qualification, date of birth, date of employment, Incremental month, designation code, pay date, and the bank account numbers. In addition, not all employees' basic pays were disclosed in the 12-month payrolls.

In the circumstances, the effectiveness of controls in respect to Management of payroll could not be confirmed.

### **3. Weaknesses in Payment Processing**

Review of payment vouchers presented for audit revealed internal control weaknesses in payment processing cycle as detailed below;

- i. The payment vouchers did not provide for budget expenditure controls for items being paid.
- ii. The payment voucher particulars did not indicate items being paid for and VAT/ Withholding taxes deducted thereof.
- iii. Payment vouchers did not show expenditure account codes and economic item description showing account charged.
- iv. Payment vouchers for expenses totaling to Kshs.757,600 were not approved/ authorized by the Managing director.

In the circumstances, the effectiveness and efficiency of controls in respect to processing of payments could not be confirmed.

### **4. Inconsistencies in the Records Related to Wheat Production at the Farm**

During the year under review, the Company cultivated one hundred (100) acres of land under wheat farming. According to a report by the farm Management, all necessary

agronomic practices were adhered to, with minimal challenges encountered. The report concluded that, based on the sound management of the crop, a minimum yield of twelve (12) bags (90 kg each) per acre was expected. However, review of production records revealed that there was a significantly lower yield of only 3.5 bags per acre, equating to 350 bags in total from the 100 acres. This is 8.5 bags per acre lower than the projected minimum, leading to an unexplained shortfall of 850 bags (8.5 bags per acre for 100 acres) and a loss of Kshs.4,037,500 at an average price Kshs.4,750 per bag.

Further, a comparative analysis of an adjacent farm (within the Ngongongeri farm – Egerton University) under the food security initiative and within the same farming season, revealed that there was an average yield of seventeen (17) bags per acre. Therefore, the reported 3.5 bags per acre from the Company's farm was extremely inconsistent with the expectations given the similar climatic and agronomical circumstances.

In the circumstances, the effectiveness of internal controls in relation to the management of the farm operations 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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

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 examination of those records; and
- iii. The Company's financial statements are in agreement with the accounting records and returns.

### **Basis for Conclusion**

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gatundu, CBS  
AUDITOR-GENERAL

Nairobi

26 November, 2025

**STATEMENT OF PROFIT/LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>REVENUES</b>			
Revenue	5	107,355,264	107,134,839
Cost of sales	6	(29,345,668)	(50,641,995)
<b>Gross profit</b>		<b>78,009,596</b>	<b>56,492,843</b>
<b>Other income</b>			
Other income	7	5,765,812	2,749,376
Other gains/(losses)-	8	(41,061,600)	8,135,850
<b>Total revenues</b>		<b>(35,295,788)</b>	<b>10,885,226</b>
<b>Operating expenses</b>			
Administration Costs	9	55,999,452	74,085,340
Finance Costs	10	918,668	2,182,487
<b>Total operating expenses</b>		<b>56,918,120</b>	<b>76,267,826</b>
<b>Profit/(loss) before taxation</b>		<b>(14,204,312)</b>	<b>(8,889,757)</b>
<b>Income tax expense/(credit)</b>			
<b>Profit/(loss) after taxation</b>		<b>(14,204,312)</b>	<b>(8,889,757)</b>
<b>Total comprehensive income for the year</b>		<b>(14,204,312)</b>	<b>(8,889,757)</b>

The financial statements were approved on 29/6/25 2025 and signed on its behalf by:

  
Eng. Christopher O. Oanda

  
Timothy Kosgey

Prof. Isaac O. Kibwage PhD, HSC

Chairperson, Board of Directors

Senior Accountant  
ICPAK M/No: 11769

Vice Chancellor

**Egerton University Investment Company**

**Annual Reports and Financial Statements**

**For the year ended June 30, 2025**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	11	18,307,498	19,703,340
Intangible assets	11	152	51,151
Biological assets	12	18,215,500	59,277,100
<b>Total Non-Current Assets</b>		<b>36,523,150</b>	<b>79,031,591</b>
<b>Current Assets</b>			
Inventories	13	2,056,156	2,030,522
Trade and other receivables	14	120,009,370	122,267,841
Bank and cash balances	15	4,371,609	(4,106,536)
<b>Total Non-Current Assets</b>		<b>126,437,135</b>	<b>120,191,827</b>
<b>Total Assets</b>		<b><u>162,960,285</u></b>	<b><u>199,223,418</u></b>
<b>Equity And Liabilities</b>			
<b>Capital And Reserves</b>			
Accumulated fund		(149,752,881)	(135,548,569)
<b>Capital and Reserves</b>		<b>(149,752,881)</b>	<b>(135,548,569)</b>
<b>Current Liabilities</b>			
Borrowings	16	2,287,528	10,018,311
Trade and other payables	17	310,425,639	324,753,677
<b>Total Current Liabilities</b>		<b>312,713,167</b>	<b>334,771,987</b>
<b>Total Equity And Liabilities</b>		<b><u>162,960,285</u></b>	<b><u>199,223,418</u></b>

The financial statements were approved on 29/3/25 2025 and signed on its behalf by:

  
Eng. Christopher O. Oanda

  
Timothy Kosgey

  
Prof. Isaac O. Kibwage PhD, HSC

**Chairperson, Board of Directors**

**Senior Accountant**  
ICPAK M/No: 11769

**Vice Chancellor**

General University of Management  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025**

	<b>Accumulated Fund</b>	<b>Proposed dividends</b>	<b>Total</b>
<b>At July 1, 2023</b>	<b>(126,658,812)</b>	<b>-</b>	<b>(126,658,812)</b>
Total comprehensive income	(8,889,757)	-	(8,889,757)
Proposed final dividends		-	
<b>At June 30, 2024</b>	<b>(135,548,569)</b>	<b>-</b>	<b>(135,548,569)</b>
<b>At July 1, 2024</b>	<b>(135,548,569)</b>	<b>-</b>	<b>(135,548,569)</b>
Total comprehensive income	(14,204,312)		(14,204,312)
Proposed final dividends			
<b>At June 30, 2025</b>	<b>(149,752,881)</b>	<b>-</b>	<b>(149,752,881)</b>

**Egerton University Investment Company**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations	21	17,539,127	(18,810,265)
Interest paid	21	(918,668)	(1,419,261)
Dividends Paid			
<b>Net cash generated from/(used in) operating activities</b>		<b>16,620,459</b>	<b>(20,229,526)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	11	(411,532)	(2,291,946)
<b>Net cash generated used in investing activities</b>		<b>(411,532)</b>	<b>(2,291,946)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	16	400,000	10,018,311
Repayment of borrowings		(8,130,782)	
<b>Net cash generated from/(used in) financing activities</b>		<b>(7,730,782)</b>	<b>10,018,311</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>8,478,144</b>	<b>(12,503,161)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>(4,106,536)</b>	<b>8,396,625</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	15	<b>4,371,609</b>	<b>(4,106,536)</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c = a + b	d	E= c - d	d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Sale of goods	55,060,880		55,060,880	23,855,687	31,205,193	33%
Sale of services	108,553,614		108,553,614	83,499,577	25,054,037	77%
Finance Income	-		-	-	-	
Other income	5,200,000		5,200,000	5,765,812	(565,812)	111%
<b>Total Revenue</b>	<b>168,814,494</b>	<b>-</b>	<b>168,814,494</b>	<b>113,121,076</b>	<b>55,693,418</b>	<b>63%</b>
<b>Expenditure</b>						
Compensation of employees	51,178,181		51,178,181	37,705,110	13,473,071	73%
Use of goods and services	95,881,547		95,881,547	45,022,426	50,859,120	45%
Finance cost				918,668	918,668	
Remuneration of Directors/Other Payments	5,000,000		5,000,000	759,209	4,240,791	15%
Depreciation				1,858,374	(1,858,374)	
<b>Total expenditure</b>	<b>152,059,728</b>	<b>-</b>	<b>152,059,728</b>	<b>86,263,788</b>	<b>65,795,940</b>	<b>57%</b>
<b>Gain in biological assets</b>				(41,061,600)	41,061,600	
<b>Surplus/(Deficit) for the period</b>	<b>16,754,766</b>	<b>-</b>	<b>16,754,766</b>	<b>(14,204,312)</b>	<b>30,959,078</b>	<b>118%</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Egerton University Investment Company entity is established by and derives its authority and accountability from the Companies Act Cap 486. The entity is wholly owned by the Egerton University and is domiciled in Kenya. The entity's principal activity is farming, hotel, hospitality and tourism.

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. 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 4.

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

The financial statements have been prepared in accordance with the Public Finance Management Act 2012, the Companies Act 2015, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

#### **i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2025**

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.

#### **ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**iii) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2024 -2025.

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

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

**b) Property, plant and equipment**

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

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 recognized in profit or loss in the income statement.

**c) Depreciation and impairment of property, plant and equipment**

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

Buildings and civil works	2.5 % (40 years)
Plant and machinery	10% (10 years)
Motor vehicles, including motor cycles	25% (4 years)
Computers and related equipment	33.3% (3 years)
Equipment, furniture and fittings, tools	12.5%, 20%, 33.3% (8, 5, 3 years)

A full year's depreciation charge is recognized in the year of asset purchase and none in the year of asset disposal.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Inventories**

Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

**e) Trade and other receivables**

Trade and other receivables are recognized 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. Provision for bad debts has been done at 5%. Bad debts are written off after all efforts of recovery have been exhausted.

**f) Taxation**

***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 the Entity 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 the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and 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.

**g) 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**h) 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.

**i) 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 the entity or not, less any payments made to the suppliers.

**j) Retirement benefit obligations**

The company contributes 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 at Kshs.1,080 per employee per month.

**k) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity 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 recognized in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l) Budget information**

The budget for FY 2024-2025 was approved by the Board of Director on 27 September 2024.

The entity's 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 in page 5 of these financial statements.

**m) Comparative figures**

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

**n) Subsequent events**

The COVID-19 pandemic has since March 2020 continued to affect the operations of the company resulting in minimal activities and subsequently reduced revenues and cash flows to the financial year end.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Entity's 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 judgments, estimates and assumptions made: e.g.

**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. The Entity 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 the Entity. Such changes are reflected in the assumptions when they occur.

**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 the Entity
- 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
- Changes in the market in relation to the asset

**Valuation**

The company relies on an independent agricultural valuer to determine the appropriate value of Biological assets at the end of the year.

**Egerton University Investment Company**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5 REVENUE**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Sales of goods	23,855,687	31,389,289
Sales of services	83,499,577	75,745,550
<b>Total</b>	<b>107,355,264</b>	<b>107,134,839</b>

Sale of goods refers to income from farm produce including milk, beef, mutton, wheat, maize, hay amongst others and sale of services refers to income from hospitality business including accommodation, conference facilities, food and beverage services etc.

**6 COST OF SALES**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Cost of sales on goods	8,560,925	28,523,352
Cost of sales on services	20,784,743	22,118,643
<b>Total</b>	<b>29,345,668</b>	<b>50,641,995</b>

**7 OTHER INCOME**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Other service sales		
Other miscellaneous receipts	5,765,812	2,749,376
<b>Total</b>	<b>5,765,812</b>	<b>2,749,376</b>

Other income is mainly miscellaneous incomes from one off transactions not likely to recur in future.

**8 OTHER GAINS AND LOSSES**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Unrealized loss in Biological Assets (Note 12)	(41,061,600)	8,135,850
<b>Total</b>	<b>(41,061,600)</b>	<b>8,135,850</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9 (a) ADMINISTRATION COSTS**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Staff costs (note 9 b)	37,705,110	39,688,553
Directors' emoluments	759,209	976,589
Electricity and water	658,281	539,790
Communication services and supplies	422,275	582,510
Transportation, travelling and subsistence	862,082	1,513,834
Advertising, printing, stationery and photocopying	575,197	466,703
Staff training expenses	34,850	25,100
Insurance costs	-	6,000
Bank charges and commissions	406,203	535,466
Fuel and Oil	879,508	2,328,380
Legal fees	4,706,961	446,000
Audit fees	344,000	145,725
Repairs and maintenance	1,306,217	3,296,159
Provision for bad and doubtful debts	(439,185)	543,756
Depreciation	1,858,374	6,285,108
Lost cash **	-	12,687,983
Other operating expenses	5,920,369	4,017,684
<b>Total</b>	<b>55,999,452</b>	<b>74,085,339</b>

\* The Lost cash which has been an audit issue since 2015-2016 was expensed in the last financial year as the case is still on going with Ethics and Anti-Corruption Commission.

**Egerton University Investment Company**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9(b) STAFF COSTS**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Salaries and allowances of contractual employees	31,950,695	33,174,077
Wages of temporary (casual) employees	3,486,824	3,242,280
Compulsory housing levy	494,426	426,490
Compulsory national social security schemes	1,660,216	1,724,535
Gratuity	-	1,055,171
Staff welfare	112,950	66,000
<b>Total</b>	<b>37,705,110</b>	<b>39,688,553</b>
<b>The average number of employees at the end of the year was:</b>		
Contracted employees – Management	3	4
Contracted employees –others	66	69
Temporary (Casual) employees	9	20
<b>Total</b>	<b>78</b>	<b>93</b>

**10 FINANCE COSTS**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Interest expense on loans	918,668	2,182,487
Interest expense on bank overdrafts	-	-
<b>Total</b>	<b>918,668</b>	<b>2,182,487</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11 PROPERTY, PLANT AND EQUIPMENT**

2025	Buildings & civil works	Plant & machinery	Motor vehicles, including, motor cycles	Computer & Accessories	Equipment	Intangibles	Total
<b>COST OR VALUATION</b>							
At July 1, 2024	23,965,855	73,602,715	4,427,910	2,201,858	16,319,881	2,050,763	122,568,982
Additions	-			71,983	71,184		143,167
Work in progress	362,715						362,715
Disposals							-
<b>At June 30, 2025</b>	<b>24,328,570</b>	<b>73,602,715</b>	<b>4,427,910</b>	<b>2,273,841</b>	<b>16,391,065</b>	<b>2,050,763</b>	<b>123,074,864</b>
<b>DEPRECIATION</b>							
At July 1, 2024	7,261,191	72,655,906	4,427,910	1,992,578	14,477,294	1,999,612	102,814,491
Charge for the year	596,788	507,260	-	230,423	472,905	50,999	1,858,374
<b>At June 30, 2025</b>	<b>7,857,978</b>	<b>73,163,166</b>	<b>4,427,910</b>	<b>2,223,001</b>	<b>14,950,199</b>	<b>2,050,611</b>	<b>104,672,865</b>
<b>NET BOOK VALUE At June 30, 2025</b>	<b>16,470,592</b>	<b>439,549</b>	<b>-</b>	<b>50,840</b>	<b>1,440,866</b>	<b>152</b>	<b>18,307,650</b>

Property, plant and equipment include the following items that are fully depreciated:

	Cost or Valuation	Normal annual Depreciation charge
Plant and machinery	69,207,217	69,207,217
Motor vehicles, including motor cycles	4,427,910	4,427,910
Computer & accessories	1,582,012	1,582,012
Office equipment, furniture and fittings	14,092,882	14,092,882
Intangibles	1,897,613	1,897,613
	<b>91,207,634</b>	<b>91,207,634</b>

**Egerton University Investment Company**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**INTANGIBLE ASSETS**

Description	2024-2025 Kshs	2023-2024 Kshs
<b>Cost</b>		
<b>At July 1</b>	51,151	2,050,763
Additions	-	-
Disposals	-	-
<b>At June 30</b>	-	<b>2,050,763</b>
<b>Depreciation</b>		
<b>At July 1</b>	-	1,948,613
Charge For The Year	50,999-	50,999
Disposals	-	-
Impairment Loss	-	-
<b>At June 30</b>	-	1,999,612
<b>Net Book Value</b>		
At June 30	<b>152</b>	<b>51,151</b>

*Intangible assets comprise of SAGE Accounting software, Wizard payroll software, Optimum Management System for point of sale and ZKteco for Biometric time attendance.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

PROPERTY, PLANT AND EQUIPMENT (Continued)

2024	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computer & Accessories	Equipment	Intangibles	Total
<b>COST OR VALUATION</b>							
At July 1, 2023	23,793,995	73,602,715	4,427,910	2,195,228	14,206,425	2,050,763	120,277,036
Additions	77,510	-	-	6,630	2,113,456	-	2,197,596
Work in progress	94,350	-	-	-	-	-	94,350
Disposals	-	-	-	-	-	-	-
<b>At June 30, 2024</b>	<b>23,965,855</b>	<b>73,602,715</b>	<b>4,427,910</b>	<b>2,201,858</b>	<b>16,319,881</b>	<b>2,050,763</b>	<b>122,568,982</b>
<b>DEPRECIATION</b>							
At July 1, 2023	6,664,403	67,721,485	4,427,910	1,771,500	13,995,472	1,948,613	96,529,383
Charge for the year	596,788	4,934,421	-	221,078	481,822	50,999	6,285,108
<b>At June 30, 2024</b>	<b>7,261,191</b>	<b>72,655,906</b>	<b>4,427,910</b>	<b>1,992,578</b>	<b>14,477,294</b>	<b>1,999,612</b>	<b>102,814,491</b>
<b>NET BOOK VALUE At June 30, 2024</b>	<b>16,704,664</b>	<b>946,809</b>	<b>-</b>	<b>209,280</b>	<b>1,842,587</b>	<b>51,151</b>	<b>19,754,491</b>

Property, plant and equipment include the following items that are fully depreciated:

	Cost or Valuation	Norman annual Depreciation charge
Plant and machinery	68,530,119	68,530,119
Motor vehicles, including motor cycles	4,427,910	4,427,910
Computers & Accessories	1,537,960	1,537,960
Equipment	13,989,115	13,989,115
Intangibles	1,897,613	1,897,613
	<b>90,382,717</b>	<b>90,382,717</b>

**Egerton University Investment Company  
Annual Reports and Financial Statements  
For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12 BIOLOGICAL ASSETS**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Bearer Assets – Animals	17,647,500	21,285,000
Bearer Assets – Plant	568,000	37,992,100
<b>Total</b>	<b>18,215,500</b>	<b>59,277,100</b>

Bearer Assets (animals) comprise of dairy animals, sheep and pigs at various stages of growth and bearer assets (plants) comprise of crops at different stages of maturity including maize, seed grass.

The valuation of biological assets was conducted by valuers from the ministry of Agriculture. The movement for the year was as follows: -

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Bearer Assets – Animals	(3,637,500)	(1,825,000)
Bearer Assets – Plant	(37,424,100)	9,960,850
<b>Total</b>	<b>(41,061,600)</b>	<b>8,135,850</b>

**13 INVENTORIES**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Engineering stores		
Stationery and general stores	2,056,156	2,030,522
<b>Total</b>	<b>2,056,156</b>	<b>2,030,522</b>

Inventories mainly comprise of farm inputs e.g. chemicals etc., dry food rations etc. held for use by the company.

**Egerton University Investment Company**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14 (a) TRADE AND OTHER RECEIVABLES**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Trade receivables ( <b>note 14 b</b> )	120,161,811	122,574,533
Deposits and prepayments		
VAT recoverable		
Staff receivables ( <b>note 14 (c)</b> )	(152,440)	(306,692)
Other receivables		
Gross trade and other receivables	120,009,372	122,267,841
Provision for bad and doubtful receivable		
<b>Net trade and other receivables</b>	<b>120,009,372</b>	<b>122,267,841</b>

Trade receivables are mainly dues from government entities and public institutions.

**14 (b) TRADE RECEIVABLES**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Gross trade receivables	126,173,917	129,025,824
Provision for doubtful receivables	(6,012,106)	(6,451,291)
	<b>120,161,811</b>	<b>122,574,533</b>
At June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	2,006,882	3,757,061
Between 30 and 60 days	9,270,890	5,741,629
Between 61 and 90 days	-	5,308,399
Between 91 and 120 days	-	-
Over 120 days	108,884,039	107,767,444
	<b>120,161,811</b>	<b>122,574,533</b>

**Egerton University Investment Company  
Annual Reports and Financial Statements  
For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14 (c) STAFF RECEIVABLES**

	2024-2025	2023-2024
Description	Kshs	Kshs
Gross staff advances	(152,440)	(306,692)
Provision for impairment loss		
	<b>(152,440)</b>	<b>(306,692)</b>
Less: Amounts due within one year	(152,440)	(306,692)
Amounts due after one year		

Staff receivables relate to imprests and advances to staff not accounted for at end of financial year.

**15 BANK AND CASH BALANCES**

	2024-2025	2023-2024
Description	Kshs	Kshs
Cash at bank	4,371,609	(4,106,536)
Cash in hand		-
<b>Total</b>	<b>4,371,609</b>	<b>(4,106,536)</b>

**Detailed analysis of the cash and cash equivalents**

		2024-2025	2023-2024
Financial institution	Account number	Kshs	Kshs
<b>a) Current account</b>			
Kenya Commercial bank	1136869271	(873,735)	(1,316,570)
Kenya Commercial bank	1101907339	7,019,048	(1,015,804)
Kenya Commercial bank	1109628668	(1,773,704)	(1,774,162)
<b>Sub- total</b>		<b>4,371,609</b>	<b>(4,106,536)</b>
<b>b) Others(specify)</b>			
Cash in transit			
Cash in hand			-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>4,371,609</b>	<b>(4,106,536)</b>

**Egerton University Investment Company**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16 BORROWINGS**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Balance at beginning of the year</b>	-	-
Domestic borrowings during the year	10,018,311	11,419,261
Repayments of domestics borrowings during the year	(8,130,782)	(1,400,950)
<b>Balance at end of the year</b>	<b>1,887,528</b>	<b>10,018,311</b>
Less: Amounts due with one year (current portion)	400,000	
<b>Amounts due after one year (non-current portion)</b>	<b>2,287,528</b>	<b>10,018,311</b>

**17 TRADE AND OTHER PAYABLES**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Trade payables	48,604,999	60,313,515
Other payables	261,820,640	264,440,162
	<b>310,425,639</b>	<b>324,753,677</b>

Trade and other payables comprises mainly of amounts owed to suppliers, statutory bodies like Kenya Revenue Authority and staff dues.

**18 RETIREMENT BENEFIT OBLIGATIONS**

The company contributes 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 at Kshs 1,080 per employee per month.

**19 ORDINARY SHARE CAPITAL**

Egerton University Investment Company is a company limited by guarantee.

**20 RESERVES**

The reserves represent the company's accumulated losses.

**Egerton University Investment Company**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**21 NOTES TO THE STATEMENT OF CASH FLOWS**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
<b>(a) Reconciliation of operating loss to cash generated from/(used in) operations</b>		
Operating loss	(14,204,312)	(8,889,757)
Depreciation	1,858,374	6,285,108
Interest expense	918,668	1,419,261
Loss/(Gain) on biological assets	41,061,600	(8,135,850)
<b>Operating loss before working capital changes</b>	<b>29,634,330</b>	<b>(9,321,238)</b>
Decrease in inventories	(25,635)	3,252,490
Increase in trade and other receivables	2,258,469	(9,987,594)
Decrease in trade and other payables	(14,328,038)	(2,753,923)
<b>Cash generated used in operations</b>	<b>17,539,127</b>	<b>(18,810,265)</b>
<b>(b) Analysis of changes in loans</b>		
Balance at beginning of the year	(1,887,528)	10,018,311
Receipts during the year		
Repayments during the year		
Accrued interest		
<b>Balance at end of the year</b>	<b>(1,887,528)</b>	<b>10,018,311</b>
<b>(c) Analysis of cash and cash equivalents</b>		
Cash at bank	4,371,609	(4,106,536)
Cash in hand		-
<b>Balance at end of the year</b>	<b>4,371,609</b>	<b>(4,106,536)</b>

**Egerton University Investment Company  
Annual Reports and Financial Statements  
For the year ended June 30, 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**22 RELATED PARTY DISCLOSURES**

**Egerton University**

Egerton University is the principal shareholder of the company, holding 100% of the company's equity interest.

**Transactions with related parties**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Sales to related parties</b>		
Sales of goods to Egerton University	2,977,459	-
Sales of services to Egerton University	9,771,080	15,584,685
<b>Total</b>	<b>12,748,539</b>	<b>15,584,685</b>

**23 INCORPORATION**

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

**24 EVENTS AFTER THE REPORTING PERIOD**

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

**25 CURRENCY**

The financial statements are presented in Kenya Shillings (Kshs).


**Egerton University Investment Company  
Annual Reports and Financial Statements  
For the year ended June 30, 2025**

**APPENDIX 1: PROGRESS ON FOLLOWS UP OF AUDITORS RECOMMENDATIONS.**

The following is the summary of issues which were raised by the external auditors, and the management comments that were provided to the auditors. We have since nominated focal officers to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Long outstanding trade and other receivables.	The Management is in constant follow up on the long outstanding debts and efforts are being made in collection.	Unit Managers	In progress	2025 - 2026
2.0	Anomalies in bank and cash balance.	The matter has since been escalated to the board for action.	Managing Director	In progress	2025 - 2026

**Chairperson, Board of Directors**

Date.....

  
**Vice Chancellor**

Date.....